

The effect of Dutch and German cultures on negotiation strategy comparing operations and innovation management in the supply chain

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Eindhoven Centre for Innovation Studies

**The effect of Dutch and German cultures on negotiation strategy
comparing operations and innovation management in the supply
chain**

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The effect of Dutch and German cultures on negotiation strategy comparing operations and innovation management in the supply chain

*Contribution to a special issue of International Negotiation on Innovation and Negotiation:
The content
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Abstract. Conflict resolution or negotiations in different business settings may induce different types of negotiation behavior. More specifically, the usually more defined problems in an operations management (OM) setting may lead to different behavior than a usually more diffuse innovation management (IM) context. In addition, negotiators from different national cultures may react differently to such variations in business settings. This article tries to address these issues through a set of experiments, the specific aim of our study being to find out whether there is a difference between German and Dutch negotiators regarding their negotiation behavior in IM and OM settings. To analyze possible cross-cultural differences, negotiations that took place in a German monocultural setting and those in a Dutch monocultural setting are compared. Two hypotheses are formulated:

- *German negotiators are more cooperative in the OM context than in the IM context.*
- *Dutch negotiators are more cooperative in the IM context than in the OM context.*

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Both hypotheses could be confirmed by using speech act analysis and personal pronoun analysis, using a 2 * 2 experimental design with nationality as between-subject factor and business setting as within-subject factor. The data set we analyzed contains transcripts for 44 negotiators comprising 32.624 words in total. Non-cooperative speech acts related to the use of the first pronoun *show your limits* and there might be more need of this in the competitive setting of OM than in IM; Dutch negotiators had problems with using a cooperative attitude and building empathy in an OM context, whereas German negotiators discovered those problems in the IM situation.

Keywords: innovation management, operations management, culture, negotiation strategy, personal pronoun usage, speech act analysis

Implications of IM and OM for negotiation

The English word innovation literally means newness or difference. Innovate means make changes, introduce new things (Oxford Advanced Learner's dictionary, 1993) or bring in new methods, ideas, etc. (Concise Oxford dictionary, 1995). So, we can interpret the word innovation in business as creating newness or difference in the way an organization doing business. This newness or difference can be introduced in the way they design the product, the way they produce the product, the way they market the product, or in the design of the product itself. According to Nagel (1998) innovation is a broad concept that includes both technological (product and process on strategic and operational levels) and non-technological aspects. It is a successful market introduction of a knowledge-intensive renewed or improved product, process or service. Since knowledge is more than data and information (Davenport and Prusak, 1998) and is both tacit and explicit (Nonaka and Takeuchi, 1995), fostering an innovative climate in a firm would include that aspect of the human resources (or better capital) available as well. Hence, management of technical innovation could be defined as the planning, administration and evaluation of all activities directed to the successful introduction of that innovation into the market place, as defined above, including its knowledge aspects. A simple definition of innovation management (IM) could be: bringing new products or processes to the market successfully, hence it is more than just creating or inventing new things.

This type of management should be clearly differentiated from operations or logistic (supply chain) management, being also an indispensable element in the actual final innovation performance result. Operations management (OM) is concerned with the design and the operation of systems for manufacture, transport, supply or service. Since the nature of certain of the problems which face OM is influenced by system structure, the nature or role of OM is in part influenced by the structure of the operating system. Additionally the role of OM is influenced by the objectives which are adopted by or prescribed for OM, since these, together with the problem characteristics of the system, necessitate the use of particular OM strategies, i.e. the general approaches adopted for tackling problems (Wildemann, 1998). OM is concerned with the achievement of both satisfactory customer service and resource productivity. Operations managers must attempt to balance these two basic objectives. However, an improvement in one will often give rise to a deterioration in the other. Often both cannot be maximized, hence a satisfactory performance must be achieved for both, and sub-optimisation must be avoided (Kaluza and Blecker, 2000). All of the activities of OM must be tackled with these twin objectives in mind. OM will normally be responsible for the management of inventories; quality; the maintenance and replacement of facilities, and the scheduling of activities (Silver et al., 1998). Such responsibilities will be discharged in respect of an operating system whose nature, location, layout, capacity and manning will have been largely determined by OM. Managers working in this function will also normally have some influence on the design or specification of the product or services, processes, manning policies and performance measurement. In this position, it is important to develop a positive

climate, equal power distribution, and flexible procedure. In general, one could argue that OM settings are relatively less exposed to uncertainty and have less ‘dimensions’ on which such uncertainties may exist than IM settings. For example, a typical (simplified) OM issue relates to demand forecasting, where the variables usually are limited to quantity (‘will we sell as much as in the previous period?’), product type (‘will we sell more blue or more red widgets?’) and time (‘how will the sales be distributed in time?’). Similarly, a typical IM issue may involve a much wider spectrum of variables; when and where to introduce a new product, at what price, for which customer segments, at which quality level and with what kind of marketing, etcetera.

Such differences between OM and IM settings and conflicts may not only be evident regarding negotiations *within* a single firm, but also *between* firms that are connected to each other in a buyer-supplier relationship. IM conflicts between buyers and sellers in a supply may be much more diffuse and ambiguous than OM conflicts. The question then is whether IM and OM settings require – or at least, induce - different negotiation strategies. To formulate some ideas around this, it may be useful to start from the more general literature on buyer-supplier relations, in which a broad distinction is made between transaction-oriented and relation-oriented purchasing (Axelsson and Wynstra 2002, pp. 213-236). Transaction-oriented purchasing is geared towards creating competition between suppliers, which are kept at arm’s-length, in order to get the most advantageous offerings, whereas the relation-oriented approach is more focused on creating advantageous exchanges with suppliers through intensive, close collaboration with a limited number of partners (Axelsson and Wynstra 2002; Gadde and Håkansson 2001; Dyer 2000; Araujo et al. 1999). Some of the most notable differences are listed in Figure 1.

Transactional approach	Relational approach
Many alternatives	One or few alternatives
Every deal is a new business, no-one should benefit from past performances	A deal is part of a relationship and the relationship is part of a network context
Exploit the potential of competition	Exploit the potential of co-operation
Short-term; arm’s length distance, avoid coming too close	Long-term with tough demands and joint development
Renewal and effectiveness by change of partner, choose the most efficient supplier at any time	Renewal and effectiveness by collaboration and “team effects”, combine resources and knowledge
Buying “products”	Buying “capabilities”
→ Price-orientation, strong in achieving favourable prices in well-specified products	→ Cost- and value-orientation, strong in achieving low total costs of supply and developing new value

Figure 1: Transactional vs. relational purchasing approach, source: Axelsson and Wynstra, 2002

An important element in this ‘collaborative’ approach is joint product development; customers that adopt a relational-oriented approach towards their suppliers are much more focused on product development collaboration than transactional-oriented buyers (f.e. Araujo

et al. 1999). One could even argue that a collaborative approach is necessary for joint product development to take place, since “.. the use of collaborative arrangements allowing for mutual access to internal processes will facilitate both the development and the transfer of tacit knowledge“ (Sobrero and Roberts 2002; see also Gulati, 1998). Equally, for those suppliers that are facing such ‘collaborative’ customers it makes much more sense to engage in joint product development activities since it is much more likely that such activities will be rewarded economically in the future; collaboration extends ‘the shadow of the future’ (Heide and Miner 1992). In other words, it seems that especially in IM settings, a ‘cooperative’ buying and negotiating behavior is more likely to occur.

win-win strategy	win-lose strategy
Define conflict as a mutual problem.	Define conflict as a win-lose situation.
Pursue joint outcomes.	Pursue own group’s outcomes.
Find creative agreements that satisfy both groups.	Force the other group into submission.
Use open, honest and accurate communication of group’s needs, goals and proposals.	Use deceitful, inaccurate and misleading communication of group’s needs, goals and proposals.
Avoid threats (to reduce the other’s defensiveness).	Use threats (to force submission).
Communicate flexibility of position.	Communicate high commitment (rigidity) regarding one’s position.

