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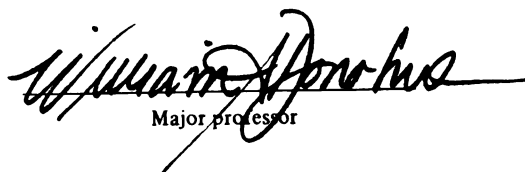
**The Effects of Power and Trust
on Buyer/Seller Negotiations**

presented by

Shannon Gathman

has been accepted towards fulfillment
of the requirements for

Master of Arts degree in Communication


Major professor

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**THE EFFECTS OF POWER AND TRUST ON BUYER/SELLER
NEGOTIATIONS**

By

Shannon Gathman

A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

MASTER OF ARTS

Department of Communication Arts and Sciences

1996

ABSTRACT

THE EFFECTS OF POWER AND TRUST ON BUYER/SELLER NEGOTIATIONS

By

Shannon Gathman

This study was concerned with the issue of how power and trust combine to affect the degree of integration evidenced in joint outcomes of negotiation situations. It came about after reviewing various literature with a special focus on a study by McGillicuddy et al. Previous literature suggested that an external power threat, such as an arbitrator, increased negotiators concession making. This study was concerned with the influence of both power and trust on information sharing rather than concession making. The results indicate no significant effects for power on integration. The data did reveal an interesting effect for merely talking about trust, whether in a positive or negative framework, prior to negotiation tended to reduce joint profits significantly.

ACKNOWLEDGEMENTS

This document is the culmination of a lot of hard work and a lot of fun. I'd like to thank my committee for their assistance; they assigned the work and tried to keep it fun! They also helped to keep me on track throughout many difficult times by reminding me that I needed to keep perspective in order to keep my sanity.

Another vital but less often recognized component of the graduate school process is friendship. Mary Kay Casey and Scott Preston, through their support, humor, and understanding have turned a journey that without them would have been unbearable, into an exciting, thought-provoking, sometimes painful but always interesting, worthwhile trip. I am thankful for their presence in my life.

Along with the friends that are made, there is the group that you share your first year with. Many of them come to be friends, because together you've survived an experience you think no one else can understand. And often, they're a major part of the reason you've survived. Ron Hidalgo falls into this category. We started our first year together and have been through hell and high water since. I want to thank Ron. I couldn't have done it without him.

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Chapter 1

Introduction

Person A: You can't go G, F, and F?
Person B: No.
Person A: Why? You said F's across the board would be fine.
Person B: I lied.
Person A: You should be willing to fluctuate somewhat.
Person B: Correct, but I did not look at my number that I had to reach as well.
Person A: I think you're lying.
Person B: I am not lying to you, I promise.
Person A: Hmm...so now you can't even go all F's huh?
Person B: No. Maybe we can go all E's.
Person A: You couldn't go all A's.
Person B: E's. No I could go all A's I just couldn't go all E's.
Person A: You can go all E's?
Person B: If we compromise.
Person A: Oh my God. This is ridiculous.
Person B: I know. I guess one of us is gonna lose money or something

This excerpt was taken from transcripts of buyer/seller negotiations. Buyer/seller negotiations are just one of many different kinds of negotiations. Negotiation begins early in life; it can take many different forms, such as negotiations over behavior. For example, a child promises to "be good" in exchange for a cookie. This is one example of the diverse negotiations that take place starting early in life. As people grow older they continue to negotiate; however, the reasons for negotiation, as well as the style of negotiation, become more sophisticated.

Along with the various types of negotiation come a myriad of ways to deal with any negotiation situation. The most effective negotiation strategy, advocated by Fisher & Ury (1981), is an integrative one; yet the majority of people involved in negotiation situations do not reach integrative solutions. An integrative solution to a negotiation situation is

one in which both parties reach a high level of joint gain. Studies have sought to determine what deters people from reaching these types of solutions. Thompson and Hastie (1990) have determined that when people maintain fixed-sum perceptions throughout a negotiation, they are less likely to reach an integrative solution. The employment and reciprocation of distributive bargaining tactics also hinders attainment of a fully integrative solution (Tutzauer & Roloff, 1988). Truly integrative outcomes result from the search for information rather than the strict concession/convergence strategy of distributive bargaining. This study is concerned with how power and trust affect the degree of integration shown in the outcomes of buyer/seller negotiations; specifically, does the threat of losing power to an external source coupled with varying degrees of trust between negotiators promote more integrative outcomes?

