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ANALYSIS OF INFLUENCES ON BUYER-SUPPLIER NEGOTIATION

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Abstract

The purpose of the article is to analyze negotiation between buyers and suppliers and to identify factors that influence the direction and result of negotiation. It is important that buyers and suppliers preserve the partnership despite negotiations. In the theoretical part of the study relevant literature is examined. The empirical part contains two methods (1) a qualitative method: three interviews with buyers (purchasing agents in one organization) and three interviews with suppliers, and (2) a quantitative method: a survey with twenty buyers and twenty suppliers. The result of the qualitative analysis was the basis for creating the questionnaire, which was used for quantitative analysis. Results of the quantitative analysis were factors that influence buyer-supplier negotiation. Results were calculated using chi-square tests and Wilcoxon rank-sum tests. Negotiation is an interactive process between two or more parties wishing to obtain a favorable outcome. The entire society can obtain a great deal regarding mutual understanding and conflicts resolutions as well as achieving the objectives in negotiation at the same time. The research is unique in terms of the combination of methods used and obtaining balanced data between buyers and suppliers.

Keywords: Supply Chain, Buyer, Supplier, Negotiation, Relationships.

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Introduction

High market competitiveness is the result of globalization. Relentless struggle for the market, greater number of offers over demand needs, as well as increasingly more demanding customer needs force

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organizations to gain competitive advantage and business excellence, thus, providing added value to customers. We need good relationships between buyers and suppliers for overall growth and adaptation to market conditions. Only very experienced negotiators use the following simultaneously: (1) negotiation skills, (2) mindset to achieve mutual goals, and (3) avoiding fatal errors. Only good relationships, effective marketing communication, knowledge sharing, and innovation provide the tracking trends of development. Joint endeavors require right decisions during negotiations. The negotiator during the negotiations process is the most important factor, namely because the efficiency and effectiveness of the negotiations is solely dependent on the negotiator. Negotiation skills affect reactions in certain negotiating situations that as a result affect the outcome of the negotiations.

Efficiency and effectiveness of organizations is dependent on many factors of which negotiation is one of them. Conflicts arise during negotiations as business partners have different interests and goals. Negotiations are indispensable in relation to the buyer–supplier relationship. Negotiations completed with the sense of success are possible with a great deal of knowledge of negotiations and practical experiences. However, we have conflict of interests during negotiations. During the negotiation process both parties have a goal and that is a good that they both want and the good is not available in sufficient quantity. When preparing for negotiations thoughts are on triumph, that we are better than our opponent, and that we will convince the opposing partner that we are right. Notwithstanding, the finest negotiators attempt to: (1) understand the opposing partner, (2) find long–term solutions, and (3) find solutions acceptable for both sides. Common goals will be compromised, if one party insists on its interests alone and very often, the other partner ends the relation in such situations. We can conclude that relations between buyers and suppliers are not compromised, if goals of negotiations are in the common interest for both business partners. Negotiations are the process of discovering common goals for the buyer and supplier. The overarching goal is to identify influencing factors on the course and outcome (i.e. result) of negotiations. Organizations are capable in obtaining information from identified factors on how to preserve the relationship with a partner. The goal of this research also is to remind society that negotiation between business partners is an iterative process through which both sides want a favorable outcome. The entire society can obtain the knowledge about mutual understanding, resolving conflict, and achieving the objectives of negotiations. In this study, we identified significant factors influencing the results of negotiations with qualitative analysis of interviews. Factors identified were the basis for the quantitative instrument (i.e. creating the

survey) and analysis. Data were analyzed with statistics and interpreted in the second part of the article. The research is unique in three ways: (1) two methods are integrated – qualitative and quantitative, (2) balanced data collection of buyers and suppliers, and (3) conceptual originality. We did not find similar research with similar topics in the Slovenian area. The research was conducted in one organization and their suppliers. This also is the limitation of the research.

Literature review

Effective and efficient long-term business demands excellent relationships between buyers and suppliers. Excellent relationships have to be based on trust, loyalty, common innovative business, sharing of information, and so on. The global business has allowed continuing opportunities and challenges as well as selection of different business partners. Byrne, Heavey, Blake, and Liston (2013: 1036) propose a constructive and effective method for business partners' selection. The selection is a very important first step to building a successful relationship between business partners. The method is focused on after-sales costs. The model contains face-to-face (F2F) communication and a cost model. The model also includes direct and indirect costs with the aim to handle all kinds of after-sales costs. The study shows very successful negotiations, where the benefits are significant for both business partners.

