

My Way: Strategic Preferences Vary by Negotiator Role and Regulatory Focus

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Paper Presented at the
23rd Annual International Association of Conflict Management Conference
Boston, Massachusetts
June 24 – 27, 2010

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Keywords: Strategy; Negotiator Role; Regulatory Focus; Regulatory Fit

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Imagine you are negotiating the price of a used car. You might eagerly emphasize your ideal price in order to maximize gains. Or you might vigilantly emphasize your walk-away price to minimize losses. If both strategies can lead to negotiation success, why do some negotiators prefer eagerness and others prefer vigilance? We suggest that different strategies fit different roles and different individuals.

Negotiator Role

In a single-issue price negotiation, buyers want to minimize monetary losses (pay as little money as possible) whereas sellers want to maximize monetary gains (receive as much money as possible). The negotiation is framed in terms of non-losses/losses by buyers and gains/non-gains by sellers (Appelt, Zou, Arora, & Higgins, 2009; Carmon & Ariely, 2000; Monga & Zhu, 2005; Neale, Huber, & Northcraft, 1987; Thaler, 1980). These frames suggest different strategies. The buyer's loss-minimization goal is best supported by a vigilant strategy guarding against losses. The seller's gain-maximization goal is best supported by an eager strategy pursuing gains.

Regulatory Focus

Regulatory focus theory (Higgins, 1997) distinguishes between prevention focus concerns with security and "oughts" and promotion focus concerns with aspirations and ideals, such as the negotiation target price (Galinsky, Leonardelli, Okhuysen, & Mussweiler, 2005). These orientations lend themselves to different strategies (Crowe & Higgins, 1997). A prevention focus and a vigilant strategy are both sensitive to non-losses/losses, especially the difference between "0" and "-1" (maintenance). A promotion focus and an eager strategy are both sensitive to gains/non-gains, especially the difference between "0" and "+1" (attainment)

(Brodscholl, Kober, & Higgins, 2007; Higgins, 2009; Scholer, Zou, Fujita, Stroessner, & Higgins, 2008).

Shared Strategic Preferences in Price Negotiations

Given the above psychological conditions, prevention buyers should share a preference for vigilant strategies and promotion sellers should share a preference for eager strategies. Indeed, our earlier studies of price negotiations found evidence that prevention buyers and promotion sellers are in focus-role fit whereas promotion buyers and prevention sellers are in non-fit (Appelt et al., 2009). Regulatory fit occurs when there is a match between motivational orientation and strategy of goal pursuit (Higgins, 2000). Thus, we hypothesized that the focus-role fit we had found previously for promotion sellers and prevention buyers arose from the two motivational orientations—regulatory focus and negotiator role—sharing strategic preferences. If so, then directly manipulating negotiation strategy should yield a *focus-strategy fit* and a separate *role-strategy fit* while eliminating focus-role fit. Support for these predictions would suggest that shared strategic preferences between different motivational orientations, e.g., focus and role, can create self-regulatory compatibility.

The Present Study

To test whether preferred strategies vary by role and by regulatory focus, we manipulated strategy in a price negotiation using a 2 (chronic regulatory focus: prevention vs. promotion) x 2 (strategy: vigilant vs. eager) x 2 (role: buyer vs. seller) between-participants design.

We expected buyers and sellers to adopt different frames of the negotiation, replicating Appelt et al. (2009). Because strategy was manipulated, we expected focus-strategy fit and role-strategy fit to replace focus-role fit. In regulatory fit, people feel right about their goal pursuit and this intensifies their evaluative responses (Cesario, Grant, & Higgins, 2004; Higgins, 2005,

2006). In negotiations, focus-role fit negotiators experience more fit with their role and are more demanding than non-fit negotiators (Appelt et al., 2009). Therefore, in the present study, we expected participants in the predicted conditions of focus-strategy fit (prevention-vigilant and promotion-eager) and role-strategy fit (buyer-vigilant and seller-eager) to experience greater fit and greater planned demand than participants in the non-fit conditions (prevention-eager and promotion-vigilant; buyer-eager and seller-vigilant). We also predicted that the subjective experience of fit would mediate the relationship between focus-strategy fit and demand, and role-strategy fit and demand.

Method

Participants

One hundred sixty students participated for \$8 or experiment credit. One participant reported not understanding the strategy manipulation. Five participants were not interested in the negotiation objects (the money and/or the notebook) and thus did not prepare or negotiate in good faith. This left 154 participants (100 women and 54 men).