To this end, power is manipulated in the form of a third party arbitrator. Power is defined as the ability to control negotiation outcomes. Therefore, participants are told an arbitrator will step in and make a binding decision regarding their negotiation if they are unable to reach an agreement within the 20 minute time limit. This intervention effectively removes all power from the buyer and seller. The severity of the power threat is varied across conditions, ranging from the mere threat of an arbitrator's presence to an arbitrator actually being in the room during the negotiations.

Another variable, trust, is also manipulated. Trust is manipulated to alter the relationship between the parties to better understand the impact on power. Trust levels between buyers and sellers range from no mention of trust at all (the control condition) to either a high or low trust condition. Trust is manipulated by providing information detailing a past relationship with the other party. If the trust condition is to be high,

positive information regarding their history is given; whereas, if trust is to be low, the information about previous interactions indicates they were negative. All of these manipulations are designed to determine if negotiation outcomes differ under various perceptions of power and trust.

The underpinnings of this study come from an article by McGillicuddy, Welton, and Pruitt (1987). The McGillicuddy et al study was concerned with different types of third party intervention taking place after a mediation situation failed. The authors put forth eight hypotheses in their study which were designed to determine how both the negotiators and the third parties would respond under different conditions. More specifically, the McGillicuddy et al article detailed a pilot laboratory experiment that was designed to familiarize researchers with the measures and manipulations before going into the field. The pilot study did not yield any significant findings, but did show some nearly significant results indicating that negotiators rated themselves less serious about reaching an agreement in straight mediation situations than when they expected arbitration to follow a failed mediation session. This pilot experiment was the jumping off spot for the current study.

The outcomes of the pilot study led to this study's expansion of the use of power in negotiation. In this study, power threats, in the form of a third party arbitrator, were a key focus. Negotiators were either threatened with the use of an arbitrator, similar to the aforementioned study, or there was actually an arbitrator present during the negotiation to make the power threat even more real. This increased attention to power's affect on outcomes led to another difference between the studies; the focus on mediation.

In this study, there is no mediation taking place; whereas in the McGillicuddy et al study, there was a mediator present during all negotiations. In that study the main focus was on how the outcomes differed across expectations of intervention on the part of the negotiators. In the current study, the negotiators have not mediated and their outcomes are being measured to determine how they respond to being threatened with arbitration. They are negotiating for the first time and the main focus is on how the threat of arbitration affects their integrativeness as evidenced by their outcomes.

Another departure from the McGillicuddy et al study stems directly from the change in focus from mediation to arbitration; trust between negotiators was touched upon in some of the underlying assumptions and hypotheses of the McGillicuddy et al study, but never really brought to the forefront. In this study, this issue of trust is manipulated to alter the relationship between the parties to better understand the role of power in negotiation.

This study on power and trust, as they relate to negotiation, is an outgrowth of work done by McGillicuddy et al. Power is defined as control over outcomes, and trust is introduced to change the negotiator's relationship with respect to power. These two variables are manipulated and the negotiation outcomes are then measured to determine the degree to which they are integrative.

Chapter 2

Literature Review

The literature review will focus on the dependent variable, negotiation outcomes, as it relates to the two independent variables, power and trust. First negotiation as it relates to outcomes will be discussed. Then power, defined as control over outcomes and operationalized as a third party arbitrator, will be reviewed in relation to outcomes. Finally, trust will be looked at with a focus on how it impacts the relationship between the negotiators, which in turn affects power.

Negotiation

If there is a need for negotiation, it can be assumed that there is some degree of conflict. In addressing conflict, Rubin (1989) differentiates between the idea of conflict settlement and conflict resolution. Conflict resolution implies an underlying change in attitude that ends the conflict. Conflict settlement, on the other hand, stresses the end of the conflict, but not necessarily due to attitude change. This distinction is important, because it is often more difficult to effect an attitude change than a behavioral change. Another reason for differentiating between settlement and resolution is the sharpening focus on negotiation.

