INNOVATIVE ENTREPRENEURS AND THEIR NEGOTIATION BEHAVIOURS IN LAUNCHING NEW PRODUCTS

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Abstract

Purpose: This study investigates the impact of the negotiation behaviours by Vietnamese innovative-entrepreneurs on negotiation outcomes. The focus emphasises face-to-face negotiation sessions between innovative entrepreneurs and their corporate customers as they promote new services and products that either fulfill unmet market demands or achieve significant improvements in comparison to existing products or services.

Methodology: This paper employed a qualitative research method to distill the entrepreneurial negotiation behaviours and their impacts on negotiation performance. A series of semi-structured interviews were conducted individually with 14 Vietnamese innovative-entrepreneurs, from five industries including technology, manufacturing, agriculture, medical, and education. To ensure the entrepreneurs’ fall under the classification of innovative-entrepreneurs. The participating entrepreneurs were selected Entrepreneurship-Incubator, Vietnam-Department-of-Business-Registration-Management, and Business-Startup-Support-Centre.

Main Findings: The findings showed that the negotiated-terms, the self-expression of the parties, the negotiation process, and the relationship developed were found to be significant in measuring negotiation performance. Negotiation behaviours, including concern about the personal outcome; concern about others’ outcomes; building relationships; and, emotional expression, were found as having a positive impact on negotiation performance. In contrast, risk-taking negatively affected negotiation outcomes.

Applications: Based on the aforementioned findings, a proposed negotiation-framework of an innovative-entrepreneur in the product launching stage is being developed.

Novelty/Originality of this study: This study brings another view on measuring negotiation performance by applying psychological negotiation outcome elements rather than relying on objective elements only. The significance of each psychological negotiation outcome element is also ordered. The unique advantages and challenges of the launching stage of an innovative entrepreneur are also explored to provide in-depth entrepreneurial knowledge.

Keywords: Innovative Entrepreneur, Negotiation Behaviour, Negotiation Outcome, Launching Stage, Entrepreneur.

INTRODUCTION

Innovative entrepreneurs are those who own, or partly own, a business and are distinguished by the innovative products they provide. An entrepreneur can be labelled as innovative when they provide a product, service, or production method (aggregately referred to as the ‘product’ throughout this paper) that satisfies unmet needs in the marketplace or a product that has been significantly improved in comparison with existing ones (Grillitsch, 2019).

An innovative entrepreneur is an entrepreneur who has successfully negotiated the stages of generating ideas, accessing funds to develop the idea into a new product or service, and finally successfully launching the product in the real marketplace. Since innovative entrepreneurs usually revolve their activities around developing and launching new products (Block et al., 2017), it is precisely due to the newness of such products that consumers may usually face difficulties in understanding their true essence, and especially so at the early stages when a products’ brand name is not yet well-known (Dinnar & Susskind, 2018). Therefore, an effective, innovative entrepreneur not only needs to create a new product, but they must also persuade target consumers of the product’s value. Unfortunately, many consumers do not have sufficient technical expertise to easily understand (Valliere, 2015). Hence, this may become a complex interaction between the entrepreneur and the potential consumer, which may impede the deal-making process (Dinnar & Susskind, 2018; Dunne et al., 2019). Changing consumer purchasing habits and getting a wide market acceptance of a new product are difficult endeavours that may ultimately lead to the termination of a business at its inception (Artinger et al., 2015). A failure in this stage might not be the worst, but it might be a warning of the potential of a bigger failure. Thus, well-developed negotiation skills are necessary to improve the performance of entrepreneurs (Dinnar & Susskind, 2018).

In light of the above, this research aims to identify which entrepreneurial behaviours are considered essential during the negotiation process with corporate customers at the launch stage of an innovative product.

Accordingly, two research questions are proposed:

- What are the negotiation behaviours that innovative entrepreneurs consider as significant in getting new products accepted by their corporate customers at the product launch phase?
• What are the negotiation outcome elements that innovative entrepreneurs consider as significant in evaluating the negotiation process with their corporate customers at the product launch phase?

LITERATURE REVIEW

Previous scholars articulated that negotiation behaviours are the key component of the negotiation process, and the primary determinant of the ability to achieve a mutual agreement (e.g., Artinger et al. (2015) and Dinnr & Susskind (2018)). The way an individual behaves during negotiation is a double-edged sword: it can determine the success of an agreement, but it can also generate conflict and lead to a negotiation impasse (Katz et al., 2015). Therefore, well-developed negotiation skills and knowledge are necessary for entrepreneurs to achieve the targeted outcomes successfully. However, there are some remaining gaps in the knowledge of entrepreneurial negotiation behaviours, especially under the launching stage.

Characterizing A Research Gap: Entrepreneurial Negotiation Behaviors

With students being the most common studies’ targets (Bizon, 2016; Nyamaka-Obimpeh, 2017), previous negotiating studies usually form the core of demographic and psychological characteristics related to negotiation simulations (Aloulou, 2016). There is a debate about the negotiation knowledge gathered from students that whether the students’ negotiation behaviours can accurately reflect actual business negotiators’ behaviours (Artinger et al., 2015)? Since there might be significant differences between the bargaining power of a student and that of a professional negotiator with more business experience, the validity of experimental findings based on students’ responses is thus questionable.