The selection of competent suppliers is important throughout all processes. All suppliers have a chance to upgrade the business collaboration to a partnership. The traditional selection of a supplier includes a definition of the selection criteria that will be used, then determining the qualification of potential suppliers and for final determination the reverse auctions (RAs) method is typically used. The RAs model also is useful for initial cutting of prices. The success of the RAs method, which is the selection of partners-suppliers for after-sale activities of Dell's computers, was presented by Byrne, Heavey, Blake, and Liston (2013:1033–1035). The results of the research study represents increase efficiency of after-sale activities and reduced cost of after-sale activities in Europe, Middle-East, and Africa. Based on these results, company Dell added additional measures that decreased after-sale costs.

Jiun-Sheng and Yun-Chi (2012: 94–95) noted that good and solid relations between buyer and supplier increase opportunities for new business. Suppliers can influence buyers with financial and promotional incentives, for example with education, consultations, assistance, problem solving, and so forth. Buyers want to collaborate with

competitive suppliers that are recognized for their quality and excellence in all areas. The organization has to be differentiated from competitors in a competitive market. The organization has to collaborate with suppliers and consumers during the first phase of a product's development. Common decisions and solid partnerships are essential. The organization has to integrate suppliers and other participants into the supply chain. Good relationships are not natural or self-evident and have to be systematically developed by all business partners.

Srivastava et al. (1998 in Jiun-Sheng and Yun-Chi, 2012: 89) state that negotiating relations contain trust, commitment, dependence, and effective communication. The relationship between the buyer and supplier are influenced by the negotiating process. The relationships can be changed as a result of negotiations and our opinion about the supplier can change. The negotiating process is delicate and carelessness can cause poor relations and bad results. Lumineau and Henderson (2012: 391) summarized in their study how relational activities influence the behavior of the opposing partner, negative decision-making, and avoidance of uncomfortable situations.

The duration of the negotiation is dependent on the experience and expertise of the negotiators (Simonelli, 2010: 166–168). The duration is longer if inexperienced negotiators are involved. The negotiation under force is short if one party has to accept all imposed conditions. E-negotiations also are typically short. Very long negotiations contain a great deal of compromises that are not guided correctly, questions are repeatedly being asked for the purpose of acquiring new negotiating space. A similar tactic is to delay or shorten the negotiation. The goal of shortening the negotiations is to force an early decision.

The negotiation outcome could be positive, negative or somewhere in the middle. It is rare that the opposing partner will accept all our conditions. Good negotiators are capable of accepting negative answers and also have the ability to say 'no' as well. Thomas, Thomas, Manrodt and Rutner (2013: 105–106) conclude that negotiations are the significant element of relationship between buyers and suppliers and the interdependence is the important part of understanding their relationship. Two strategies of negotiation between buyers and suppliers are explained in their research: (1) 'win-win', and (2) 'win-lose'. Both strategies are a part of the negotiation preparation and can be changed during the negotiation process. At some point it has to change, depending on the actual situation. The possibility of success without in-depth preparation is small. The strategy 'win-lose' decreases interest in communication and transfer of knowledge between the buyer and

supplier, with the result being poor relations and performance. The positive influence on long-term relations using the 'win-win' strategy is confirmed by their research. Individual and common goals can be realized with mutual interdependence and the 'win-win' negotiation strategy. The interdependence allows transfer of positive action results of one business partner to another. On the contrary, the 'win-lose' strategy causes negative emotions. Estranged relations are the result of such a strategy. The 'win-lose' negotiating strategy is recommended for short-term collaboration, for one deal only, where the interdependence is at a low level.

