

In a Real Negotiation Emphasizing Price, Selling Fits Promotion and Buying Fits Prevention

Kirstin C. Appelt & E. Tory Higgins
Columbia University

Abstract

Using a real negotiation, we explored the effects of focus-role fit. Focus-role fit is a match between regulatory focus and negotiator role, on negotiator demandingness. In a negotiation emphasizing price, promotion sellers and prevention buyers are in fit whereas prevention sellers and promotion buyers are in non-fit (Appelt et al., in press). Because regulatory fit accentuates responses (Higgins, 2000), we expected focus-role fit to intensify negotiator demandingness. We found that negotiators in focus-role fit had more demanding opening offers than negotiators in focus-role non-fit. We also found that pairs where both negotiators were in focus-role fit (highly demanding pairs) had the most impasses.

Theoretical Background

Regulatory fit occurs when the manner of goal pursuit sustains an actor's regulatory orientation (Higgins, 2000). We explore regulatory fit in negotiation as the relation between chronic regulatory focus and randomly-assigned role.

Regulatory focus theory (Higgins et al., 2001) suggests two self-regulatory orientations: a prevention focus concerned with losses/non-losses and a promotion focus concerned with gains/non-gains.

•A prevention focus matches a vigilant strategy ensuring the absence of negative outcomes whereas a promotion focus matches an eager strategy ensuring the presence of positive outcomes. A match between orientation and strategy creates regulatory fit, which intensifies value (Higgins, 2000).

In negotiations emphasizing price, buyers adopt a loss/non-loss frame whereas sellers adopt a gain/non-gain frame (Appelt et al., in press).

•To minimize monetary losses, buyers should prefer a vigilant strategy. To maximize monetary gains, sellers should prefer an eager strategy.

Combining regulatory focus and negotiator roles, in price negotiations, there is a match between a prevention focus and the buyer role and between a promotion focus and the seller role that creates regulatory fit (Appelt et al., in press).

The current study investigated the impact of focus-role fit on negotiator demandingness in a real (non-hypothetical) negotiation. We used a real negotiation to increase incentive compatibility and external validity. Because regulatory fit accentuates responses (Higgins, 2000), we expected "focus-role" fit to intensify negotiator demandingness.

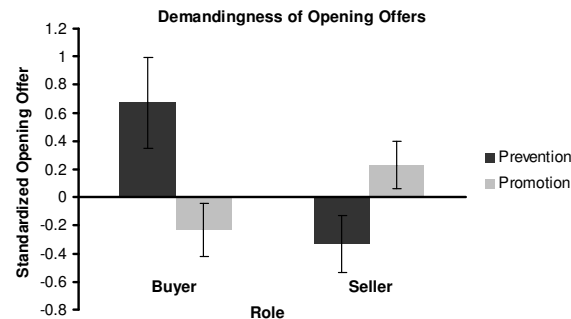
Methods

- Participants (N = 102) completed "study 1," which included the Regulatory Focus Questionnaire (Higgins et al., 2001).
- The experimenter then introduced "study 2" by randomly assigning participants to dyads and to buyer or seller roles within these dyads.
- A real negotiation (vs. a hypothetical case) was used. The buyer was endowed with \$5 whereas the seller was endowed with a Columbia University notebook. The experimenter emphasized that the negotiation was real and that any outcome reached was binding.
- Participants then negotiated to an outcome, whether agreement or impasse.

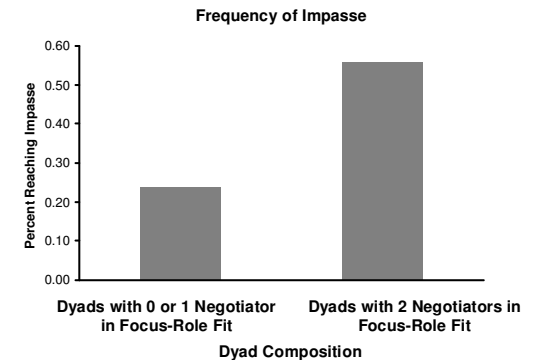
Results

•We used opening offers as a measure of demandingness. 43 dyads reported the opening offer in their negotiation. We standardized the opening offers by separately calculating the z-score for buyers and sellers and then reversing the sign for buyers. Consequently, for all negotiators, a higher score indicates a more demanding opening offer.

•As predicted, the regulatory focus x negotiator role interaction was significant, $F(1, 39) = 4.71, p = .04$. Promotion sellers had more demanding opening offers than prevention sellers whereas prevention buyers had more demanding opening offers than promotion buyers. (There was no main effect of regulatory focus or role).



- To look at another aspect of demandingness, we examined impasse frequency. When both members of a dyad are demanding, an agreement should be less likely.
- Dyads with both members in focus-role fit reached impasses marginally more often than other dyads, $B = 1.39, SE = 0.77, Wald's \chi^2(1, N = 47) = 3.26, p = .07$.



Discussion

The current study provided evidence that focus-role fit impacts a real negotiation emphasizing price. Negotiators in focus-role fit (promotion sellers and prevention buyers) have more demanding opening offers than negotiators in focus-role non-fit (prevention sellers and promotion buyers). When negotiators in focus-role fit are paired together, they are more likely to impasse than other dyads.

For dyads reaching agreement, focus-role fit did not significantly impact agreement amount. Because of the small number of dyads, we were unable to perform a quartile split on regulatory focus scores. In future research, we will experimentally induce regulatory focus. This will ensure that acute regulatory focus follows the same patterns as chronic regulatory focus. It will also enable us to better test the effects of focus-role fit on agreement amount.

References

- Appelt, K.C., Zou, X., Arora, P., & Higgins, E.T. (in press). Regulatory fit and negotiation: Effects of "promotion-seller" and "prevention-buyer" fit. *Social Cognition*.
- Higgins, E.T. (2000). Making a good decision: Value from fit. *American Psychologist, 55*, 1217-1230.
- Higgins, E. T., Friedman, R. S., Harlow, R. E., Idson, L. C., Ayduk, O. N., Taylor, A. (2001). Achievement orientations from subjective histories of success: Promotion pride versus prevention pride. *European Journal of Social Psychology, 31*, 3-23.

Contact kappelt@psych.columbia.edu