Table 1. Negotiation strategies: Win-win and win-lose , adapted from Johnson and Johnson (1975)

To achieve one’s negotiation goals, either a win-win negotiation strategy or a win-lose strategy can be chosen (see Table 1), and negotiation performance requires a fine-tuning of such goals. In particular in an IM setting this might be less obvious than in an OM setting, such the case of the customer satisfaction with the printer. In a setting where two different firms meet: one on the R&D side RadioTech and one on the manufacturing side Ericsson goals may be far apart. Nauta and Sanders (2001) could ascertain in 11 manufacturing firms with 120 employees that this was the case between planning and marketing on one side and manufacturing on the other. The more the firms had an integrative strategy to bring different interests together, the smaller were the perceived goal differences. Efficient negotiation needs a transformation of divergent interests into common interests and compatible goals. In another study with the same 11 firms the same authors could evidence that a desirable problem solving negotiation approach would be used between the above departments, if individuals would have an extra-verted and agreeable personality and would perceive a high interdepartmental interdependence with low power distance when the firm was avoiding a low cost strategy. An efficient negotiation strategy between people of the different stages of the supply chain needs the right investment of the personality potential of employees and their interdepartmental relation and perception.

Linguistic analysis and national cultures

To date, there appear to be few studies that trace back such strategies of cooperation vs. competition via linguistic analysis. Donnellon (1996) presents an interesting outline of pressure of individual preferences on teams which can be used in international business negotiations as well and is relevant to both our hypotheses. Individuals use linguistic forms to identify themselves in teams or as a team, to show independence or interdependence, low or high power, social distance, conflict management tactics and win-win/win-lose strategies of negotiations. This latter aspect is related closely to our interest in cooperation versus competition. Another possible exception might be Ulijn and Verweij's study on uncertainty reduction behavior of experienced Spanish and Dutch negotiators (Ulijn and Verweij, 2000).

That study verified a major communication strategy via the identification and classification of 480 questions in linguistic transcripts of negotiations: asking questions of all kinds appeared to be a critical success factor in both monocultural and intercultural situations. We do not know how well this strategy might work for a communication that takes place in an innovation management and an OM context.

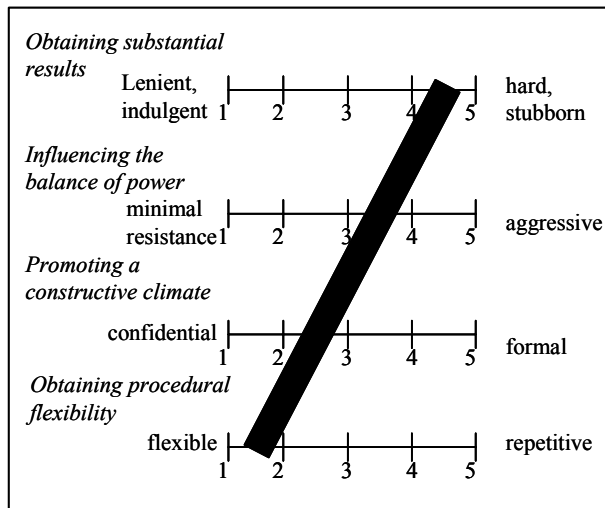


Figure 2: Profile of effective negotiating

Figure 2 presents the profile of effective negotiating (Mastenbroek, 1989). The model shows that good negotiators are those who are rather hard and stubborn in obtaining substantial results while keeping a high procedural flexibility by being cooperative and explorative. Cooperation in a long-term oriented win-win spirit is most relevant for negotiation success. The cooperation and exploration strategy in negotiation requires a strong involvement in the other party's concerns (Ulijn and Lincke, 2002). Johnson et al. (1995) pinpoint that such involvement is important for communication of technical innovations between experts and to the community, but the effect of the process in attaining such involvement was not yet verified. Linguistic indicators were used by Collot and Belmore (1996) to rank order 25 genres (e.g., face-to-face (FTF), telephone, email, etc.) relative to involvement and informativeness. Those indicators include first- (e.g., *we*) and second-person (e.g., *you*) pronouns, contractions (e.g., *it's*), hedges (e.g., *could*), and amplifiers (e.g., *very*). Effective negotiation would probably require persuasion and less narrative, but also more concrete and involved speech. Relationship building serves this involvement and appears to be difficult. Higher personal disclosure leads to a higher joint outcome and fewer impasses than does avoiding and non-disclosure behavior (Nadler et al., 1999). The ideal rank order of personal pronoun use in negotiation might then be (1st) *you*, (2nd) *we*, and (3rd) *I*.

We chose a generic depiction of culture given the multiple uses of the term by communication scholars. A review of the available literature in the area suggests that three different, but overlapping contexts of culture have been studied. National culture (NC) studies are among the most intensely and widely examined and usually involve an investigation or speculation of how a country's national culture influences the communication behavior of domestic and/or foreign members of multinational corporations. A second prominent area of study has focused on corporate culture (CC), or how members and perceive the culture of their affiliate organization. Studies of this nature are interested in how the organization regulates, controls, and influences the behavior of its members through its values, language (jargon), rituals, and customs. The third cultural dimension, and one less studied by business communication scholars, is professional culture (PC). Issues associated with cultural studies of this type

revolve around the extent to which professionals (scientists, engineers, managers, etc.) identify less or more closely with their professional discipline relative to the culture of their organization. As has been shown by the work by Hall (Hall, 1959; Hall, 1998) and Hofstede (1991), the degree of context required is culturally sensitive, ranging from low context cultures, such as Anglo and Nordic, to medium context cultures, such as Latin American, to high context cultures in Far East cultures. Possible consequences for communication behavior have been outlined by Ulijn and Kumar (2000). We do not, however, know the impact of context levels on OM or IM. A context-reflecting culture (high) would need less language to disambiguate context, whereas a context-creating culture would require more. According to Hofstede, culture is defined as the collective mental programming which distinguishes one group of people from another (Hofstede, 1991). Hofstede has introduced five dimensions that clearly separate national cultures:

- Power distance (PDI): *The extent to which weak members of a society expect and accept that power is unequally distributed.*
- Individualism (IDV): *Individualism exists in societies where the bonding between individuals is loose.*
- Uncertainty avoidance (UAI): *Members of a culture feel threatened by insecure or unknown situations.*
- Masculinity (MAS): *Masculinity exists in communities where the social sex roles clearly differ. Men are expected to be self-assertive, harsh and focused on material success, whilst women are expected to be more modest, soft and focused on the quality of life.*
- Confucian Dynamism (CDI): *The extent to which a society exhibits a future-oriented perspective rather than a conventional historic or short-term point of view.*

Figure 3 compares the German and the Dutch culture according to those five dimensions, giving scores on a scale from 1 (lowest possible level) to 100 (highest possible level). According to Figure 3, there are differences between the Dutch and the German culture. The largest difference belongs to MAS: Germans are very masculine (Hofstede's score of MAS: 66), whereas the Dutch, unlike many other countries, are very feminine (Hofstede's score of MAS: 14). This implies that the Dutch value a good working relationship and cooperate well with each other; masculinity (Germany) may be better for implementation issues as needed in an OM setting whereas femininity (the Netherlands) may be better for idea imitation issues as required in IM settings. The Netherlands score 13 points higher on IDV and CDI. Those two factors may have an influence on the Dutch negotiation behavior in an IM setting: Individualism indicates a loose bonding between individuals which may make it easier to develop new ideas and express their creativity independently of other individual's criticism. The higher score on CDI for the Netherlands shows a future-oriented perspective rather than a short-term point of view, which strongly relates to a cooperative attitude in negotiations. Another difference is related to the UAI. Germany is above the middle of the scale and is said to have strong UAI. It can be interpreted that Germans have a higher need to avoid failure and have more laws and rules. The smallest difference is expressed in the PDI dimension: The Netherlands scores 3 points higher than Germany, showing a slightly bigger extent to which people accept that power is unequally distributed.