If buyers are united, the interdependence exists on the buyers' side. The goal of united buyers is achieving better prices. The negotiating position of the union is better. For such type of negotiations the prerequisite is an adequate information system. The basic principle is common collection of demands, where the quantities of demands are essential. Joint actions, trust and common decisions are important for successful interdependence (Bahinipati and Deschmukh, 2012: 523):

- Collaborations are mutual agreements based on trust, cooperation, shared risks and investments.
- E-market enhances transactions capability by identifying and selecting new suppliers, establishing prices for products, components and materials, and aligning procurement of materials/components from suppliers.
- E-market enhances the collaborative capability by communicating delivery request to suppliers, communicating manufacturing requirements to suppliers, and managing and communicating engineering changes.
- Use of e-market, internet and other IT infrastructure based systems enhances the speed of operation to decrease cycle time.
- Enterprises increase customer satisfaction through better visibility of the procurement process and reduction of errors.
- The partnering enterprises must have good cost information, which is critical for selecting manufacturing locations as well as developing plans for procurement.
- This relationship incorporates more than shared information and a focus on supply chain cost, such as supply chain planning strategies and schemes among partners.
- Better management control can be realized due to embedded business schemes in the procurement system by encouraging outsourcing and allowing enterprises to engage in e-business to have more control of their operations by sharing customer-specific information.

- Cost saving can be realized through less costly and optimized processes for procurement and lower cost, indirect goods by use of e-market.

Masschelein, Cardinaels, and Van den Abbeele (2012: 953) argue that “buyers’ profit is bigger than sellers”. Buyers tend to be more experienced negotiating managers than sellers, where they have greater negotiating power. Thus, suppliers very often are not motivated. This is the reason why suppliers are unsuccessful and do not have the ability to be convincible.

The most important topic during negotiation is price. If the buying-selling quantity increases, prices normally decrease, consequently, cost per unit decreases if we take into account that other production costs and manipulation costs remain constant. The negotiating interaction between the buyer and supplier protects the interests of both parties. The buyer wants to reach the best possible offer from the supplier and in-turn the supplier with the best offer in hand wants to influence the buyer’s decision. Cheng (2011: 602–604) introduced a programmed auction model for the global market, where the buyer can submit an inquiry to the global market. Electronic auction allows bidding between the buyer and potential suppliers via requests for quotations (RFQ). The RFQs contain characteristics, quantities, delivery times, and so on. Buyers invite potential suppliers and the auction is closed when a supplier is chosen. The prices are open or closed for all participants depending on the auction type. This type of electronic auction is appropriate for standardized demands.

Moosmayer, Schuppar, and Siems (2012: 99) stress that “sellers normally vigorously defend initially defined price as buyers”. Usually, the seller’s price margin is smaller than the buyer’s. If we want to conclude an agreement, the buyer’s and supplier’s margin have to overlap.

Martinez-de-Albeniz and Simchi-Levi (2012: 408) argue that negotiating process of quantity and price between buyer and supplier is complex. Buyers want the best price at sufficient quantities. The interest of suppliers is often opposite. The price of the product is dependent of the whole supply chain and has an effect on the product’s price directly and on the outcomes of business i.e. profit. Typically, the first order is the smallest order and subsequent orders tend to be larger. Increase in quantities is a sufficient argument to begin the negotiation process again.

Detailed information about supplier's costs can improve a buyer's negotiating position, and vice versa. Such information may cause a critical response by the supplier. The supplier is forced to believe in the buyer's honesty. Supplier costs to the buyer are more easily available than the costs of the buyer to the supplier. A buyer can obtain costs by submitting an inquiry to the market and thus can obtain a competitive-reference offer and as a result the buyer obtains the price of material and cost of the supplier. Masschelein, Cardinaels, and Van den Abbeele (2012: 953) note that buyers can obtain exact costs that buyers can use as leverage during negotiations. In essence, having accurate data can improve relations between the buyer and supplier. Windolph and Moeller (2012: 57) note the Open Book Accounting (OBA) method. This system is open and contains all costs of buyers and suppliers. The goal of this system is to improve the cost-effectiveness of buyers and suppliers. The advantage of this method is cost management and mutual trust. On the other hand, all details, costs, profit have to be disclosed.

Based on the review of relevant literature and our knowledge about the researched area, eight hypotheses were defined for quantitative analysis:

H1: Buyers have better negotiation experiences than suppliers.

H2: Buyers and suppliers emphasize the importance of preparation before negotiations.

H3: Buyers have greater negotiation position (power) than suppliers.

H4: The price is the most important negotiating factor for buyers and suppliers.

