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Functional business valuation – The theoretical foundation of argumentation value and its underlying function

1. Introduction

Carrying out a business valuation requires a task analysis because the enterprise value (firm value, company value) depends on the respective task – in this context also known as purpose or function – which the valuation should support. A company does not only have a specific value for each valuator or, generally, each valuation subject (i.e. the potential investor), but it can – depending on the task – also have quite a different value. Thus, business valuation is always purpose-dependent: It is vital to acknowledge that an “only true” company value and a solely appropriate method for its calculation do not exist. The principle of purpose dependency is the basis of the functional business valuation theory, which originated in Germany. In addition to the principle of purpose dependency, this theory relies on the principle of subjectivity, the principle of future-orientation, and the principle of total valuation (overall rating).

The functional business valuation theory differentiates between main and minor functions (Matschke, Brösel 2011, 2013, 2018 and 2021). The main functions are related to interpersonal conflicts. Therefore, it is about those valuations that are aimed at a change of ownership of the (share of the) company to be valued or at the delimited business units to be assessed (Matschke 1979, p. 17).

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Nevertheless, it does not matter whether the change of ownership is only considered or has actually occurred.

Among the occasions that entail a “change of ownership” are:

- occasions in which a “change of ownership” really occurs (e.g. purchase/sale);
- opportunities where there is “no change of ownership”, but the same ownership (in form of an unchanged circle of shareholders/owners) results in an altered ownership structure with regard to the valuation object (e.g. merger/demerger).

Business valuations in the context of minor functions are those that are not directed toward a change of ownership. Occasions are, for instance, valuations for accounting and taxation purposes, valuations for “value-based” management and control, and valuations in the context of credit analyses. Therefore, minor functions include but are not limited to the credit support function, the management control function, and the standard / statute (law) reading function, the latter of which comprises both the information and the tax base assessment function (Brösel 2006).

On the other side, there are three main functions: the decision function, the arbitration function, and the argumentation function (cf. Figure 1, Matschke, Brösel 2011, p. 13; Matschke, Brösel 2013, p. 52; Matschke, Brösel 2018, p. 14).

The result of a business valuation within the decision function is called the decision value of the enterprise. The term “decision function” considers the purpose of valuation to lay the foundations of rational decision-making for a very specific valuation subject (decision maker, e.g. buyer, seller) in a highly particular decision and conflict situation (e.g. acquisition, divestiture). For a given target system and decision field, the decision value indicates the conditions under which the execution of a particularly scheduled action just does not diminish the level of goal achievement (use value or utility value) attainable without this very action. It refers to all relevant conditions for the agreement between the conflicting parties (so-called conflict resolution relevant issues) and states which (combinations of) characteristics of these issues can still be accepted in the event of an agreement. Therefore, the decision value, which must be considered as the base value or underlying value for all main functions, represents the concession limit of a party in a specific conflict situation, and should hence not become known to the opposite side.

The arbitration value, on the other hand, is the result of a business valuation in the context of the arbitration function (mediation) and is intended to facilitate

or bring about an agreement on the conditions of change of ownership of the valuation object (e.g. the company) between the buyer and the seller. It is a value proposed by an impartial (“neutral”) appraiser/valuator/evaluator, on the basis of which they, as mediators, consider a conflict resolution possible. The arbitration value should be regarded as a compromise that is deemed acceptable for the parties involved and that ultimately safeguards their interests appropriately. Therefore, it is necessary that the appraiser determines the respective supposed decision values of the conflicting parties up front.

