ncmr negotiation and conflict management research

INTERNATIONAL ASSOCIATION IACM FOR CONFLICT MANAGEMENT

Shaping Tomorrow's Deals: The Role of Latent Negotiations in High-Stakes Business Scenarios

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Keywords
business-to-business negotiations, latent negotiations, negotiation process, informal negotiation, qualitative research, expert interviews

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doi.org/10.34891/mcwc-jg25

Abstract

Global crises can abruptly shift power dynamics in business-to-business (B2B) negotiations. The semiconductor shortage from 2020 to 2023 vividly demonstrated how established relationships and negotiating positions can erode overnight, leaving traditional strategies inadequate: aggressive tactics risk long-term damage, while excessive concessions result in financial losses. In such contexts, negotiators seek new ways to manage interactions, often turning to informal exchanges beyond the negotiation table. This study conceptualizes these practices as latent negotiations—informal interaction episodes in which negotiation issues are addressed, implicitly or explicitly, outside formally designated settings. Based on 39 expert interviews with experienced B2B negotiators, the analysis shows that latent negotiations serve multiple purposes: they enable information gathering, support relationship building, allow for agenda setting, and in some cases lead to pre-agreements. By shifting attention from formal episodes to these informal interactions, the study demonstrates that effective negotiating requires competence on multiple levels. In doing so, it positions latent negotiations as a central element of negotiation practice and provides both theoretical and managerial insights for navigating volatile environments.

Volume 19, Number 1, Pages 46-68

Power shifts in business-to-business (B2B) negotiations can occur unexpectedly in times of global crisis. The semiconductor shortage (2020–2023), for example, exposed the fragility of supply chains and reversed traditional buyer–supplier dynamics (Frieske & Stieler, 2022; Sabani & Pichkah, 2024). Suppliers, once dependent on large buyers, gained leverage and dictated terms. In such situations, conventional approaches often fall short: aggressive negotiating can jeopardize long-term relationships, while excessive concessions result in financial losses (Maaravi et al., 2014; Tinsley et al., 2002; Bernheim & Stark, 1988).

To navigate such high-stakes contexts, practitioners often rely on informal modes of influence that unfold outside official negotiation settings. Political diplomacy offers a blueprint for handling such crises: in high-stakes situations, political actors initiate early and informal contact behind the scenes to explore solutions without escalating the conflict publicly (Goodfellow, 2020; Doyle & Hegele, 2021; Laloux, 2019; Adam, 1986; Bröchler & Lauth, 2014). Comparable practices in B2B settings, however, remain underexplored.

This study introduces the concept of latent negotiations to capture these subtle yet strategically relevant forms of interaction. Latent negotiations are defined as informal interaction episodes in which negotiation-relevant issues are addressed—either implicitly or explicitly—without being formally framed as a negotiation. They may occur casually—inside conversations, during ongoing projects, or in social settings—and are often not consciously perceived as negotiation moments. Yet, the content exchanged plays a formative role: preferences are hinted at, expectations are shaped, and negotiation positions are indirectly anchored.

Latent negotiations differ from small talk or general informal communication, which serve social or relational functions but do not touch upon matters of value, interest, or potential conflict. They also differ from formal negotiation-related communication, such as logistical arrangements. Latent negotiations begin precisely when an interaction—however informal—touches on issues that are, or could become, part of a negotiation agenda.

This perspective responds to recent calls for a broader and more integrative understanding of negotiation as a dynamic, multiphase process (Jang et al., 2018). Jang et al. argue that negotiation theory has long been dominated by a narrow focus on the formal negotiation phase, neglecting the informal, preparatory, and recursive elements that surround it. In particular, they highlight the lack of qualitative research on pre-negotiation activities and emphasize the need for empirical studies that capture negotiation dynamics beyond formalized episodes. This study addresses that gap by conceptualizing latent negotiations as informal, content-relevant interactions that occur prior to or alongside formal negotiations. By empirically investigating how such interactions are designed and used in B2B buyer–supplier relationships, this study contributes to a more comprehensive negotiation theory that reflects the complexity and continuity of real-world negotiation processes.

Based on 39 expert interviews, it investigates how latent negotiations are initiated, shaped, and integrated into broader negotiation strategies. The following research question guides this exploratory study:

How are latent negotiations designed and implemented in buyer–supplier negotiations?

Theoretical Background

Informal Negotiation Practices: Political and Diplomatic Insights

While latent negotiations remain underexplored in business negotiation research, informal negotiation mechanisms have long been studied in political and diplomatic contexts. In high-stakes situations, political actors regularly engage in backchannel diplomacy to test ideas, signal intentions, and build consensus without public escalation or formal commitments (Watkins, 2003). The ability to tactically manage such interactions has proven valuable in shaping peace agreements and trade negotiations, highlighting their strategic importance (Watkins, 2003).

Moreover, Goodfellow (2020) illustrates how informal political practices, such as deals and trust networks, operate parallel to formal institutions, facilitating negotiation processes outside official channels. In urban governance, for example, informal networks help manage competing interests, enabling actors to influence outcomes through personalized, flexible arrangements rather than rigid formal procedures. Over time, political informality can reveal the ‘chaos’ and fluidity of urban political life (Goodfellow, 2020). Further insights can be drawn from the informal negotiation practices observed in EU legislative decision-making. Laloux (2019) highlights the role of trilogues—informal, behind-the-scenes meetings between representatives of EU institutions—which have become the dominant forum for legislative negotiations. These trilogues enable negotiators to reach early agreements, streamline complex decision-making processes, and manage inter-institutional relationships more effectively. Their flexibility fosters consensus-building and facilitates the negotiation of sensitive items outside the constraints of formal procedures. Crucially, backchannel diplomacy is not merely a precursor to formal negotiations but can run in parallel, provide strategic impulses, or be deliberately used to influence official negotiation processes. This illustrates how informal negotiation mechanisms can enhance efficiency, reduce conflict, and offer strategic advantages.