As previously mentioned, the most productive negotiation strategy is integration. An integrative solution is marked by a high degree of satisfaction between both parties in regards to their outcomes (Kressel & Pruitt, 1989). Pienaar & Spoelstra (1991) have classified integrative negotiation as going beyond the standard “win-win” idea generally associated with integrative negotiation and refer to it as a “win more-win more” model of

negotiation. Disagreements are seen as much more costly than compromise, and there is a focus on a continuous relationship existing between negotiators. Also, information seeking and sharing are vital components of integrative bargaining.

In most negotiation situations there is information that is known by only one of the two bargaining parties; the degree to which the parties disclose that information is one measure of how integrative they are. Studies have shown that the more information is shared between negotiators, the more likely it is that the outcome will approach the highest level of integration (Rubin, 1994, Fisher & Ury, 1981). Another measure of integration in negotiation can be found in the outcomes parties reached.

Fowler (1990:3) defines negotiation as

...a process of interaction by which two or more parties who consider they need to be jointly involved in an outcome, but who initially have different objectives, seek by the use of argument and persuasion to resolve their differences in order to achieve a mutually acceptable solution.

This definition stems from the understanding of negotiation not as a single skill but as a process involving many different skills over time. In that process, power is one of many principles that must be considered. Whether power between negotiators is real or imagined, each party must be perceived by the other to have at least a modicum of power. Without that perception, there is no reason for the parties to negotiation; the powerful party can simply take what he or she wants rather than spend the time and energy negotiating over it. Given that power between parties is necessary in negotiation, the idea of that power being misused to the point that the negotiation never reaches a mutually satisfying solution is not far behind. That being the case, one solution to a negotiation stalemate is arbitration.

Arbitration

Arbitration takes the power to make a binding agreement regarding the negotiation out of the hands of the negotiating parties and places it within the sole control of the arbitrator. Negotiation is a widely accepted method for attempting to settle conflict, but when negotiators fail to reach an agreement, a third party is often called upon to intercede in the negotiation and facilitate the goal of conflict settlement (Rubin, 1989). Third party intervention can take many different forms, including mediation, arbitration and conciliation. There has been much work done on the effectiveness of third party intervention, as well as when and how it should be used (Rubin, 1981, Kressel & Pruitt, 1989).

Mediators can certainly be viewed as a threat to power, especially when they are also given arbitration authority. However, for mediators to be truly effective, they must be well trained. Additionally, mediation is traditionally used to supplement and broaden the power of the negotiators, which is the opposite of the effect being sought. A mediator is generally agreed upon by both parties and the negotiators continue to have complete power over their choices and outcomes when using mediation (Crowley, 1994).

Arbitration differs from mediation in that a lot of the power that originally belonged to the negotiators gets transferred to the arbitrator. This is because the arbitrator generally has the ability to make a binding decision regarding the dispute, whereas the mediator merely makes suggestions that the negotiators can choose to ignore (Conlon, Carnevale, & Ross, 1994).

As power has been defined as control over outcomes, arbitration becomes important because once an arbitrator is brought in, he or she has that power. Raven &

Kruglanski (1970) talk about the power of the third party coming from social influences, such as informational influence, coercive influence, reward influence, etc. Several studies have shown that the power of a third party is instrumental in negotiation situations. The McGillicuddy et al study, upon which this study is based, found that negotiators made more concessions more quickly when they were faced with a third party with the power to make binding decisions, an arbitrator for instance, than when faced with a third party whose only power was to make suggestions, such as a mediator. Idaszak & Carnevale (1989), recognizing the power of the third party, conducted a study to determine the effects of third party reward and coercive power on negotiations. With many studies showing that the power to make a binding decision that is characterized by arbitrators results in negotiators increasing their concession making and cooperation, this study looks to see if that power also leads to an increase in integrative negotiating behavior.

Trust

Trust is manipulated to determine if there is a resulting change in the degree of integration achieved in the negotiation outcome. One way to talk about trust is in terms of how much information negotiators are willing to exchange. Putnam and Jones (1982) indicate that disclosure of information and intentions have a direct impact on negotiation outcomes.