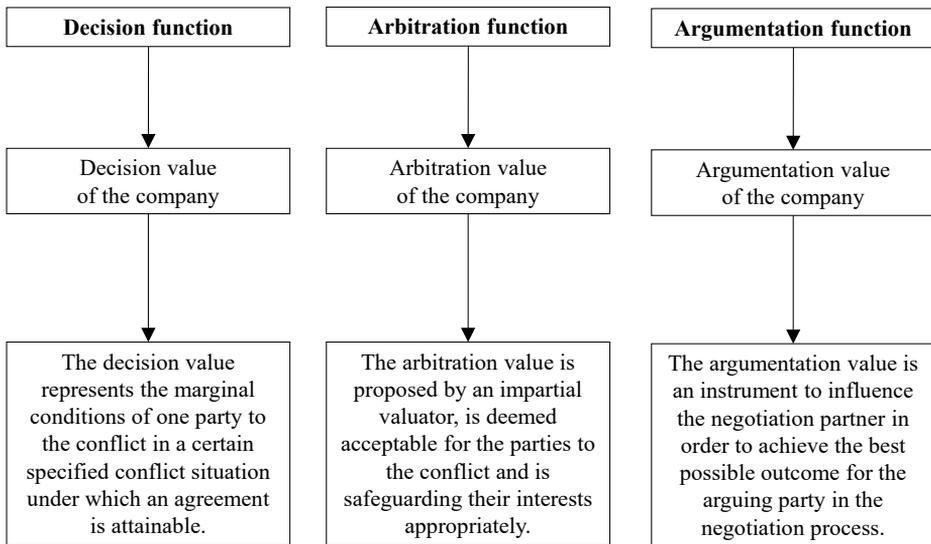


Figure 1. Main functions of functional business valuation

Finally, the argumentation value is the result of a business valuation in the sense of the argumentation function. It is an instrument for influencing the negotiating partner in order to achieve the best possible conflict resolution for the arguer. The argumentation value is thus a partially biased value. More importantly, it cannot be reasonably determined without the knowledge of one’s own decision value and without assumptions about the counterparty’s decision value, because only the relevant decision values allow one party to state which negotiation results are consistent with a rational behavior and should be attained by means of a reasonable argumentation value.

While the arbitration function (mediation) focuses on each conflicting party involved in the contemplation, both the decision and argumentation function are aimed at only one party to the conflict. While the results of the decision function represent confidential self-information (internal orientation in the negotiation process), the results of the argumentation function are information directed to the negotiating partner (external orientation in the negotiation process).

Since the argumentation function has so far been the least penetrated function within the body of research, this function will be dealt with in more detail below. First, a comprehensive definition is given. Second, an overview of the possible applications is presented. Then, conceivable internal and external usages are showcased. After that, the characteristics of the argumentation value are systematized. Finally, the insights will be summarized.

2. Basics of the argumentation value and the argumentation function

2.1. Definition and substance/nature

The argumentation value is the result of a business valuation in the sense of the argumentation function (Matschke 1976; Matschke 1977a; Matschke 1977b; Matschke, Mucheyer 1977; Wagenhofer 1988a; Wagenhofer 1988b; Hafner 1993; Gorny 2002; Hering, Olbrich 2002; Barthel 2004; Brösel 2004; Brösel, Burchert 2004; Hering, Brösel 2004; Barthel 2005; Matschke, Brösel 2008; Olbrich et al. 2009; Matschke et al. 2010; Matschke, Brösel 2011, p. 279; Brösel et al. 2012; Matschke, Brösel 2013, p. 607; Olbrich et al. 2015; Toll, Hering 2017; Follert et al. 2018; Matschke, Brösel 2018, p. 289; Rapp et al. 2018; Follert 2020; Matschke, Brösel 2021, p. 259). The argumentation value does not denote a single value size (Tichy 1994, p. 160), but rather the totality of justifications (arguments) which one negotiating party reveals or makes available with the aim of improving one's own bargaining position or even weakening the position of the negotiating partner and, in turn, ultimately reaching a more favorable negotiation result (Barthel 2005, p. 36; Barthel 2010; Barthel 2011; Frey, Rapp 2011). They represent partisan values, the importance of which within the negotiation manifests itself in the crucial support of the own views and demands with the aim of influencing (Semann 1970) the opposite party (Barthel 2005, p. 33).

The aspect of striving for a change in the behavior of the negotiating party, or at least in their point of view, with the help of a business valuation is an

important reason why the argumentation function has been the least theoretically permeated or accepted main function of a business valuation to date (Eichmann 1992, p. 48). The notion that there are “no general rules for the determination of argumentation values” (Mandl, Rabel 1997, p. 22) might be a little prematurely because a thorough analysis of the argumentation function has not taken place yet. This theoretical neglect is all the more astounding because of the task at hand, to render argumentation aid for and during negotiations, is likely to be practiced commonly. One might venture the assumption that all reports which are presented at the negotiating table by one party were simply made available because the respective party promises themselves additional support in their own bargaining position (Barthel 1990, p. 1147; Barthel 2005, p. 32). Any and all disclosed reports are here understood in the sense of “argumentation values”. Therefore, it is neither recommendable nor useful to anyone to close the “eyes of science” to the complex of influencing the counterparty by partially biased information, and to ignore this area of the business valuation entirely. It is just the way it is that business valuations are used as argumentation aids – this fact must be taken into consideration during negotiations in which business valuations play a key role.