This dynamic mirrors latent negotiations in B2B contexts, where informal interactions can build trust, shape perceptions, and create value long before formal negotiations commence. Recognizing and strategically leveraging such informal mechanisms can unlock new negotiation potentials, particularly in complex, multi-stakeholder environments. Existing studies within the B2B context have largely overlooked the ways in which negotiators can consciously recognize and harness these interactions as part of their tactical toolkit. While the importance of moves in the pre-negotiation phase is frequently acknowledged in both practice and research, existing studies predominantly focus on one-sided preparation activities, such as information gathering, issue definition, and strategy development (Peterson & Shepherd, 2010; Balliu & Spahiu, 2020; Becker & Curhan, 2018; Doyle & Hegele, 2021; Babcock, 2007; Jones, 2013; Lax & Sebenius, 2004). However, they consistently overlook the tactical potential of interaction-based strategies with counterparts prior to formal negotiations. This gap is particularly striking given the well-documented significance of off-table interactions in political and diplomatic negotiations. Therefore, this study addresses this gap by examining latent negotiations not as incidental by-products, but as deliberate, strategic actions used to shape the course of formal negotiation processes in buyer–supplier relationships.

Defining Latent Negotiations and Differentiation from Related Concepts

This study is the first to conceptualize latent negotiations in the B2B context. Latent negotiations refer to any form of interaction in which negotiation issues are already addressed—implicitly or explicitly—outside formally designated negotiation settings. These issues may include pricing, timelines, contract conditions, or future collaboration. The defining characteristic is not the setting, but the presence of negotiation-relevant content—regardless of whether the interaction is formally labeled as a negotiation.

Latent negotiations begin precisely at the moment when an interaction—however informal—touches on issues that are, or could become, part of a negotiation agenda. Unlike casual small talk or logistical coordination, these exchanges involve the thematization of value-laden, interest-based, or potentially contentious topics. Even when participants are not consciously aware of being in a negotiation, they may exchange signals, hint at preferences, or anchor expectations—thereby influencing how future formal negotiations unfold.

It is important to distinguish the concept from related approaches that address informal or hidden negotiation dynamics. Another key concept highlighting hidden power dynamics in negotiations is shadow negotiations, introduced by Kolb and Williams (2000). Shadow negotiations describe the unspoken power struggles and implicit agendas that unfold alongside formal discussions. These parallel processes operate on two levels: the substantive level, which addresses explicit terms and issues, and the relational level, which deals with implicit power dynamics and interpersonal negotiations. Kolb and Williams (2000) emphasize that recognizing and managing these processes is critical to avoiding tactical disadvantages. While both concepts center on hidden dynamics, they refer to fundamentally different phenomena. Shadow negotiations are linked to formal negotiation settings, occurring simultaneously with explicit negotiating and shaping the negotiation process from within through relational and power-related undercurrents.

In contrast, latent negotiations operate outside the boundaries of formal negotiations, often taking place in different contexts and timeframes. While shadow negotiations depend on the simultaneous existence of a formal negotiation episode, latent negotiations can emerge long before such episodes are initiated. Their function is not to accompany the negotiation, but to pre-shape it—by introducing content, framing expectations, and building alignment or leverage in advance.

By highlighting when negotiation-relevant issues surface in informal contexts, this study provides a sharper lens for identifying how negotiations begin long before the table is set. Latent negotiations offer a framework to better understand how influence is exerted before a negotiation schema is even activated.

Strategic Functions of Latent Negotiations

Latent negotiations can be understood as tactical components within an overarching negotiation strategy. A negotiation strategy refers to the general approach taken to achieve specific objectives, while tactics are the concrete actions used to implement that strategy (Odell, 2002; Dür & González, 2007). In this sense, latent negotiations can be conceived as strategic moves that unfold outside formally declared negotiation settings but serve to shape expectations, build leverage, or prepare the ground for formal negotiations.

A central distinction in negotiation research is that between distributive and integrative strategies (Walton & McKersie, 1965). Distributive strategies focus on value claiming in zero-sum contexts, whereas integrative strategies aim at joint value creation and long-term collaboration. Both orientations can manifest through latent negotiations.

In distributive contexts, latent negotiations may be used to anchor positions, test boundaries, or signal firmness without escalating the situation. In integrative contexts, they can enable early trust-building, informal problem-solving, or the identification of shared interests. In both cases, their strategic value lies in influencing expectations and shaping the negotiation space before formal talks begin. Accordingly, latent negotiations are conceptualized here as context-sensitive strategic tools that can serve both distributive and integrative purposes, depending on the overarching negotiating strategy and their function within the broader negotiation process.

Schema Activation and the Recognition of Latent Negotiations

While latent negotiations may serve strategic functions, their effectiveness also depends on whether individuals recognize them as negotiations at all. Understanding this cognitive dimension requires examining how individuals perceive and classify interaction episodes. Schema theory offers a useful lens for this purpose, as it explains how prior experiences and mental frameworks shape how individuals process information and interpret situations (Fiske & Taylor, 1991). Grounded in cognitive psychology, schema theory suggests that individuals selectively recall schemas that closely match key stimuli as they process information (Axelrod, 1973; Neisser, 1976; Scheufele, 2016, 2022). Cognitive processing involves an interplay between stimulus-driven (bottom-up) and memory-based (top-down) processes (Scheufele, 2016). When new information is received, relevant schemas are activated (bottom-up), and this information is processed through these schemas (top-down). This dynamic influences not only what we perceive but also what we ignore or overlook (Brosius, 1991; Scheufele, 2022). Accordingly, negotiation schemas guide expectations about what a negotiation looks like, including explicit negotiating, formal offers, and clear issue exchanges.

Contextual factors play a critical role in schema activation. The likelihood of activating a negotiation schema depends on the strength of the connection between the current situation and an individual's mental negotiation schema. This connection intensifies with increased similarity and diminishes when situations diverge (Collins & Quillian, 1969; Collins & Loftus, 1975; Smith &

Medin, 1981). Moreover, the recency of similar negotiation experiences in memory influences schema accessibility (Goates et al., 2003; Higgins, 1996; Scheufele, 2016, 2022). For example, a discussion in a coffee shop may not trigger the negotiation schema because the setting aligns more closely with casual conversation. Latent negotiations often remain unrecognized because they do not match these conventional schemas. Instead, they emerge in informal interactions that lack the overt markers of a negotiation. This is largely due to their distinct setting and timing, which differ from traditional negotiation contexts. As a result, negotiators may overlook opportunities for influence and tactical positioning in routine exchanges.