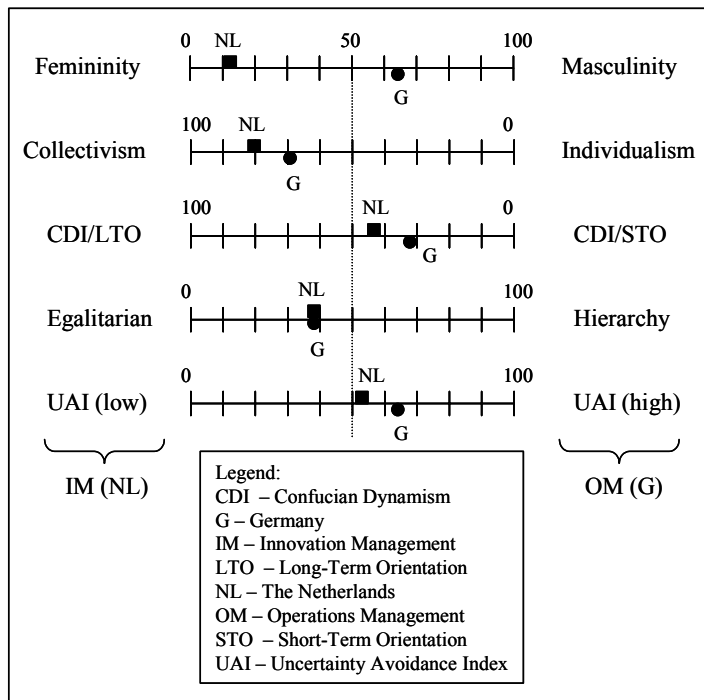


Figure 3: Hofstede's dimensions for Germany and the Netherlands

Figure 3 shows all five dimensions of Hofstede in a German-Dutch comparison. The right-hand side in Figure 3 present extremes of Hofstede's dimensions which at the same time build characteristics for efficient negotiations in an OM setting whereas the left-hand side represents those extremes which are ideal for IM negotiations. One can see that the Dutch scores are more oriented to the left-hand side (IM) whereas the German scores are oriented to the right hand side (OM). In Figure 3 one can see that for the two dimensions which were evidenced by Ulijn and Weggeman (2001) as essential for IM and OM both PDI and UAI should be low for IM and high for OM. Hofstede would predict for the Dutch-German comparison the right difference according to our hypotheses for UAI, but less so for PDI: The Netherlands has a lower UAI than Germany, which makes it more appropriate for IM (clan or incubator of ideas) and Germany more for OM (well oiled machine or guided missile). Ulijn, Nagel and Tan (2001) found out that Dutch engineers are more market-oriented than their German colleagues in 12 comparable firms for each country and the transition from technology orientation towards market orientation occurred earlier for engineers in 12 Dutch than in 12 comparable German companies. Both could be confirmed on the basis of a questionnaire. The culture-bound strategy used by German and Dutch seems to be more a matter of the right mix of professional and corporate than national culture. In Germany, there is a consistent pattern of business-related practices built around "competence first" (Ulijn, Nagel and Tan, 2001). The PC of the German engineer is based on this principle. The German apprentice system leads to an exceptionally well-trained work force. About two thirds of German supervisors hold a Master certificate. German managers are chosen for their positions on the basis of their expert knowledge and they consider this knowledge to be the most important basis of their authority. The people on the shop floor respect their managers and this respect leads to a satisfying working relationship. The German engineer finds it self evident that he teaches his subordinates his knowledge and experience. When a supervisor leaves the firm or makes a promotion, it is usual that a subordinate who has been instructed by him, takes over his job.

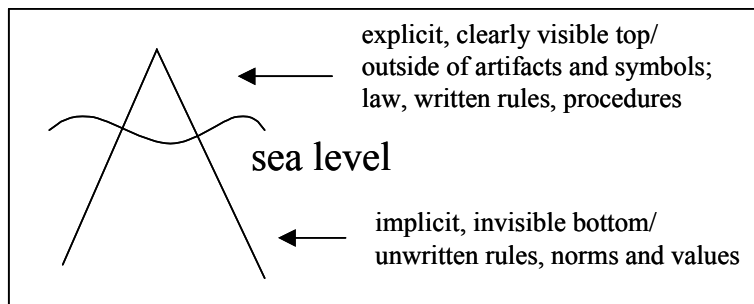


Figure 4: Iceberg model of culture

The iceberg (see Figure 4, Nakata and Sivakumar, 1996, adapted to our hypotheses related to Dutch-German differences) and onion (Hofstede, 1991) metaphors illustrate well what has been suggested by Schein (1999) and Hofstede (1991) for cultures as iceberg levels and onion layers from the explicit, clearly visible top/outside of artifacts and symbols, the law, written rules and procedures to the implicit, invisible, tacit inside layer, core or deeper level under the sea level of the iceberg of unwritten rules, norms and values. This latter approach ties back to the view of Hall (1959) on the impact of culture and communication. High Context is what takes place below the sea level. Low context would be visible as the top of explicit, formal communication. If personnel is highly qualified and they respect their supervisors, there will be little guidance needed. Therefore in Germany the average proportion of staff personnel is less than 30% and this leads to a flat organization. A flat organization has as an advantage that new technologies can be introduced easier (also because the personnel has a high level of education). Considering innovation, the German engineers are technology oriented. Marketing is seen as a distraction from the primary goal. To maintain knowledge for innovation German managers think there has to be invested in R&D instead of buying knowledge through acquisitions, joint ventures etc. German managers consider unions and work councils as stabilizing factors. This leads to less time spent on labour disputes. A German manager thinks and acts business like. He tries to reduce uncertainties. In the Netherlands, there is a consistent pattern of business-related practices built around a “consensus” principle. It is important that decisions are made after everyone has been listened to and if there are disagreements, then there will be searched for a solution that is agreed on by everyone. In connection with this, a Dutch manager also wants freedom to adopt his own approach to the job and for creating own ideas. A Dutch manager takes his tasks serious. “Business is business” and “Business before pleasure” are two Dutch expressions. The orientation of a Dutch manager is short term planning. He wants to see results quickly. On the other hand, when the results do not come fast, he has perseverance, you almost might call it stubbornness. The Dutch engineer is less specialized in a technical area than his German colleague. To get technical knowledge the Dutch engineer thinks this has to be bought rather than he would get it from internal education programs. Still a Dutch manager’s authority is also based on knowledge. The Dutch are more impressed by actions than words. Another positive point mentioned by Kymper (1992) is the efficient and economic way of managing. The negative side of this way of managing is an urge towards perfection. This leads to rigidity. The research discussed so far allows us to come to Figure 5 (derived from Ulijn and Weggeman, 2001), which positions Germany and the Netherlands according to Hofstede’s dimensions of PDI and UAI.

Dutch people belong more to the village market of the first stage of the innovation management process with a higher tolerance for uncertainty in the top of the iceberg of culture. Germans, on the other hand, prefer the well-oiled machine to implement the innovation and turn into a high quality product or service (not necessarily adapted to the market needs, another weakness of German innovation). Ulijn, Nagel and Tan (2001) explain

the femininity issue as a source of difference between the two countries. Finally the CDI-difference: The Dutch are the Chinese of Europe: long term oriented and pragmatic, because of an eye for trade all the time. Femininity shows the priest in the Dutch culture.

