When Do People Initiate a Negotiation? The Role of Discrepancy, Satisfaction and Implicit Negotiation Beliefs

Julia Reif (Ludwig-Maximilians-Universität München)
Felix Brodbeck (Ludwig-Maximilians-Universität München)

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Abstract:
Most studies on the topic of negotiation examine negotiation processes, strategies and results without considering the initiation of negotiation. But isn't it important for a deeper understanding of the negotiation process to know what makes people initiate a negotiation (or not) in the first place? Building on a Theory of Complaining (Kowalski, 1996), we argue that a perceived negative discrepancy between a current state and an individual’s standard leads to the perception of dissatisfaction which in turn leads to a motivation to reduce the discrepancy in the form of initiating a negotiation on the topic. We furthermore propose that in situations with no perceived discrepancy, the intention to initiate a negotiation is influenced by one's implicit negotiation beliefs (Kray & Haselhuhn, 2007) and that this influence is moderated by subjective negotiation ability. Using an online survey, N = 272 student participants at the LMU Munich worked on a scenario experiment. Results show that negative discrepancy increases the intention to initiate a negotiation and that this effect is mediated by satisfaction. In situations with no perceived discrepancy, incremental implicit negotiation beliefs increase the tendency to initiate a negotiation in low ability persons. Our study contains first evidence for the applicability of the Theory of Complaining (Kowalski, 1996) to the initiation of negotiation and provides important insights in the origin of initiating negotiation behavior, taking also into account individual differences in perceived negotiation ability and implicit negotiation beliefs.
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Most studies on the topic of negotiation examine negotiation processes, strategies and results, in experimental studies, for example, by placing subjects into a given negotiation context, thereby leaving real world factors out that are potentially antecedent to a state of affairs where a negotiation may come into existence (or not). But isn’t it important for a deeper understanding of the negotiation process to know what makes people initiate a negotiation (or not) in the first place? Moreover, what happens before a negotiation is initiated (or not) can have a significant impact on the subsequent negotiation process (or the development of affaires, in case a negotiation had not been initiated). Extending the argument from Saunders (1985) who states, that if “we do not understand where we are in the negotiating process, we may use the wrong instruments in trying to move the process forward” (Saunders, 1985, p. 4), we propose a research focus on the initiation phase of negotiation and relevant antecedent conditions.

Some authors have drawn our attention towards the entry phase of negotiation as an important determinant of the subsequent negotiation process, outcome quality and satisfaction. For example, Rubin (1989) and Zartmann (2002) argue that finding out when the situation or the conflict is ripe for negotiation helps to prepare a negotiation adequately and start negotiating at the right moment – the timing of negotiation is the key (Zartmann, 2003). Bloomfield, Nupen and Harris (1998) use a similar terminology, by saying that ripe moments must be recognized, seized and used.

People differ in their perceptions about when they consider a moment to be ripe for negotiation and in their propensity to initiate a negotiation in such moments. Some research has identified factors that affect the propensity to initiate a negotiation, such as gender and social incentives (Babcock, Laschever, Gelfand & Small, 2003; Bowles, Babcock & Lai, 2007; Small, Gelfand, Babcock & Gettman, 2007), power and the legitimacy of power (Lammers, Galinsky, Gordijn & Otten, 2008; Magee, Galinsky & Gruenfeld, 2007) and, in the field of compensation research, the attractiveness of the initial offer, the number and attractiveness of alternatives offered, and prior work experience of applicants (Gerhart & Rynes, 1991; O’Shea & Bush, 2002). However, theoretical models of negotiation, where the initiation of negotiation and relevant antecedent factors are fully incorporated are yet to be developed.

We build our theoretical propositions on the Theory of Complaining (Kowalski, 1996), taking into account the similarities between complaining and initiating a negotiation concerning the
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proactive, initiative character of both behaviors. We argue that a perceived negative discrepancy between a current state and an individual’s standard leads to the perception of dissatisfaction which in turn leads to a motivation to reduce the discrepancy in the form of initiating a negotiation on the topic. Extending the work of Kray and Haselhuhn (2007), who present evidence for a significant impact of implicit negotiation beliefs on the performance in a negotiation, we propose that in an ambiguous situation with no objective discrepancy, an individual’s implicit belief about negotiation affects the tendency to initiate a negotiation. And, this tendency is moderated by an individual’s perceived negotiation ability, such that the tendency to initiate a negotiation of low-ability individuals is impacted by their implicit negotiation beliefs with low ability incremental theorists initiating a negotiation with higher probability than low ability entity theorists. No such effect is expected for the high ability group. Entity theorists show low initiation of change and low persistence toward change (Dweck & Leggett, 1988). When combined with low perceived negotiation ability, it seems reasonable to assume, that low ability entity theorists tend to avoid an initiation of negotiation. In contrast, incremental theorists are goal mastery oriented and demonstrate more readiness to change. They therefore tend to interpret an initiation of negotiation as an opportunity to learn and improve their abilities – even if their current ability is perceived to be low – and thus, tend to initiate a negotiation more often or more easily.

