

GLOBAL  
EDITION



# The Mind and Heart of the Negotiator

*Seventh Edition*



Leigh L. Thompson

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# THE MIND AND HEART OF THE NEGOTIATOR

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### EXHIBIT 5-3 Advice for Negotiators

Advice for Cooperative Negotiators	Advice for Competitive Negotiators
<p><i>Avoid becoming anchored by your reservation price.</i> Instead, prepare your target and develop high aspirations.</p> <p><i>Develop your BATNA.</i> Try to improve it.</p> <p><i>Get an agent and delegate the negotiation task.</i> It is not an admission of failure to appoint an agent if you think that person can act more assertively for you than you can for yourself.</p> <p><i>Find a Constituency.</i> People negotiate more assertively when they are accountable. So, tell someone about your negotiation, make promises, and then report results.</p> <p><i>Monitor your concessions.</i> Rehearse not saying yes to the first offer.</p>	<p><i>Focus on value creation, not exclusively value-claiming.</i> You can increase your slice of the pie by creating a bigger pie.</p> <p><i>Ask more questions than you think you should.</i> It pays to really understand the other party's objectives and needs.</p> <p><i>Focus on fairness.</i> Other people respond well to arguments based upon standards of fairness and objectivity.</p> <p><i>Hire a relationship manager.</i> It is not a sign of failure to consult with someone concerning how to manage the "people side" of negotiations.</p> <p><i>Practice good-faith bargaining.</i> Keep your word. Remember the egocentric bias: We see ourselves as more ethical than others do.</p> <p><i>Focus on the long-term relationship.</i> Very few negotiations are one-off; focus on the relationship.</p>

Source: Based on Amanatullah, E. T., Morris, M. W., & Curhan, J. R. (2008). Negotiators who give too much: Unmitigated communion, relational anxieties, and economic costs in distributive and integrative bargaining. *Journal of Personality and Social Psychology*, 95(3), 723–738; Shell, G. R. (1999). *Bargaining for advantage: Negotiation strategies for reasonable people*. New York: Viking.

pie-expansion.<sup>18</sup> Highly cooperative negotiators use more integrative strategies (such as information exchange), make more proposals for mutual coordination, and use fewer distributive tactics.<sup>19</sup> Moreover, the more cooperatively-motivated people present in a negotiation, the more integrative (pie-expanding) information is exchanged.<sup>20</sup> According to the dual concern model of negotiation, high concern for oneself and the other party is most likely to lead to integrative (win–win) outcomes.<sup>21</sup>

Is there a downside to cooperation? Often, two cooperators end up with a lose–lose agreement because they fail to make their interests known to the other party.<sup>22</sup> When a pro-social cooperator negotiates with a competitor, they are more likely to accept an unfair offer (such as an “\$8

<sup>18</sup> Weingart, L. R., Bennett, R. J., & Brett, J. M. (1993). The impact of consideration of issues and motivational orientation on group negotiation process and outcome. *Journal of Applied Psychology*, 78(3), 504–517; Tzafrir, S. S., Sanchez, R. J., & Tirosh-Unger, K. (2012). Social motives and trust: Implications for joint gains in negotiations. *Group Decision and Negotiation*, 21(6), 839–862.

<sup>19</sup> Olekalns, M., & Smith, P. L. (1999). Social value orientations and strategy choices in competitive negotiations. *Personality and Social Psychology Bulletin*, 25(6), 657–668.

<sup>20</sup> Weingart, L. R., Brett, J. M., Olekalns, M., & Smith, P. L. (2007). Conflicting social motives in negotiating groups. *Journal of Personality and Social Psychology*, 93(6), 994–1010.

<sup>21</sup> Pruitt, D. G., & Carnevale, P. J. (1993). *Negotiation in social conflict*. Pacific Grove, CA: Brooks-Cole; Rubin, J. Z., Pruitt, D. G., & Kim, S. H. (1994). *Social conflict: Escalation, stalemate and settlement*. New York: McGraw-Hill.