2.2. Overview of possible applications

Usually, a series of arguments is deliberately introduced in the negotiation process, mostly in the form of supposed decision values or presented in the form of seemingly impartial arbitration values. If the negotiation is agreement-seeking, the change of ownership of the company should be realized on conditions that are as far as possible from one’s own concession limit and as close as possible to the suspected concession limit of the opposite party. However, the derivation of appropriate argumentation values requires not only the knowledge of one’s own decision value¹ and an educated guess about the opposing decision value², but also an idea about the desired negotiation result. If negotiators know their own decision values and also recognize them, argumentation values do not provide any “instruments of over-reaching” (Matschke 1976, p. 520).

An argumentation value is always partial which is not necessarily congruent with one-sided. Those who use argumentation values would like to gain benefits that they otherwise would not have reached it at all or at least not so quickly. Conversely, they would like to avoid or mitigate possible disadvantages.

¹ The knowledge of one’s own decision value is particularly important within a constructive argumentation strategy because it is aiming at a compromise on which both parties can easily agree to.

² If a non-dominated conflict situation is agreement-seeking, an area of agreement has to exist. Hence, the decision value of the buyer must be higher than the decision value of the seller.

The negotiating position of a party can be strengthened in several ways:

- Arguments may be provided that allow the other negotiating party to make concessions or to agree to a specific negotiation outcome.
- The negotiating party may also receive information by which:
 - arguments of the opposing side of the negotiation are invalidated,
 - offers of negotiations are rejected for obvious reasons,
 - offers of negotiations may be modified in a manner favorable to one's own benefit.

Besides, in order to be able to influence the opposing party and thereby to alter the negotiation result, influencing the impartial expert (e.g. valuator) or the courts may also be advisable (Barthel 2010, p. 2236). The usage of argumentation values is not limited to the actual negotiation process with the counterparty, e.g. the buying and selling of a company, but can also be deployed in negotiation-tactical intention in the preliminary and subsequent negotiations between internal conflicts parties (Coenenberg, Sieben 1976, p. 4076; Matschke 1977a, p. 91; Born 2003, p. 24). After the actual negotiation, it is conceivable that argumentation values are required, for instance, to justify a business acquisition or the termination of a negotiation process, respectively, to the supervisory bodies or the shareholders.

As far as the use in the run-up to the actual negotiation is concerned, this assumes one multi-level decision maker. Argumentation values can then serve to communicate and to gain better acceptance with higher level decision makers (such as the group management) or within a decision-making body (such as within the board of directors). Moreover, they might be useful to induce those high-level decision makers – from the point of view of the arguer – to the desired decision, such as commencing negotiations or acquiring a business.

In addition to this decision influencing, business valuations may also have the purpose of delimitation of responsibilities in in-house negotiation processes. On the one hand, it may be intended to distribute the responsibility for a potentially wrong decision at an early stage on as many shoulders as possible, so that the own future bargaining position is affected as little as possible by a false decision that was backed or even initiated (sharing of responsibility). On the other hand, it could be that particularly those, who originally forced the acquisition of a property and after an acquisition also have to assume the line responsibility for this object of purchase, already took precautions for this eventuality during the advocating business valuation, so that their subsequent activity is not burdened from the outset with “a mortgage difficult to redeem” (passing on of responsibility). Figure 2 summarizes some application possibilities of argumentation values (Barthel 2005, p. 37; Matschke, Brösel 2011, p. 283; Matschke, Brösel 2011, p. 613; Matschke, Brösel 2018, p. 293; Matschke, Brösel 2021, p. 263).