Trust between negotiators is a crucial factor in the relationship between the parties as well as in the outcome of the negotiation. If one negotiator does not trust the other, more specifically, doesn't believe in the validity of his or her stated position, it is quite unlikely that they will willingly exchange valuable information. Hence, agreements

reached between parties with lower trust will be less integrative than those reached in relationships marked by higher trust. Hiltrop & Udall (1995) talk about different stages in negotiation and point out that whether or not the negotiators trust each other can influence how they both approach the negotiation situation, as well as how they conduct themselves during the negotiation. For instance, if there is a lack of trust in the relationship between the negotiators, it is likely that their behavior toward one another will be more contentious. This may cause them to lose sight of the overall goal of the negotiation in the heat of emotion. If emotion comes into play to the extent that it obscures the intended outcome of the negotiation, different personalities may respond differently.

Johnson and Tullar (1972) conducted a study that related face-saving to bargaining behavior. In that study, they discovered that individuals with a low need to save face all reached agreement prior to an intervention when they were expecting binding arbitration intervention to occur. However, individuals with a low need to save face who were expecting non-binding mediation were farthest from an agreement. Individuals with a high need to save face were closest to agreement when they were not expecting any sort of intervention.

The idea of saving face can be linked to trust. If participants are in a condition where there is high trust, there is less emphasis on the need to save face. If participants are placed in a condition where there is low trust, there is a tremendous need to save face. The variable of trust has been culled from previous work done on information exchange and face-saving needs and behaviors. For instance, if the proposed study finds that even in a high trust condition, more integration is evidenced when an arbitrator is present, the

currently held beliefs about negotiation could be altered. A finding that negotiations that are supposedly "friendly" could still benefit from an arbitrator could significantly change the way people use negotiation.

Hypothesis

The threat of arbitration was varied across three conditions: (1) the control, which involved no mention of arbitration or any consequences of not reaching agreement within the given time frame; (2) the threat of arbitration, where negotiators were told if they were unable to reach an agreement in the specified time frame, an arbitrator would make a binding decision for them; and (3) the arbitrator present condition, which involved an arbitrator being present in the room throughout the negotiation. The trust condition was also varied across three conditions in a similar manner. There was a control condition as well as a condition where the variable was being manipulated in either a high (individuals had high trust for one another) or low (individuals had low trust for one another) condition. Given the different degrees of the manipulation, the integrativeness of outcomes across those conditions should also vary. The more real the power threat, the more integrative negotiation outcomes should be. The higher the trust between the negotiators, the more integrative the outcomes should be.

In addition to considering the power and trust variables in isolation, they were considered together. When individuals negotiating are facing threats to their power, in the form of possible arbitration, as well as dealing with issues of trust between the parties, there are many different outcomes possible. As mentioned previously, individuals in low trust conditions may become antagonistic, causing the entire negotiation to suffer. By combining a low trust condition, which is likely marked by argumentative behavior, with

the threat of arbitration, which should cause negotiators to behave more responsibly, this study is trying to create a degree of accountability in which the parties will respond to the power threat and reduce emotional outbursts and return to the task at hand.

This reasoning and various literature, combined with additional thought in regards to negotiation, arbitration, and trust have given birth to the following hypothesis that was tested in this study.

Hypothesis: The higher the trust between negotiators and the higher the threat to their power, the more integrative their outcomes will be.

There is extensive literature regarding negotiation, power, and how trust relates to both of those issues. The negotiation literature, combined with studies that focused on integrative solutions, led to the research question, how do power and trust influence negotiation situations? This study was a natural outgrowth of that question. After reviewing the literature, it became obvious that each one individually had an impact on integrative outcomes of negotiation situations, and further thought led to the hypothesis of an interaction of the variables of power and trust impacting the degree to which outcomes were integrative.

Chapter 3

Methods

Subjects

Participants were 207 traditional undergraduates at a large, mid-western university. They were separated into nine different conditions (see Table 1 for actual distribution). They were recruited from an introductory course that consisted of majors from across the university. On the average, subjects were white, unmarried 18-year-old females with no previous experience in negotiation.