Procedure

Participants signed consent forms before completing “Study 1,” which consisted of the Regulatory Focus Questionnaire (RFQ). The experimenter explained that “Study 2” was a negotiation over a notebook. Participants were randomly assigned to roles (buyer or seller), strategies (vigilant or eager), and pairs. Sellers received a Columbia University notebook and buyers received \$5 in singles. Outcomes were restricted to range between \$0 and \$10, with agreements over \$5 requiring additional money from the buyer. Participants then completed a pre-negotiation preparation questionnaire. Although participants carried out the negotiation, we were interested in their preparation. Lastly, participants were compensated and debriefed.

Materials

Regulatory Focus Questionnaire

We measured chronic regulatory focus with the RFQ, which obtains a subjective history of participants' prevention versus promotion success (Grant & Higgins, 2003; Higgins et al., 2001). The prevention pride and promotion pride scales tend to be modestly positively correlated (in this study: $r(154)=.21, p=.009$), such that an individual can score high on neither, one, or both scales.

To calculate predominant chronic regulatory focus, we subtracted the prevention pride score ($M=3.44, SD=0.82$, Cronbach's $\alpha=.83$) from the promotion pride score ($M=3.92, SD=0.56$, Cronbach's $\alpha=.65$). Participants with difference scores greater than zero were identified as promotion-focused (103 participants); participants with difference scores less than or equal to zero were identified as prevention-focused (51 participants).

Case Information

Buyers received \$5; sellers received a notebook bearing a Columbia University crest, an item pre-tested for desirability. The actual price (\$3.98) was not revealed. The experimenter stressed that the negotiation was real with a binding outcome.

Strategy manipulation. In the vigilant strategy condition, the case information emphasized minimizing losses and meeting the reservation price. In the eager strategy condition, it emphasized maximizing gains and achieving the aspiration price (see Appendix A for the full text).

Pre-negotiation Questionnaire

Participants completed a questionnaire assessing their pre-negotiation attitudes and plans.

Framing of the negotiation. Four questions asked how participants framed the negotiation. Participants rated the extent (1=*absolutely not* to 7=*absolutely yes*) to which they viewed the negotiation as a chance to create value, minimize loss, attain resources, and maintain resources.

Subjective role fit. Four questions assessed participants' experience of fit or non-fit with their randomly-assigned role. Participants rated the extent (1=*absolutely not* to 7=*absolutely yes*) to which their roles were comfortable, felt like a good fit, were engaging, and felt right.

Average right price. Participants were asked what prices they considered fair or "right." The range of prices (\$0-\$10) was divided into ten \$1-intervals. Participants checked the interval(s) corresponding to prices they deemed fair or right.

Planned opening offer. Participants indicated their anticipated first offer (free response).

Results and Discussion

We conducted a series of 2 (regulatory focus: prevention vs. promotion) x 2 (strategy: vigilant vs. eager) x 2 (role: buyer vs. seller) univariate ANOVAs with gender as a covariate.

Framing of the Negotiation

Ratings of create value, minimize loss (reverse-scored), attain resources, and maintain resources (reverse-scored) were averaged to create a measure of *relative gain framing* (Cronbach's $\alpha=.66$). Men ($M=4.75$, $SD=1.16$) framed the negotiation as a gain significantly more than women ($M=4.19$, $SD=0.97$), $F(1,145)=10.14$, $p=.002$, partial $\eta^2=.07$. Most importantly, role was significant, $F(1,145)=5.66$, $p=.02$, partial $\eta^2=.04$. As predicted and as shown in Figure 1, sellers ($M=4.58$, $SD=1.04$) framed the negotiation as a gain more than buyers ($M=4.19$, $SD=1.08$). A three-way interaction between regulatory focus, strategy, and role was unexpectedly marginally significant, $F(1,145)=3.11$, $p=.08$, partial $\eta^2=.02$. The overall greater

gain framing for sellers and lesser gain framing for buyers was especially strong when they were in focus-strategy fit (prevention-vigilant and promotion-eager) versus non-fit (prevention-eager and promotion-vigilant), planned contrast tests $ps > .2$.

Overall, as predicted, we replicated Appelt et al.'s (2009) negotiator frame findings—sellers adopted gain frames more than buyers. Further, we found that focus-strategy fit intensified this response. Focus-strategy fit (vs. non-fit) sellers were more gain-framed and focus-strategy fit (vs. non-fit) buyers were less gain-framed.