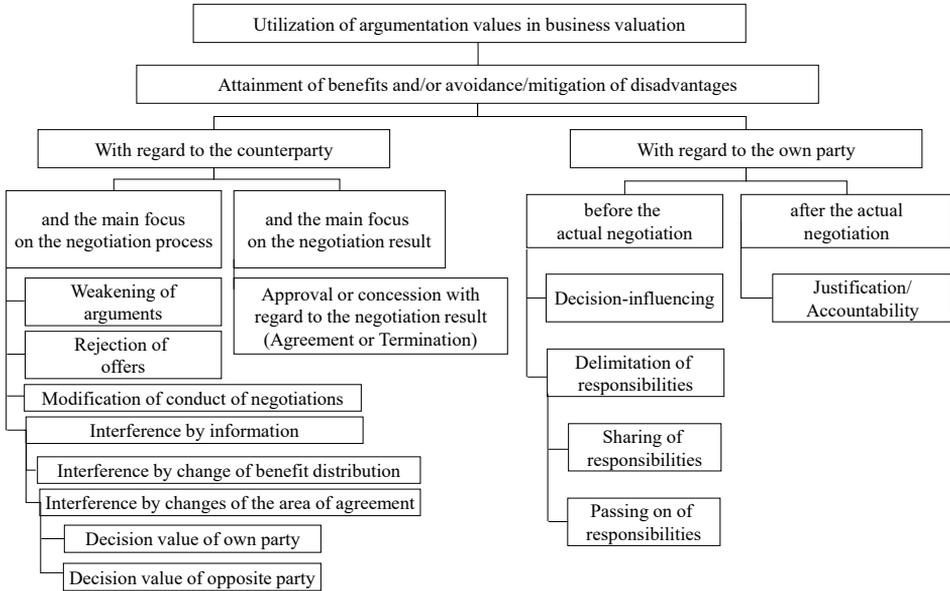


Figure 2. Utilization of argumentation values in business valuation

2.3. Internal usage of argumentation values

Now, let's consider the aspect of the delimitation of responsibility which is related to one's own party to the conflict and precedes the external conflict. Point of departure for an argumentative business valuation for the passing on of responsibility might be the valuation relevant success (economic benefit) of the company to be evaluated for the valuation subject. Success is here in the sense of (accounting) profit and for reasons of simplification it is assumed that the profit is fully and immediately available to the buyer company. Figure 3 (Matschke 1977a; Matschke, Brösel 2011, p. 284; Matschke, Brösel 2011, p. 614; Matschke, Brösel 2018, p. 294; Matschke, Brösel 2021, p. 264) showcases three different representations for the same issue, whereby each time the entire valuation-relevant profit contribution of the object of purchase from the point of view of the buying company (the valuation subject) is addressed, which was estimated to its full extent in a realistic manner and without any intention of manipulation. In the future, the object of purchase will continue to be legally independent from the buying company as a wholly owned subsidiary, but economically managed as an integral part of the newly expanded company.

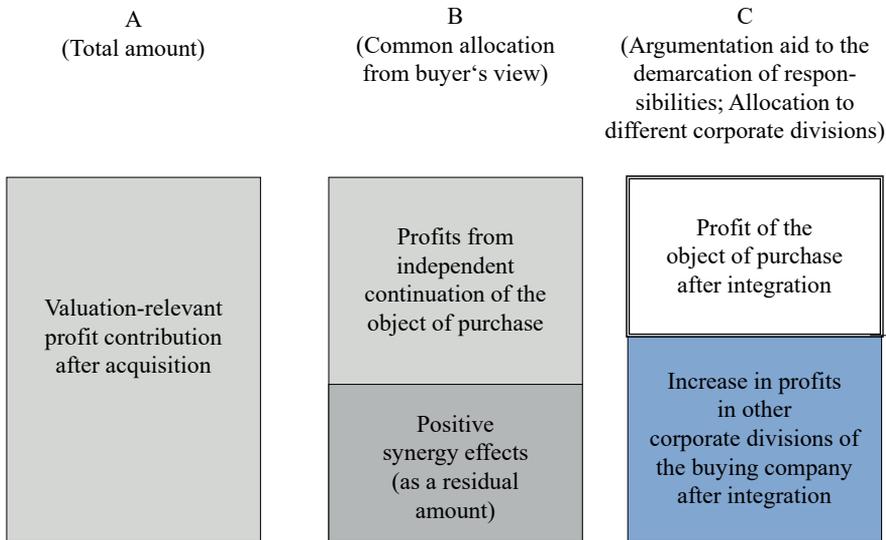


Figure 3. Allocation of the valuation-relevant profit contribution considering an internal demarcation of responsibilities