Previous scholars who studied entrepreneurial interaction focused on its impact during the initial stage of acquiring financial investment (Dunne et al., 2019). Since any specific negotiation process can have different characteristics which might lead to the different adaption of perceptions and behaviours from the entrepreneur (Gans, 2017). Thus, innovative entrepreneurs’ negotiation behaviours during the launching stage specifically can be different to others identified general entrepreneurial negotiation behaviours. Furthermore, in previous studies, entrepreneurship behaviour during the negotiation process did not receive much attention as did the effect of bargaining power, trust-building, and experience (e.g., Dunne et al. (2019); Maxwell and Lévesque (2014)). Only a few studies dealt intending to distinguish the behaviours of entrepreneurs and non-entrepreneurs (e.g., Artinger et al. (2015)). These studies aimed to differentiate the behaviours of entrepreneurs and non-entrepreneurs but they neglected to evaluate the impact-ability of each behaviour on negotiation outcomes such as the ability to achieve expected negotiation instruments; develop relationships or other satisfaction of the negotiators throughout the negotiation. Thus, whether these prominent entrepreneurial negotiation behaviours can provide advantages or obstruct the entrepreneurs from achieving targeted outcomes from the negotiation process still needs further investigations.

Existing studies on the entrepreneurial negotiation process mainly relies on economic elements to determine whether the negotiators perform well throughout the negotiation process (Artinger et al., 2015; Rojot, 2016). Two common elements are profit/loss and deal/no deal. The use of these economic indicators offers a clear and easy measurement of the negotiation outcome. However, using economic indicators alone may not fully capture other non-monetary aspects from expectations and perceptions of perceived negotiation performance of entrepreneurs (Dinnr & Susskind, 2018). Thus, to overcome such limited economic indicators, psychological elements can be included to evaluate negotiation performance. Though to what extent entrepreneurs consider psychological aspects of the negotiation performance during the product launching phase is not yet clearly understood.

Negotiation Outcomes and Prominent Entrepreneurial Negotiation Behavior

The way an entrepreneur behaves while negotiating might be unique in different ways. The complexity, emotions, relationships, and uncertainty are described as reasons that reflect the uniqueness of the negotiation process (Dinnr & Susskind, 2018). According to the aims and the identified research question, this study explored the set of negotiation behaviours based on previous works related to entrepreneurial cognition. Negotiation behaviours resulting from the study of entrepreneurial cognition would then be synthesised to identify their relative importance.

Prominent Entrepreneurial Negotiation Behaviour

Concern about personal outcomes

Entrepreneurs assume a higher need for achievement than other social groups, which might explain their stronger desire for personal outcomes in entrepreneurial behaviours (Karabulut, 2016). They believe that their actions, abilities, and efforts will determine the actual outcomes, which are usually expected to be higher than others’ (Colakoğlu & Gözükara, 2016). Furthermore, during the launching stage, in the absence of healthy financial resources, entrepreneurs will be obstructed from expanding their business or capturing new business opportunities (Artinger et al., 2015). Thus for entrepreneurs, personal outcome-gaining is an important determinant of achievement during the negotiation process (Dunne et al., 2019).

Building relationships

Recent studies provided empirical evidence that strong networking with supply chain partners enable entrepreneurs to
gather knowledge, generate ideas, improve competitiveness, and increase social values (Gawell, 2014; Huang & Knight, 2017). Developing a relationship and building trust during an integrative negotiation process are two of the important tactics to successfully reach an agreement and better outcomes (Dinnar & Susskind, 2018). Thus, successful entrepreneurs tend to represent a higher willingness to build a relationship with counterparts during and through the negotiation process (Antonicic et al., 2015).

**Risk-taking**

Although risk-taking characteristics encourage the entrepreneurs to capture opportunities, it might also damage them when the level of the risk and the capacity to handle the risks of the business have not been evaluated accurately (Susskind, 2014). One of the most common mistakes of entrepreneurs is that they are overly optimistic and overconfident in dealing with risks or uncertainty situations (Schwienebacher, 2018). Entrepreneurs with a strong willingness to take risks usually forget about the possibilities that the agreements might be broken and lead to unreliable actions from the parties (Dinnar & Susskind, 2018). Thus, risk-taking, in the launching stage, brings many implicit consequences to the innovative entrepreneurs’ businesses.

**Concerns about others’ outcomes**

Integrative negotiation is one of the most common negotiation methods, where joint-profit is a concern and has frequently been used by entrepreneurs (Stoshikj, 2014). During an integrative negotiation, cooperation between both parties is given more prominence than competitiveness; therefore, the outcome from this type of negotiation is usually a mutual win-win agreement (Haselhuhn et al., 2014). Besides, integrative negotiation enables both parties to build a trusting and stable future relationship, encourages them to share preferences, reduce conflicts, and to deliver more agreeable solutions (Stoshikj, 2014). Therefore, besides an expressed a strong desire for personal outcomes, entrepreneurs’ negotiation behaviours are expected to focus on their stakeholder's issues by trying to create a win-win agreement (Zhang et al., 2020).

