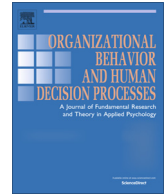




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Negotiation



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ABSTRACT

Negotiation has been an important area of research within organizational behavior and management science for the past 50 years. In this review, we adapt Brett's model of culture and negotiation (Brett, 2000) and use it as an organizing guide to examine the factors that research has shown to affect 3 key measures, namely: negotiators' interests and priorities, strategies and social interactions, and outcomes. Specifically, the model focuses on psychological factors including cognitions and biases, personality, motivation, emotions and inclination to trust; and social-environmental factors including reputation and relationship, gender, power and status, and culture. We conclude with a discussion of how future directions might address some of the limitations of current research.

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1. Introduction

Negotiation has been an important field of study within organizational behavior and management science since the publication of Walton and McKersie's (1965) book, *A behavioral theory of labor relations*, which provided in-depth descriptions of two different strategic approaches to negotiation in behavioral terms. Walton and McKersie (1965), themselves, were influenced by the newly emerging field of game theory (Luce & Raiffa, 1957). The game theory perspective can be seen in the pervasive focus on understanding deviations from rational negotiation outcomes. It was largely Pruitt (1981) and his students during the 1970s who brought the social psychological perspective and its rigorous experimental methods to negotiation research.

In this review, we adapt Brett's model of culture and negotiation as an organizing guide for our examination of the literature (Brett, 2000). According to the model, negotiators' interests and priorities affect the potential value of their joint gains. Negotiators' strategies affect the nature of the interaction between the parties. How well the negotiated outcome captures the potential value of the negotiators' joint gains depends on the nature of their interaction. Although Brett's model was developed to examine inter-cultural negotiations, it also can be used to organize and examine the research on negotiation more broadly. Much of this research addresses factors that negotiators bring to negotiation and that affect their interests and priorities and or use of negotiation strategy, thereby affecting the

nature of the interaction at the negotiation table. Specifically, we focus on psychological factors including: cognitions and biases, personality, motivation, emotions, inclination to trust; and on social-environmental factors including: reputation and relationship, gender, power and status, culture. We begin by reviewing the research on negotiation strategy. We then turn to the research on psychological and social-environmental factors that influence negotiators' interests and priorities and use of strategy.

We pay special attention to the research that launched each area and then examine how the area has advanced. This is not a comprehensive, but a selective review. We focus on two-party negotiations in which people communicate and voluntarily choose to reach terms, what Nash (1950) referred to as cooperative negotiations. We do not review research on social and prisoner's dilemmas, trust, ultimatum, or dictator games. However, we largely focus on empirical research that uses scoreable simulations in experimental designs. We conclude with a discussion of how future directions might address some of the limitations of current research.

2. A model of negotiation

Our adapted version of Brett's (2000) model of how culture affects negotiation is in Fig. 1. The key concepts in her model are negotiators' interests and priorities that together determine the outcome potential, and negotiators' strategies that affect the negotiation process by which negotiators either capture the outcome potential or leave potential value on the table. Interests are the motives, concerns, underlying negotiators' positions (Fisher & Ury, 1981). Priorities reflect what is more and less important to

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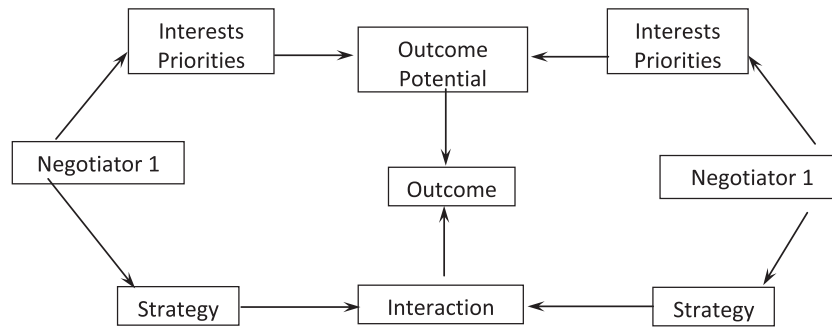


Fig. 1. A model of negotiated outcomes. Source: Adapted from Brett (2000).

negotiators (Lax & Sebenius, 1986). Negotiation strategy is the goal-directed behaviors that people use to try to reach agreement (Weingart, Thompson, Bazerman, & Carroll, 1990). Much of the negotiation research over the past 50 years can be seen through the lens of factors that affect negotiation outcomes through their effects on negotiators' interests and priorities and strategies. We review research on negotiators' cognitions and biases; their social motivations and emotions; trust; personality; gender; reputation, power and status; and culture.