In representation A, the valuation-relevant profit contribution is reported as a total amount. In representation B, it is composed of two values. On the one hand, one amount is expected from the company in the case of independent continuation of the purchase object by the buyer company. On the other hand, there is a supposed increase of profits as a result of economies of scope (synergy effects) after the acquisition and integration of the object of purchase. Representation B corresponds to a usual allocation and procedure for the profit estimation for business valuations. The representations A and B are completely sufficient if it were only a question of determining the appropriate decision value from the point of view of the buyer company with an assumed profit objective. However, if the business valuation should also be used as an internal argumentation aid to delimitate later responsibilities, both representation A and representation B are not very expedient, because, for instance, representation B does not clearly show whether the supposed profit increase is to be expected in the object of purchase itself or in other areas of the buyer company.

As an argumentation aid to the demarcation of responsibility (in the sense of a transfer of responsibility) for a later profit realization, representation C is rather suitable. There, the entire valuation-relevant profit contribution is allocated to different corporate divisions in which it is created and reported. If those responsible

for the business valuation should also bear responsibility for that purchase object after the actual acquisition, their immediate responsibility is limited to the profit in the amount of the double-framed area. This profit could – within an overall realistic estimate – then be valued rather pessimistically by them, whereas the expected increase in profits in other divisions of the buyer company would likely be fairly optimistic. That way, the internal arguers could try to reach both their desired acquisition of the object of purchase and an extensive passing on of responsibility for later profit realizations.

2.4. External usage of argumentation values

However, it is not likely that the company-internal decision-influencing and also the internal delimitation of responsibilities are at the center of attention of the argumentative use of business valuations, but rather the negotiations with company externals (the counterparty) instead. In such negotiations, conditions are specified under which the intended change of ownership of the company to be valued should be executed. In the case of a purchase/sale, it is particularly the amount of the price payable that will be the subject of negotiation, whereas in the case of merger/demerger, the distribution of property rights (e.g. shares) will likely play the most prominent role between the parties.

A business valuation as an argumentation aid would be dispensable in such negotiations, for example, if the parties in a buying/selling constellation would float their respective purchase/selling offers unfoundedly and an agreement would ultimately come about on a mere sequence of price concessions on both sides. In such a case, it would be sufficient for a rational negotiation of the parties that they know and also follow their respective decision values. The buyer must know how much he can pay at the maximum, the seller how much he must at least claim. Figure 4 explains the negotiation situation just described, in which a company valuation is dispensable as an argumentation aid because the agreement results from a mere sequence of unfounded price offers. The continuous presentation was chosen for reasons of simplification (Matschke 1969, p. 60).

On the abscissa, the duration of the negotiation is plotted, whereas on the ordinate the result of the negotiation is displayed. The price claims of the seller become lower as negotiations last longer, while the price offers of the buyer will likely increase. After a certain time of negotiation, demand and offer will (hopefully) match. Both parties have agreed on a certain price. This price is acceptable from the point of view of both parties because it is both below the price ceiling of the buyer (P_{max}) as well as above the bottom price (P_{min}) of the seller. However, during the negotiation process the parties only know their respective decision limit.