**Emotional expression**

Expressing emotion has been proven to be an effective method to achieve better outcomes during bargaining (McMullan & Kenworthy, 2015). In entrepreneurship studies, expressing negative emotions is more frequently used than in non-entrepreneurial situations, and plays a significant role in an entrepreneur's negotiation strategy, exhibiting stronger bargaining power (Dunne et al., 2019; Ngah & Salleh, 2015). In their study, (Artinger et al., 2015) proved that this strategy was efficient, especially in securing funding.

**Structural Influences**

In the launching stage scenario, relationships or network advantages might facilitate approaching potential customers’ processes and enable the negotiation process to achieve targeted outcomes.

**Acquaintanceship**

During the launching stage, making use of the acquaintanceship to approach potential customers might help the innovative entrepreneurs to overcome the challenges from the lack of newness or brand awareness from their new products (Lee & Ashton, 2017). Firstly, with the high openness between known people, acquaintances usually are more open to allow innovative entrepreneurs to approach and be more willing to try the new product (Jung & Krebs, 2019). Secondly, since fairness benefit distribution is given prominence among acquaintances while negotiating, it might help the innovative entrepreneur to create a balance in negotiating power with their negotiation parties during the launching stage (Maxwell & Lévesque, 2014).

**Reputation**

For a new business entering an existing market, an entrepreneur's reputation is strategically important in the incomplete information environment in general and in the case of innovative entrepreneurship under the launching stage in particular (Brett & Thompson, 2016). Reputation can be seen as an intangible asset that represents the quality, commitment, and credibility of the business, which is usually being lack from the new venture's situation (Maxwell & Lévesque, 2014). Innovative entrepreneurs, who have a well-developed reputation, can even pull the customers rather than push the product to the market only.

**Negotiation Outcome**

Understanding and using subjective values to measure negotiation outcomes can be useful in evaluating the performance of the negotiating behaviours and in explaining their impact on outcomes.

**Feeling about the instrumental outcome**

The feeling about instrumental outcome refers to the beliefs of the negotiator on achieving a strong objective agreement through the negotiation process (Artinger et al., 2015). This element represents how negotiators are satisfied with
objective values, such as the amount of money, high-quality product, fair distributions, or other terms and conditions of the agreements (Seidl et al., 2019).

**Feeling about oneself**

Feeling about oneself refers to how negotiators evaluate themselves through the negotiation process (Cooper & Sommer, 2016; Dinnar & Susskind, 2018). In this element, a negotiator might be concerned with saving face, self-image, how they express themselves, or whether they did the right thing.

**Feeling about the negotiation process**

The third element is the negotiating feeling about the negotiation process, which refers to the way negotiators feelings or evaluate the concerns from their counterparts on their wishes or preferences while negotiating (Dinnar & Susskind, 2018). Evaluating how the negotiation process flows and how the negotiating parties react during negotiation are essential to evaluate the negotiating performance (Olekalns & Druckman, 2014). A good negotiator is one who can control the flow of the negotiation process and persuade the parties to listen to his/her wishes (Jelonek, 2015).

**Feeling about the relationship**

Another essential outcome of the negotiation process is to develop a relationship with other negotiating parties (Maxwell & Lévesque, 2014). This element is based on several factors, such as trust, commitment, and how well the relationship has been built (Artinger et al., 2015). Building such a relationship is one of the essential determinants of the stable future growth of a business, and hence of its survival and sustainability.

Based on the review from the extant literature, this study proposed a theoretical framework which consists of seven hypotheses as in Figure 1. Besides examining the proposed hypotheses, this research also investigates the importance of each identified negotiation outcome element in measuring the innovative entrepreneur in the launching stage.

- **H1**: Concern about personal outcome positively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H2**: Concern about others’ outcome positively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H3**: Building a relationship positively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H4**: Emotional expression positively influences the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H5**: Risk-taking negatively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H6**: Acquaintanceship positively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.
- **H7**: Reputation positively influence the negotiation outcome of the innovative entrepreneur in the launching stage while negotiating with corporate customers.

![Diagram](https://ci.nii.ac.jp/naid/90010623208/files/0000062.png)

**Figure 1**: Framework of the Negotiation process of Innovative Entrepreneurs in the launching stage.
METHODOLOGY

The researcher used qualitative methods to distill the negotiation behaviours considered of importance in the negotiation process between innovative entrepreneurs and customers during the initial phase of a business. This study employed a series of semi-structured interviews with Vietnamese innovative entrepreneurs to address the research problem. Interviews are the most common method used in social studies since they enable the researcher to directly engage with the participants and grasp detailed data (Robson & McCartan, 2016). Furthermore, given their high flexibility, interviews can be applied to gather information on various related research topics and appropriately explore others that are not well-researched (Johnson et al., 2019).

In terms of the methodologies used in previous negotiation studies, simulation and experimentation were the most common methods used to describe negotiation outcomes and behaviours, whereas very few studies used other interpretive methods (Easterby-Smith et al., 2015). It is argued that simulation and experimentation can only provide an incomplete picture of the human behaviours associated with a narrow understanding of negotiation behaviours and their social context (Fabian et al., 2017). Whereas, interpretive research can contribute to the extant literature by providing an additional valuable understanding of negotiations (Emery & Anderman, 2020).

In this research, to ensure the diverse representation of the research findings, the researchers approached participants from different industries. The interviewed participants were innovative entrepreneurs who own or partly own the business and have the negotiation experience through the launching stage. To ensure the innovativeness, the participants were selected from Government organizations, including the Vietnam Department of Business Registration Management, Entrepreneurship Associations, and Entrepreneurship Incubators, which assess whether a product is novel or not, based on the justification of investors and experts in various fields.