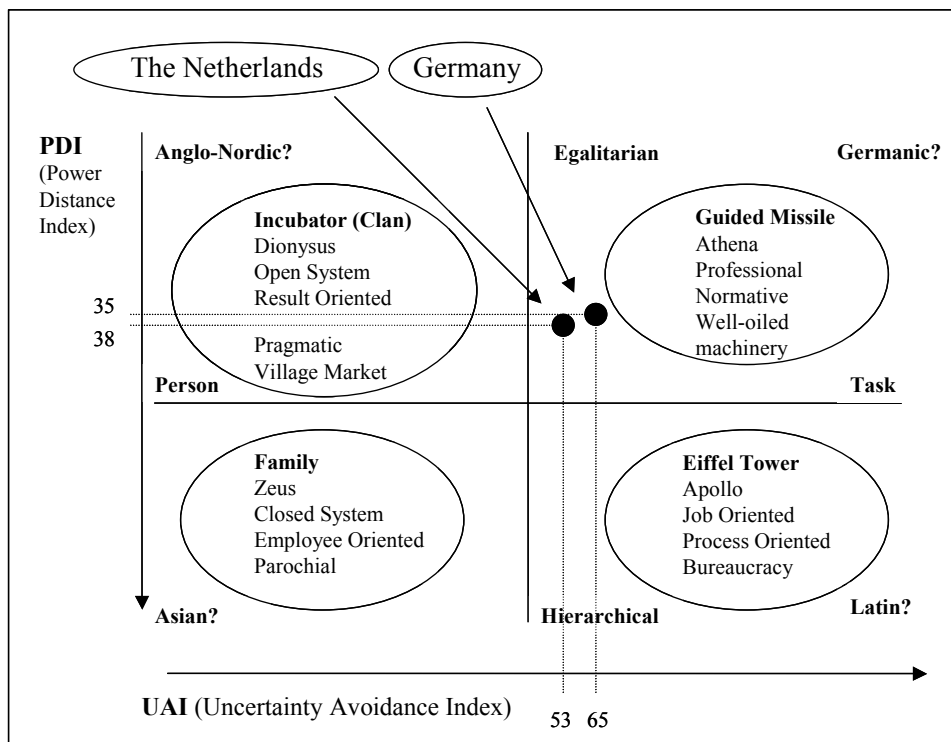


Figure 5: Positions of the Dutch and German culture concerning PDI and UAI

The use of the terms “intercultural” and “monocultural” and their synonyms is quite confusing in the literature. We consider studies of linguistic behavior within one NC (the two or more speakers have the same NC) as mono- or intracultural (Ulijn and Li, 1995). In such cases the speakers mostly share the same language and use this in such encounters. If such studies are compared, they could be labeled as cross-cultural (Ulijn and Lincke, 2002). When two or more interlocutors do not share the same culture, and two or more cultures meet, we would call such studies intercultural. For the sake of clarity, we do not use here the term cross-cultural for a comparison of such studies.

Ulijn, Nagel and Tan (2001) tested the following two hypotheses to answer the general research question whether engineers use different culture-bound ways to reach innovation:

- *Dutch engineers are more market-oriented than their German colleagues in 12 comparable firms for each country.*
- *The transition from technology orientation towards market orientation occurred earlier for engineers in 12 Dutch than in 12 comparable German firms.*

There seems to be some engineering universal between German and Dutch technology-based firms in their technological orientation towards the market. However, this transition took place earlier in the 12 Dutch firms than in the 12 German firms, comparable in size and branch culture. A plausible reason for this is that the strong feminine values of Dutch national and corporate culture (NC and CC, Hofstede, 1980a and b and 1991) might lead more easily to a customer orientation (Market Pull) than the more masculine German values keeping a highly technological base which show that Germany has a strong engineering culture. In Dutch firms there seems to be some natural harmony between the PC of the engineers and the

market-oriented CC, top managers have to impose the latter CC to make it compatible with that strong engineering culture. The results of this exploratory study might be valid across industry sectors, such as automotive, chemical and IT.

Negotiators will try to exhibit cooperative behavior, but may consider the context to see to what extent this behavior is possible (see Figure 2). Generally, we could argue, this makes sense since cooperative negotiation produces the best results for long-term relationships; cooperation is appropriate among people sharing similar interests and goals. It is the obvious solution if the benefits for those involved depend directly on the extent to which they can pool their resources: i.e. in a situation of strong interdependence. A non-cooperative strategy is most likely when, in the case of opposed interests, one party thinks it stands to gain more by fighting than by negotiating. Sometimes it is adopted as a strategy to gain recognition as a serious negotiating partner (Mastenbroek, 1989). Looking at Hofstede's score of UAI which is higher for Germans than for Dutch, Germans may interpret an OM context as relatively certain - and are therefore willing to engage in cooperative behavior, whereas they perceive the IM context as too uncertain - and use less cooperative bargaining. Dutch, however, perceive the IM context as ideal (uncertainty returns to be maximized) for cooperative behavior, and see the OM context as more fitting for non-cooperative behavior.

In this study we limit our linguistic check on negotiations that take place in a German and a Dutch setting with respect to two hypotheses that explore two major aspects of cultural diversity in an OM and an IM context. As explained in Figure 3, the characteristics of the German culture tend to fit those that are necessary in an OM context whereas the characteristics of the Dutch culture tend towards IM. The following two hypotheses relate this finding to what we said about negotiations as explained in Figure 2 that indicates a flexible and cooperative negotiation strategy as the best way to reach a win-win situation:

Hypothesis 1: *German negotiators are more cooperative in the OM context than in the IM context.*

Hypothesis 2: *Dutch negotiators are more cooperative in the IM context than in the OM context.*

Our methods for addressing these questions are discussed in the following section.

IM - OM Experiment

This study is an attempt to test a negotiation strategy by linguistic means. In their psycholinguistic analysis of the technical and business communicator, Ulijn and Strother (1995) argue that linguistic analysis can be used, in both written and oral negotiation situations, to provide evidence of the effectiveness of communication strategies if the experimental setting meets some design and business relevance requirements. Specifically, in contrast to other deductive, descriptive, ethnographic speech act analyzes, this study attempts to apply the quantitative methods of formulating and testing research questions in the hopes of increasing the reliability and validity of the speech act analysis.

Materials and the task

The first case, called "RadioTech", was developed by one of the authors (Wynstra, 1999). 10 German students and 12 Dutch students were asked to negotiate a deal between a company called RadioTech and one called Ericsson. RadioTech developed a new type of radio frequency (RF) power transistor and executives of RadioTech were faced with a problem of timing the introduction of this new product. The development of the new RF power transistor

had been undertaken by RadioTech in response to a request from Ericsson, a manufacturer of radio base stations for mobile telecommunication and an important customer of RadioTech. In February, Ericsson executives were forced to postpone plans for use of the new RF power transistor eight months, from April to December. RadioTech personnel were thus faced with the question of whether they should introduce the RF power transistor immediately to other base station manufacturers or wait until the Ericsson Company was able to make use of the RF power transistor. The students had to play either the role of the Ericsson company or the RadioTech company. Participants were given 20 minutes to negotiate the terms of the deal FTF and they had a maximum of 4 emails to negotiate in the computer-mediated setting. The FTF negotiation took place before the email negotiation. The second case, the “Printer Case”, was developed by Greenhalgh (1996). In contrast to the RadioTech case which evolves around an IM issue between a supplier and a customer, the Printer Case focuses on an OM problem. It is based on applied role playing that classically induces emotions, greatest acceptance and persuasion. It has an American bias of litigation culture that contrasts cultures where it would be unusual to call in an attorney at such an early stage of a conflict. Again, participants were given 20 minutes to negotiate the terms of the deal FTF and they had a maximum of 4 emails to negotiate in the computer-mediated setting. We selected both cases as respectively representing an IM and OM setting, since the RadioTech case is much more ‘ambiguous’, with much more problem dimensions, and lends itself much more to exploring different, alternative solutions than the Printer case, see Ulijn, Rutkowski and Kumar (forthcoming).

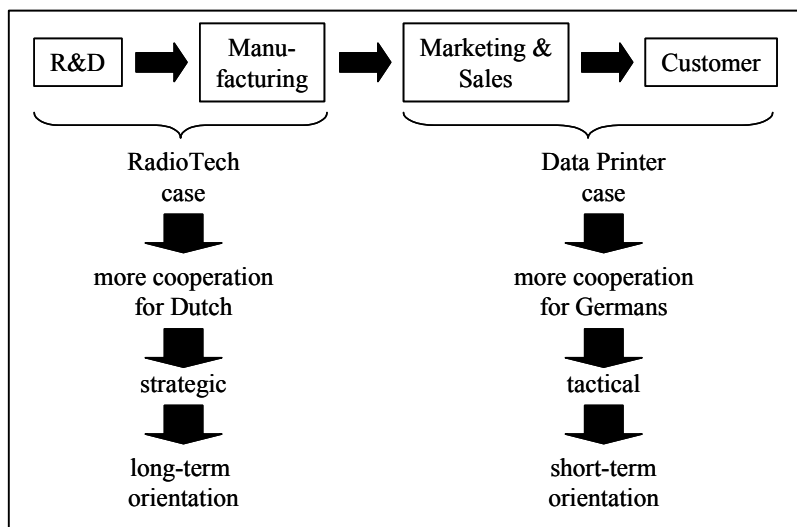


Figure 6: Supply chain covering the RadioTech and Data Printer cases, including the prediction of the negotiation strategy related to the strategic and tactical levels of negotiation.