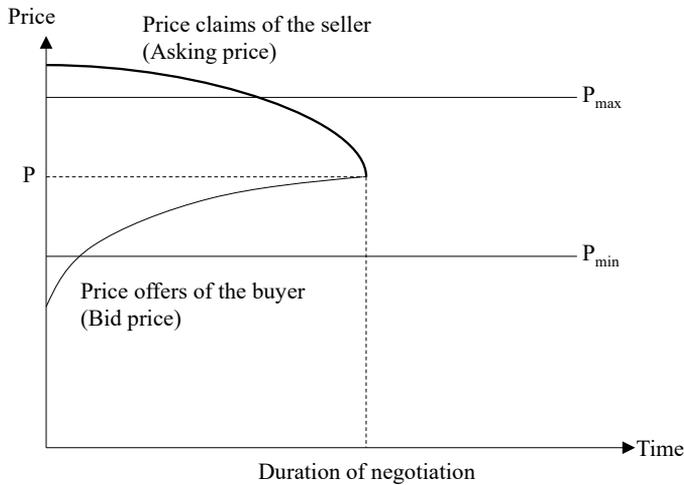


Figure 4. Negotiation as a mere sequence of price claims

The negotiation situation, which is depicted in Figure 4 in the manner of an “oriental bazaar”, seems to apply for “negotiations” about the price of a company rather only in exceptional cases, for instance, in M&A auctions. For conflict resolution processes when buying/selling a company, it is rather characteristic (Matschke 1977a, p. 95) that

- the parties justify their offers based on business valuation results;
- The agreement is less directly reached by direct price concessions rather than by a **cooperative search** (Barthel 2005, p. 34) for the “right” parameters of a business valuation in the context of a particular business valuation method, the application of which the conflicting parties have agreed upon;
- the concessions of the parties particularly refer to those valuation parameters.

In such negotiation situations, the own decision value for the respective party does not represent a sufficient basis for negotiations, because on the basis of the own decision value a party shouldn’t argue if they do not want their bargaining position weakened decisively. Therefore, the parties in reality have to cope with the problem how to justify their offers as convincingly and as less vulnerably as possible on the one hand, while simultaneously trying to impede or even prevent inferences with regard to their own decision value based on the presented justification.

In order to solve this problem, the parties resort to argumentation values of the company. Thus, they might also be regarded as communication media (Kußmaul 1996, p. 267) in order to ultimately bridge the existing conflicts of interest, e.g. the price level, between buyer and seller and to reach an agreement.

At this point, it is even hypothesized that argumentation values are accepted by the conflicting parties as part of the laws of the game of a purchase negotiation and that they – despite their apparent intention to influence – do not constitute any instruments of overreaching as long as the parties know and honor their own decision value in the negotiation process.

As far as the intention to influence is concerned, the following differentiation seems appropriate: there is an argument with regard to the distribution of benefits within the assumed agreement area and/or there is an argument with respect to influencing that assumed agreement area.

The argumentation values used in the first case are means to separate as much as possible from the suspected, realizable advantage in the amount of the difference between ceiling price and bottom price. For this purpose, for example, argumentation values, which lie in the vicinity of the presumed decision value of the counterparty, might be introduced in the negotiation in order to underpin corresponding price claims. It is part of a thorough negotiation preparation that the decision-making situation of the opposite side is analyzed, their interests are ideally fully recognized, and their concession limit(s) are estimated. Such argumentation values have, for reasons of credibility and also for its usefulness as an instrument of influence, to be construed realistically and must not show up as “exorbitant prices”, because who thinks that one could impress the negotiation partner on the basis of unilateral arguments, which are translated into an obviously unrealistic value (Born 2003, p. 25), is likely to be severely misled.

But the intention to influence can also – as the second case expresses – be aimed at changing the area of agreement itself in a way that is beneficial for the own negotiation strategy, be it in a rather **manipulative intent** with regard to a shift of the area of agreement toward the suspected decision value of the counter side, or be it more in a **cooperative intention** to create an agreement area or to expand an already existing one and thereby enlarge the potential benefits for both parties in case of an agreement (Barthel 2005, p. 34).

The cooperative use of argumentation values is particularly significant. For example, it may appear that information about the argumentation value is communicated to the negotiating partner which is suitable to expand an existing agreement area. But the information could also create the prerequisites for an agreement by prompting the negotiating partner to a revision of its own decision value which proves favorable in terms of agreement-seeking endeavors. For instance, the seller could point the buyer to integration options, which the buyer has not yet perceived and which also would allow a rise of the maximum payable price so that a previously rather unacceptable price claim of the seller would become more acceptable (Semann 1970, p. 143).

In the context of considering the argumentation function of business valuation, it is therefore not recommended to start from the assumption of the less

expedient picture of the negotiation as an “overreaching event”, but rather of the positively connoted image of the negotiation as a “cooperative benefit enhancement event”. With regard to the latter point of view, the joint creation and the aligned perception of additional benefits are occupying the center stage of negotiation efforts. In this way, the always given conflict of interest between the negotiating parties – because of the distribution of benefits – can be mitigated, less stressed and hence also bridged more likely. To negotiate creatively means to discover differences and to coordinate those in such a way that cooperation profits (benefits/gains) arise (Siebe 1996, p. 206). In this sense, argumentation values should be introduced in the negotiation process.