The interviews were undertaken with fourteen innovative entrepreneurs from various industries, including manufacturing, agriculture, technology, medical education, food, and beverage, over the last two months. A summary of participants’ information was provided in Table 1.

<table>
<thead>
<tr>
<th>Order</th>
<th>Industry</th>
<th>Role</th>
<th>Age</th>
<th>Code</th>
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<tbody>
<tr>
<td>1</td>
<td>Technology</td>
<td>Founder</td>
<td>Under 30</td>
<td>T.1</td>
</tr>
<tr>
<td>2</td>
<td>Technology</td>
<td>Founder</td>
<td>Over 30</td>
<td>T.2</td>
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<tr>
<td>3</td>
<td>Technology</td>
<td>Founder</td>
<td>Under 30</td>
<td>T.3</td>
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<tr>
<td>4</td>
<td>Technology</td>
<td>Founder</td>
<td>Under 30</td>
<td>T.4</td>
</tr>
<tr>
<td>5</td>
<td>Technology</td>
<td>Founder – General Director</td>
<td>Over 30</td>
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<td>6</td>
<td>Technology</td>
<td>Founder – General Director</td>
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<tr>
<td>7</td>
<td>Medical</td>
<td>Founder</td>
<td>Under 30</td>
<td>ME.1</td>
</tr>
<tr>
<td>8</td>
<td>Medical</td>
<td>Founder – General Director</td>
<td>Under 30</td>
<td>ME.2</td>
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<tr>
<td>9</td>
<td>Agriculture</td>
<td>Founder</td>
<td>Under 30</td>
<td>A.1</td>
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<tr>
<td>10</td>
<td>Education</td>
<td>Founder – General Director</td>
<td>Under 30</td>
<td>E.1</td>
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<tr>
<td>11</td>
<td>Food and Beverage</td>
<td>Founder – General Director</td>
<td>Over 30</td>
<td>F.1</td>
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<td>12</td>
<td>Manufacture</td>
<td>Founder – General Director</td>
<td>Over 30</td>
<td>M.1</td>
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<tr>
<td>13</td>
<td>Manufacture</td>
<td>Founder – General Director</td>
<td>Over 30</td>
<td>M.2</td>
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<tr>
<td>14</td>
<td>Manufacture</td>
<td>Founder – President</td>
<td>Over 30</td>
<td>M.3</td>
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</table>

Source: Authors

The interviews were conducted directly with the participants, who have already been introduced to the study understood its purpose through an introductory letter and consent form. Each interview took approximately one hour and was audio-recorded with permission. The interview transcripts were later translated into English and reviewed by an independent Vietnamese expert before analysis.

The data analysis process followed several steps, including data familiarizing, coding the identification for each participant, identifying themes from collected data, clarifying, reviewing and naming the themes, and reporting the results. The results were then compared and contrasted with previous work in the field.

FINDINGS

The findings from this study include two major sections: first, the identification of the negotiation outcome elements; and second, the identification of the negotiation behaviours which can impact the negotiation outcomes of an innovative entrepreneur in the launching stage.

Negotiation Behavior

Our collected data identified five negotiation behaviours that have either a positive or negative impact on the negotiation outcomes of an innovative entrepreneur in the launching stage, including concern about the personal outcome; concern
about others’ outcomes; building relationship; emotional expression; and, risk-taking.

Concern about the personal outcome

During the negotiation process with the customer when launching a new product, this study recorded the concern for the personal outcome by innovative entrepreneurs with the influence ability on the negotiation performance. For example, a manufacturing entrepreneur claimed that:

“Concern about my benefits is a must. Even my negotiation advantage in this stage is maybe lower, and I will not do something that will not bring many benefits to myself.” (M.3)

However, instead of showing the strong self-concern, innovative entrepreneurs also try to balance it with the concern about their customers’ outcomes in the launching stage. A medical innovative entrepreneur shared that:

“From my experience, when I consider too much on my benefits, my negotiation process with the customer usually be interrupted. The most problem in this stage is caring about your customers’ desires” (ME.2).

It can be seen that although innovative entrepreneurs do express their concern about the benefits, however, the level of the self-concern should be balanced or even a little lower than the concern about others’ benefits in the launching stage. Another participant expressed the common comment:

“I divide the benefits into three-stage. The first is benefits for customers, the second is for employees, and the last is for the entrepreneur, which is me” (T.6).

From our participants’ highlights, the level of self-concern expressed can be higher in later stages, when the business becomes more stable.

Concern about others’ outcome

Concern about others’ outcomes received the most agreement from our participants as a negotiation behaviour that has a significant impact on the negotiation performance in the launching stage. The impact ability of this behaviour was claimed as significant in allowing the innovative entrepreneur to achieve the expected terms, developing trust, and making use of the customers' relationship. A participant highlighted:

“Concern about partners’ benefits means that I am providing to them a good service even (though) they have not used the actual products” (T.3).

Another participant shared that:

"Instead of putting a major concern about monetary issues, concern about other's benefits earn me some invisible value such as their trust, reputation, and promo, which will not only help me to succeed in the current deal but also provide opportunities to approach other deals in future." (ME.2).