<sup>22</sup> Thompson, L., & Deharpport, T. (1998). Relationships, goal incompatibility, and communal orientation in negotiations. *Basic and Applied Social Psychology*, 20(1), 33–44.

for me/\$2 for you” split), as compared to individualists and competitors.<sup>23</sup> Even in populations of successful business executives, negotiators can experience relational anxiety and fear that they need to make concessions to avoid straining relationships.<sup>24</sup> Negotiators who show “unmitigated communion” make large concessions to accommodate the counterparty and reap less profit; when both parties are high in unmitigated communion, joint gains are lower.<sup>25</sup> Negotiators who are high in agreeableness fare better in integrative (pie-expanding) negotiations; conversely, negotiators low in agreeableness are best suited for purely distributive (win–lose) negotiations. In an investigation of how workers and managers divide a single output between them, workers who were more agreeable got significantly lower earnings—roughly 8% per standard deviation.<sup>26</sup>

### Competitive Negotiator

Competitive negotiators desire to maximize the difference between their own and the other’s outcomes, thereby “winning” or “beating” the other party. In an analysis of more than 700 practicing attorneys, adversarial behavior was regarded by peers to be distinctly ineffective. In fact, more than 50% of adversarial negotiators were regarded as ineffective.<sup>27</sup> As negotiators become more irritating, stubborn, and unethical, their effectiveness ratings drop. One way in which competitive negotiators differ from cooperative (and individualistic) negotiators is in terms of civility at the bargaining table. **Trash-talking** is incivility expressed in competition, and negotiators who trash-talk are more likely to feel rivalry and engender competition in the opponent.<sup>28</sup> Indeed, negotiators who are on the receiving-end of a competitive trash-talking negotiator are more likely to cheat, be less creative, and be more destructive.

### Individualistic Negotiator

The individualistic, or self-interested negotiator prefers to maximize their own gain and is indifferent to how much the other person is getting. When individualistically-motivated negotiators are at the table, distributive strategies increase (e.g., positional statements and substantiation). Conversely, cooperators and individualists take different roads to reach win–win outcomes.<sup>29</sup> Individualists use the multiple-offer strategy and indirect information exchange; in contrast, cooperators share information about interests and priorities directly.

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<sup>23</sup> Karagoniar, G., & Kuhlman, D. M. (2013). The role of social value orientation in response to an unfair offer in the ultimatum game. *Organizational Behavior and Human Decision Processes*, 120(2), 228–239.

<sup>24</sup> Amanatullah, E. T., Morris, M. W., & Curhan, J. R. (2008). Negotiators who give too much: Unmitigated communion, relational anxieties, and economic costs in distributive and integrative bargaining. *Journal of Personality and Social Psychology*, 95(3), 723–738.

<sup>25</sup> Amanatullah, Morris, & Curhan, “Negotiators who give too much.”

<sup>26</sup> Dimotakis, N., Conlon, D. E., & Ilies, R. (2012). The mind and heart (literally) of the negotiator: Personality and contextual determinants of experiential reactions and economic outcomes in negotiation. *Journal of Applied Psychology*, 97(1), 183–193; Rahman, D., & Evdokimov, P. (2013). *Personality and bargaining power*. Unpublished manuscript, Heller-Hurwicz Economics Institute, University of Minnesota, Minneapolis, MN.

<sup>27</sup> Schneider, A. K. (2002). Shattering negotiation myths: Empirical evidence on the effectiveness of negotiation style. *Harvard Negotiation Law Review*, 7(1), 143–233.

<sup>28</sup> Yip, J.A., Schweitzer, M.E., & Nurmohamed, S. (2017). Trash-talking: Competitive incivility motivates rivalry, performance, and unethical behavior. *Organizational Behavior and Human Decision Processes*, 8(6), 706–714.

<sup>29</sup> Olekalns, M., & Smith, P. L. (2003). Testing the relationships among negotiators’ motivational orientations, strategy choices, and outcomes. *Journal of Experimental Social Psychology*, 39(2), 101–117.

Many people describe themselves as individualistic, but their actual behavior reveals a different motive. For example, in one investigation, people were given several choices concerning the division of money between themselves and another person (e.g., \$300 you/\$300 other versus \$500 you/\$800 other).<sup>30</sup> They were asked to indicate how satisfactory each division of money was. If people were purely individualistic, satisfaction would only be driven by the amount of money for oneself. In fact, people were highly concerned with how much the “other person” received, so much so that people often preferred to earn less money, if it meant that this would equate outcomes between themselves and another person. For example, many people preferred \$300 self/\$300 other over \$500 self/\$800 other. When faced with a choice between \$300 self/\$300 other versus \$800 self/\$500 other, people still preferred equality, but not as strongly as when the self was disadvantaged.