Figure 6 present the supply chain and its relation to our cases (RadioTech, IM and Data Printer, OM) and our hypotheses. The RadioTech case deals with R&D and manufacturing; the Data Printer case is about a conflict between marketing & sales and the customer. As indicated in our hypotheses, we assume that Dutch negotiators are more cooperative in the IM context (beginning of the supply chain) and German negotiators are more cooperative in the OM context (end of the supply chain). Figure 6 also indicates the rather strategic level of IM (RadioTech) in contrast to the tactical level of OM (Data Printer).

Subjects, design and procedure

The participants represent two different cultural backgrounds: Dutch and German. There were 12 Dutch participants (9 male and 3 female) and 10 German participants (8 male and 2 female), see Table 2.

Country	Number of Male Participants	Number of Female Participants
the Netherlands	9	3
Germany	8	2
Total	17	5

Table 2. Country and gender of the participants

The male/female ration was about 3:1, but it was about equally distributed across the country distinction. The first experiment took place in April 2001 in a German monocultural setting and the second experiment took place in September 2001 in a Dutch monocultural setting. In each experiment, the students negotiated both the RadioTech case and the Data Printer case first FTF and then over email; they had a maximum of four emails to complete the negotiation. So, the same negotiators were acting in both the IM and OM situation, negotiating the IM case first and the OM case second, which relates to the natural order of the product life cycle which considers the innovation of the product earlier than operative actions. Table 3 visualizes the design of the experiments: In April 2001, all 10 German participants negotiated both the RadioTech case, resulting in 10 transcripts and at a total size of 11.586 words. The negotiations were followed by those of the Data Printer case, including again 10 German participants producing a total data set of 2.182 words. In September 2001, the same experiment took place in the Dutch setting where the Dutch students negotiated both cases, resulting in 12 transcripts with 14.390 words for the RadioTech case and 12 transcripts with 4.466 words for the Data Printer case. Thus, the total size of all four data set we analyzed is 44 transcripts containing 32.624 words.

	IM (RadioTech case)	OM (Printer case)
10 German negotiators in a monocultural setting	First experiment in April 2001. Result: 10 transcripts of the FTF and the email negotiations. Size of the data set: 11.586 words.	First experiment in April 2001. Result: 10 transcripts of the email negotiations. Size of the data set: 2.182 words.
12 Dutch negotiators in a monocultural setting	First experiment in September 2001. Result: 12 transcripts of the FTF and the email negotiations. Size of the data set: 14.390 words.	First experiment in September 2001. Result: 12 transcripts of the email negotiations. Size of the data set: 4.466 words
Total size of the data set: 44 transcripts, 32.624 words		

Table 3: Experimental design of the German and Dutch negotiations

The transcripts of the RadioTech case derive from the email negotiations and the FTF negotiations which were video-recorded. The transcripts of the Data Printer case derive only from the email negotiations. For more information about the subjects please see Appendix A.

Methods of the data analysis

To explore both of our research questions, we used psycholinguistic analysis to identify cooperative attitude (including its lack) and metacommunicative behavior to verify the involvement of the negotiation parties on the basis of the non-published cluster-factorised list of Van der Wijst and Noordman (1995) quoted by Ulijn and Strother (1995). Our methods relate to the findings by Condon and Cech (1996), who compared FTF with computer-mediated decision making interactions and ascertained a three times higher use of metalanguage in the electronic condition to stimulate socializing at a distance. Our study takes into consideration all kinds of statistical aspects of negotiation behavior which reflect important aspects of strategy, such as cooperation and empathy (psycholinguistic approach), the latter one being very absent from the psychological literature until now and strengthening the content-validity of our research.

The transcripts of our negotiations were categorized into four clusters of speech acts for each turn identified in the transcripts of the analyzed negotiation interactions:

- Noncooperative Behavior (N): *i.e. criticize, deny, disapprove, object, reject, show indignation, irritation, etc.*
- Cooperative Behavior (C): *i.e., admit, approach, be forthcoming, confirm, inspire confidence. emphasize cooperation, show goodwill, etc.*
- General Speech Acts (G): *i.e., ask (for understanding, confirmation, information), explain, request, stipulate, suggest, etc.*
- Metacommunicative Speech Acts (M): *i.e., conclude, close, engage, offer, promise, propose, remind, repeat, resume, specify, etc.*

For illustration purposes a copy of an exemplary negotiation is quoted below.

Ericsson: *Hallo, nice to meet you again, we have met before. (M) We are now here to discuss the transistor. (G)*

RadioTech: *Yes, you know the problem is that we want to sell this product before because we can win a lot of money, because this is a new product and it is very cheap in comparison with the last one – the conventional one. (G) I am sure that we need to sell it now and cannot wait for you any longer. (N) I think that is because you need that product and I think that we developed it and must sell it now. (M)*

Ericsson: *I understand that you want to sell this product and it is a good product. (C) However, please understand that it was our request to develop the transistor that is smaller and cheaper and we asked you to do that for us. (G) That is why we do not want you to go out and sell it before we can start to produce our base station. (N)*

RadioTech: *Yes, but we talk about a date to sell the product to you and there have been some problems in your company. (G) Because of that you need now more time than we talked about before. (M)*

As can be seen, the unit of measurement for the speech acts is sentences: Every sentence is assigned to one of the four speech acts. In a later stage stage of the analysis, we are going to bring those classifications of speech acts to independent raters and thus will increase the reliability of our study (Ulijn, 2000). Appendices B and C present examples of FTF and computer-mediated communication (CMC) transcripts, which were selected due to their approximately average length.

Personal pronoun analysis has been used to identify involvement and empathy by Yates (1996) and Collot and Belmore (1996). Empathy has been defined by psychologists as follows: (Ickes, 1997): Empathy is the vicarious affective response to another person. Affective empathy seems like a simple concept – one feels what the other feels – and many writers define it in simple outcome terms: One empathizes to the extent that one's feeling matches the other's feeling. Involvement is an individual, internal state of arousal with intensity, direction and persistence properties. Empathy as related to the use of second personal pronouns may imply more easily cooperative behavior as it reflects the negotiator's ability to put himself into the shoes of his/her negotiation partner whereas involvement – understood as the use of exclusive first personal pronouns – may imply more easily non-cooperative behavior (for a thorough discussion on empathy, involvement and (non-)cooperative attitude see Ulijn and Lincke, 2002). We applied Yates' (1996) and Collot and Belmore's (1996) work and identified all personal pronouns in the transcripts of the negotiations as a measure of involvement and empathy (Ulijn and Lincke, 2002). Because of the small scale of the sample and potential differences in languages, a non-parametric statistical interference analysis was used to analyze personal pronoun use (Gibbons, 1985). Since most of our samples comprise two sheets of written text (the negotiation transcript) and the participants only had 20 minutes of time for the FTF negotiation, we assume that the average usage of pronouns is symmetrically distributed around a mean value. Therefore, the Wilcoxon rank sum test (as part of SPSS, a standard social sciences software package) could be used because it can be considered a non-parametric equivalent of the unpaired *t*-test.

Results

We begin our discussion in this section by focusing on the two research questions posed earlier.

Speech act analysis

In this section we address both our hypotheses. Figure 7 refers to the German context and presents the relative distribution of the speech acts found in the negotiation transcripts. It

addresses our first hypothesis: *German negotiators are more cooperative in the OM context than in the IM context.* The balance between the OM and the IM negotiators using the general speech acts (as indicated by the use of *ask* or *request*) and metacommunicative speech acts (as indicated by the use of *repeat* or *explain*) is roughly equal. However, OM negotiators use significantly more cooperative speech acts (at $p < 0,05$) and IM negotiators use significantly more non-cooperative speech acts (at $p < 0,1$). This represents a strong tendency of German negotiators behaving in an OM context more in a cooperative "win-win" spirit than in an IM setting.