Table 1: Subject Distribution Across Cells

	Control	Threat	Presence
Straight	14	22	22
High Trust	20	16	20
Low Trust	18	24	20

Procedures

Participants engaged in a buyer/seller negotiation exercise. Upon entering the laboratory, subjects were assigned to different cells and different roles, either a buyer, seller, or an arbitrator, which placed them in either a dyad or a triad. Subjects were separated based upon their roles and were given a demographic questionnaire (see Appendix A) to fill out along with a personality inventory which is not included as it was not analyzed for this study. They were then instructed to role play a negotiation and were

told their assigned role. Based upon their role, they were given an informational packet that detailed their role and the specifics of the exercise (see Appendix B). After everyone had read this packet over, they were given a true/false quiz to verify their understanding of the information contained in their packet as well as to verify that the manipulations of trust and power were effective (see Appendix C for the manipulation check). Once subjects had completed this form, a lab attendant went over the quiz with them to confirm that they had answered all the questions correctly, indicating that they understood their role in the experiment and that the manipulation was effective. If subjects answered questions incorrectly, they had a discussion about why they were incorrect as well as what the correct answer was and why.

Once all subjects had finished with the quiz, they were joined with their buyer or seller counterpart and told to begin their negotiations. If subjects had questions, they raised their hands and an attendant came and answered it. Once the group had finished the negotiation exercise, they were brought a “Final Contract” to complete and sign (see Appendix D). If the subjects failed to reach an agreement by the end of the time limit, they were given the “Final Contract” and told to complete it in accordance with the number of items they successfully agreed upon. The subjects were then given a debriefing form and encouraged to ask questions (see Appendix E).

These procedures, along with all of the manipulations detailed, were done to determine integrativeness in negotiation. This study measured integration by looking at joint profit dollars at the end of the negotiation. Given the way the payoff schedules were set up, any joint profit totalling over \$4000 was considered to be integrative. Integrative outcomes could range between \$4000 and \$5200. (See Table 3 for a breakdown of all

joint profits across conditions as well as the individual profits across conditions.)

Manipulations

In order to manipulate the independent variables of trust and power, participants were given different information depending upon their cell assignment. Cells one, two, and three all contained basic information about the negotiation, with no mention of any previous interaction between the two companies the subjects were representing (see Table 2 for corresponding condition descriptions). This condition served as a control for the trust variable. Cells four, five, and six contained data identical to that provided in cells one, two, and three, but there was additional information detailing a positive past history with their counterpart's company. There was no concrete information given, but the message conveyed was that there was a high degree of trust in the relationship due to positive interactions in the past. This information created the high trust condition. Cells seven, eight, and nine, contained just the opposite information as cells four, five, and six. Again, there was no evidence given, but each negotiator was led to believe that in the past interactions had not gone well. This bad history was designed to cause negotiators to feel a lack of trust in the relationship, thereby creating the low trust condition. (See Appendix F for the specific language associated with each cell.)

Cells one, four, and seven acted as a control condition for the power variable. In each of these cells, participants were told that there was a time limit of twenty minutes within which to reach a settlement; there was no mention of any consequences if they were unable to reach an agreement within the twenty minutes. Cells two, five, and eight made up the threat to power condition. In this condition, participants were told of the twenty minute time limit and warned that if they were unable to reach an agreement

within that time frame an arbitrator would be brought in to make a binding decision for them. Cells three, six, and nine made up the strongest power manipulation condition. In this condition, an arbitrator was actually present throughout the negotiation. Participants were told of the twenty minute time limit, and the arbitrator actually sat in the room during the entire negotiation process to make the threat more real.

Table 2 - Condition Descriptions

	Control	Threat	Presence
Straight	1	2	3
High Trust	4	5	6
Low Trust	7	8	9

Each exercise also contained some basic information about the buyer's and seller's organizations designed to impart a feeling of some urgency to the participants. They were made to understand that they needed to negotiate in good faith with each other due to the continuous nature of the relationship between their organizations. Additionally, they were given a minimum profit that they "must" obtain, and they were made to understand that they could not choose not to negotiate. Both participants received the same basic information. The differences between each of the exercises was determined by the condition into which subjects fell.

In order to measure the dependent variable of integrative outcomes, each member of the negotiation pair had a sheet of profit/price guidelines (see Appendix G). They were also told their counterpart had their own sheet of guidelines containing different information. This lack of information regarding profits/prices created a need for open

information exchange in order to achieve successful integrative bargaining.