The relationship we have with the other party can affect our own motivational orientation. Consider the following choices<sup>31</sup>:

**Choice A:** \$4,000 for yourself

**Choice B:** 50% chance at \$3,000; 50% chance at \$5,000

Which do you choose? We asked 111 MBA students, and most of them (73%) chose the sure thing: Choice A. This example confirms the risk-aversion principle we discussed in Chapter 2. We then asked a separate, but comparable, group of MBA students to choose between the following:

**Choice C:** \$4,000 for yourself; \$6,000 for another person

**Choice D:** Self: 50% chance at \$3,000; 50% chance at \$5,000; Other: 50% chance at \$7,000; 50% chance at \$5,000

A close look at all four choices (A, B, C, and D) reveals that Choice C is identical to Choice A (except for the payoff to the other person), and Choice D is identical to Choice B (except for the payoff to the other person). Thus, if people were perfectly rational and consistent, they would choose C over D (given that most choose A over B). However, that’s not what happens. People’s choices are driven in large part, by their *relationship* with the other party. Negotiators who have a positive relationship with the other person prefer the sure thing of Choice C (56%) over the gamble of Choice D; in contrast, those who had a negative relationship with the other person prefer to gamble on D (67%) over C. Distinct differences are evident between the pie-expanding and pie-slicing strategies used by cooperators versus those used by competitors. Cooperators not only increase the size of the pie, they also prefer an equitable division of the pie in comparison to individualists and competitors. Furthermore, cooperation is strongly related to reciprocity: relative to individualists and competitors, cooperators are more likely to engage in the same level of cooperation as their opponent.<sup>32</sup>

### Strategic Issues concerning Motivational Style

Once you know your own (and the other party’s) motivational style, how can you best use this information? Several strategic issues are relevant when it comes to motivational style.

<sup>30</sup> Loewenstein, G. F., Thompson, L., & Bazerman, M. H. (1989). Social utility and decision making in interpersonal contexts. *Journal of Personality and Social Psychology*, 57(3), 426–441.

<sup>31</sup> Loewenstein, Thompson, & Bazerman, “Social utility and decision making.”

<sup>32</sup> Van Lange, P. A. M. (1999). The pursuit of joint outcomes and equality in outcomes: An integrative model of social value orientation. *Journal of Personality and Social Psychology*, 77(2), 337–349.

**MOTIVATIONAL STYLE AND NEGOTIATION PERFORMANCE** How do different negotiation styles affect negotiation performance? A meta-analysis of tough (competitive) and soft (cooperative) bargaining strategies reveals that hardline strategies lead to greater *economic* gain (better outcomes), whereas softline strategies lead to better *socioemotional* outcomes.<sup>33</sup>

**RECIPROCITY EFFECT** Integrative (value-creating) and distributive (value-claiming) behaviors tend to be reciprocated.<sup>34</sup> If you want to discourage a competitive motivational orientation in the counterparty, then don't reciprocate. When different types of players faced a pro-social (cooperative) opponent, pro-social and individualistic players cooperated more than competitive players. Pro-socials and individualists competed when the other party competed, but competitive players competed regardless of the behavior of the other party.<sup>35</sup> However, when a cooperative person negotiated with an individualistic negotiator, both experienced significantly more positive negotiation processes and outcomes than did purely individualistic dyads.<sup>36</sup>

**MOTIVATIONAL CONVERGENCE** During negotiation, people's strategies often change in response to how they view the other party and the situation. In particular, when a cooperator meets a competitor, the cooperator is the one to change. For example, consider what happens when a person with a cooperative orientation negotiates with a competitive person. The cooperator begins the negotiation in a cooperative fashion, but when she realizes that she is facing a competitor, she changes her own style. People with a cooperative orientation behave competitively when paired with a competitive opponent, whereas competitive players do not change.<sup>37</sup> Thus, a strong tendency toward convergence of styles is likely to occur at the bargaining table.<sup>38</sup> Convergence of outcomes, as well as bargaining styles, occurs in later stages of negotiation.<sup>39</sup> As deadlines approach, people exchange specific proposals and make concessions.<sup>40</sup>

**EPISTEMIC MOTIVATION** Epistemic motivation refers to a person's need to understand his or her world.<sup>41</sup> To reach integrative agreements, negotiators should have not only a cooperative (social) orientation but also a deep understanding of the task (epistemic motivation).

<sup>33</sup> Hüffmeier, J., Freund, P. A., Zerres, A., Backhaus, K., & Hertel, G. (2014). Being tough or being nice? A meta-analysis on the impact of hard- and softline strategies in distributive negotiations. *Journal of Management*, 40(3), 866–892.