Subjective Role Fit

We averaged participants' role ratings (comfort, fit, engagement, and rightness) to create a measure of *subjective role fit* (Cronbach's $\alpha = .84$). Men ($M = 4.74$, $SD = 1.18$) tended to report greater fit than women ($M = 4.31$, $SD = 1.12$), $F(1, 145) = 2.68$, $p = .10$, partial $\eta^2 = .02$. Most important for our hypotheses were the three two-way interactions. First, as predicted, Regulatory Focus x Role was *not* significant, $p > .5$.

Second, as predicted, Regulatory Focus x Strategy was significant, $F(1, 145) = 5.61$, $p = .02$, partial $\eta^2 = .04$. As shown in Figure 2a, prevention-vigilant negotiators ($M = 4.45$, $SD = 1.34$) reported greater fit than prevention-eager negotiators ($M = 4.13$, $SD = 0.94$), whereas promotion-eager negotiators ($M = 4.88$, $SD = 1.12$) reported greater fit than promotion-vigilant negotiators ($M = 4.18$, $SD = 1.06$). Planned contrast tests showed that the difference in means was non-significant for prevention negotiators, $t(150) = 1.00$, $p > .2$, Cohen's $d = .28$, but highly significant for promotion negotiators, $t(150) = -3.18$, $p = .002$, Cohen's $d = .65$.

Third, as predicted, Role x Strategy was significant, $F(1, 145) = 4.02$, $p = .05$, partial $\eta^2 = .03$. As shown in Figure 2b, vigilant buyers ($M = 4.61$, $SD = 0.97$) reported greater fit than eager buyers ($M = 4.60$, $SD = 1.14$), whereas eager sellers ($M = 4.70$, $SD = 1.11$) reported greater fit than vigilant

sellers ($M=3.94$, $SD=1.26$). Planned contrast tests indicated that the difference in means was non-significant for buyers, $t(150)=0.03$, $p>.5$, Cohen's $d=.01$, but highly significant for sellers, $t(150)=-2.99$, $p=.003$, Cohen's $d=.65$.

As predicted, on a measure of subjective role fit, *focus-strategy* fit and *role-strategy* fit emerged, whereas *focus-role* fit was absent. Focus-strategy fit negotiators experienced greater fit than focus-strategy non-fit negotiators. Likewise, role-strategy fit negotiators experienced greater fit than role-strategy non-fit negotiators.

Planned Demand

We calculated average right price from the range of prices indicated. To standardize average right price and planned opening offer, for each measure we calculated z -scores separately for buyers (reverse-scored) and sellers. We then averaged the two standardized measures to create a measure of *planned demand*, $r(150)=.52$, $p<.001$.¹ Higher values indicate greater planned demand than others in the same role.

Univariate Analyses of Variance

Regulatory fit intensifies responses through the experience of “feeling right” (Higgins, 2005, 2006). Thus, we predicted that focus-strategy fit and role-strategy fit would influence demand if and only if participants experienced fit. To investigate the effects of fit on planned demand, we conducted a median split on experienced role fit and looked separately at participants experiencing relatively less ($N=69$) and relatively more ($N=81$) fit.

Low subjective fit. Among low subjective fit participants, eager negotiators ($M=0.02$, $SD=0.83$) were significantly more demanding than vigilant negotiators ($M=-0.50$, $SD=0.75$), $F(1,60)=7.32$, $p=.009$, partial $\eta^2=.11$. Because the eager strategy manipulation emphasized the aspiration price whereas the vigilant strategy manipulation emphasized the reservation price, it is

¹ Four participants did not report a planned opening offer.

not surprising that eager negotiators were more demanding than vigilant negotiators. As predicted, for low-fit participants, there was no effect of focus-strategy fit or role-strategy fit on planned demand.

High subjective fit. Among high subjective fit participants, men ($M=0.52$, $SD=0.94$) expressed significantly more demand than women ($M=0.04$, $SD=0.77$), $F(1,72)=9.08$, $p=.004$, partial $\eta^2=.11$. Once again the three two-way interactions were most important. First, Regulatory Focus x Role was an unexpected non-significant trend, $F(1,72)=2.23$, $p=.14$, partial $\eta^2=.03$. Prevention buyers ($M=0.09$, $SD=0.91$) tended to be less demanding than promotion buyers ($M=0.28$, $SD=0.68$), whereas promotion sellers ($M=0.19$, $SD=0.92$) tended to be less demanding than prevention sellers ($M=0.28$, $SD=1.11$). While we had expected focus-role fit to be eliminated, this interaction suggests it may have even been somewhat reversed, driven mostly by prevention buyers, who were less demanding than other negotiators.