Method

Research Design

Due to the limited scientific research on informal negotiations in business-to-business practice, this study follows an exploratory approach. Semi-structured interviews with 39 experienced buyer-seller negotiators were conducted, guided by a grounded theory approach (as directed by Glaser & Strauss, 1967). This research design enables a nuanced exploration of how latent negotiations are perceived, as well as how they are ethically assessed and positioned within organizational practice.

Data Collection and Sample Description

This study focuses on 39 negotiation experts with a minimum of 10 years of experience or at least two years of daily engagement in external negotiations (Thompson, 1990). Additionally, all participants were required to have expertise in negotiating with external partners, a criterion fulfilled by every interviewee. Experts were recruited via professional networks and LinkedIn from October 2022 to July 2024. Interviews, conducted via videoconference or in person, lasted 40–60 minutes and were audio-recorded and transcribed. To ensure confidentiality, participants were assigned numerical pseudonyms.

Since this study examines latent negotiations in external business practice, participants were selected from purchasing and sales roles, with an average of 14 years of negotiation experience. The sample represents various industries, with insurance and automotive being the most prominent (see Table 1). The negotiation types primarily involve price and contract negotiations, reflecting key challenges in real-world buyer-seller interactions.

Semi-structured interviews are widely used in qualitative research as they provide both structure and flexibility, enabling researchers to explore key themes while allowing participants to elaborate on their experiences (Boyce & Neale, 2006). This method is particularly effective for uncovering practitioners' tacit knowledge and real-world application of negotiation tactics, as it facilitates open-ended discussions while ensuring comparability across responses (Ritchie et al., 2013). The flexibility of semi-structured interviews is particularly relevant for studying latent negotiations, as it allows for spontaneous probes into unrecognized or intuitive negotiation behavior—an aspect that structured surveys may fail to capture.

The interviews aimed to capture participants' views and experiences with latent negotiation practices, providing insights into their recognition, tactical application, and ethical considerations. The collected data informed the development of a theoretical framework that systematically categorizes key dimensions of latent negotiations in business practice.

Table 1 Sample Description – Respondent Profile Interviews

ID	Group	Experience	Type	Role description (sector)
P01	purchase	15 years	PN	Buyer/Professor for Trade (textile trade)
P02	purchase	24 years	PCN	Buyer (automotive)
P03	sales	20 years	PN	Sales Manager (automotive)
P04	sales	3 years	PN	Key Account Manager (healthcare)
P05	sales	25 years	PN	Sales Director (automotive)
P06	sales	15 years	PN	Sales District Manager (automotive)
P07	sales	18 years	PN	Sales-Programme Manager (building materials)
P08	sales	20 years	PCN	Sales Manager (automotive)
P09	purchase	10 years	CN	Consultant (mechanical engineering)
P10	purchase/sales	30 years	PN	Sales Manager (tool manufacturer)
P11	purchase	18 years	CN	Director (automotive)
P12	sales	3 years	CN	International Sales Manager (metal and electrical)
P13	sales	15 years	CN	Head of Procurement (automotive)
P14	purchase	17 years	CN	Head of Procurement (consulting)
P15	purchase	20 years	CN	Buyer (consumer goods)
P16	purchase	30 years	CN	Buyer (consulting)
P17	purchase	13 years	CN	Procurement Manager (aviation)
P18	purchase	15 years	CN	Procurement Manager (IT consulting)
P19	purchase	8 years	CN	Buyer (insurance)
P20	purchase	9 years	CN	Buyer (insurance)
P21	purchase	8 years	CN	Buyer (insurance)
P22	purchase	10 years	CN	Buyer (insurance)
P23	purchase	5 years	PN	Procurement Specialist (insurance)
P24	sales	7 years	PN	Sales Specialist (insurance)
P25	sales	12 years	PN	Sales Manager (insurance)
P26	sales	14 years	PCN	Sales Executive (insurance)
P27	purchase	11 years	CN	Senior Buyer (insurance)
P28	purchase	6 years	PN	Junior Buyer (insurance)
P29	sales	9 years	PN	Account Manager (insurance)
P30	purchase	10 years	PCN	Strategic Buyer (consumer goods)
P31	sales	16 years	PN	Regional Sales Manager (ventilation)
P32	sales	22 years	PN	National Sales Director (mechanical engineering)
P33	purchase	8 years	CN	Supply Chain Specialist (ventilation)
P34	purchase/sales	12 years	PCN	Business Development Manager (wholesale)
P35	sales	20 years	PN	Senior Sales Consultant (ventilation)
P36	purchase	18 years	CN	Category Manager (mechanical engineering)
P37	sales	9 years	PN	Territory Manager (mechanical engineering)
P38	purchase	15 years	CN	Lead Buyer (photovoltaics)
P39	sales	7 years	PN	Client Relationship Manager (IT consulting)

Note. PN = price negotiations; CN = contract negotiations; PCN = price and contract negotiations

Questionnaire Structure and Data Analysis

The analysis of interview transcripts was conducted using MAXQDA, applying Grounded Theory principles (Glaser & Strauss, 1967). This approach provides a structured yet flexible framework, enabling an iterative process of data collection, coding, and refinement of emerging concepts. The category system was developed using the constant comparative method, ensuring alignment with empirical data while integrating theoretical insights (Appendix A). As a result, the analysis captured both established theoretical constructs and newly emerging concepts based on recurring patterns in the transcripts. The interview protocol (Table 2) was designed to explore three key themes: (1) The recognition of latent negotiations, examining the role of pre-negotiation exchanges and whether practitioners identified these interactions as negotiation situations. (2) The practical application of latent negotiations, including how they were used deliberately as a tactic or encountered from counterparts. (3) The evaluation of latent negotiations, particularly in terms of perceived benefits, risks, and ethical considerations.

The coding process follows three sequential phases, referred to as open coding, axial coding and selective coding (Mey & Mruck, 2011). This iterative method began with open coding, where the data was examined line by line to identify emerging concepts. Initial codes were assigned to relevant sections, revealing patterns, themes, and relationships beneath the surface (Bischof et al., 2018). Important text segments were highlighted and annotated, allowing for the identification of recurring similarities and differences across cases (Mey & Mruck, 2011). To refine these initial codes, the constant comparative method (Glaser & Strauss, 1967) was employed. This method facilitated the gradual abstraction of empirical data, ensuring that each coding iteration contributed to the development of broader categories and theoretical constructs (Strübing, 2018).