H5: The length of the negotiation influences the result of negotiations.

H6: Buyers and suppliers are of the opinion that the negotiation process influences the relationship between them.

H7: Buyers and suppliers are of the opinion that the negotiation process positively influences their interpersonal relationship.

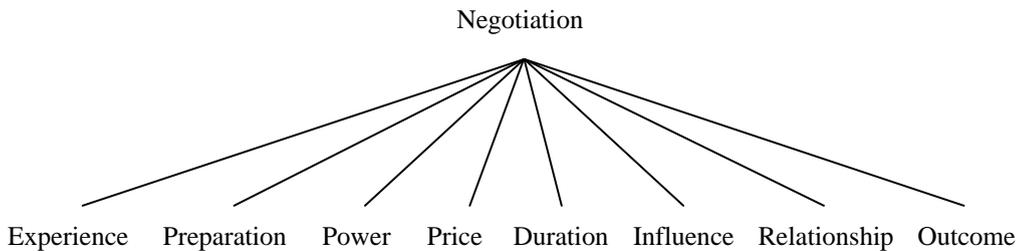
H8: Buyers are more satisfied with the negotiation outcomes (result) compared to suppliers.

Qualitative method

We collected qualitative data using interviews. Data were analyzed using seven steps. We conducted three interviews with purchasing agents in one organization. We also conducted three interviews with three sales agents from three different supplier organizations. All three supplying organizations were considered important suppliers to the main organization for assembly parts to production. We prepared in advance guided questions for semi-structured interviews. All agents regularly participated in negotiations between buyers and suppliers. Interviews were organized in isolated rooms in a quiet and friendly environment.

The typical duration of the interviews was between 30 to 45 minutes. Transcripts were made simultaneously. All six interviews were consolidated and merged into one single combined transcript. Consolidation of text means removing irrelevant text, combining similar text and writing concluding remarks. We defined six coding units. All units were derived directly from the six guided questions. We selected most important phrases (words and sentences) from the text. Categories were defined by combining similar phrases in the next step. Finally, we defined final categories and relations between them. The research model (Figure 1) combines categories and relations. The most important result of the qualitative analysis was determining the survey questions, which was directly derived from the research model.

Figure 1: The research model



Categories and relations were the basis of the survey questionnaire. Questions were also derived from results of the interviews conducted by the agents. The final questionnaire contains nine questions, with eight nominal variables and one ordinal variable. The first question concerns the role of the respondent, where the possible answer is BUYER or SUPPLIER. Other questions are:

- ⤴ Evaluate your negotiating experiences. (GOOD/BAD)
- ⤴ Do you prepare for negotiations in advance? (YES/NO)
- ⤴ What is your negotiating position (power)? (SUPERIOR/INFERIOR)
- ⤴ Is the price the most important factor in negotiations? (YES/NO)
- ⤴ Does the duration of the negotiation influence the result of the negotiation? (YES/NO)
- ⤴ Does the negotiation have an influence on the relationship between buyer and supplier? (YES/NO)
- ⤴ How is the relationship between the buyer and supplier influenced by the negotiation? (POSITIVE/NEGATIVE)
- ⤴ How are you satisfied with the negotiation results? (-3: COMPLETELY UNSATISFIED, -2: UNSATISFIED, -1: PARTIALLY UNSATISFIED, 0: NEUTRAL, 1: PARTIALLY SATISFIED, 2: SATISFIED, 3: VERY SATISFIED)

Quantitative method

The basis for the quantitative method was the research model based on the qualitative analysis. The questionnaire was derived from the model. We had 50 respondents: 25 buyer agents and 25 supplier agents. Data collected were balanced between buyers and suppliers. All respondents received a cover letter with a description regarding the goal of the survey, and complete anonymity was guaranteed for all participants. The survey was conducted in January 2013. Responses were collected in seven days.

Data were analyzed by Pearson’s chi-square test and Wilcoxon rank-sum test using R statistical software. Results of chi-square tests are presented below in tables with observed frequencies and odds ratios, which represent relations between buyers and suppliers. Odds ratios have to be greater than 1.

Results and discussion

Results of Pearson’s chi-square tests are summarized in Table 1. We have seven questions with two answers possible. The independent variable is respondents’ type – buyer or supplier – in all cases. The table shows Pearson’s chi-square tests with Yates’s continuity correction and Fisher’s exact tests.