Second, as predicted, Regulatory Focus x Strategy was highly significant, $F(1,72)=6.70$, $p=.01$, partial $\eta^2=.09$. As shown in Figure 3a, prevention-vigilant negotiators ($M=0.38$, $SD=0.90$) were more demanding than prevention-eager negotiators ($M=-0.16$, $SD=1.09$), whereas promotion-eager negotiators ($M=0.33$, $SD=0.89$) were more demanding than promotion-vigilant negotiators ($M=0.10$, $SD=0.71$). Planned contrast tests showed that the difference in means was a non-significant trend for prevention negotiators, $t(77)=1.48$, $p=.14$, Cohen's $d=.58$, and non-significant for promotion negotiators, $t(77)=-0.96$, $p>.2$, Cohen's $d=.29$.

Third, as predicted, Role x Strategy was highly significant, $F(1,72)=6.32$, $p=.01$, partial $\eta^2=.08$. As shown in Figure 3b, vigilant buyers ($M=0.34$, $SD=0.54$) were more demanding than eager buyers ($M=0.04$, $SD=0.99$), whereas eager sellers ($M=0.34$, $SD=0.92$) were more demanding than vigilant sellers ($M=0.02$, $SD=1.02$). Planned contrast tests indicated that the

differences in means were non-significant for buyers, $t(77)=1.18, p>.2$, Cohen's $d=.41$, and sellers, $t(77)=-1.08, p>.2$, Cohen's $d=.34$. Regulatory Focus x Strategy x Role was unexpectedly significant, $F(1,72)=5.68, p=.02$, partial $\eta^2=.07$, driven by prevention, eager buyers, who were significantly less demanding than other negotiators. Since there were only three such negotiators, not much should be made of this effect.

As predicted, focus-strategy fit and role-strategy fit impacted planned demand only for participants experiencing relatively more fit. Among high-fit participants, focus-strategy fit negotiators reported greater planned demand than focus-strategy non-fit negotiators and role-strategy fit negotiators reported greater planned demand than role-strategy non-fit negotiators. Regulatory Focus x Role and Regulatory Focus x Strategy x Role were unexpectedly significant. However, because the first interaction was a non-significant trend and the latter interaction had insufficient participants in the various conditions to be reliable, we feel it is premature to speculate about them. Consistent with previous research showing that women are less comfortable and less demanding in negotiations (e.g., Babcock & Laschever, 2003), men adopted gain frames more than women and also reported greater subjective fit and planned demand.

Mediation Analysis

To test whether subjective role fit mediated the relationship between focus-strategy fit and demand, and the relationship between role-strategy fit and demand, we conducted a series of linear regressions on all participant ($N = 154$). Figure 4 summarizes the mediation (see Appendix B for the full mediation). Bootstrapping tests (recommended by Shrout and Bolger, 2002) confirmed that subjective role fit significantly mediated the relationship between focus-strategy fit and planned demand ($p=.02$), and between role-strategy fit and planned demand ($p=.04$). As

predicted, subjective role fit mediated the effects of focus-strategy fit and role-strategy fit on demand, suggesting that fit impacts negotiator responses through the feeling right experience.

Conclusions

Why do negotiators use different strategies? The present study indicates that different strategies fit different roles and different personal orientations. In a price negotiation, buyers and prevention-focused individuals prefer a vigilant strategy that minimizes losses. Sellers and promotion-focused individuals prefer an eager strategy that maximizes gains. When there is a fit between role and strategy or between regulatory focus and strategy, negotiators experience more fit with their role and plan to be more demanding in the negotiation. We also found that the experience of fit mediated the impact of focus-strategy fit and role-strategy fit on planned demand.

The present study investigated negotiation preparation only. Future research should investigate the effects of focus-strategy fit and role-strategy fit on negotiation outcomes. Nonetheless, given the strong ties between planned demand, demand during the negotiation, and negotiation outcomes (Appelt, 2009; Galinsky & Mussweiler, 2001; Huber & Neale, 1986, 1987; Van Poucke & Buelens, 2002; White & Neale, 1994), this study provides promising evidence that strategic preferences are a critical variable in negotiations. It also suggests that shared strategic preferences between motivational orientations (e.g., focus and role) can underlie self-regulatory compatibility. Indeed, when we controlled for shared strategic preferences, the focus-role fit found in earlier studies (Appelt et al., 2009) was eliminated and even slightly reversed.

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Figures

Figure 1. Mean ratings of relative gain framing of the negotiation. Error bars show standard errors.