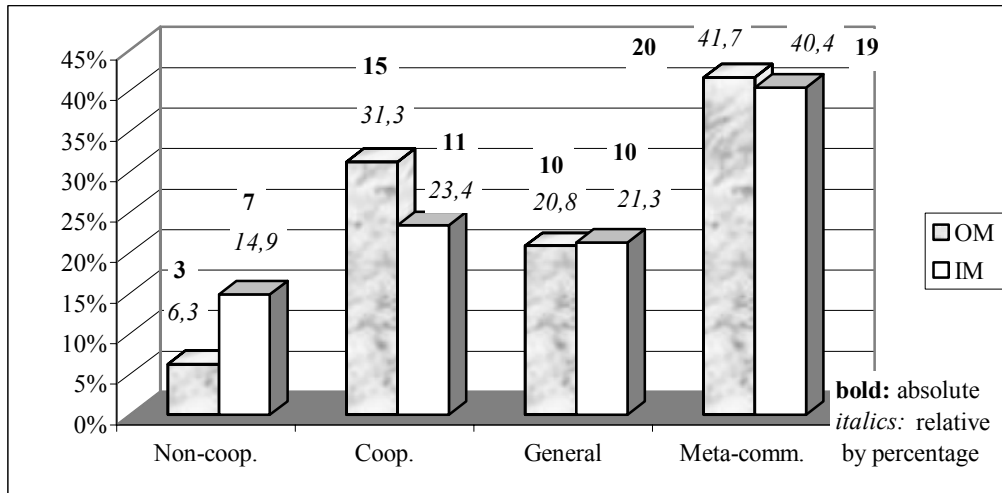


Figure 7: Proportion of four speech act clusters in the OM and the IM negotiations - German negotiators

Figure 8 refers to the Dutch context and presents the relative distribution of the speech acts found in the negotiation transcripts. It addresses our second hypothesis: *Dutch negotiators are more cooperative in the IM context than in the OM context.* The use non-cooperative, general and metacommunicative speech acts is slightly higher in the OM setting than in the IM setting. However, the difference is not significant. There is a significant difference in the use of cooperative speech acts (at $p < 0,1$), showing that the Dutch negotiators behave more in a cooperative way in an IM setting than in an OM setting. Thus, the results of the speech act analysis can confirm both our hypotheses.

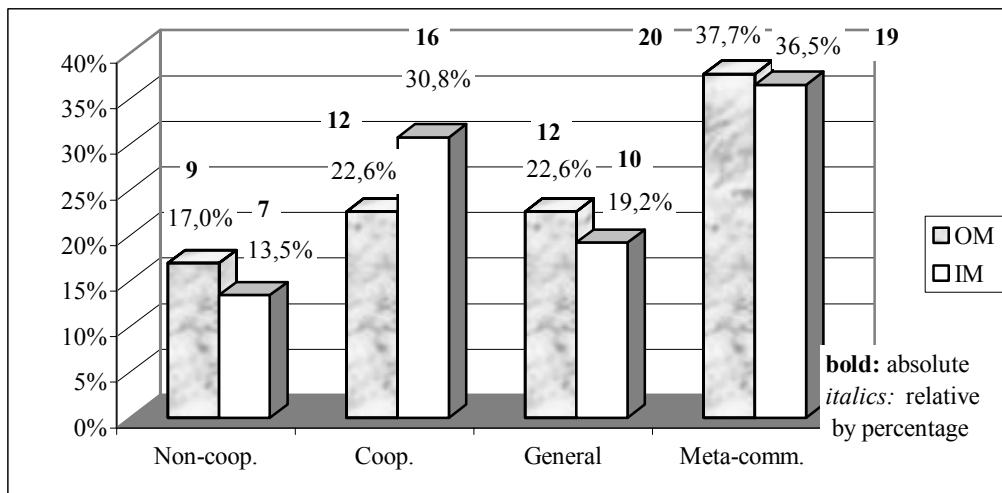


Figure 8: Proportion of four speech act clusters in the OM and the IM negotiations - Dutch negotiators

Personal pronoun analysis

Figure 9 gives the results of the frequency count of three types of personal pronouns in the German context. An additional comment for the figure of first pronouns is needed because the pronoun “we” can have an inclusive (*you and I equals we*) and an exclusive (*me and others equals we*) meaning. This distinction is important because by frequently using the inclusive version of the first pronouns, the person’s language use indicates an atmosphere of solidarity and politeness and that he or she wants to bind the other entity to himself and build a long-term relationship. By often using the exclusive meaning of the first pronoun, the negotiator indicates a more distant, not necessarily disrespectful, position towards the other party. As a matter of fact, nearly every usage of the first pronoun was intended to have an exclusive meaning. Although OM negotiators use about 4% more inclusive first personal pronouns, this difference is not significant. German OM negotiators use significantly less (at $p < 0,05$) first exclusive personal pronouns and they use significantly more (at $p < 0,1$) second personal pronouns. This result of German negotiators using more “you” in the OM setting and more “I” in the IM setting confirms our first hypothesis as “you” indicates empathy and would thus mean a first step to cooperation: *German negotiators are more cooperative in the OM context than in the IM context.*

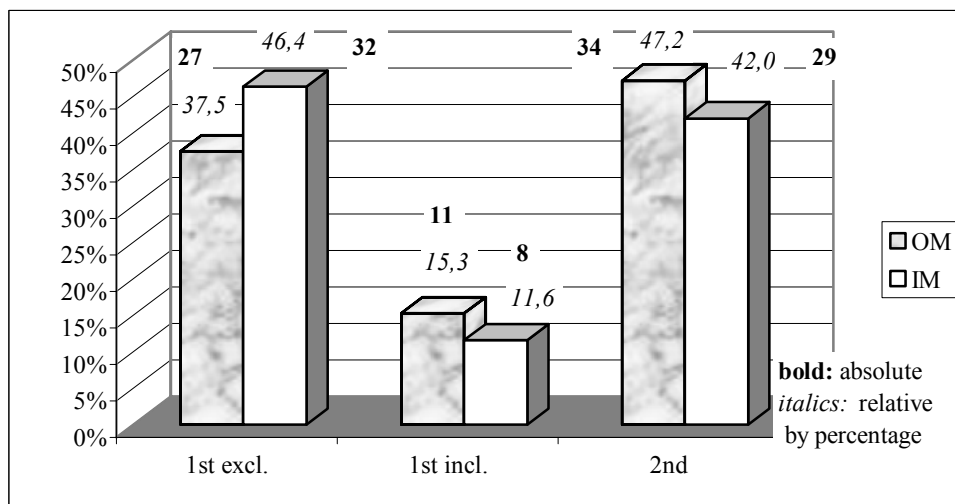


Figure 9: Proportion of first and second personal pronouns in the OM and the IM negotiations - German negotiators

Figure 10 visualizes the personal pronoun count in the Dutch context. Dutch IM negotiators use significantly more (at $p < 0,5$) second personal pronouns and significantly less (at $p < 0,1$) exclusive first personal pronouns in the IM setting compared to the OM setting. This result confirms our second hypothesis: *Dutch negotiators are more cooperative in the IM context than in the OM context.*

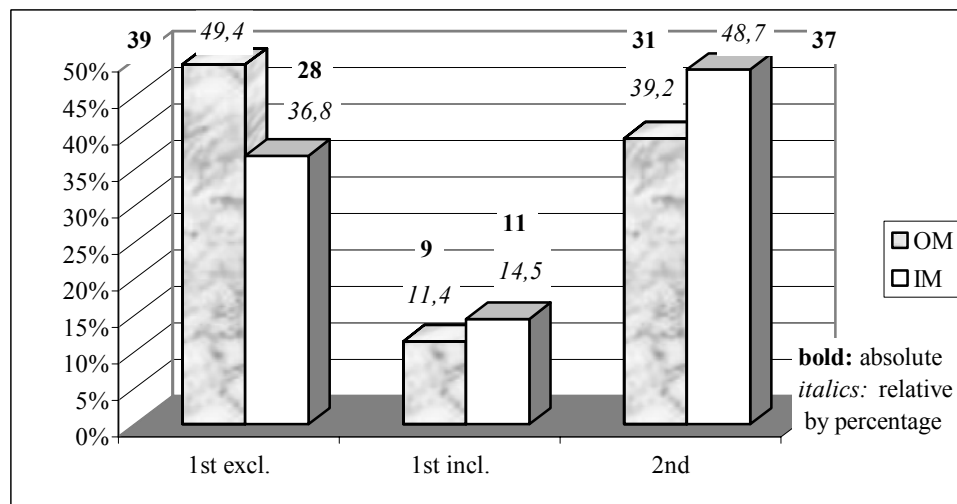


Figure 10: Proportion of first and second personal pronouns in the OM and the IM negotiations - Dutch negotiators