Question	Answer	Supplier	Buyer	Yates χ^2			Fisher χ^2			
				χ^2	df	p	Δ	p	CI _{min}	CI _{max}
1) Experience	good	16	23	4.2	1	0.04	6.5	0.04	0.01	0.92
	bad	9	2							
2) Preparation	yes	21	21	0	1	1	1	1	0.16	6.14
	no	4	4							
3) Power	superior	0	21	33	1	< 0.001	0	< 0.001	0	0.05
	inferior	25	4							
4) Price	yes	12	10	0.08	1	0.78	1.38	0.78	0.39	4.92
	no	13	15							
5) Duration	yes	19	15	0.83	1	0.36	2.08	0.36	0.54	8.71
	no	6	10							
6) Influence	yes	23	22	0	1	1	1.55	1	0.16	20.28
	no	2	3							
7) Relationship	positive	9	2	4.2	1	0.04	6.4	0.037	1.09	66.97
	negative	16	23							

Notes. Δ odds ratio.

Comparison of negotiation experiences between buyers and suppliers

Pearson's chi-square test with Yates's continuity correction is significant: $\chi^2(1) = 4.20$; $p = 0.04$. Fisher's exact test is also significant ($p = 0.04$): the odds ratio is 6.5, with 95% confidence interval of 0.01 and 0.92, where the variables are dependent. We can accept the alternative hypothesis H1: buyers have better negotiation experiences than suppliers. The null hypothesis is rejected.

The actual frequency of suppliers and buyers with good or bad negotiation experiences can be determined through the odds ratio or the ratio between buyers and suppliers, between good and bad negotiation experiences. The odds ration calculated was 6.5 and as such, we can conclude that buyers had 6.5 times better negotiation experience than suppliers.

The result is significant. Buyers were more experienced as was expected and the typical initiator was not the supplier. As the results show, negotiation started with the buyer. We believe that it is rare that negotiations start with supplier initiatives as this would mean poorer conditions for the buyer and consequently searching for a new supplier. As such, whenever one is in negotiations as a buyer, we would want more negotiations with the supplier as the results of our research show that buyers have a 6.5 greater experience than suppliers. Experienced negotiators have to be good listeners and consistently look for solutions towards an agreement.

Comparison of negotiation preparations between buyers and suppliers

We also wanted to determine negotiation preparations between buyers and suppliers using a chi-square test. Negotiation preparation is very important for favorable outcome for both parties. Results were identical so the chi-square test is not reliable. The significance (p) is 1 and the odds ratio (Δ) also is 1. We can conclude that the importance of preparation was important for both buyers and suppliers. The quality of preparation is a precondition for excellent negotiating results. Results from the contingency table show that buyers and suppliers emphasize a great importance in terms of preparing for negotiations. As such, we can confirm hypothesis H2.

Frequencies observed are identical. This result is not completely in accordance with the results of the qualitative analysis. All interviewed buyers stressed using preparation before negotiations, which was not

true for all suppliers. Interviewed suppliers indicated more preparation time and more negotiation information. Information is a prerequisite for quality preparation. The lack of information and poor quality of information are permanent practice. The importance of preparation was similar between buyers and suppliers. The probability of encountering a poorly prepared opponent was the same for both buyers and suppliers. Four buyers and four suppliers from the contingency table did not practice preparation. They were convinced that they were sufficiently experienced and superior and were confident in the success of the negotiation. But such a tactic could be fatal. The opposing partner can be frustrated with such attitudes. The lack of preparation is very often the reason for failure. Poorly prepared negotiators can be easily recognized. In such situations, the opposing partner has to adjust his/her tactics quickly. It is crucial that negotiation starts with preparation. The most important element during preparation is to determine our goals, the goals of the opponent and alternative possibilities. Strengths, weakness, opportunities and threats of our organization and suppliers also are very important foundation of the negotiation process.

In general, buyers emphasize greater importance in terms of preparation. The result of the negotiation usually is determined during the last phase of preparation. A clearly defined objective at the start of the negotiation is crucial. This is one of the tasks in terms of preparation. If we are not able to reach our goal during negotiations, than we need to determine alternative possibilities. This should also be defined during the preparation phases.