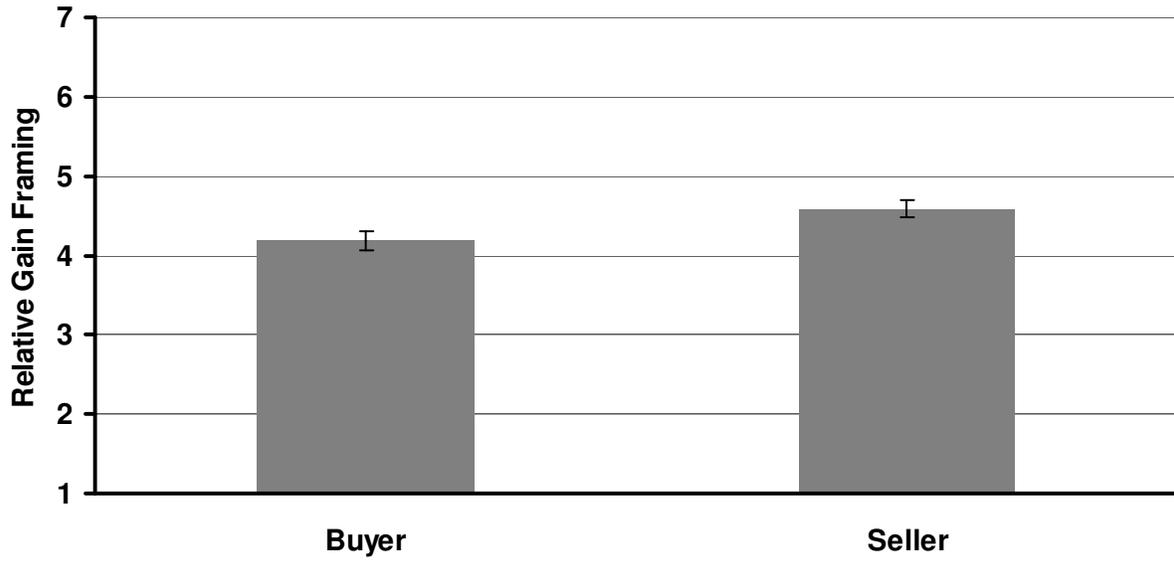


Figure 2. Mean ratings of subjective role fit by regulatory focus and strategy (a) and by negotiator role and strategy (b). Error bars show standard errors.

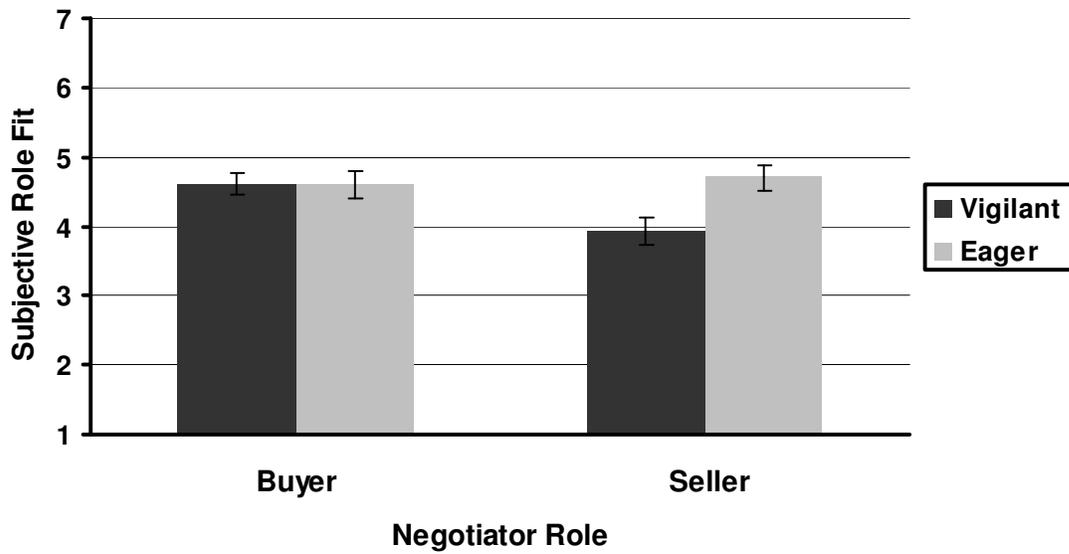
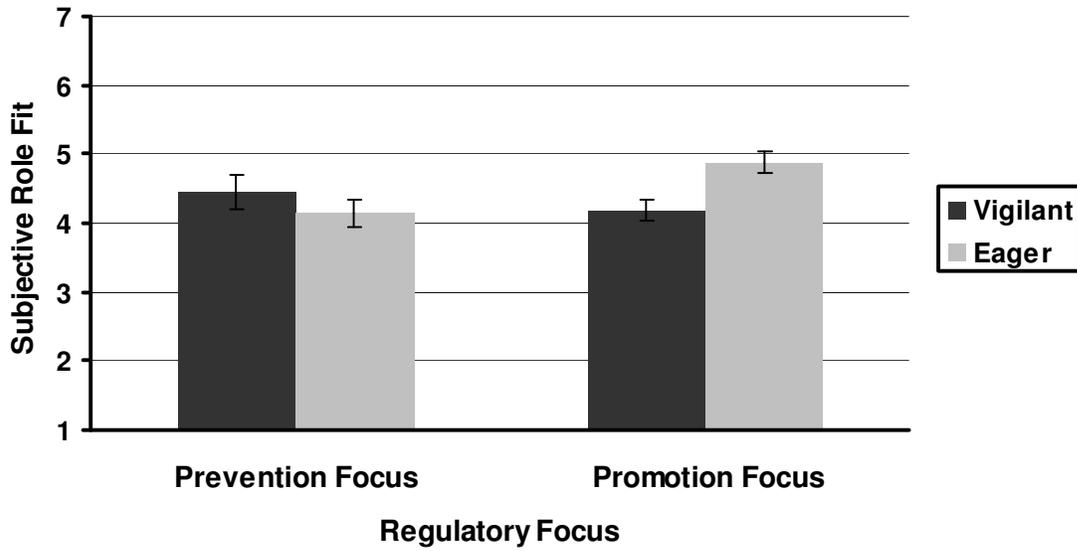