We begin our review with the research on negotiation strategy and then turn to the psychological and sociological factors that affect negotiators' strategies as well their interests and priorities at the negotiation table.

3. Negotiation strategy

Walton and McKersie (1965) described two different negotiation strategies: distributive strategy, which refers to the behaviors negotiators use when they are focused on claiming as much value as possible for themselves; and integrative strategy, which refers to behaviors negotiators use when they are focused on creating value and claiming value. Weingart et al. (1990) operationalized these two different strategies by coding transcripts of negotiations. They had three major findings. (1) Distributive (claiming) strategy consists primarily of attempts to influence the counterpart to make concessions by using threats and emotional appeals, and single issue offers. (2) Integrative (creating) strategy consists primarily of sharing information about interests and priorities and then fashioning tradeoffs (logrolling) to generate high joint gains. Subsequent research revealed that many negotiators generate high joint gains by consolidating information about interests and priorities that they gain during the first half of the negotiation into multi-issue offers that incorporate trade-offs in the second half of the negotiation (Adair & Brett, 2005; Liu & Wilson, 2011; Olekalns & Smith, 2000). (3) Negotiators primarily using distributive strategy claim more value than those who engage in less distributive strategy, but typically fail to identify tradeoffs that would have created value. Negotiators primarily using integrative strategy create more value than negotiators primarily using distributive strategy. A recent meta-analysis of 18 studies of negotiation strategy confirms these findings (Kong, Dirks, & Ferrin, 2014).

3.1. Distributive strategy

Scholars have described three different distributive strategies: take-it-or-leave-it, objective or fair standards, and first offers and bargaining. Harnett and Cummings (1980) documented the take-it-or-leave-it distributive strategy, also called Boulwarism. They found that in Europe, the U.S., and East Asia, negotiators faced with opening offers framed as take-it-or-leave-it typically rejected such

offers even when the offer was better than their best alternative. Objective standards, as described by Fisher, Ury, and Patton (2011) refer to comparisons a negotiator might use to justify the fairness of his offer. Objective standards are a distributive strategy because the intent is to influence the counterpart to make concessions. Objective standards have been studied indirectly by scholars who measure or code the use of influence in negotiations (e.g., Adair & Brett, 2005; Gunia, Brett, Nandkeolyar, & Kamdar, 2011; Weingart et al., 1990).

The most influential research on distributive strategy is a series of studies by Galinsky and colleagues (Galinsky & Mussweiler, 2001; Gunia, Swaab, Sivanathan, & Galinsky, 2013) on the anchoring effect of first offers used in bargaining strategy. Bargaining strategy follows the principle of start high/low depending on your role and concede only enough to avoid impasse. First offers, whether in a single or multiple issue negotiation, strongly influence the ultimate outcome, because the counterpart "anchors" on the opening offer. The underlying psychological reason for the first offer advantage is that counterparts insufficiently adjust for the strategic, self-interested positioning of the first offer.

3.2. Integrative strategy

Walton and McKersie (1965) described a single strategy for capturing the value that is potential in the differences in negotiators' interests and priorities. Pruitt (1981), in contrast, described three different integrative strategies for joint gains in negotiations, which he called explicit information exchange, implicit information exchange, and heuristic trial and error. Explicit information sharing consists of an exchange of questions and answers that generate insight (Thompson, 1991; Thompson & Hastie, 1990) about negotiators' interests (motives concerns Fisher et al., 2011) and priorities (value of options under consideration, Walton & McKersie, 1965). This set of strategic behaviors has been shown in study after study, in culture after culture, as the simplest route to joint gains (Brett, 2014).

The idea of using implicit information exchange and heuristic trial and error as integrative strategies has been much less studied than explicit information sharing. Pruitt (1981) noticed in a study in which limits were high and trust was low, that negotiators tended to ask the counterpart to make extremely large concessions on issues that were particularly high priority to the negotiator. Pruitt observed that negotiators' offers and arguments reveal information about their underlying interests and priorities. He suggested that implicit information exchange embedded in the nature of offers and influence attempts could substitute for explicit information sharing, although he did not report negotiators using offers and arguments in this way.

There are two problems with using what is basically distributive strategy to generate the insight necessary for joint gains.

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