The concern about customers' outcomes was expressed from the early stage of a launching stage to ensure a match between the products and customers’ desires.

“I think giving the products to the customers soon is better. The products I made and the customers’ desires are always different” (T.1).

Thus, concern about customers’ benefits from the early stage of the negotiation process does not only significantly impact the negotiation performance, but also enable a product to be practicalized.

Building a relationship

From our findings, innovative entrepreneurs expressed a strong motivation to develop a relationship with the customer while negotiating in the launching stage. In other words, in the new product launching situation, innovative entrepreneurs use the negotiation process as a channel to develop a relationship with customers. One participant stated his thoughts about the effectiveness of the negotiation process in developing a relationship with customers:

“Online channels only give you some support to approach the customers initially, the key process to build a relationship with them is going through the direct negotiation process” (T.5).

Building a relationship also had been recorded as having an impact-ability on the negotiation performance of an innovative entrepreneur in the launching stage. A manufacturing entrepreneur shared his experience while negotiating:

“Sometimes the customers do not care much about your product, but they might pay more attention to the relationship you have or build through the process” (T.6).

Another:

“I always follow the rule Bàn-Bàn-Bán (Make friend-negotiate-sale) to apply in every negotiation process of mine” (M.3).
The strong impact of building the relationship with customers on the negotiation success has also been recorded as 7 out of 14 participants claimed that their first customers are people they have known before. It can be seen that building relationship, not only during but also, before going through the negotiation process, has significant meaning to the success in a negotiation process of an innovative entrepreneur, especially in the launching stage when they usually do not have much contact.

**Emotional expression**

Emotional expression is another recorded behaviour that has an influence on the negotiation performance of the innovative entrepreneur with customers during the launching stage. Recording from our participants’ comments, since customers usually do not have much information about the new products, therefore, besides making a purchasing decision based on logical considerations, they also decide whether to buy a new product based on their own emotions. In this aspect, the emotional expression from the innovative entrepreneurs was recorded as playing an essential role in generating customers’ purchasing emotions. An educational, innovative entrepreneur shared that:

"My emotion is very important because it is what my customer can see from me. It will influence their emotion and willingness to continue engaging in the negotiation process” (E.1).

The positive emotional expression does not only provide a chance to perform well in the negotiation process, but it also can enable the innovative entrepreneur to re-negotiate with the customer in other rounds in the future if they cannot reach a common agreement in the current negotiation round. A technology entrepreneur highlighted that:

“You might have negative emotions, but you should not express them to customers. If I express some negative emotions to our customers when I feel that the result is not good enough to me, then almost I lost the chance to re-negotiate with them or even with future customers who have a relationship with them” (T.6).

**Risk-taking**

Risk-taking is another negotiation behaviour that was recorded from our participants as having impact ability on the negotiation performance of an innovative entrepreneur in the launching stage. However, in contrast to other identified behaviours, the risk-taking was recorded as having the ability to negatively influence the performance of the negotiation process of an innovative entrepreneur in the launching stage. From our findings, only four participants shared that they took a risk when they launched their first products, and one of them affirmed that it was the major reason for his business failure. On the other hand, 10 out of 14 participants expressed their preferences in making safe choices in the launching stage. The entrepreneur who failed commented that:

“I received a very good offer in pricing; however, the workload was over our capacity. I accepted the deal but could not accomplish it on time. This failure not only cost me on the scope of that deal but give me a bad reputation and indirectly led to the failure of my business” (A.1).

From participants’ responses, an innovative entrepreneur is more likely to take risks after the launching stage, when the business is more stable and needing a boost in revenue and market share. An entrepreneur in technology highlighted his preference for safety:

“In this stage, high revenue is not what we are looking for. At this stage, my business is still too young to deal with any disasters caused by the accepted risk.” (T.6).

**Acquaintanceship**

Outside from the scope of negotiation behaviours, the result of this study indicates that the acquaintanceship, which can be explained as the relationship that the entrepreneurs have with customers before the negotiation process happens, as a significant factor that has an essential influence on the outcome of an innovative entrepreneur during the launching stage. This factor was acknowledged since many of the participants claimed that their first customers were people they already knew. A technologically innovative entrepreneur explained that:

“My first customer is my aunt. I think choosing someone you already know not only helps you to approach them easier, but it is also safer as well”. (T.3)

Because a new product usually does not have much reputation, people who already have a relationship or know the new-product owners before might be more open to being approached and to try the product. Furthermore, innovative entrepreneurs also can avoid some potential fraud when they have a better knowledge of their customers.

However, there might be a debate that whether approaching a well-known customer, who might purchase a new product because of the complaisance to the innovative entrepreneurs, can demonstrate accurately both the negotiation performance and the realistic of the business ideas. Responding to this issue, another technology innovative entrepreneur shared that:

“My first customer, my house owner at that time, also encouraged me to develop the product, but it was not that people would accept immediately. From an emotional perspective, people agree to support. But in terms of the reason, people
do not spend money on our product just because they like us personally. The purchasing process from the time I introduced the product to the purchase decision of my first customer took six months.” (T.6)

It can be seen that, although approaching the acquaintance customers, the negotiation process while launching a new product still requires a major effort from the entrepreneurs to achieve their target in the end, even though the first approach may be easier. Hence, approaching known customers initially can be easier and safer for innovative entrepreneurs, but does not lead necessarily to major biases when evaluating either their negotiation performance or the value of the business idea.