Figure 3. Mean demand, as measured by standardized planned demand, for high subjective fit participants by regulatory focus and strategy (a) and by negotiator role and strategy (b). Error bars show standard errors.

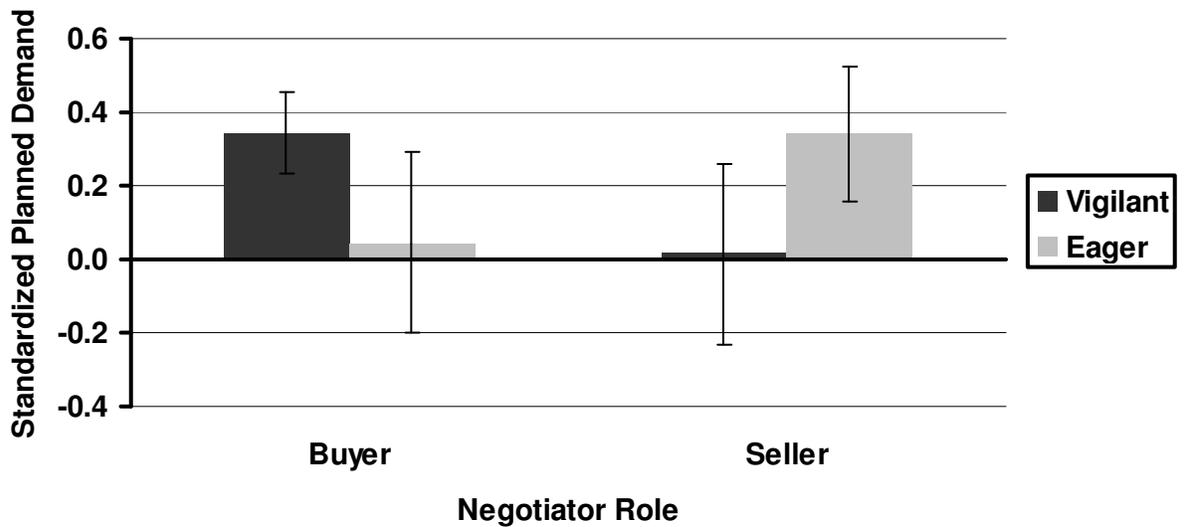
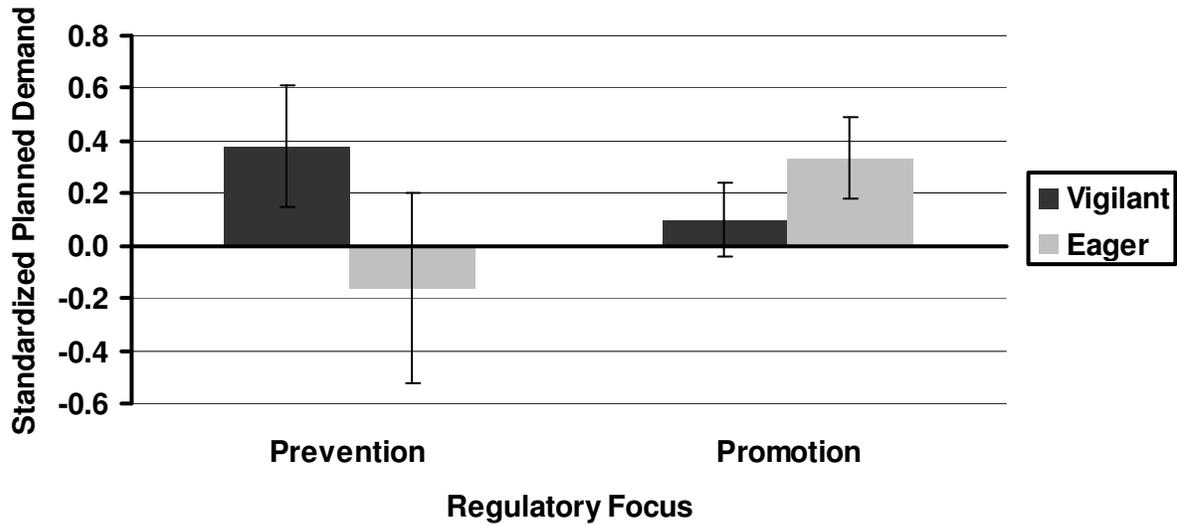
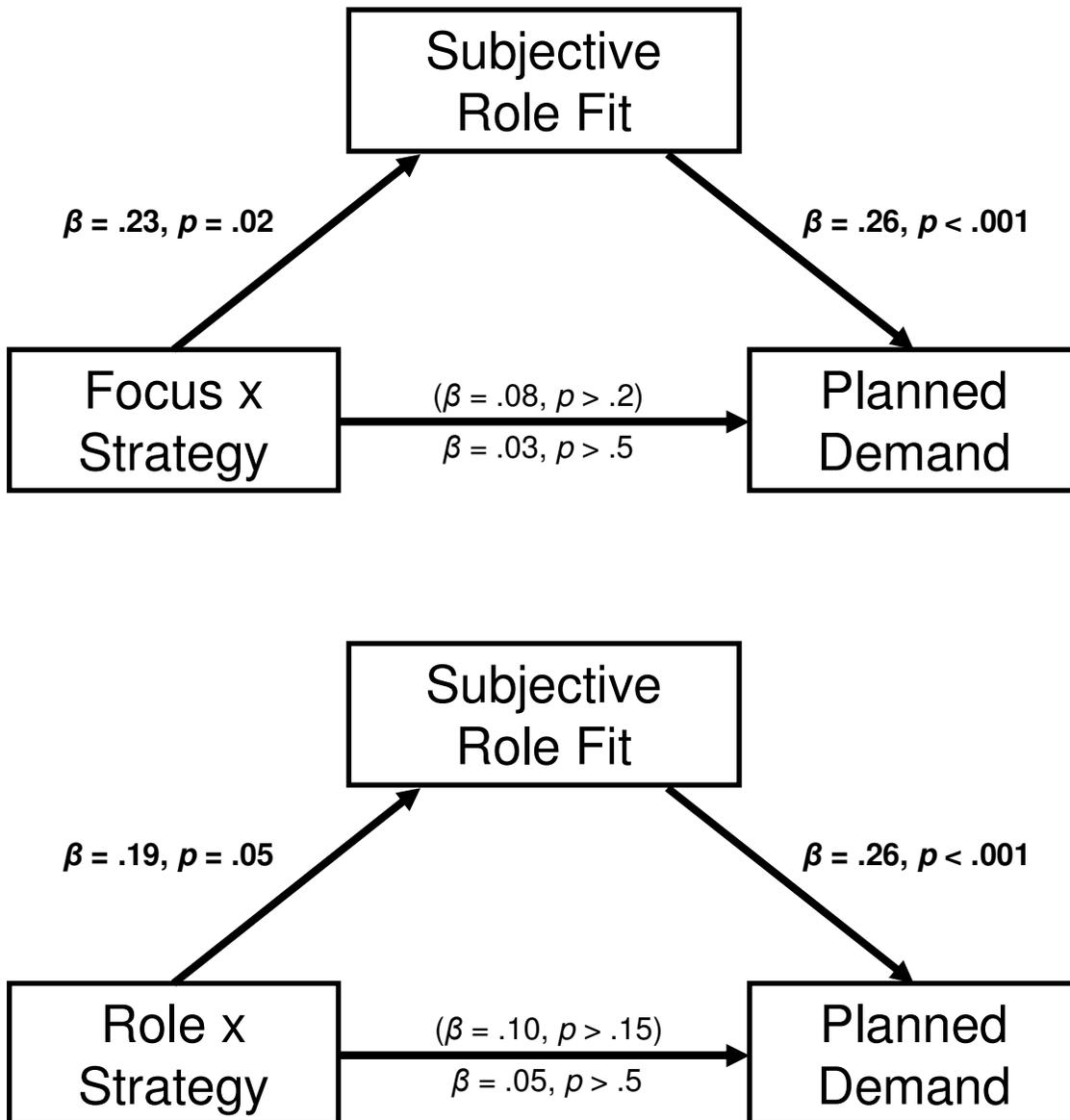