3. Characteristics of argumentation values

3.1. Overview

Hereinafter, the numerous properties of argumentation values are summarized and systematized. These are attributable to three main features, the feature of camouflage, the feature of party orientation, and the feature of conflict solution orientation. Figure 5 shows a possible systematization of the properties of the argumentation value based on Brösel (2004, p. 518).

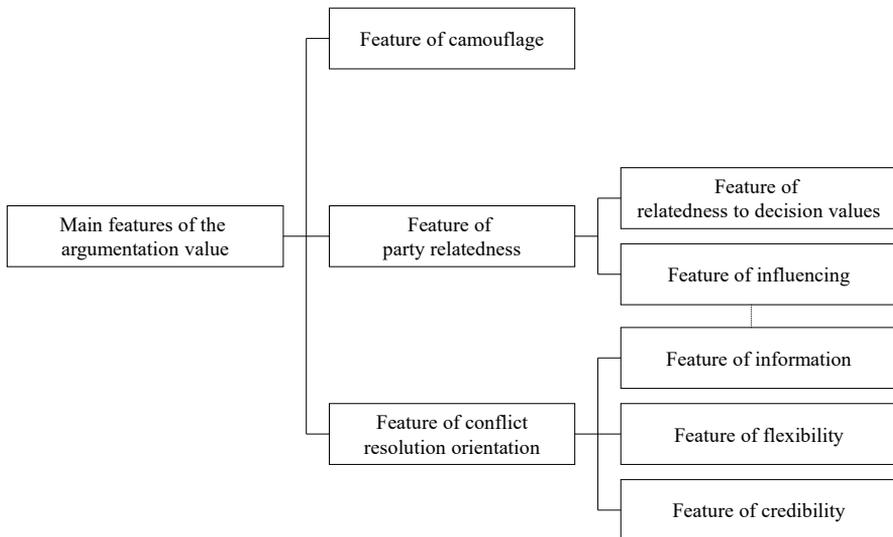


Figure 5. Main characteristics of argumentation values

3.2. Feature of camouflage

Since argumentation values are not introduced in a negotiation in their proper form, but rather as supposed or ostensible decision or arbitration values, the characteristic of camouflage applies to them. True, it is part of the mimicry of the argumentation value that it denies its genuine character (Matschke 1977a, p. 102). Attention should be paid to the fact that depending on the justification of bids and offers, the drawing of conclusions about the decision value of the arguing party might be complicated or even hindered entirely.

3.3. Feature of party orientation and characteristics derived thereof

According to the feature of party orientation, argumentation values are values of one negotiation side, designed to a specific negotiating situation and thus to a concrete negotiating partner, and should invigorate the bargaining position in the negotiation process (Matschke 1977a, p. 91).

Consequences of this main property are the feature of relation to decision values and the feature of influencing. The latter states that with the help of the argumentation function of the business valuation a change in behavior of the negotiation partner is sought. That party should be induced by argumentation values to even consciously concede certain conflict resolution issues or desired negotiation results.

The feature of relatedness to decision values aims at two directions. On the one hand, one's own decision value is the last line of retreat for the argumentation value (Coenenberg, Sieben 1976, col. 4076; Coenenberg 1992, p. 92). Hence, by presenting argumentation values in the negotiation neither the own decision value should be announced, nor should the opposite side be enabled to draw valuable conclusions about it. On the other hand, argumentation values should be directed toward the alleged decision value of the counterparty (Matschke 1976, p. 521; Gorny 2002, p. 156; Born 2003, p. 24).

3.4. Feature of conflict resolution orientation and characteristics derived thereof

The feature of conflict resolution orientation comes into play by the fact that argumentation values are usually introduced to the negotiation with the purpose to reach an agreement or non-agreement (Gorny 2002, p. 11; Ballwieser, Hachmeister 2016, p. 2) with regard to a change of ownership of the valuation object (i.e. the company).