Reputation

Similar to the pre-existing relationship, reputation is another factor that our participants claimed has a significant influence on the negotiation outcome besides their negotiation behaviours. From our records, the majority of participants attached special importance to improving the reputation of their business, especially innovative entrepreneurs who are younger than 30 years old. A young technology entrepreneur indicated the disadvantage he faced from the lack of reputation:

“At this stage, startups usually do not have many available customers for them to reach. After they have a reputation, it is easier to attract customers and even make customers find us by themselves. But at this stage, we have to search for customers, and we must prove our product is useful, our business model has potential so that others can see our potential.” (A.1)

There are many other ways that an innovative entrepreneur can use to improve their reputation. But from our findings, two major ways have been identified, which are through startup competitions and making use of the reputation that the entrepreneurs gained from studying at university. In comparison between the two ways, reputation from startup competitions received higher evaluation since it helps the innovative entrepreneurs to approach more directly with the entrepreneurial community. However, another innovative entrepreneur warned about the trap of overindulging with the startup competitions:

"Be careful when we get dragged into entrepreneurship contests. Sometimes it benefits us but not the business. Sometimes you do something that you have a reputation for, other people such as your friend, teammates, family, or even press acclaim you, and you're dragged into those things. Then you fall into the illusion that you can do it all, but that is not the case, everyone has 24 hours a day, your energy is limited, if you do not plan properly what you need to do, can waste a lot of opportunities.” (T.6)

Negotiation outcome Elements

The participants were asked to explain which elements were used to evaluate negotiation performance with customers in the launching stage of a new product. In the main, five elements have been identified from the participants’ highlights.

Self-evaluation about the terms

Most of the participants expressed their concern about the terms that they achieved from the agreements through the negotiation process in the launching stage.

“If you go through the negotiation process without thinking about the terms you achieved, I do not think it can be called a negotiation process” (M.3).

However, interestingly, although receiving a level of agreement from the participants, the terms were not recorded as the most concerning to innovative entrepreneurs in evaluating negotiation performance. In fact, from the innovative entrepreneurs’ perspective, achieving some specific terms is a good achievement, but this factor only has meaning for short-term success. How they can use the terms or agreements to approach other customers, who might have a relationship with the current negotiating-customer, is what mattered to them.

“A customer can have a relationship with thousands of others who might be familiar with them. If I can keep the reputation with one customer, I might have a chance to approach the whole customer segment. On the other hand, if I lose my reputation with the current customer, they will never be willing to recommend my products to their contacts” (A.1).

Furthermore, it was commonly believed among our participants that evaluating the terms achieved through the negotiation process is related to their evaluation of the whole negotiation process; however, the significance of agreed terms as a factor in negotiation performance evaluation is limited.

“When closing a deal or a contract, the terms in the contract only affect 20% of the success, whereas the most important influencers to the ability that determine the probability of success in negotiating in this stage are how you approach your customers. (T.6)

Although it has been claimed to influence negotiation performance, the contract terms are not the most significant factors during the launching stage. Instead, our findings indicate that the performance of the negotiation relied heavily on
the way entrepreneurs approach their customers, whether they select the right customer, and the balance between the quality of their products and the customer demands.

**Self-evaluation about the self**

One of the most striking results to emerge from this data is that evaluating the way that an innovative entrepreneur approaches the customers was recorded as the most essential negotiation outcome element. From our findings, concerning how they express themselves achieved a highly consistent agreement, with 12 out of 14 agreements, in considering that as one of the most critical elements to the negotiation performance evaluation. Participants expressed the importance of the way they express themselves as enabling them to create a good first impression and establishing initial trust from customers.

“When the customers think that you are professional and feel that they can trust you, they will start to listen to you then you might have more chance to succeed in the negotiation process” (ME.2).

Our participants highlighted that the self-image needs to be flexible and close to the customer to successfully approach and getting trust from the customers in the initial negotiation process.

“I always put myself into customers’ position, to let them understand that when they are in a difficult period, then so are we. If they speak in their folk style, so we should talk in the same way; or if they talk in a “vulgar” way, I have to comfortable with it” (T.1).

Furthermore, many participants shared that they fall into the trap of beseeching customers to purchase their products. The participants also admitted that beseeching customers does not provide a good result through the negotiation process.

“I always create a balanced position with my customers. It means that I do not want to beseech them to purchase my products. Many people, especially startup owners, around me fall into this trap, and the result is never considered as a good result.” (M.1).

**Self-evaluation about the process**

In terms of the negotiation process, some participants highlighted that the evaluation of the negotiation process does represent not only the negotiation performance but also the ability of the business.

“Only when you can shorten or control the negotiation process, are you able to growth”. (T.5).

In the launching stage, the negotiation process can be very time-consuming. Therefore, managing the negotiation process is one of the important targets of an innovative entrepreneur when negotiating with customers. Our participants highlighted the use of a timeframe as an efficient tool to measure negotiation performance. The satisfaction of an innovative entrepreneur about the negotiation performance will be increased when the negotiation process takes less time than the previous ones under a timeframe.