The process of theoretical sampling guided the inclusion of new cases, enabling adjustments to the interview guide and case selection as new insights emerged (Bischof et al., 2018). Throughout the coding process, memo writing (Mey & Mruck, 2011) and clustering techniques (Charmaz, 2006) were used to capture reflections and track the progression of ideas. These memos documented conceptual linkages, patterns, and analytical breakthroughs, supporting the development of abstract categories.

Following open coding, axial coding focused on establishing relationships between identified categories and their sub-dimensions. This stage involved reorganizing data around central categories, exploring causal conditions, contextual influences, and resulting consequences (Bischof et al., 2018). The paradigm model (Strauss & Corbin, 1990; 1998) structured this process by distinguishing between: (1) conditions (why, where, and when do latent negotiations occur?), (2) actions or interactions (who engages in them, and how?), and (3) the outcomes of these actions (what are the observed effects on negotiation dynamics?) expressed by the interviewees.

The final stage, selective coding, involved integrating core categories into a cohesive theoretical framework. During this phase, researchers revisited the data to ensure the emerging core category accurately reflected underlying patterns and dimensions. Selective coding emphasized the identification of overarching themes that linked sub-categories, resulting in a comprehensive explanation of the findings (Mey & Mruck, 2011). The process of coding and analysis continued until theoretical saturation was reached, meaning no new concepts or categories emerged from the data (Mey & Mruck, 2011). At this stage, core categories sufficiently captured the essential dimensions of latent negotiation situations. Conceptual maps and diagrams illustrate relationships between categories, further enhancing integration of findings (Clarke, 2003; 2005). By employing a multi-stage coding approach, Grounded Theory enabled the development of nuanced, empirically grounded insights into latent negotiations. This method ensured both methodological rigor and flexibility, allowing adaptation to the complexities and subtleties of negotiation dynamics.

Table 2 Interview Guide

Participant Background
In which industry do you work? What is your profession/position in the company? How long have you held this position? How many years of negotiating experience do you have? How often do you participate in negotiations? What kind of negotiations are you mainly involved in?
Relevance of Pre-Negotiation Exchanges in Practice
How often do pre-negotiation exchanges occur in your negotiations? With whom do you conduct pre-negotiation exchanges? What is the content of these pre-negotiation discussions? For what reasons do these pre-negotiation discussions occur, and are they essential for you? Through which medium do these pre-negotiation discussions take place? (Phone, email, Teams, etc.)
When digital: How often do you conduct negotiations digitally, and in which cases do you prefer digital versus in-person negotiations? What communication media do you use for digital negotiations and what factors influence your choice of medium? Could you describe how digital negotiations typically unfold through these media? Do you always schedule digital exchanges, or do you also make spontaneous calls? Considering that personal closeness is less prevalent in digital negotiations compared to in-person meetings, how is small talk used to maintain relationships? How is the importance of small talk generally perceived in these settings?
Practical Use of Latent Negotiation Tactics
In what situation have you obtained information about your counterpart during the preparation phase, where your counterpart was not aware that important information was being disclosed? Have there been situations where your counterpart was aware that important information was being discussed? Did you use this as a deliberate tactic? What opportunities do you see for influencing negotiations outside the actual negotiation process? How can you influence who will be negotiating with you on the other side?
Describe how you first contact your counterpart in a new negotiation. What are the key contact points? Can you outline an example of a negotiation process? If you look at the timeline of the entire negotiation process, how much time does the preparation take? Do you use pre-negotiation discussions to put yourself in a better negotiating position or to obtain concessions from your negotiation partner? Have you observed attempts in pre-negotiation discussions to secure concessions or other successes in advance? Have you consciously noticed a negotiating party attempting to gather information using latent negotiation tactics? How have pre-negotiation discussions influenced the actual negotiation in your favour?
Evaluation of Latent Negotiation Tactics
At what stage in the negotiation process could latent negotiations be useful? In your opinion, are pre-negotiation exchanges in the form of latent negotiations necessary? What value do you see in pre-negotiation exchanges? What disadvantages or challenges do you see in using such tactics? Have you been aware of negotiation strategies outside of the actual negotiation process before? Will you give more importance to these strategies in the future?

Findings and Discussion

The findings presented in this section are based on the analysis of 39 expert interviews with procurement and sales negotiators. The categorization of results follows the logic of grounded theory: while existing literature provided sensitizing concepts, the categories themselves emerged inductively from practitioners' accounts. To ensure clarity, the findings are structured along four dimensions: (1) the strategies and objectives pursued in latent negotiations, (2) the interaction points through which they occur, (3) the contrasting approaches of procurement and sales, and (4) the ways in which negotiation content is managed and conditioned. Each subsection integrates empirical evidence with theoretical reflection to highlight how latent negotiations are designed and implemented in B2B practice.

Strategies and Objectives in Latent Negotiations

The analysis of expert interviews reveals that latent negotiations are not incidental by-products of business interaction but serve strategic purposes—even when they occur intuitively or without full awareness on the part of the negotiators. Practitioners described a spectrum of approaches which differ in intensity and purpose, ranging from passive information gathering to active pre-agreements. They can be viewed along a continuum, starting with subtle, low-intensity tactics such as observing counterpart behavior, casually exchanging information, or building rapport without clear negotiation signals. As intensity increases, strategies become more deliberate and goal-oriented, including the strategic placement of negotiation cues, indirect influence attempts, and even informal discussions aimed at securing preliminary commitments or shaping key aspects of future formal agreements. This continuum reflects the flexible nature of latent negotiations, allowing negotiators to adapt their approach based on the context, relationship dynamics, and desired outcomes. The following subsections illustrate how practitioners employ latent negotiations along this continuum, from subtle information gathering to the establishment of pre-agreements.