<sup>34</sup> Brett, J. M., Shapiro, D. L., & Lytle, A. L. (1998). Breaking the bonds of reciprocity in negotiations. *Academy of Management Journal*, 41(4), 410–424; Donohue, W. A. (1981). Analyzing negotiation tactics: Development of a negotiation interact system. *Human Communication Research*, 7(3), 273–287; Putnam, L. L. (1983). Small group work climates: A lag-sequential analysis of group interaction. *Small Group Research*, 14(4), 465–494.

<sup>35</sup> McClintock, C. G., & Liebrand, W. B. (1988). Role of interdependence structure, individual value orientation, and another's strategy in social decision making: A transformational analysis. *Journal of Personality and Social Psychology*, 55(3), 396–409.

<sup>36</sup> Schel, V., Rognes, J. K., & Shapiro, D. L. (2011). Can individualists and cooperators play together? The effect of mixed social motives in negotiations. *Journal of Experimental Social Psychology*, 47(2), 371–377.

<sup>37</sup> Kelley, H. H., & Stahelski, A. J. (1970). Social interaction basis of cooperators' and competitors' beliefs about others. *Journal of Personality and Social Psychology*, 16(1), 66–91.

<sup>38</sup> Weingart, L. R., Brett, J. M., Olekalns, M., & Smith, P. L. (2007). Conflicting social motives in negotiating groups. *Journal of Personality and Social Psychology*, 93(6), 994–1010.

<sup>39</sup> Gulliver, M. P. (1979). The effect of the spatial visualization factor on achievement in operations with fractions. *Dissertation Abstracts International*, 39(9-A), 5381–5382.

<sup>40</sup> Lim, S. G., & Murnighan, J. K. (1994). Phases, deadlines, and the bargaining process. *Organizational Behavior and Human Decision Processes*, 58(2), 153–171; Stuhlmacher, A. F., Gillespie, T. L., & Champagne, M. V. (1998). The impact of time pressure in negotiation: A meta-analysis. *International Journal of Conflict Management*, 9(2), 97–116.

<sup>41</sup> Kruglanski, A. W. (1989). *Lay epistemics and human knowledge: Cognitive and motivational bases*. New York: Plenum Press.

Negotiators who are high in both epistemic and cooperative motivation develop greater trust and reach more integrative agreements than those low in cooperation or low in epistemic motivation.<sup>42</sup>

## GENDER AND NEGOTIATION

A common question is how do women fare relative to men when seated at the bargaining table? In this section, we examine several important measures of negotiation in regards to gender, including: economic negotiation outcomes, opening offers, the propensity to initiate negotiations, perceptions of the other party, and how men and women are treated by the counterparty.

### Economic Outcomes

A number of studies have investigated how men and women perform in terms of their negotiated economic outcomes, most notably, salary negotiations in laboratory simulations and experiments. Across the board, men are more successful than women in terms of claiming value—they inevitably get a bigger slice.<sup>43</sup> And, when men and women negotiate against one another, men get a larger slice of the pie. In 1999, a large meta-analysis revealed that men negotiated significantly better outcomes than did women; opponent gender, power, mode of communication, nature of the task, and year of the investigation did not explain this robust effect.<sup>44</sup> A 2015 meta-analysis revealed that men achieved better economic outcomes than women, but that gender differences in outcomes depend on the context: gender differences favoring men are reduced when negotiators had experience, when they received information about the zopa, and when they negotiated on behalf of another person.<sup>45</sup>

It is one thing to find gender differences in simulated salary negotiations; it is quite another question to document them in real-world situations. As can be seen in Exhibit 5-4, gender differences exist in actual job and salary negotiations. These differences are not explained by career clustering (i.e., differences in job class), indeed, women in the same fields with the same jobs and same education earn less than men.

In many situations, gender and power are correlated, raising the question of whether power or gender influence economic outcomes. One investigation created four combinations of power and gender.<sup>46</sup> Male negotiators were more dominating and females were more obliging and compromising. High power negotiators were less dominating and more collaborating, obliging and avoiding than low-power opponents. Feminine and high-power behaviors induced agreement, but masculine and low-power behaviors enhanced individual gain.

<sup>42</sup> De Dreu, C. K. W., Beersma, B., Stroebe, K., & Euwema, M. C. (2006). Motivated information processing, strategic choice, and the quality of negotiated agreement. *Journal of Personality and Social Psychology, 90*(6), 927–943.