Comparison of position (power) between buyers and suppliers

All 25 suppliers stated that their negotiating position is inferior. The opposite situation was with buyers. The majority, i.e. 21 stated that their position was superior and only 4 stated that their position was inferior. This result was expected. The negotiating power was on the buyers' side confirms hypothesis H3. The null hypothesis stating that the negotiating power of buyers and supplier is equal is rejected.

We can conclude that negotiating position of buyers is absolutely superior. Variables power and buyer/supplier are related. Pearson's chi-square test with Yates's continuity correction is significant: $\chi^2(1) = 33$; $p = 0.001$. The confidence interval of Fisher's exact test is 0 and 0.05. The test is also significant at less than 0.001. We can claim with probability greater than 99.9% that negotiating power of buyers is greater than the power of supplier. Such position of suppliers is not optimistic. Masschelein, Cardinaels, and Van den Abbeele (2012: 953) confirm our

conclusion that purchasing officers are more experienced, and have more negotiating power than suppliers.

Superior negotiation position means influencing suppliers' decisions. We have to predict the opponents' goals. An agreement cannot be possible, if the goals of the buyer and supplier are too far apart. Common understanding, listening to the other side, and discovering common solutions influence decisions of the opponent. Information is crucial for negotiating power. If we have accurate and quality information, position (power) is strong. If the opponent disposes of better information, his or her power can be stronger and those we are in danger. The preparation was not sufficient and in such situations we are forced to break such negotiations. We have to have negotiating power and power of buyer's position to change the opponent's belief and attitudes.

Comparison of negotiation price between buyers and suppliers

The statistical result shows a relationship between price and respondent type. Responses were approximately equally distributed. The opinion between suppliers was practically identical and the importance of price was not significant. Most buyers considered that price was not the most important negotiating factor, 15 out of a total of 25. Hypothesis H4 that price is the most important negotiating factors is rejected.

Pearson's chi-square test was not significant, because frequencies observed were homogeneously distributed between four cells in the contingency table. Pearson's chi-square test with Yates's continuity correction was not significant: $\chi^2(1) = 0.08$; $p = 0.78$. Fisher's exact test provided additional confirmation and odds ratio was 1.38, 95% confidence interval was 0.39 and 4.92 and $p = 0.78$. The test was not significant. The variable price is not related to respondents' type (buyer/supplier). The importance of negotiating price is equally important for buyers and suppliers. The interesting conclusion is that, in general, price is not the most important negotiating factor. This is very favorable and apparently, all business partners emphasized other negotiating factors as more important than price alone.

The result of the qualitative analysis was partially different. All interviewees highlighted that price was very important. This was the reason that price was included in the survey. Many interviewees stated that price was the essence of negotiation. We also concluded through interviews that suppliers did consider price to be the most important factor. The opinion of the buyers was opposite. Buyers emphasized the quality of material, respect for deadlines, supply and payment conditions, and so forth. Odds ratio obtained was 1.4, which means that

buyers were convinced 1.4 times more compared with suppliers' opinions that price was not the most important negotiating factor. According to quantitative analysis, approximately one-half (52 %) of respondents stated that price was not the most important factor. In general, cost reduction is a permanent task of all organizations, so negotiating price is still very important. Prices have direct effect on financial results and negotiation about prices is very delicate for both business partners. If we are not able to reach acceptable prices an alternative supplier has to be chosen. However, this can be very costly in terms of time and money.

Comparison of influence of negotiation duration on negotiation results between buyers and suppliers

The influence of negotiation duration on negotiation results between buyers and suppliers was not significant at $p > 0.05$. This was the opinion of 6 out of a total of 25 suppliers and 10 out of a total of 25 buyers. The report of Pearson's chi-square test with Yates's continuity correction was $\chi^2(1) = 0.83$; $p = 0.36$ and considered not significant. The report of Fisher's exact test was the odds ratio of 2.08 with 95% confidence interval 0.54 and 8.71 at $p = 0.36$ and also considered not significant. The two variables were not correlated and as such negotiation outcome is not dependent of negotiation duration between suppliers and buyers.