Discussion and Conclusion

One can generally say that expressions about their negotiation partner's positions were used more often by the Dutch negotiators in the IM setting and by the German negotiators in the OM setting. An explanation for this could be: Empathy building for Dutch negotiators in an OM context appears to be difficult although it may be possible, but it would require many general and metacommunicative speech acts. And still OM communication might seduce those negotiators to overuse *I* and not an inclusive *we* or an inviting *you*. A win-win strategy for Dutch negotiators through OM would require additional training to get away from an egocentric bargaining position. The fact that both our hypotheses could be confirmed shows that both German and Dutch negotiators tried to exhibit cooperative behavior, but may have considered the context to see to what extent this behavior is possible. Cooperative negotiation indeed produces the best results for long-term relationships, but the context in which those negotiations take place plays an important role as well: Germans may interpret an OM context as relatively certain which encourages them to behave in a cooperative way, whereas they perceive the IM context as too uncertain - and decrease their cooperative attitude. Dutch, however, perceive the IM context as ideal for cooperative behavior, and see the OM context as more fitting for non-cooperative behavior. Both German and Dutch negotiators can learn from each other: Good negotiators know that win-win agreements in a cooperative spirit are constructed by increasing the available resources so that both sides can get what they want. For German negotiators who have a relatively higher UAI, this means to learn from the Dutch way of negotiating in IM situations, i.e. to expand the pie and to construct win-win agreements by exchanging concessions on different issues, with each party yielding on issues that are of low priority to itself and high priority to the other party. Such concession exchanges are sometimes called "tradeoffs". If the issues involved in the exchange are already on the negotiation agenda, the exchange is called "logrolling" and indicates that both parties make concessions because they see individual benefits in such a tradeoff. Dutch negotiators can learn from their German colleagues when it comes to negotiations in an OM setting. A way to construct cooperative win-win agreements is to examine the concerns that underlie the positions taken by one or more of the parties and to seek a way to achieve these concerns which may involve goals, values or principles involved in IM and OM.

When we regard German negotiators, we see that they have problems with empathy building in an IM context. A reason for this might be that Germans are rather masculine, whereas the

Dutch, unlike many other countries, are very feminine. In a highly innovative setting, where it is necessary to cope with the tension between cooperation and fighting, such high masculinity may seduce German negotiators to behave in an avoiding and passive way instead of seeking for more information and alternatives. They may neglect the fact that parties are interdependent, they need each other. What binds them is the overlap in interests. Especially in an innovative setting which requires the party's ability to discuss what benefits both of them, the lack of empathy may lead to a lack of clarity of the partner's interests because the lack of empathy may indicate the disability to identify with the negotiation partner.

Considering the negotiator's (non-)cooperative attitude, one can generally say that non-cooperative speech acts related to the use of the first pronoun *show your limits* and there might be more need of this in the competitive setting of OM than in IM. Our results show that German negotiators are more cooperative in the OM setting whereas Dutch negotiators are more cooperative in the IM setting. The Dutch applied a cooperative attitude in the IM negotiations and showed that they were able to find common criteria: Discussing the question whether the basic assumptions show any common ground and whether there are norms and values that appeal to both parties are essential. There is also a risk in this, and Germans seem to have more problems in coping with that risk: Parties may start negotiating at length about assumptions and principles. Parties sometimes hope to gain concrete advantages by elevating certain statements to the level of principles. If care is not taken, the result may be very lengthy negotiations about high-flown ideals. For parties will refuse to endorse criteria and principles unfavourable to them unless they are formulated in such complex or abstract terms that they can be interpreted to their advantage in the negotiations. In that case, a hard round of negotiations will have been completed, the value of which is slight. In the OM negotiations, Germans behaved more cooperatively and may have showed that they did not commit themselves to a solution during the negotiations. It is important to discuss in what direction a solution should be sought and to create room to manoeuvre. On the basis of these results, we can surmise that OM communication does not allow Dutch negotiators to employ a cooperative win-win strategy (as recommended by negotiation strategy training), whereas in IM communication, it does. IM negotiations show the limits of German negotiators more than those of Dutch negotiators, who were more successful here in building empathy and a cooperative spirit than their German colleagues.

From the point of view of buyer-supplier relationships and purchasing and supply management, these findings bring interesting nuances to some existing debates. One of the main trends is that the relation-oriented approach – i.e. the cooperative negotiation strategies – becomes more and more explicit, and increasingly applicable to a wider set of contexts and buyer-supplier relations (Axelsson and Wynstra 2002, p. 235). Our findings seem to suggest, however, that cultural factors have a potentially strong moderating effect. More precisely, it may be the case that managers from cultures that rely more on masculinity and uncertainty avoidance feel insecure in more uncertain, ambiguous contexts and then 'revert' to more transactional buying. Obviously, such findings need to be investigated further before making any really strong conclusions, among others by investigating (via case studies, surveys or again experiments) the behavior of managers rather than students.

In the future, we will bring the classifications of speech acts to independent raters and thus increase the reliability of our data. Future research may also cover to verify our hypotheses in a changed order. The natural order of IM first and OM last will be inverted then which means that the OM case of the Data Printer will then be negotiated before the IM case of RadioTech to exclude an order effect, maybe even using a broader spectrum of cases like production management or account management. It would be interesting as well to combine those cases,

including more than 2 negotiations in a whole supply chain. Negotiations would then include the choice of suitable partners which is a necessary requirement to form a supply chain. To become an effective and successful network organization, consisting of legally separated organizations, calls for actually practising inter-organizational collaboration. The coordination of flows along the supply chain can be executed efficiently by utilizing the latest developments in information and communication technology. Those studies could also relate to the effect of CMC and FTF on negotiation outcome between R&D and manufacturing partners in the supply chain that was researched by Ulijn and Lincke (2002). We will also do statistical tests on the gender effect (Lincke, forthcoming). Such studies are required to give a solid underpinning to the present development of negotiation theory and the application of this theory in business negotiation training as from which the present study derives.

Looking back at the Hofstedian dimensions as being evaluated ideal for either innovation initiation or implementation, one might conclude that some of the noted differences in values between Dutch and German culture make Dutch (with their high femininity and individualism) more eager to negotiate in a win-win situation in the innovation initiation as a first stage in innovation management, as it was exemplified by the RadioTech case. The Germans (with their high uncertainty avoidance), however, are more comfortable in negotiating cooperatively in an OM context, such as the Data Printer case.

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Appendix A - Detailed information about the subjects

Group number	Country	Study Background	Gender (m – male, f – female)
1	The Netherlands	Technology and society	f
	The Netherlands	Mathematics and computer science	m
2	The Netherlands	Biomedical Engineering	f
	The Netherlands	Electrical Engineering, Microelectronics	m
3	The Netherlands	Industrial Engineering	m
	The Netherlands	Industrial Engineering	m
4	The Netherlands	Industrial Engineering	f
	The Netherlands	architecture, buiding and planning	m
5	The Netherlands	Industrial Engineering and Management Science	m
	The Netherlands	Technology and society	m
6	The Netherlands	Industrial Engineering and Management Science	m
	The Netherlands	Industrial Engineering	m
1	Germany	Industrial Engineering - Computer Science	m
	Germany	Industrial Engineering - Computer Science	m
2	Germany	Industrial (Mechanical) Engineering	m
	Germany	Industrial (Mechanical) Engineering	m
3	Germany	Industrial Engineering - Computer Science	f
	Germany	Industrial Engineering - Computer Science	m
4	Germany	Industrial Engineering - Computer Science	f
	Germany	Industrial (Mechanical) Engineering	m
5	Germany	Industrial (Mechanical) Engineering	m
	Germany	Industrial Engineering - Computer Science	m

Table 1. Detailed information about the subjects

Appendix B – Example of an FTF transcript (video-taped)

Ericsson: played by a male negotiator from Germany

RadioTech: played by a female negotiator from Germany

RadioTech: Hallo, nice to meet *you*.