Information Gathering. Latent negotiations provide an effective means of extracting valuable information from counterparts. Informal interactions often create a more relaxed environment, encouraging openness and reducing the perceived risks associated with information disclosure. In many cases, a substantial share of the necessary information—up to 80 percent, as highlighted in expert interviews—is obtained through these informal exchanges before formal negotiations even begin. This process allows negotiators to gain insights into the counterpart's priorities, constraints, and negotiation strategies without triggering defensive behaviors. Research supports this observation, suggesting that negotiators are more likely to share sensitive information in informal settings compared to structured negotiation environments (Lewicki & Hiam, 2007). By leveraging these interactions, negotiators can build a strong informational foundation that enhances their strategic positioning in formal negotiations. One participant illustrated this dynamic by recounting how critical insights emerged during a supplier visit:

> *"In the evening we were sitting together. It wasn't really a negotiation, it was more of a supplier visit. […] In such a relaxed atmosphere, he started talking a bit about the plant, about the key figures there, and that things were not going so well. […] These were topics that came up from small talk, where the key account manager wasn't present. […] We then used this information for ourselves, so that it ultimately worked to our advantage." (Participant 01)*

By leveraging such informal situations, negotiators can access sensitive information without directly asking for it, thereby building a strong informational foundation that enhances their strategic positioning in formal negotiations.

Relationship Building. Another key objective of latent negotiations is to establish and strengthen relationships between negotiating parties. Positive relationships create a foundation of trust, which not only enhances collaboration but also facilitates open communication and voluntary information-sharing. This trust can lead to more constructive negotiation dynamics, where parties are more willing to explore creative solutions and seek mutually beneficial outcomes (Brown & Curhan, 2012). Strong rapport developed through informal interactions increases the likelihood of valuable information being exchanged organically, without the formal pressures of structured negotiations (McGinn & Keros, 2002). The interviews confirm this dynamic, highlighting that relationship-building in informal settings can directly influence concessions. As one participant explained:

> *"It becomes harder for the counterpart to insist on certain positions if I already have a good relationship with them. Conversely, if they have a good connection with me, they also find it easier to make concessions." (Participant 28).*

Strong relationships alongside substantive exchanges therefore create a favorable environment that supports both current and future negotiation efforts.

Information Placement (Agenda-Setting). Another strategic objective in latent negotiations is the deliberate placement of information to subtly shape the counterpart's perceptions and priorities. This approach goes beyond passive information gathering by actively steering the conversation through carefully inserted cues. For example, casually mentioning competitors, alternative offers, or market trends during informal discussions can influence how the counterpart frames the negotiation, all without making explicit demands or proposals (Lewicki & Robinson, 1998). The key distinction lies in the subtlety of this tactic—information is introduced in a way that feels natural within the context of the conversation, allowing negotiators to guide the agenda indirectly while maintaining the informal character of the interaction. As one participant explained:

> *"Of course, there is also the idea of competition, meaning that we let them see they are not the only supplier who can deliver this part. We theoretically have one or two others in the pipeline who could offer it at a lower price. […] So we make sure to let them know: if nothing attractive comes out of this negotiation, they are out." (Participant 03)*

This illustrates how even seemingly casual remarks can serve as agenda-setting devices that subtly anchor expectations and frame subsequent negotiations.

Reaching Pre-Agreements. The most active form of latent negotiation occurs when agreements or concessions are reached before the formal negotiation begins. At this stage, both parties are actively engaged in shaping the negotiation outcome, making it the most influential form of latent negotiation. These informal pre-agreements can set the tone, define boundaries, and even establish key terms that will later be formalized. However, this approach carries a higher risk of the counterpart recognizing the negotiation attempt, which could prompt them to adjust their strategy or adopt a more guarded stance during the formal negotiation. The challenge, therefore, lies in maintaining the informal character of the interaction while effectively influencing the negotiation process. Interviewees confirmed that such pre-agreements are not rare, but vary strongly depending on the negotiation partner and organizational culture. As one participant explained:

> *"In very hierarchy-driven companies, it can even be as high as 80 percent, because everything is settled in advance before the executives meet and only sign the contracts." (Participant 11).*

This illustrates how latent negotiations can not only prepare the ground but, in some cases, effectively predetermine the formal outcome.

Forms of Interaction Points for Latent Negotiations

While the objectives of latent negotiations are diverse, their realization depends on the concrete interaction settings in which they occur. The interviews revealed three recurring forms of meetings outside official negotiation rounds that regularly serve as points for latent negotiations.

Introductory Meetings. Introductory meetings typically occur when there are personnel changes within one of the negotiating parties or when parties meet for the first time. Their primary purpose is to establish familiarity, assess the counterpart, and set the tone for future interactions. These meetings are often used to map the negotiation landscape, helping to determine the appropriate level of engagement and evaluate the reliability of the potential negotiation partner. Beyond these initial assessments, such meetings can also serve a strategic function by subtly introducing corporate values and product offerings.

Regular Meetings. Regular meetings serve as consistent touchpoints between departments or teams, fostering continuous communication between negotiation partners. These meetings typically address project updates, the status of business relationships, unresolved issues, and potential opportunities for collaboration. While their primary focus is on operational matters, they also create a space for informal exchanges that can subtly influence negotiation dynamics.

Expert Meetings. Expert meetings, unlike routine discussions, are conducted on an ad hoc basis and are directly linked to specific negotiations. They serve as platforms for targeted discussions, focusing on areas such as technical reviews, cost breakdowns, or the clarification of complex topics. To ensure informed and precise discussions, subject-matter experts are often brought in to provide detailed insights and technical expertise. The primary goal of these meetings is to pre-structure negotiation content, reducing complexity and streamlining the items to be addressed in formal negotiations. By analyzing and simplifying key elements in advance, expert meetings help create a clearer framework for the main negotiation, ultimately enhancing efficiency and facilitating more focused decision-making.

These interaction points show that latent negotiations are embedded in everyday business practices rather than isolated events.

Procurement vs. Sales: Contrasting Approaches

Latent negotiations reveal distinct strategic approaches between procurement and sales, reflecting their differing priorities, negotiation styles, and objectives. While procurement professionals tend to adopt a conservative, price-driven approach focused on cost efficiency, risk minimization, and supplier competition, sales professionals emphasize relationship-building, value creation, and long-term customer engagement. These contrasting orientations shape how each party engages in latent negotiations and leverages informal interactions.

Procurement professionals often use latent negotiations to gather intelligence on market conditions, competitor pricing, and supplier capabilities, aiming to strengthen their negotiation position in formal negotiations. They may also employ agenda-setting tactics, subtly influencing the counterpart's expectations regarding pricing, delivery timelines, or contract terms. This orientation aligns with a distributive approach, where the primary goal is to secure advantages and protect one's own position, often by controlling information and minimizing ambiguity.

