Is emphasizing losses (vs. gains) better in negotiations with multiple issues?

Kirstin C. Appelt & E. Tory Higgins
Columbia University

Abstract

When presented with two differently framed issues (one loss issue and one gain issue), negotiators emphasizing their loss issue are more demanding on, and negotiate better outcomes on, this issue.

In other words, there is an interaction between role and emphasized issue such that candidates emphasizing not losing hours (vs. gaining salary) are more demanding and do better on hours, whereas recruiters emphasizing not losing salary (vs. gaining hours) are more demanding and do better on salary.

No effects were found for the gain issue. Results are discussed in the context of asymmetric weighting of losses versus gains.

Introduction

Previous work (Appelt et al., 2009, Appelt & Higgins, 2009) demonstrates the importance of role in single-issue buyer-seller negotiations. This study, in contrast, used a two-issue negotiation with other roles.

In "The Job," weekly hours represent a loss for candidates, but a gain for recruiters. Yearly salary represents a gain for candidates, but a loss for recruiters. Negotiators may emphasize either issue. We examined the impact of role and emphasized issue on demand and outcomes.

H1: Main effect of emphasized issue—negotiators are more demanding on the issue they emphasize.

H2: Interaction of role & emphasized issue
H2a: Negotiators are more demanding on their loss issue, if they also emphasize that issue. There is no difference in demand on their gain issue as a function of emphasized issue.

H2b: The opposite is true—**negotiators are more demanding on their gain issue, if they also emphasize that issue.** There is no difference in demand on their loss issue as a function of emphasized issue.

Methods

- Participants (N = 219) were randomly assigned to roles (candidate or recruiter) and pairs.
- "The Job" has 2 issues: weekly hours & yearly salary.
- Ps completed a questionnaire before negotiating.

Results

- Ps' ratings of issue importance, $r(219) = .86$, $p < .001$, were combined into an *emphasized issue* variable.
- We conducted 2 (role) x 2 (emphasized issue) ANOVAs on standardized planned opening offer for each issue and standardized opening offer for each issue. **The results support H2a for planned and actual opening offer.**
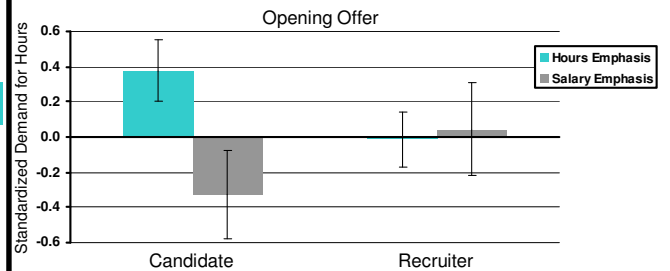

Opening Offer

Role x Emphasized Issue: $F(1,92) = 2.45$, $p = .12$
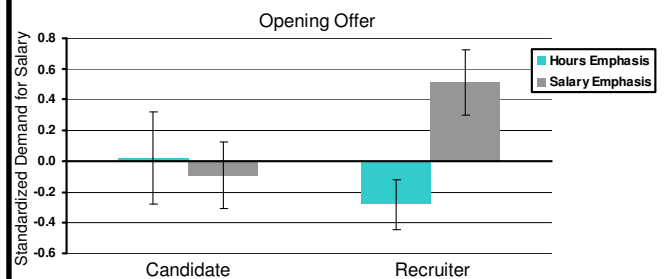
Opening Offer

Role x Emphasized Issue: $F(1,81) = 4.38$, $p = .04$

- Mixed models confirm H2a across planned opening offer issue, $F(1,351.9) = 17.36$, $p < .001$, and across opening offer issue, $F(1,175.0) = 11.98$, $p = .001$. (H1 & H2b, $ps > .5$)
- We conducted 2 (candidate emphasized issue) x 2 (recruiter emphasized issue) ANOVAs for agreement amount on each issue. **The results for agreement amount support H2a.**

Agreement Amount
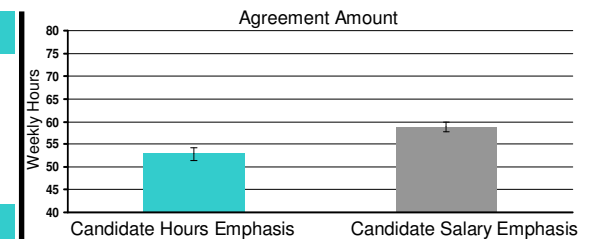
Candidate Emphasized Issue: $F(1,82) = 12.04$, $p = .001$

Agreement Amount
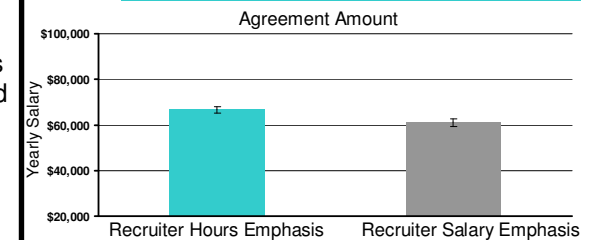
Recruiter Emphasized Issue: $F(1,82) = 4.90$, $p = .03$

Discussion

- **Across measures, Hypothesis 2a was supported over Hypotheses 1 and 2b.**

- These results are **not** a direct replication of losses looming larger than gains; there was no main effect of role on demand for either issue.

- Nonetheless, asymmetric weighting of losses and gains may explain the results. Given that losses are psychologically more powerful than gains (e.g., Kahneman & Tversky, 1979), an emphasis on the loss issue may have been sufficient to alter negotiator behavior whereas an emphasis on the gain issue may have been insufficient.

- In a multi-issue negotiation with roles other than buyer and seller, role was a determinant of demand and outcome. Role is a key variable.

References

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kappelt@psych.columbia.edu
www.kirstinappelt.com