

# “I can’t pay more” versus “It’s not worth more”: Divergent effects of constraint and disparagement rationales in negotiations



Alice J. Lee\*, Daniel R. Ames

Columbia Business School, Columbia University, United States

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## ABSTRACT

Past research paints a mixed picture of rationales in negotiations: Some findings suggest rationales might help, whereas others suggest they may have little effect or backfire. Here, we distinguish between two kinds of rationales buyers commonly employ – constraint rationales (referring to one's own limited resources) and disparagement rationales (involving critiques of the negotiated object) – and demonstrate their divergent effects. Across four studies, we examined spontaneous rationales and manipulated rationale content, finding that constraint rationales have more positive effects on instrumental (e.g., counteroffers) and relational (e.g., trust) outcomes than disparagement rationales. Mediation analyses suggest constraint, but not disparagement, rationales are taken by sellers as signaling a buyer's limit. We also demonstrate a role for information, showing that the divergence between these rationales' effects is attenuated when the seller has little information about their object's value. Overall, our results show how and why rationales can help or hurt negotiators.

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## 1. Introduction

From formal negotiations to casual bargaining, from persuasive appeals to requests for help, social exchange often proceeds with one party proposing terms followed by their counterpart responding with an offer of their own. Over the past few decades, a tremendous amount of scholarship has examined numerical aspects of these offers and counteroffers, including the impact of their extremity and precision on settlement terms and impasses (e.g., Ames & Mason, 2015; Galinsky & Mussweiler, 2001; Mason, Lee, Wiley, & Ames, 2013; Neale & Northcraft, 1991; Schweinsberg, Ku, Wang, & Pillutla, 2012). The cumulative evidence is clear: numbers matter. What is far less clear is whether and how the rationales accompanying these numbers might also matter. Practice-oriented guides to negotiation often encourage bargainers to employ rationales (e.g., Malhotra & Bazerman, 2007), yet some research finds that, for a variety of reasons, the justifications surrounding offers may not matter much (e.g., Friedland, 1983). Other studies have suggested that offer-makers' accounts tend to backfire, leading to worse outcomes than no rationale at all (e.g., Maaravi, Ganzach, & Pazy, 2011; Rubin, Brockner, Eckenrode, Enright, & Johnson-George, 1980). As a result, a number of impor-

tant questions remain unanswered, including: When and why do negotiators' rationales hurt them? And can rationales ever yield benefits?

The present work addresses these questions. We believe one reason for seemingly divergent results in past work is that scholars have not fully distinguished between different *kinds* of rationales. We embrace a distinction between two particular rationales that we show are commonly employed by buyers in negotiations: *constraint* rationales, which focus on limitations in a buyer's own situation (e.g., “I don't have the resources to offer more”), and *disparagement* rationales, which focus on the quality and shortcomings of what the seller is offering (e.g., “What you're selling isn't worth any more”). We argue that disparagement rationales, despite their widespread use, often backfire whereas constraint rationales often yield some benefits. We also consider whether this difference is due to an information value mechanism, which suggests that the divergence might flow from sellers typically taking constraint rationales, but not disparagement rationales, as a signal of the buyer's limit. We explore a boundary related to this mechanism by manipulating how much background information sellers have, gauging whether sellers are more swayed by disparagement rationales when they are relatively uninformed.

This research has potential practical implications. If our predictions are supported, the results would suggest that negotiators should think twice before using a very common tactic (disparagement). This research also has the potential to advance scholarship

\* Corresponding author at: Columbia Business School, 3022 Broadway, New York, NY 10027, United States.

E-mail address: [alice.lee@columbia.edu](mailto:alice.lee@columbia.edu) (A.J. Lee).

on negotiation and social exchange more generally. If our account is borne out, our evidence would combine with other emerging work on account-giving and framing (e.g., Bhatia, Chow, & Weingart, 2017; Bowles & Babcock, 2013; Trötschel, Loschelder, Höhne, & Majer, 2015) to invite scholars to look beyond how much people ask for and shed new light on how they ask for it.

### 1.1. Why these rationales?

Our argument and evidence revolve around two kinds of rationale content buyers may employ: disparagement and constraint. In the sections that follow, we define and describe these constructs in more detail, but we begin with a few general points about our motivation for using these constructs in our research. We are not attempting to provide an exhaustive taxonomy of rationale content. Buyers certainly use other kinds of rationales—and sellers clearly employ their own arguments as well. Our emphasis on these two kinds of buyer rationales comes in part from our own experience observing negotiations and teaching developing negotiators, which indicates to us that these rationales are not only commonly-used but often have divergent effects. We also note that these rationales parallel a distinction in the account-giving literature between justifications and excuses, something we describe further in the sections that follow (cf Shaw, Wild, & Colquitt, 2003). Our hope is that the argument and evidence we offer here will encourage scholars to (a) see this particular comparison between disparagement and constraint rationales as meaningful and worthwhile, (b) draw on the account-giving literature and work in other relevant areas to deepen our understanding of negotiation dynamics, and (c) go further in identifying other kinds of rationale content and how they play out in negotiations.

