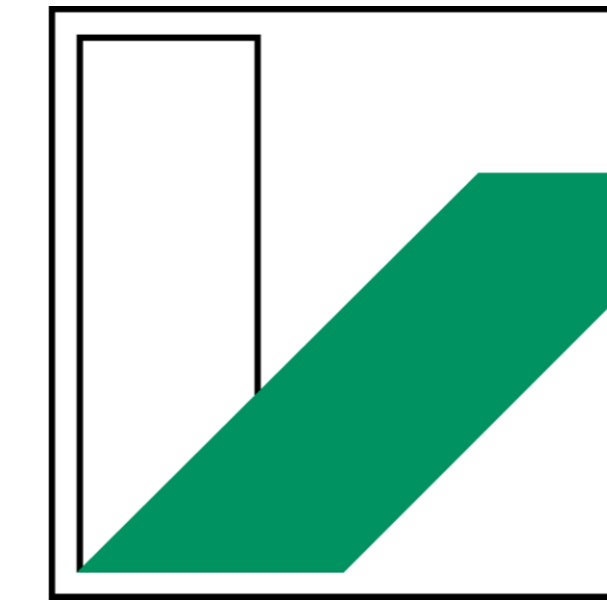


Emotions in Negotiations: Implications from Pharma Key Account Management Activities towards German Statutory Health Insurances



UNIVERSITÄT
BAYREUTH

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 health care 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.

Sample details

Participating types of insurances (SHI-coverage):

AOK (n=5, ~24%)	BKK (n=3, ~14%)	Service prov. (n=2, ~10%)	TOP15+SP (n=11, ~52%)
EK (n=6, ~29%)	IKK (n=1, ~5%)	Associations (n=2, ~10%)	Different units (n=17)

...plus two persons from „other“ insurances

Number of policy holders (study coverage):

Health insurances approx. 43.000.000	Service providers approx. 13.000.000	~75% of SHI policy holders
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Further details:

- Execution: n=21 qualitative individual interviews (incl. 7 by telephone*)
- Interview overlap: 57% in comparison to 2013
- Field phase: March – May 2015; Interview duration: Ø 80 minutes
- Interviewer: Dr. Matthias J. Kaiser (H&P/University of Bayreuth)
- Adverse Events: none

*explicit request of participant (focus lies on face-to-face interviews)
**SIC = qualified employee of a social insurance carrier

Participants characteristics

- Professional background:** pharmacists (38%), SIC** (19%), lawyer (14%), business/economics (14%), health economist (10%), doctors (5%)
- Position participant:** Leading level (57%), regular level (33%), u.a. (10%)
- Overlap with past study and interview participants:** Repeater (76%), new contacts (24%)
- Regional SHI spread:** Regional office (71%), headquarter with nationwide orientation (29%)
► Cf. following geographical distribution
- Work level vs. Department head:** Work level (38%), department head (62%)
- Background experience:**
 - All contacts >5 years in the business (medicines)
 - ~90% of the contacts are experienced in dealing with pharmaceutical companies/representatives

Example of code tree with emotions

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.

Relationship of study participants to the industry

"Normally we have a common project with a common objective. Of course, there is a foundation on both sides for a Win-Win situation and based on this foundation, you try to reach this objective"

"The frequency of contact decreased a little"

"At the moment, there are no severe incidents carried out that I am aware of. It is more like noiseless working"

"The relationship is partly very good and partly negative. A little bit of everything."

"It is a partner-like relationship to all companies"

"Currently my relationship is positive, except to one or two firms"

"Still a good relationship. The tendency is, that it is a little better than three or five years ago. It is actually quite cooperative. The pharmaceutical industry is also increasingly flexible."

Main categories

- Partner-like relationship at eye-level (n₁₅=5, n_{Rest}=2)
- Good, positive, flexible and constructively-founded relationship (n₁₅=4, n_{Rest}=7)
- Project related relationship – increasing understanding for each other (n₁₅=1, n_{Rest}=1)
- Neutral, rational work relationship (n_{Rest}=2)
- Relationship with a common objective (Win-Win) (n₁₅=1)

Evaluation*

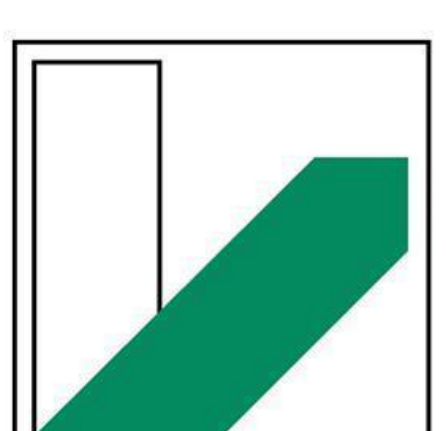
100 Points	(n=0)
80 Points	(n=12)
60 Points	(n=8)
40 Points	(n=1)
20 Points	(n=0)
0 Points	(n=0)

CSI (Customer-satisfaction-index) 70
2013: CSI = 66

Exemplary outcomes

Statements on competitors

Roche	AstraZeneca	NOVARTIS
<ul style="list-style-type: none"> "We have a 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 reliability." 	<ul style="list-style-type: none"> "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." 	<ul style="list-style-type: none"> "Annoyed me once again." "A very prominent company, because of its market activities. This is far beyond good taste." "Did not stick to the agreements"
ucb	BAUER	novo nordisk
<ul style="list-style-type: none"> "They have become very active and did really accelerate. This was striking" "They come, they know who is ahead of them, they have deal-making competence, they are well prepared and they are flexible." 	<ul style="list-style-type: none"> "The collaboration has improved." "Has ebbed away." "At least they gave me a call, but then nothing else happened." "The understanding has grown." "I would evaluate it as good." 	<ul style="list-style-type: none"> "I miss continuous deal-making competencies." "Unfortunately a company with a lot of turnover. Things are always changing."



University of Bayreuth
Faculty of Law, Business & Economics
Department of Marketing and Services



Dr. Matthias J. Kaiser
Academic Councillor / PostDoc
University of Bayreuth
95440 Bayreuth, Germany
www.innodialog.uni-bayreuth.de

E-Mail: matthias.kaiser@uni-bayreuth.de
Phone + 49 (0) 921 – 55 4347
Fax + 49 (0) 921 – 55 4342
Cell + 49 (0) 172 – 3444998



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www.euhea.eu

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