We calculated frequencies observed with quantitative analysis. A common opinion between buyers and suppliers was that negotiating duration influences the result of the negotiation. The influence was of significant opinion for 19 suppliers and 15 buyers; whereas the opinion of 6 suppliers and 10 buyers was opposite. Consent was higher between buyers. Hypothesis H5 thus is rejected. The outcome of negotiation is not dependent on duration of negotiation between buyers and suppliers.

The duration of negotiation is dependent of many factors. One of them is complexity of the topic and second is knowledge of negotiators. Longer negotiation often means painful negotiation and deviations from positions probably on the both sides. Buyers and suppliers agree that duration does not have an effect on negotiation results. The tactic of 'deadlines' or 'time milestones' can be implemented during negotiation. This tactic influences negotiation decisions. The tactic is dependent on (1) external factors: change of tax rate, accidents, mergers & acquisition, and so on, and (2) internal factors: start of a new season, insufficient quality, new development activities, new materials, and so forth. Simonelli (2010: 166) stresses that the possibility of agreement is restricted by time limitation.

Comparison of negotiation process and influences in the relationship between buyers and suppliers

The results shown in contingency table are practically identical between buyers and suppliers. The majority of respondents (i.e. 45) were of the opinion that the negotiation process significantly impacts the relationship between buyers and suppliers. Only 3 buyers and 2 suppliers had the opposite opinion.

Pearson's chi-square test is not reliable, because the difference between buyers and suppliers was so minor. Pearson's chi-square test with Yates's continuity correction was calculated at $\chi^2(1) = 0$; $p = 1$ and the test was not significant. Fisher's exact test showed the odds ratio was 1.55 with 95% confidence interval 0.16 and 20.28 at $p = 1$. The test also was not significant. The difference between buyers and suppliers does not exist. All were convinced that the influence exists and that it is significant. The odds ratio means that suppliers were 1.55 times more convinced than buyers. Hypothesis H6 is confirmed, as 90% of respondents were of the opinion that the negotiation process influences the relationship between buyers and suppliers.

Negotiations are a more complex interaction between buyers and suppliers. We confirmed with qualitative and quantitative analysis that negotiating process significantly influences relationship between business partners. The mutual trust and respect is essential between negotiation and for business collaboration. Positive negotiating environment encourages both sides and encourages further cooperation. Negotiation is a multi-disciplinary craft and includes knowledge about peoples' behavior, understanding, communication, listening, knowledge of cultural characteristics, and so on. We have to have negotiation knowledge and skills obtained through training and practical experience. Negotiation is the art of solving problems and discovering solutions that are acceptable for all business partners. For this reason, the relationship is so delicate. The goals of buyers and suppliers have to have a common prosperity and to increase one's competitive advantage.

Comparison of relationship between business partners is influenced by negotiating process between buyers and suppliers

Respondents were of the opinion (16 suppliers and 23 buyers) that negotiations influence negatively the relationship between buyers and suppliers.

Pearson's chi-square test with Yates's continuity correction was significant: $\chi^2(1) = 4.20$; $p = 0.04$. Fisher's exact test also was significant ($p = 0.04$): the odds ratio was calculated at 6.4, with 95% confidence interval 1.09 and 66.97. Variables are dependent. We can accept the alternative hypothesis H7 that the relationship between buyers and suppliers is negatively influenced by the negotiation processes. The null hypothesis is rejected. The odds ratio explains that negative opinion is 6.4 times more often between buyers compared to suppliers. Hypothesis H7 is rejected. Relationships between buyers and suppliers are positively influenced. This statement can be claimed with a 95% probability.

Jiun-Sheng and Yun-Chi, (2012: 89) state that negotiations significantly influence relationships between business partners. Research in this area is therefore interesting and necessary. We were of the opinion that the negotiating process positively influences business partners. But findings from qualitative and quantitative analysis is opposite. According to qualitative analysis, 5 out of 6 interviewees stressed that negative influence was presented. Most negative experiences were expressed by suppliers. One interviewee emphasized the feeling of anger through the negotiation process. The anger was the result of a frustrating situation, because we were not able to reach the goal defined in the preparation phase. We have negative effect on one or on both negotiators. The anger is disruptive for all negotiators and collaboration is difficult. Partners in negotiation have to prepare a realistic and feasible plan of strategy implementation. The agreement has to be realistic and feasible also. Both sides have to realize everything that is defined in the agreement.