Ericsson: Nice to meet *you* too.

RadioTech: Take a seat.

Ericsson: Thank *you*.

RadioTech: Did *you* have a nice trip?

Ericsson: Yes it was a nice trip, the weather was nice and the sun is shining so it was a pleasure coming here.

RadioTech: Oh nice, where are *you* staying?

Ericsson: *I* am staying in a hotel near the airport, it is very nice. *I* am always very pleased to come there and *I* am looking forward to coming back here.

RadioTech: Well, all right, *I* heard that *you* did some test on the performance of our product, how were the results of these tests?

Ericsson: Well, yes, the results were very good, *we* would very much like to use it in our product - our base stations. *We* are very excited about this product and our engineers are pressing to use it but perhaps *you* heard that there are some problems with it.

RadioTech: Yes, *I* heard that.

Ericsson: Unfortunately *we* won't be able to use your power transistor in time. So *I* would like to ask *you* if *you* could delay the release of the product.

RadioTech: That is quite a problem because *you* know our competitors are strong and the market is also pressing, as *you* know it is quite a new technology. *I* was talking to some of our engineers about this and they would very much like to present our transistors to other companies in order to meet their request.

Ericsson: Yes, *I* understand that but maybe *you* can also understand our point: *I* mean *we* introduced this idea to *you* with our product and of course *we* don't mind if *you* would sell it to other companies, but as *we* worked together on this, *I* think it would be nice if *we* could finish it together because *we* had a very good relationship in the past and *we* would like to continue that. *We* used to be good customers in the past.

RadioTech: Yes, that is not the problem, *we* really want to continue the good relationship, but *you* have to understand that *we* do not talk about the product but the production technology. The product is not so unique but the production technology is what really counts and some of our experts think that your competitors might try to get this technology as well because it is quite impressing on the market.

Ericsson: Well, *we* are trying to expand and to get rid of all those competitors of course, but *we* have quite a big share in the market. Perhaps *you* could also profit because if *we* could increase our market share, *we* buy more of your products.

RadioTech: Yes, of course.

Ericsson: So *we* can both benefit, and if *you* have a lot of small companies that buy your product - perhaps they might lose the competition and *you* lose your customers.

RadioTech: Yes, that *I* understand, but isn't there any chance that *you* fasten your production and use our product?

Ericsson: Well, December is the earliest date for us to create a reliable product.

RadioTech: But doesn't that mean that this is a really big delay?

Ericsson: Of course *I* would like to introduce the product earlier as well but they told me that there is no way in getting the product already in April, so *I* guess *we* have to wait until December but *I* can also arrange or *I* will promise *you*: *We* already buy 30% of your production and as *I* told *you* *we* want to expand so *I* will try to increase this number, so perhaps *you* could arrange to start negotiating with our competitors lets say in October or so

and tell them to give the product to them a little later; so *I* would arrange to buy at least 30% or even more.

RadioTech: So *you* would guarantee me the December date and *I* will start negotiating with other companies let's say at the beginning of December and they wont use the product let's say before March and if *you* get problems with the December date - *I* mean *we* really cannot postpone the December date again, that is really impossible.

Ericsson: Ok.

RadioTech: But *I* can only agree to this if *you* take lets say 35 % of our production

Ericsson: All right, but if *you* double your production next year, *I* wont be able to take that much.

RadioTech: *I* understand

Ericsson: So *we* have to relate to absolute values. Let's say if *you* keep producing 100 till 105 thousand units, *I* will promise this to *you*. Are *you* positive with that?

RadioTech: Yes, in principle yes, but maybe *we* can arrange another meeting tomorrow because *I* still have to talk to our production manager and our marketing manager so if *you* don't mind *we* can arrange another meeting tomorrow and start talking about the contract already and then *we* will also fix the number of transistors and that rate.

Ericsson: Ok well, *I* will call my engineers and tell them they are getting their transistors in December.

RadioTech: Yes.

Ericsson: All right, thank *you* very much, it was very nice to meet *you*.

RadioTech: *You* are welcome.

Ericsson: Bye

RadioTech: Bye

Total number of personal pronouns:

I: 26

We: 25

You: 33

Appendix C – Example of a CMC transcript

Adler: played by a male negotiator from Germany

Pufahl: played by a female negotiator from Germany

Pufahl:

Dear Mr. Adler,

after your lawyer called me yesterday and told me your point of view of the whole situation, *I* want to take the chance to set up a meeting between the two of us to get things settled in private.

First of all *I* want to appologize picking up the printer monday morning without paying it immediately. *I* needed it urgently and there was nobody in the office in charge of the printer.

Of course *I* want to pay for your repair service but as *you* might have noticed *I* am quite upset about the different invoices *I* received from *you*. When your young repair man, Fred Gates, came to my office to repair the printer, he estimated the price for his repair \$550. The invoice *I* received afterwards was \$647, which is \$97 higher than *I* expected it to be, which *I* think is quite a lot.

When *I* tried talking to *you* about the invoice, *I* had the feeling that *you* were a little bit angry and therefore handed me the new invoice which was even higher, \$774.

I really don't want this trifle to interfere our relationship, so *I* hope *we* can find an agreement that suits both of us. But *I* hope *you* can understand, that it is not acceptable for me to pay such a higher price than the estimate for a siple repair work.

Thank *you* for your understanding.

I hope to hear from *you* soon.

Best regards,

Pat Pufahl

Adler:

Dear Mr. Pufahl,

I am very glad *you* finally realized your mistake which made me very angry indeed. But, what's done is done and *I* am willing to forget about this incident as *you* apologized for it.

As *you* stated *we* have a very good business relation which *I* would hate risk losing, but *you* have to understand that *I* was a little disappointed already when *you* chose not to buy the proper printer from us. After *you* brought the printer to us for repairs our technician called *you* and told *you* things were more complicated than he thought (meaning NOT simple!) and would therefore cost more.

In fact the second invoice was the invoice *we* would charge a "normal" customer, which is reasonable considering the amount of work and spare parts *we* put into it. The first one was a "good-customer"'s invoice which *you*

should appreciate as really only our special customers get those. Still *I* consider *you* one of our special customers and it would be ok if *you* just paid the first invoice (647\$) as *I* do not want anything to stand in the way of our good relations, too.

Kind regards,

Robin Adler

Pufahl:

Dear Mr. Adler,

thank *you* for your email.

I am very happy to hear that *you* consider me one of your best customers. But *I* am afraid that *you* did not quite understand the point *I* made in my last email.

I already consider the first invoice *you* sent to me as too high compared with the estimate *I* received from your repair man Fred Gates. And *I* am afraid the phone call *you* are talking about in your email never reached me. So *I* never knew that the price Mr. Gates estimated would change.

I am also very sorry about that *you* don't understand my motives why *I* had to buy a printer with this capacity which *you* could not offer me. But as *you* can see *I* did not make a good experience with this other printer company. And if *you* can offer me printers with a comparable capacity *I* would prefer to buy the next printers from *you* as *we* had very good experiences with your products in the past. In fact *we* still need two more printers at the moment.

So *I* really hope *we* can settle this misunderstanding and go back to business again. *I* would suggest two things. First *I* would be very happy about receiving a new invoice from *you* that corresponds better to the estimate *I* received. Second *I* would like to set up a meeting with *you* to talk about my new investment and to have a look at some of your printers.

Hope to see *you* soon.

Best regards

Pat Pufahl

Adler:

Dear Mr. Pufahl,

I am very pleased to hear that *you* are planning to buy your office supplies from us in the future and really would like to discuss the purchase of two more printers on your part. *We* really should arrange a meeting.

Considering the invoice, *I* am very sorry that Fred's message did not get through to *you*, but from my point of view that really is a problem between *you* and your secretary. But, as *we* both rely on second hand information, why not meet in the middle (600\$) and settle this issue?

I think this is a compromise we both can live with.

Regards,

Robin Adler

Pufahl:

Dear Mr. Adler,

I am very happy that we could find an agreement. As soon as I receive your new invoice I will transfer the money immediately.

Best regards

Pat Pufahl

I: 43
We: 11
You: 34



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