In contrast, sales professionals frequently use latent negotiations to cultivate trust, establish rapport, and align interests before entering formal discussions. Informal exchanges provide opportunities to test buyer preferences, introduce new offerings, and frame discussions in ways that highlight value rather than cost alone. This reflects an integrative orientation, aimed at cultivating long-term relationships, identify mutual gains, and foster goodwill.

The tolerance for risk and ambiguity in latent negotiations also differs between the two functions. Procurement often approaches informal exchanges with caution, wary of revealing too much information or committing to implicit agreements that could weaken their leverage. Their preference for structure and control reflects the defensive aspects of a distributive orientation. Sales, by contrast, tends to embrace flexibility, using informal discussions to explore potential concessions or pre-agreements that can smooth the path to formal negotiations. This openness to ambiguity supports integrative tactics, where adaptability and emotional intelligence play key roles in influencing the counterpart.

Taken together, these differences illustrate the strategic asymmetry in latent negotiations: procurement seeks to extract information and limit commitments, whereas sales aims to shape perceptions and foster long-term relational value. This indicates that actively shaping negotiation perceptions through indirect information cues is regarded with greater skepticism than merely obtaining insights.

These findings should be understood within the cultural context of the study. As all interviewees were based in European business environments, the contrasts between procurement and sales may reflect region-specific negotiation norms. In other contexts, such as East Asia where hierarchy and indirect communication play a stronger role, latent negotiations might unfold differently. Future research should therefore examine whether these contrasts also emerge in non-European settings, a point that will be revisited in the limitations and future research section.

Content and Framing in Latent Negotiations

The content of latent negotiations varies significantly depending on how negotiation-related topics are introduced—whether directly or indirectly. The tactical framing of issues and the extent to which price or contract-related elements are embedded in discussions play a crucial role in shaping the effectiveness of latent negotiations. Latent negotiations do not always involve explicit discussions about core negotiation topics. Instead, negotiators often extract valuable insights from seemingly unrelated conversations, using indirect cues to infer relevant information. As one participant explained:

"It doesn't have to be about negotiation topics at all; it can be about entirely different subjects that can still be useful. For instance, if you mention having another high-priority issue, the counterpart might infer that you have less time to focus on certain negotiations. Any piece of information can be leveraged in some way." (Participant 6)

This approach underscores the tactical use of non-negotiation-related discussions to uncover insights that influence negotiation positions. By paying attention to indirect signals, negotiators can infer priorities, constraints, and potential flexibility without explicitly addressing key items.

Framing plays a critical role in latent negotiations, allowing negotiators to shape perceptions while maintaining a non-confrontational stance. This may involve setting the agenda subtly, steering discussions toward certain topics without making them the primary focus, or embedding negotiation-relevant content within casual exchanges to assess the counterpart's stance before taking a formal position. By carefully controlling how and when information is presented, negotiators can test reactions, frame expectations, and guide future discussions without making their tactical intent explicit.

The effectiveness of latent negotiations in buyer-supplier contexts further depends on contextual conditions, including the relationship between the parties, the role of intermediaries, and changes in key personnel. Established relationships create a natural foundation for indirect exchanges and informal discussions. Third parties, such as engineers and product managers, often filter information with less strategic caution, leading to more candid insights. Leadership transitions can shift decision-making dynamics, creating opportunities to reset discussions or adjust negotiation strategies. As one participant emphasized:

"The information I received was that the CEO would be leaving, and a new leader was coming in. This was extremely valuable because we knew the CEO had strongly influenced employees and that every demand and proposal we received bore his distinct signature. We knew exactly which headquarters it was coming from. And since this person was difficult to negotiate with, we had struggled to make progress. The information was gold because it allowed us to approach the situation differently and regain control over our positioning." (Participant 8).

This example highlights how seemingly peripheral information can be decisive in shaping negotiation strategies. By monitoring organizational changes, negotiators can anticipate shifts in decision-making authority and adjust their approach accordingly. Latent negotiations thus range from direct discussions of negotiation topics to subtle exchanges that yield indirect insights. Through strategic framing and careful observation, negotiators can maintain the informal character of these interactions while extracting valuable information. Contextual factors such as relationship dynamics, third-party involvement, and leadership changes influence when and how these processes unfold effectively in buyer-supplier interactions.

General Discussion

Theoretical Implications

This study introduces latent negotiations as a novel concept to capture off-table interactions in business-to-business (B2B) negotiations. Unlike traditional research, which primarily focuses on formal negotiation episodes, latent negotiations highlight the relevance of informal encounters that precede, accompany, or run parallel to formal negotiations. This perspective builds on Jang et al. (2018), who emphasize that negotiations unfold across multiple, interconnected stages rather than being confined to a single formal encounter. By empirically examining these informal dynamics, the study contributes to a broader theoretical understanding of negotiation as an episodic and multiphase process.

A further theoretical contribution lies in the systematic categorization of latent negotiations. The analysis identified four distinct but interrelated forms: information gathering, relationship building, information placement, and pre-agreements. Each represents a different degree of intentionality and intensity, ranging from subtle exchanges to highly consequential commitments that effectively pre-structure formal negotiations. By distinguishing these functions, the study demonstrates that off-table interactions are not incidental by-products of business relationships but purposeful elements of negotiation practice. This differentiation advances negotiation theory by showing how informal episodes can serve both distributive and integrative strategies: while information placement or pre-agreements may anchor positions and secure leverage, relationship building and information gathering create openings for cooperation and trust.

Finally, this study also responds to Jang et al.'s (2018) call for more qualitative research that captures the complexity of real-world negotiations across multiple dimensions. By grounding the concept of latent negotiations in practitioners' accounts, the study illustrates how negotiation processes extend beyond the table into a wider set of interactions that are often overlooked in theory. In doing so, it enriches our understanding of how negotiations evolve dynamically over time and across contexts, and it establishes latent negotiations as a theoretically robust category for analyzing buyer-supplier negotiations.