Using an online survey, \( N = 272 \) student participants at the LMU Munich worked on a scenario experiment in which they were asked to imagine a situation where they formally apply for an internship in an organization. In the first step of the experiment they were asked to specify their salary expectations. In the second step, they were randomly assigned to one of three levels of salary offers, either “more” than they expected (positive discrepancy), “equal” to what they had expected (no discrepancy) or “less” than what they had expected (negative discrepancy). In the condition “more” they were offered 200 Euros more than they had expected, whereas in the condition “less” they were offered 200 Euros less than they had expected. In the condition “equal” they were offered the expected salary. Following this manipulation the students were asked how satisfied they were about the offer made and whether they would like to initiate a negotiation concerning the salary offer given. At the end of the experiment data concerning the subjective negotiation ability and implicit negotiation beliefs of the students using the Implicit Negotiation Belief Scale (Kray & Haselhuhn, 2007) were collected.

Based on Kowalski’s (1996) Theory of Complaining we expected an effect of discrepancy on satisfaction, with higher negative discrepancy (being offered less than expected) leading to higher levels of dissatisfaction. A one-way between subjects ANOVA was conducted to
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To compare the effect of discrepancy, we used a method to test mediation with dichotomous outcomes proposed by Herr (2006) based on MacKinnon and Dwyer (1993) with discrepancy as independent variable, satisfaction as mediator and initiation of negotiation as dichotomous dependent variable (0=no, 1=yes). Consistent with this mediation model, adding satisfaction as predictor next to discrepancy as predictor in the logistic regression to predict the initiation of negotiation produced a significant odds ratio of satisfaction (OR= .715, \( p=.002 \)) and reduced the effect of discrepancy which was left non-significant (OR=.753, \( p=.233 \)). We tested the significance of the indirect path with methods supported by Herr (2006) and Preacher and Leonardelli (2003), which produced a significant result of the sobel test (Sobel=-3.0286, \( p=.002 \)). These data indicate that the effect of discrepancy on the initiation of negotiation is mediated by satisfaction.

Furthermore, we expected that in an ambiguous situation (salary condition “equal”) with no salient discrepancy implicit negotiation beliefs and perceived negotiation ability influence the intention to initiate a negotiation particularly strongly, as compared to either “less” or “more” offered. We conducted separate logistic regression analyses for all three conditions (“more”, “less”, “equal”) to predict the initiation of negotiation in the low ability and high ability groups. Our results show that perceived negotiation ability moderated the impact of implicit negotiation beliefs on the intention to initiate a negotiation only in the condition “equal”: In the low ability group, students with high incremental implicit negotiation beliefs were more than 3 times as likely to initiate a negotiation than students with entity implicit negotiation beliefs (OR=3.675, \( p=.045 \)). In the high ability group no effect of implicit negotiation beliefs on the initiation of negotiation was found (OR=.889, \( p=.655 \)) which goes along with our initially formulated hypothesis.
As stated in the Theory of Complaining (Kowalski, 1996), an effect of perceived (or objective) discrepancy in the situation leads to the experience of (dis)satisfaction also in a negotiation context which in turn increases the tendency to initiate a negotiation. The study also demonstrates that implicit beliefs about negotiation and one’s perception of subjective negotiation ability do not only affect negotiators’ performance at the bargaining table, as has been shown by Kray and Haselhuhn (2007) but also the way to the bargaining table in situations where no discrepancy is present. Incremental beliefs with regard to negotiations can help persons with low perceived negotiation ability to initiate negotiations and therefore bargain for better outcomes. In sum the results show first evidence for the applicability of the Theory of Complaining (Kowalski, 1996) to the initiation of negotiation and provide important insights in the origin of initiating negotiation behavior, taking also into account individual differences in perceived negotiation ability and implicit negotiation beliefs. In order to test causal effects of implicit negotiation beliefs, an experiment manipulating this construct has to be conducted.

**Literature**


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