Since argumentation values are usually not equivalent to price quotations that are simply floated arbitrarily, but represent well-founded price notions instead, they serve to bridge the existing conflicts of interest between the negotiation partners, especially with regard to the price level or also other parameters, and finally to achieve a conflict resolution. This can be done by a cooperative search for conflict resolution relevant issues supported by argumentation values and a subsequent agreement on corresponding characteristics of these parameters (Matschke 1977a, p. 96). The conflict resolution orientation is reflected in the subordinate features of information, flexibility, and credibility.

The feature of information distinguishes the argumentation values because the negotiating parties try to justify their offers with these values (Matschke 1977a, p. 96). As a result, the negotiating partner gains information about the asking price of the other party and may also possibly infer the negotiating tactics chosen by that party. Furthermore, the negotiating partners might be able to gain previously unknown information about the valuation object from the use of both external and internal argumentation values – in particular, if they are introduced into the process as arbitration values by “independent” appraisers/valuators (Matschke 1976, p. 521). With the use of argumentation values – like already presented – information can also be deliberately “leaked” to the negotiating partner to expand the presumed range of agreement, i.e. the difference between one’s own decision value and the alleged decision value of the counterparty, particularly by an intended correction of the decision value of the other party to the conflict (Matschke 1977a, p. 98). This shows the close connection of the feature of information with the characteristic of influencing.

On the one hand, the feature of flexibility describes the ability of argumentation values to take into account newly obtained information and intermediate results of the negotiation (Sieben 1993, p. 4319). On the other hand, within the context of the argumentation function the applied valuation methods should be both easy to manage and be customizable because these methods allow several starting points for an argument, especially in order to not appear untrustworthy to the negotiating partner. This emphasizes the close link to the feature of credibility discussed below (Coenenberg, Sieben 1976, col. 4076; Coenenberg 1992, p. 92).

Eventually, an argumentation value only proves to be useful if the feature of credibility applies (Coenenberg, Sieben 1976, col. 4076; Coenenberg 1992, p. 92; Sieben 1993, p. 4319; Barthel 2004, p. 409; Barthel 2006; Barthel 2009, p. 1030; Knackstedt 2019, p. 224). Hence, argumentation values should represent convincing, less vulnerable, “realistic” values, the determination of which is tolerated and will ultimately be accepted as a substantiated offer (Matschke 1977a, p. 97).

With regard to the renown of the profession of certified public accountants (external auditors), their prepared valuation reports are quite suited as long as the negotiating partner doesn't realize their limited usability for decision purposes. Thus, the valuation reports of auditors are used as argumentation values if it is beneficial for the conflicting parties, because basically it can be assumed that the facts and figures of the report have not been put together with the intent to deceive or even to defraud (Matschke 1976, p. 521).

4. Conclusions

Both the argumentation function and argumentation values are considerably versatile. Although both have still not received a sufficiently broad theoretical acceptance in research, the argumentation function is most likely to be the by far most utilized function in the practice of business valuation so that calculated or otherwise determined enterprise values have typically to be classified as argumentation values. Nonetheless, the present article could successfully demonstrate that both the argumentation function and argumentation values are theoretically well-founded.

On the one hand, argumentation values are used in negotiations with a conflicting party in which an agreement on the transaction of a company is sought. Argumentation values should primarily be employed to influence the negotiation result, but they can influence the negotiation process, too.

On the other hand, argumentation values can also be introduced within a company. This can be done before the actual negotiation starts in order to ensure a desired decision of the superiors, e.g. management, or to achieve an early limitation and distribution of the responsibilities. Furthermore, its application is conceivable after the negotiation is concluded in order to better justify the transaction in retrospect.

Argumentation values must fulfill the feature of camouflage, the feature of party-relatedness, and the feature of conflict resolution orientation in order to be usable in the sense of the argumentation function. Note that the characteristic of camouflage is the essential component because argumentation values are disclosed, but regularly stated as decision values.

In practice, the concrete determination of the argumentation value both in Germany and in the USA might chiefly take place by means of applying DCF methods, in particular the WACC approach including the CAPM to calculate the cost of equity. By utilizing these popular "objectifying" methods, parties to the conflict can press their point of view particularly well in negotiations, as long as

they are capable of using and of interpreting both the techniques and the calculated results to their own advantage.

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