### 1.2. Disparagement rationales

Disparagement is a frequently-used bargaining tactic in which a buyer critiques an object<sup>1</sup> under negotiation or highlight its shortcomings (e.g., “This car has a dent and lacks a sunroof . . .”) to justify their devaluation of a seller’s offer (e.g., “. . . thus, the car is not worth as much as you are asking for.”). This kind of proposition is similar to justifications as studied in the account-giving literature. In that tradition of work, scholars often define justifications as explanations that seek to challenge and alter the audience’s assessment of an act or situation, in part by minimizing the act or situation’s importance and by framing behaviors and outcomes as normal or expected under the circumstances (e.g., Schlenker & Weigold, 1992; Shaw et al., 2003; Sitkin & Bies, 1993). In a negotiation context, a buyer’s markedly lower counteroffer in the wake of a seller’s proposal could be seen as an affront or inappropriate. However, a buyer could attempt to justify this by challenging the seller’s evaluation and claiming that their counteroffer is appropriate given the worth of the object under negotiation.

Disparagement rationales appear to be very commonly used by buyers in negotiations. In one recent study of real-world negotiations, some 60% of those who self-identified as buyers indicated that they used disparagement in pursuit of a better deal (Ames & Wazlawek, 2014; Study 2). In our own work, we have videotaped developing professionals engaged in roleplay negotiations, coding the videos for use of disparagement rationales (Fig. 1; see Study 1 for details). Our coding revealed that over 95% of buyers used disparagement, with the majority of buyers engaging in disparagement multiple times during the exchange.

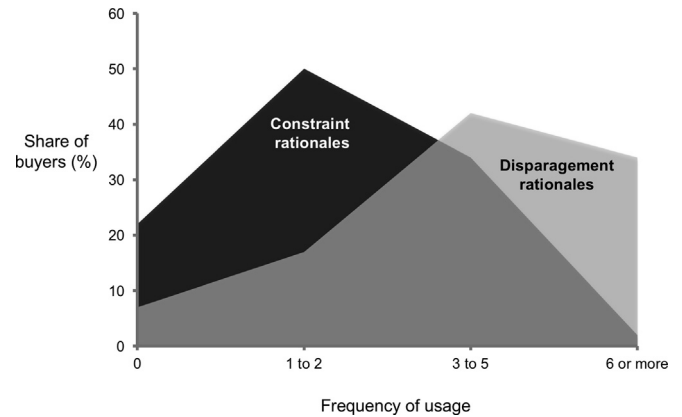


Fig. 1. Frequency with which buyers employed constraint rationales and disparagement rationales, Study 1.

If such sizable shares of negotiators use disparagement rationales, perhaps these accounts are often effective. One route through which they could have a benefit is by disambiguating the value of the object for the seller. Bargainers often have incomplete information and seek to better understand the plausible value of objects under negotiation. It is possible that a buyer’s critique of an object could cause the seller to recognize the object’s shortcomings and reappraise the object’s value downward, a kind of learning effect.

Having acknowledged reasons why disparagement could yield benefits, we turn to what we see as even more compelling reasons to expect that disparagement may often do more harm than good. First, we see sellers as unlikely to “learn” from buyers’ critiques. Individuals often recognize situations in which a counterpart is attempting to influence or manipulate them (Friestad & Wright, 1994). If a seller thinks that a buyer is trying to secure attractive deal terms by explicitly disparaging an object under negotiation, they might dismiss or even resent these arguments and react defensively by making more aggressive counteroffers. This reaction may be strongest when sellers have some amount of independent information (e.g., about the worth of the object under negotiation, about comparables, etc.), and thus, confidence in their valuation of the object.

In sum, while there may be reasons to think that disparagement rationales could yield benefits for the many buyers who use them, our experience in observing negotiations and teaching developing negotiators leads us to expect that disparagement rationales often run risks of damaging both instrumental and relationship outcomes.

### 1.3. Constraint rationales

Constraint rationales explain a buyer’s inability to meet the seller’s offer (e.g., “I cannot pay the price you are asking for the car . . .”) in terms of the buyer’s limitations or bounded resources that are outside of their control (e.g., “. . . because my budget is strictly limited by my insurance payout”). This kind of proposition is similar to excuses as studied in the account-giving literature. In that tradition of work, scholars often define excuses as explanations in which a person admits that an act is harmful or counter-normative in some fashion but denies full responsibility for it (e.g., Shaw et al., 2003). Whereas someone offering a justification indicates they “should not” have done otherwise, someone offering an excuse indicates they “could not” have done otherwise. In a negotiation context, a buyer may acknowledge that their markedly ungenerous counteroffer to a seller is lower than appropriate but

<sup>1</sup> We used the shorthand “object” to refer to whatever a seller may be offering in a negotiation, but our claims are not restricted to situations where the negotiation is over a physical object. Indeed, in Study 3, we focus on a situation where a seller is offering a service.

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