“For example, it takes me a month to achieve my target, but others only spend one week to achieve the same goal, then the negotiation performance is different. For me, using timeframe effectively expresses the negotiation performance objectively.” (M.3).

To ensure the negotiation process will be performed promptly, half of our participants shared that they were willing to create pressure on the customer to make a decision. In the launching stage, although there is a dramatic need to gain acceptance from customers to purchase the new products, it is surprising that many of our participants were willing to bring pressure to customers to decide to ensure the rate of the business progress. A manufacturing innovative entrepreneur commented that:

“Always creating for them a pressure that they must act quickly. Even if we are negotiating a large amount of money, such as over 2 billion, but if they are delaying the process, I absolutely will not spend time with them anymore and will allow others” (M.2).

**Self-evaluation about the relationship**

Another significant outcome element recorded from entrepreneurs’ comments in this study is the satisfaction they feel about the relationship achieved throughout the negotiation process. Our findings suggested that one of the most common weaknesses of an innovative entrepreneur at the launching stage is their ability to create a relationship or network with customers. The negotiation process was recorded as an essential channel to build a relationship with customers.

“In this stage, you do not have much opportunity to approach customers who are willing to use or even just to discuss your incomplete product. Therefore, you have to nurse every negotiation chance, which offers you an opportunity to approach the customer directly”. (T.5)

Almost all of our participants affirmed the importance of success in building a relationship. One technology innovative entrepreneur shared his thoughts:
“Do not think too much about the future, in the present, if you can build a relationship or at least create the feelings to the customers that they can trust you throughout the negotiation process, then you might have more opportunity to achieve a better outcome” (M.3).

The success in building a relationship with customers through the negotiation process does not only bring benefits to the current negotiation. The relationship with the customer can also offer the innovative entrepreneur the opportunity to make future sales to the current customers. It also offers the innovative entrepreneur the opportunity to be introduced to others in the customer’s community and make further sales.

A technology entrepreneur highlighted that:

"Customers always have their community that involves people who are working in the same area. Therefore, it will be a good channel to advertise our product if we can build a good relationship with one of the community members” (T.2).

DISCUSSION ON STUDY FINDINGS

This study extends the current research on negotiation by demonstrating the applicability of psychological elements into the negotiation performance measurement of an innovative entrepreneur during the launching stage. Findings from this study confirm the significance of innovative entrepreneurs’ concern about their achieved terms, their emotional expression, the negotiation process, and the relationship, as the key negotiation outcome elements throughout the negotiation process in the launching stage. However, the significance of each element is slightly different from previous work under an entrepreneurial perspective. While the studies of Artinger et al. (2015) and Gawell (2014) stated that entrepreneurs, under financial burden, aim to maximize their benefits from negotiating terms and pay major attention to such terms, this study provides a different result. Interestingly, the terms were recorded as not being the innovative entrepreneurs’ major concern after the negotiation process while prior entrepreneurship scholars showed that entrepreneurs’ characteristic is to express the strong desire for personal outcomes (Artinger et al., 2015; Dinnar & Susskind, 2018). The possible explanation for this result relates to the context of the study since this study focus on the launching stage of an innovative entrepreneur, whereas previous studies measured the entrepreneurship characteristics from the general entrepreneurship environment.

In the launching stage of a new product, innovative entrepreneurs focus on strengthening the business foundations such as developing a network with customers, adjusting their business products to get closer to actual customers’ desires, which will create a premise for long-term growth, rather than maximizing the benefits at the current stage (Mukherjee, 2016; Veleva & Bodkin, 2018). This study claimed that the significant level of the self-evaluation about the self as the highest among other identified elements since the way that an innovative entrepreneur approaches the customers was recorded as the most essential determinant for the successful negotiation process. To enhance the negotiation outcomes, the self-image needs to be flexible and close to the customers’ segment to create a better first impression. Communicating an image close to that of the customer is very useful to successfully approach and gaining trust from customers in the initial negotiation process (Meerts & Vuković, 2015). Based on our findings, the self-evaluation about the negotiation process and the relationship with customers are also confirmed as a significant negotiation outcome element. These findings are aligned with the results from studies of Olekalns and Druckman (2014), in which a good negotiator is consistent as one who can control the flow of the negotiation process and persuade the parties to listen to his/her wishes. In terms of success in relationship development, it requires a lot of effort from entrepreneurs from the very early stage of the negotiation process, even from the first approach to the customers. Moreover, the study confirms the significance of self-evaluation on the relationship development element, also suitable for Vietnamese culture, in which long-term orientation strongly exists (Aslani et al., 2016).