Practical Implications

To ensure that latent negotiation opportunities are not overlooked, organizations must equip their employees with the skills to recognize, assess, and actively shape these interactions. Simply remaining passive is insufficient and negotiators need to develop an awareness of when and how latent negotiations occur and apply deliberate approaches to navigate them effectively.

Training for Recognizing and Using Latent Negotiations. Organizations should integrate latent negotiation approaches into negotiation training programs, emphasizing their strategic value beyond traditional negotiation techniques. Given that many practitioners engage in latent negotiations intuitively rather than consciously, structured training is essential for developing cognitive schemas that allow negotiators to accurately recognize and respond to such interactions. By strengthening these cognitive frameworks, practitioners can identify latent negotiation attempts by their counterparts more effectively, reducing the risk of being passively influenced. Training should also cover tactical application, enabling negotiators to actively leverage latent negotiations rather than merely identifying them.

Proactive vs. Reactive Engagement. Rather than simply responding to informal exchanges initiated by the counterpart, negotiators should proactively engage in latent negotiations to strategically position themselves. This is particularly critical in long-term business relationships, where ongoing informal discussions shape expectations, influence counterpart perceptions, and establish reference points for formal negotiations. By deliberately structuring these interactions, practitioners can create favorable conditions for upcoming negotiations, ensuring that key issues are framed in a way that maximizes strategic advantage before entering formal negotiations.

Enhancing Efficiency and Long-Term Collaboration. The findings demonstrate that latent negotiations enhance both efficiency and effectiveness in negotiation processes. By pre-structuring negotiation content, reducing uncertainty, and aligning expectations before formal discussions, negotiators can streamline decision-making and avoid unnecessary conflict escalation. Those who actively employ latent negotiation tactics tend to achieve better outcomes and are more likely to reach integrative agreements that generate mutual value for both parties. At the same time, latent negotiations can also serve distributive purposes, for example by anchoring positions early or framing counterpart expectations in ways that preserve negotiation power. At first glance, applying latent negotiations may seem like an additional effort. However, insights from expert interviews indicate that a deliberate and structured approach to latent negotiations ultimately saves time, strengthens strategic positioning, and fosters more resilient business relationships. For managers, this highlights the importance of treating latent negotiations as a strategic link between preparation and formal negotiating, with the potential to deliver both short-term efficiency and long-term collaborative advantage.

Limitations and Future Research

This study offers preliminary insights into how latent negotiations can be integrated into business-to-business negotiation strategies. However, the limited sample of 39 participants constrains the generalizability of the findings, as is common in qualitative research. While such sample sizes are typical in qualitative studies, caution is warranted when extending these results to broader contexts. Moreover, the study focuses exclusively on external latent negotiations, leaving internal dynamics within organizations underexplored.

Furthermore, the overall research design was limited to assessing attitudes and behavioral intentions, which may not fully align with negotiators' actual behavior. Future research should therefore prioritize observing negotiators' behavior rather than relying solely on self-reported intentions. Additionally, this study faced the challenge of probing aspects of negotiation that often operate at a subconscious level. Many participants initially struggled to identify latent negotiations they had engaged in, as these interactions often occur unnoticed in everyday business exchanges. The interviews frequently served as a moment of realization for participants, with several acknowledging that they had been involved in latent negotiations far more often than they had previously thought. This underscores the complexity of bringing subconscious processes to awareness and accurately capturing them in a research setting. Encouraging participants to reflect on these unrecognized dynamics was a crucial step in this study, but it highlights the need for further research to refine methods for examining such subtle, yet impactful, negotiation phenomena.

Experimental implementation of latent negotiations poses significant challenges. To capture their true dynamics, it would be necessary to observe negotiators over several rounds of interactions, as the effects of just one negotiation and a single latent pre-negotiation would likely lead to distorted conclusions. Every point of contact where information is exchanged holds potential advantages, making it crucial to document and analyze these interactions over an extended period. A more accurate approach would involve accompanying negotiators in real-world scenarios and systematically recording every touchpoint across various timeframes. This longitudinal method could offer deeper insights into the subtleties and cumulative effects of latent negotiations, but it is associated with considerable resource requirements in terms of time and cost.

Another important direction for future research is understanding the interplay between personality traits and the effectiveness of latent negotiations. Research highlights that the success of any tactic depends on how well it aligns with one's own personality. This pairing of personality and tactic is crucial not only for the active user but also for understanding how the tactic impacts the counterpart. Investigating which personality traits make latent negotiations most effective when actively applied, and which traits render individuals more susceptible to these tactics in a passive role, could provide valuable insights. Future research could thus focus on the dyadic relationship between the negotiator and their counterpart, exploring questions such as: For which personality dyads are latent negotiations most suitable? How do personality dynamics influence the success of these tactics in both active and passive roles?

Moreover, the increasing globalization of business relations underscores the importance of examining cultural differences in latent negotiation tactics. According to the interviewees, cultural norms and expectations significantly influence the way latent negotiations are initiated and received. Comparative studies could investigate how latent negotiation tactics are perceived and employed across different cultural contexts. For example, are certain cultures more receptive to latent negotiations, while others interpret them as manipulative? How do intercultural dynamics affect the design and application of these tactics? Addressing these questions could provide a more nuanced understanding of the role cultural factors play in shaping latent negotiation practices.

Finally, future research should consider the design parameters that make latent negotiations effective. While this study has identified some key elements, a more detailed analysis of specific factors—such as timing, location, the medium of communication or participant selection—could enhance our understanding of how to optimize latent negotiations. Additionally, research should explore which of these identified design parameters are most critical to the success of latent negotiations. Employing methods such as conjoint analysis could provide valuable insights into how negotiators prioritize different elements and how these priorities influence the overall effectiveness. Combining insights from observational studies, experimental research, and cross-cultural comparisons could help establish comprehensive guidelines for the successful application of latent negotiations in diverse settings.

Conclusion

This study introduced latent negotiations as a novel concept to capture off-table, content-relevant interactions in B2B negotiations. By distinguishing between four forms—information gathering, relationship building, information placement, and pre-agreements—the analysis shows that latent negotiations constitute a central component of the multidimensional negotiation process.