<sup>43</sup> Kray, L., Thompson, L., & Galinsky, A. (2001). Battle of the sexes: Gender stereotype confirmation and reactance in negotiations. *Journal of Personality and Social Psychology, 80*(6), 942–958; Kray, L., Galinsky, A., & Thompson, L. (2002). Reversing the gender gap in negotiations: An exploration of stereotype regeneration. *Organizational Behavior and Human Decision Processes, 87*(2), 386–409.

<sup>44</sup> Stuhlmacher, A., & Walters, A. (1999). Gender differences in negotiation outcome: A meta-analysis. *Personnel Psychology, 52*(3), 653–677.

<sup>45</sup> Mazei, J., Huffmeier, J., Freund, P.A., Stuhlmacher, A.F., Bilke, L., & Hertel, G. (2015). A meta-analysis on gender differences in negotiation outcomes and their moderators. *Psychological Bulletin, 141*(1), 85–104.

<sup>46</sup> Nelson, N., Bronstein, I., Shacham, R., & Ben-Ari, R. (2015). The power to oblige: Power, gender, negotiation behaviors, and their consequences. *Negotiation and Conflict Management Research, 8*(1), 1–24.

**EXHIBIT 5-4****Pay Gaps among Men and Women in the Real World**

In 2003, the wage gap between men and women graduating from elite MBA programs was almost negligible. However, by 2013, the pay gap significantly widened. Female graduates earned 93 cents for every dollar earned by their male classmates. Differences in compensation can increase exponentially over time. For example, suppose a man and a woman are both offered a \$50,000 salary when they are 25 years old. Suppose the man negotiates a 10% increase, but the woman does not. Next, assume that both the man and the woman get a steady, 5% annual raise every year for the next 40 years, until they both retire at age 65. The man will earn over \$600,000 more than his female colleague.

Full-time working women in the U.S. earn about 80% of what men do. A Glassdoor study showed that even when controlling for education and experience, women in finance make 6.4% less than men with the same jobs. According to the Institute for Women's Policy Research, the most significant reason why women make 80% of what men do is that they are clustered into lower-paying fields. However, women aren't earning less money just because they pursue and/or are pushed into low-paying work (career clustering), women working in the same field, same job with same education and experience as men earn less—about 5%, which may not seem like a lot, but it adds up. One study analyzed salaries of 10,000 physicians employed by medical schools: women made \$51,000/year less than men. And, the gap occurred within specific fields: female orthopedic surgeons made \$41,000 less than male orthopedic surgeons; female oncologists \$38,000 less and so on. What's more, the disparity appears to grow overtime: the gap increases as women age and as they advance into higher-paying careers.

*Source:* Based on Marks, M., & Harold, C. (2011). Who asks and who receives in salary negotiation. *Journal of Organizational Behavior*, 32(3), 371–394; Suddath, C. (2017, June 26). Paid in semi full. *Businessweek*. scribd.com; Hayes, J. (2017, December). *Private sector workers lack pay transparency: Pay secrecy may reduce women's bargaining power and contribute to gender wage gap*. Washington, DC: Institute for Women's Policy Research. iwpr.org; Anupam, J. B., Olenski, A. R., & Blumenthal, D. M. (2016, September). *Sex differences in physician salary in US public medical schools*. *JAMA Internal Medicine*, 174(9), 1294–1304.; Blau, F. D., & Kahn, L. M. (2016, January). *The gender wage gap: Extent, trends, and explanations*. Working paper No. 21913. The National Bureau of Economic Research. nber.org/papers/w21913

**Opening Offers**

A key determinant of how well men and women do is their opening offer. Opening offers reveal men and women's aspirations. Women set lower aspirations (and ask for less) in their opening offers than do men, holding constant their previous experience, education, and bargaining position. A meta-analysis of how gender influences negotiation performance revealed that 48% of the investigations involved monetary purchases, 25% involved compensation, and 28% involved legal issues.<sup>47</sup> When negotiators believe a negotiation simulation is diagnostic of their true negotiation ability, men do even better relative to women.

<sup>47</sup> Stuhlmacher, A., & Walters, A. (1999). Gender differences in negotiation outcome: A meta-analysis. *Personnel Psychology*, 52(3), 653–677; Damast, A. (2012). She works hard for less money. *Businessweek*, 4310, 31–32.