Figure 4. Subjective role fit mediates the relationship between Regulatory Focus x Strategy and planned demand (a) and the relationship between Role x Strategy and planned demand (b).



Appendix A

Strategy manipulation for “The Notebook”

Vigilant strategy condition for the buyer and the seller

Negotiators use strategies to prepare and to negotiate. Today you will use a vigilant strategy. While preparing, think about the different ways to minimize your losses in the negotiation. Select your reservation price, the price at which you are ambivalent between reaching an agreement and walking away from the negotiation. During the negotiation, focus on at least meeting your reservation price and on maintaining a satisfactory state of resources (i.e., money and goods).

Eager strategy condition for the buyer [the seller]

Negotiators use strategies to prepare and to negotiate. Today you will use an eager strategy. While preparing, think about the different ways to maximize your gains in the negotiation. Select your aspiration price, the ideal low [high] price that you think is attainable. During the negotiation, focus on achieving your aspiration price and on advancing your state of resources (i.e., money and goods).

Appendix B

Mediation Analysis

To test whether experienced role fit mediated the relationship between focus-strategy fit and demand and role-strategy fit and demand, we conducted a series of linear regressions for all participants (e.g., Baron & Kenny, 1986; Shrout & Bolger, 2002). Across regressions, the contrast-coded predictor model included: predominant chronic regulatory focus (prevention=-1, promotion=+1), strategy (vigilant=-1, eager=+1), role (buyer=-1, seller=+1), Regulatory Focus x Role, Regulatory Focus x Strategy, Role x Strategy, Regulatory Focus x Strategy x Role, and gender (men=-1, women=+1).

In step 1, we regressed planned demand (the dependent variable) onto the model, $F(8,141)=1.46$, $p>.15$, $R^2=.08$. Regulatory Focus x Role was marginally significant, $B=-0.15$, $SE=0.08$, $t(141)=-1.91$, $p=.06$, partial $r^2=.03$. In step 2, we regressed experienced role fit (the proposed mediator) onto the model, $F(8,145)=2.83$, $p=.006$, $R^2=.14$. Two predictors reached significance: Regulatory Focus x Strategy, $B=0.23$, $SE=0.10$, $t(145)=2.37$, $p=.02$, partial $r^2=.04$, and Role x Strategy, $B=0.19$, $SE=0.10$, $t(145)=2.00$, $p=.05$, partial $r^2=.03$. Gender was a non-significant trend, $B=-0.16$, $SE=0.10$, $t(145)=-1.64$, $p=.10$, partial $r^2=.02$. In step 3, we regressed planned demand (the dependent variable) onto the model plus experienced role fit (the proposed mediator), $F(9,140)=3.34$, $p=.001$, $\Delta R^2=.10$. Regulatory Focus x Role remained significant, $B=-0.14$, $SE=0.07$, $t(140)=-1.94$, $p=.05$, partial $r^2=.03$. More importantly, experienced role fit was highly significant, $B=0.26$, $SE=0.06$, $t(140)=4.14$, $p<.001$, partial $r^2=.11$. Bootstrapping tests (as recommended by Shrout and Bolger, 2002) confirmed that *experienced role fit* significantly mediated the relationship between focus-strategy fit and planned demand ($p=.02$), and between role-strategy fit and planned demand ($p=.04$).

Although we did not find direct effects of fit on planned demand using the entire sample, this is not necessary for mediation (MacKinnon & Fairchild, 2009; Shrout & Bolger, 2002). Across all participants, other variables may have obscured the direct relation—participants in fit on one dimension (e.g., focus-strategy fit) but not the other dimension (e.g., role-strategy fit) may have had a weaker fit experience and less intensified demand. Correspondingly, as predicted, we found direct effects of fit on demand only for participants experiencing relatively more fit.