In doing so, the study advances negotiation theory by extending the scope of analysis beyond formal negotiating episodes and conceptualizing latent negotiations as integral elements of how negotiations unfold across multiple, interconnected stages. It also underscores their managerial relevance, showing how practitioners can strategically leverage informal exchanges to gather information, frame perceptions, and prepare agreements. As business environments remain volatile and complex, the ability to recognize and deliberately employ latent negotiations emerges as a critical competence for sustaining both distributive and integrative outcomes in buyer–supplier relationships.

Looking ahead, the importance of mastering latent negotiation approaches is expected to increase. Political and economic disruptions highlight that negotiations extend across multiple, interlinked processes rather than being confined to single formal encounters. Recognizing this complexity, latent negotiations offer a practical means to maintain strategic flexibility and to position oneself advantageously in high-stakes contexts. Moreover, the growing use of artificial intelligence in negotiation processes is likely to shift human involvement away from standardized, transactional negotiating toward complex, relational, and high-value interactions. In this environment, the capacity to design and utilize latent negotiations becomes even more critical, as these informal exchanges can set the stage for success in the subsequent formal negotiations.

Author Note

The data that support the findings of this study are available from the corresponding author upon reasonable request. We have no known conflicts of interest to disclose. The authors have no financial support to be reported and would like to thank all participants in the interviews.

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Appendix

Appendix A: Study 1 Materials

Nr.	Category	Definition	Anchor Example	Coding Rule
1.1	Medium	All text passages where the interviewee describes covert negotiations over the medium used.	"The last informal conversation I had was over the phone in the car on Monday after work." (Interviewee 11, p. 111)	Text passages must mention the medium through which covert negotiations are conducted.
1.2	Timing	All text passages where the interviewee explains when covert negotiations are conducted.	"I say, the period up to the trial is a good time for that." (Interviewee 01, p. 13)	Text passages must refer to the timing of covert negotiations.
1.3	Frequency	All text passages where the interviewee mentions how often covert negotiations are conducted.	"In the case of capital goods or products with a high value, it is estimated to be 80% where a preliminary discussion is held or where I try to obtain certain information in advance." (Interviewee 12, p. 121)	Text passages must describe the frequency of covert negotiations.
1.4	Parties	All text passages where the interviewee describes with whom the covert negotiations are conducted.	"When you talk to or against medium-sized companies, for example, it's the heads of various specialist departments, but it can also be the managing director. I have a relatively wide range of people." (Interviewee 39, p. 365)	Text passages must name the specific parties involved in covert negotiations.
1.5	Location	All text passages where the interviewee describes the location of covert negotiations.	"You have to go to the trade fairs, you have to go into the companies." (Interviewee 01, p. 3)	Text passages must mention the location of covert negotiations.
1.6	Digital Negotiations	All text passages where the interviewee discusses negotiations	"After Covid actually always about teams." (Interviewee 01, p. 5)	Text passages must refer to digital platforms and conducting

		conducted digitally.		negotiations in a digital space.
2.1	Types of Information	All text passages where the interviewee describes what kind of information is exchanged.	"Concrete negotiating items are actually the product and service features that are decisive in my environment. The quality compared to the competition. For indirect topics, it's competition and the market. And deadlines and organisation." (Interviewee 37, p. 344)	Text passages must describe the types of information exchanged.
2.2	Terminology	All text passages that highlight the terminology used in covert negotiations.	"Actual 'consultation' or 'brief exchange' or 'feedback'." (Interviewee 28, p. 246)	Text passages must focus on the terminology used.
2.3	Third Parties	All text passages where covert negotiations are conducted by third parties.	"Hey developer, why don't you ask?" (Interviewee 10, p. 107)	Text passages must describe covert negotiations conducted by third parties.
2.4	Procurement vs. Sales	All text passages that describe differences in negotiation strategy between procurement and sales.	"When I'm talking to a product manager or sales colleague who is perhaps involved in the supplier selection process, they naturally have completely different priorities." (Interviewee 38, p. 356)	Text passages must describe differences in negotiation strategies between procurement and sales.
3.1	Reasons	All text passages where reasons for using covert negotiations are mentioned.	"First of all, I would see the character assessment of the partner as one of the goals." (Interviewee 39, p. 356)	Text passages must mention concrete reasons for using covert negotiations.
3.2	Goals	All text passages where the goals of covert negotiations are discussed.	"Because, in my opinion, it is particularly important to only talk about things that are relevant to the other person." (Interviewee 39, p. 366)	Text passages must refer to the goals pursued in covert negotiations.
3.3	Procedures	All text passages where the procedures of covert negotiations are described.	"Okay, so the first thing is definitely storytelling. We sell a lot via references, i.e. from projects that we have carried out for other customers." (Interviewee 39, p. 372)	Text passages must focus on specific procedures used in covert negotiations.

3.4	Examples	All text passages where the interviewee provides concrete examples of covert negotiations.	"If I know that there are any issues, for example, if I know the buyer, if it's a buyer: he doesn't know anything about the competition, then I won't raise the issue." (Interviewee 38, p. 356)	Text passages must provide concrete examples of covert negotiations.
3.5	Awareness	All text passages where awareness of covert negotiations is discussed.	"Yes, I do believe that it makes everyday negotiation easier if you are not directly in a negotiation situation or are not directly aware of a negotiation situation." (Interviewee 28, p. 242)	Text passages must reflect awareness of using covert negotiations.
3.6	Emotions	All text passages where emotions in covert negotiations are discussed.	"How does he think? Is he emotional? Or is he a rational thinker?" (Interviewee 01, p. 2)	Text passages must focus on emotional reactions, management of emotions, or emotional assessment of the negotiation partner.
3.7	Latent Negotiations	All text passages where the interviewee discusses covert or informal negotiations.	"Just a lot of small talk with functions that are not in sales, because they are usually more talkative." (Interviewee 01, p. 7)	Text passages must describe covert, informal, or latent negotiation tactics that aren't explicitly labeled as negotiations.
4.1	Challenges	All text passages where potential challenges in covert negotiations are mentioned.	"I just see the challenge of what I told you, just with the loss of face." (Interviewee 02, p. 24)	Text passages must describe challenges and issues related to covert negotiations.
4.2	Exposure	All text passages where the risk of exposure of covert negotiations is discussed.	"Unfortunately, I've exposed him because he's telling me rubbish. And yes, that's not great for him either." (Interviewee 05, p. 55)	Text passages must refer to the consequences and risks of exposure in covert negotiation tactics.