Comparison on how satisfied buyers and suppliers were with negotiation outcomes

We wanted to determine using Wilcoxon rank-sum test the difference of negotiation satisfaction between buyers and suppliers. Our assumption was that buyers are more satisfied with negotiations' outcomes (results). The Wilcoxon rank-sum test with continuity correction for two independent groups was used. The report of statistics was: $W = 82.5$, $p < 0.001$, where the test is significant. We can confirm that the deference between buyers and suppliers exist. Buyers were more satisfied. In the grading scale from -3 (COMPLETELY UNSATISFIED) to +3 (VERY UNSATISFIED), mean of suppliers was 0.44 and the mean of buyers was 2.20. Hypothesis H8 is confirmed that buyers are more satisfied with negotiations' outcome compared with suppliers.

The success of negotiations is evaluated by the outcome of the negotiation. The best outcome is reached if both sides are satisfied, which is very rare. The successful outcome is “win-win” strategy. We have found from the literature review that a supplier who is not satisfied with the outcomes of the negotiation does not want a long-term collaboration. The mean satisfaction of buyers was 2.20 and suppliers 0.44 and as we can see the difference is quite large. Good preparation is essential for a good outcome and insufficient preparation by suppliers is one of the reasons for lower mean of satisfaction.

The outcome is a relative term and the measurement is difficult. Each partner wants to obtain as much as possible and lose as little as possible. We have to define our goal. We have to define the best alternative solution – The Best Alternative to Negotiation Agreement (BATNA). The BATNA is the minimum threshold of negotiations. Both sides have to invest a lot of energy, time and money to reach an agreement. The psycho-physical preparation also is important and common interests are prerequisites for successful agreement.

Conclusion

The result of the quantitative analysis is the research model. Eight survey questions were derived directly from the model. The basis of the quantitative analysis was the questionnaire. We defined eight hypotheses and the following are the conclusions based on our sample:

- ✦ EXPERIENCE: If we are a buyer, we want negotiations as much as possible. The reason is that buyers are 6.5 times more experienced than suppliers. Training and practical experience is important to obtain experiences.
- ✦ PREPARATION: Buyers and suppliers are equally prepared. To encounter insufficient prepared opponents is equally probable for both buyers and suppliers. All interviewees and respondents stressed great importance of preparation for successful negotiations.
- ✦ POWER: Results are very clear. The position of suppliers is inferior. This fact is very frustrating for suppliers and is not a good beginning for negotiations.
- ✦ PRICE: Price is the most important negotiating factor for suppliers and buyers. All emphasize other factors also, for example quality, delay, quantity, and so on.
- ✦ DURATION: Negotiation outcomes are not dependent of negotiation durations. This is the opinion of both buyers and suppliers. The opinion is not significantly different.
- ✦ INFLUENCE: Relationship between buyers and suppliers are significantly influenced by negotiating processes.

- ✧ RELATIONSHIP: Relationship between buyers and suppliers are significantly compromised by the negotiating processes. The influence is significantly negative.
- ✧ OUTCOME: Buyers are more satisfied with negotiation outcome compared with suppliers. This is logical as the position (power) of buyers is significantly inferior.

Common respect between negotiators is very important through negotiation. We need negotiating knowledge and this knowledge has to be focused on discovering common solutions and strengthening of connections between partners. The negotiator is the representative of the organization and of the cultural environment. Jiun-Sheng and Yun-Chi, (2012: 94–95) note that organizations with developed relations with business partners are more competitive take advantage of the developed relations.

We would like to highlight to society that negotiation is an interactive and iterative process. All partners in negotiations want positive results. All partners are opponents because interests are different and opposite. This research study is important because society can obtain important data for common understanding between resolving negotiation conflicts. We can conclude from the qualitative analysis of transcripts that perceptions regarding the direction of negotiation of the buyer is different compared to the supplier: preparation, the topic of negotiations, the negotiation power (position), relationships, and so on. Carter, Carter, Monczka and Scannell, (2011: 23) emphasize, "The greater the trust between buyer and supplier, the more effective the working relationship, communications and innovation opportunities." Buyers and suppliers have different points of view on common activities.

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