Findings from this study also confirmed a set of significant negotiation behaviours of an innovative entrepreneur in the context of launching a new product and explored the influences of each behaviour on negotiation performance. Firstly, this study raised questions about the impact of concerns about personal outcomes on negotiation performance. Expressing concern about personal outcomes has a positive impact on the self-evaluation about the terms. When the bargaining power at the early stage is normally low, it helps innovative entrepreneurs to ensure their least acceptable benefits (Gruber & MacMillan, 2017). However, if the concern about personal outcomes has been over-expressed, it might damage the customers’ sympathy for innovative entrepreneurs. The concern about personal outcomes should be expressed in line with the expression of concern about customers’ outcomes. The balance between the concern about the personal and partners’ outcomes generate an integrative atmosphere and provide a foundation to develop a long-term relationship (Ten Brinke et al., 2015). In the launching stage, concern about others’ benefits does not only facilitate the innovative entrepreneur to sell the new product to a single customer (Haselhuhn et al., 2014) but also helps them in developing a relationship and enhance their business ideas to further align the product to customers’ needs. Furthermore, expressing the concern about customers’ outcomes does not benefit the innovative entrepreneur in a single negotiation process, but it potentially allows them to make use of the current customer’s relationship to approach other potential customers from the same industry. Building a relationship is also recognized as having a positive impact on the negotiation outcome of an innovative entrepreneur in the launching stage, which is consistent with the research of Artinger et al. (2015). Developing a relationship and building trust during an integrative negotiation process are two of the important tactics to successfully reach an agreement and better outcomes (Gawell, 2014).

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Emotional expression is also recorded consistently with previous entrepreneurship negotiation studies (e.g. McMullan and Kenworthy (2015); Artinger et al. (2015)) as showing a positive influence on the negotiation outcome of an innovative entrepreneur. Surprisingly, the type of emotion to be expressed was found in this study to be mainly positive emotions such as being friendly, calm, and patient, whereas, in a previous study, Artinger et al. (2015) suggested that entrepreneurs express negative emotions frequently to put pressure on the other party. The difference might be explained because of the different negotiation contexts between the two studies: a new product launching stage; versus selling known products. Lastly, what is surprising is that, in previous entrepreneurship studies, risk-taking was stated as a behaviour that is involved in almost every activity of an entrepreneur (Bandera et al., 2018; Danso et al., 2016). However, from the results of this study, innovative entrepreneurs under the new product launching context express a preference for safety. Risk-taking was recorded as bringing a negative impact on the negotiation outcome. To explaining this result, it might be because, at the early stage, there is a challenge for innovative entrepreneurs to evaluate the ability of the business accurately, and to calculate the risk level accurately that their business can accept (Herranz et al., 2015; Zhang & Cain, 2017). Excessive risk-taking might lead to damage to the business when it is in an unstable period like the launching stage. Damage may be of several types: financial loss, and also through losing current customers, reputational harm, loss of trust, and eventually losing the opportunity to approach other customers (Cacciotti & Hayton, 2015).

Agreeing with Samuel et al. (2018) which showed that reputation and negotiating with acquainted parties provide the negotiators with a greater chance to achieve their negotiating targets. Findings from this study further support the significance of acquaintance while negotiating. In the launching stage of a new product, selecting acquainted customers provides an advantage for innovative entrepreneurs. Our study confirms this notion that an existing relationship with the potential customer enables the innovative entrepreneur to approach these first customers more easily and makes them feel safer while they gain a better understanding of customers. The known customers are normally more open, which facilitates innovative entrepreneurs to achieve better negotiation outcomes and shorten the negotiation process (Lopez-Fresno et al., 2018). Hence, innovative entrepreneurs need to pay attention to expanding and taking full advantage of their acquaintance networks. Similarly, the innovative entrepreneurs’ reputation has been found to enhance their ability to approach, and in negotiating, and dealing with customers. The impact of reputation has been found with a positive influence on the overall negotiation outcome, with is consistent with the result from previous studies (e.g. Aula and Mantere (2020); Raithel and Schwaiger (2015)).

CONCLUSION

The results from this study showed that innovative entrepreneurs pay attention to improving their reputation in different ways, especially via startup competitions by under 30-year-old innovative entrepreneurs. A possible explanation for this is that, in recent years, the entrepreneurship wave has emerged dramatically, accompanied by an increase in the number of startup competitions and a growing entrepreneurship community. Hence, the young innovative entrepreneurship generation makes use of this advantage to gain and broadcast their reputation about their business and products. On the other hand, older generations, who do not have much opportunity to join startup competitions, usually use their reputation from studying at university to attract potential customers, who could be friends, teachers, or partner-organizations with the university.

LIMITATION AND STUDY FORWARD

This study employed a qualitative research method to gather data from the innovative entrepreneurs’ perspective on the negotiation process during the launching stage. Although qualitative data allows the researcher to exploit an in-depth understanding about the study subjects, it also contains some limitations such as sample size is not high, the interference level from the researcher on the participants can hardly be eliminated. Furthermore, even the relationship between determinants and negotiation outcomes have been explored, the significant level has not been measured quantitatively. Future research could further investigate and contribute to the knowledge of entrepreneurship by examining and measuring the influence ability of the prominent negotiation behaviours on the negotiation outcome quantitatively, through surveys or experiments. Furthermore, this model could be applied and investigated under another stage of innovative entrepreneurs to compare whether there is any difference in the significant level between negotiation behaviours and psychological negotiation outcome elements.

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AUTHORS CONTRIBUTION

Nguyen Nhat Minh is the main author of the paper, whose responsibility for the whole paper development, including idea generation, literature review, collecting data, analysing data, discussions, and editing the paper. Dr. Pham Cong Hiep, as co-author, responsibilities for the literature review, analysing data, and finding discussions. Dr. Nguyen Thi Quynh, as co-author, responsibilities for finding, discussions, and editing the paper. Dr. Phil Smith, as co-author, responsibilities for the finding, discussions, and editing paper.
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