Each guideline sheet detailed the profit achieved at any given price for each of the three items under negotiation. Negotiators were each given their own guidelines and instructed not to share, but were told they could speak of the information freely. Negotiators couldn't share guideline sheets because the payoff schedules shown there were opposite for the buyer and seller. For example, on one appliance, big screen televisions, the buyer made the maximum profit at price I and the seller made zero profit on price I. However, on lap top computers, the buyer made no profit at price A, whereas the seller made the most profit on price A. This setup allowed for the determination of integration, because the most profit would not be realized if the negotiators merely went for the middle price/profit for each item. Instead, they must exchange information openly and honestly, in other words, negotiate integratively, to discover that they can make a higher profit alone, as well as jointly, by each sacrificing on one particular item.

For instance, if the negotiators did not exchange information frankly, the general pattern to be expected is that the buyer would attempt to get the seller to agree to his or her highest profit margin, and the seller would resist, as the buyer's highest profit margin is the seller's lowest profit margin. The two negotiators would bargain back and forth until they ended up somewhere in the middle on the item. This is the basic model for distributive bargaining. This practice would be followed for each item, resulting in a middling profit for each participant. However, if they exchange information, the key principle for integrative bargaining, they will soon discover that if one sacrifices completely on one item in return for his or her maximum profit on another item, and they

split the third item, they will each receive a much higher profit than they would have otherwise.

Chapter 4

Analysis/Results

The first hypothesis predicted was an interaction between power and trust affecting the dependent variable of joint outcomes. For example, the effect of power upon joint profit is dependent on the level of trust in the manipulation. The interaction hypothesis was not supported by the data analysis. An analysis of variance for joint profit with the interaction variable (trust by power) yielded an F -value of .419 (p -value of .80) which was not significant. The mean profits for each of the nine conditions are detailed below (see Table 3).

Table 3 - Mean Profits

	Control	Threat	Presence
Straight	\$4,546 (joint) \$2,419 (buyer) \$2,127 (seller)	\$4,418 (joint) \$2,209 (buyer) \$2,209 (seller)	\$4,693 (joint) \$2,288 (buyer) \$2,406 (seller)
High Trust	\$4,160 (joint) \$2,065 (buyer) \$2,095 (seller)	\$3,927 (joint) \$2,023 (buyer) \$1,905 (seller)	\$4,380 (joint) \$2,095 (buyer) \$2,285 (seller)
Low Trust	\$4,217 (joint) \$1,906 (buyer) \$2,311 (seller)	\$3,786 (joint) \$1,764 (buyer) \$2,012 (seller)	\$3,850 (joint) \$1,755 (buyer) \$2,095 (seller)

When testing for main effects only, the ANOVA showed that in this model (see Table 4) trust accounted for a statistically significant portion ($p = .021$) of the variance in joint profit. Power did not have a significant effect on joint outcomes in this model.

Table 4 - ANOVA Table

Source of Variation	<i>SS</i>	<i>DF</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Within+Residual	53216654	83	641165		
Power	1248604	2	624302	.97	.382
Trust	5211016	2	2605508	4.06	.021
(Model)	6187636	4	1546909	2.41	.055
(Total)	59404290	87	682808		

R-Squared = .104

Given the lack of statistical support for the hypothesis when considering the variables as categorical, they were then considered as continuous. For example, trust was considered to have three different values on a scale of 0 to 2. Level 0 was the low trust condition, level 1 was the control condition (straight negotiation), and level 2 was the high trust condition. Power was considered in a similar fashion; level 0 was the control condition, level 1 was the threat of arbitration, and level 2 was the arbitrator present condition. Even with the re-organization of the data, there was no support for the hypothesis of an interaction effect, nor were there significant main effects from a regression analysis (see Table 5).

Table 5 - Regression for Continuous Variables

<i>R</i> Square		.00652	
Standard Error		833.25591	
	<i>DF</i>	<i>SS</i>	<i>MS</i>
Regression	2	387480	193740
Residual	85	59016810	694315
<i>F</i> = .27904		<i>p</i> = .7624	
Variable	<i>B</i>	Standardized <i>Beta</i>	Significance of <i>t</i>
Power	-22	-.021991	.8393
Trust	-79	.077397	.4761

Considering there was a statistically significant effect for trust when considering it as a categorical variable and not a statistically significant effect for trust when considering it as continuous, the data were then merged into a dichotomous variable for both trust and power. As there were obviously differences between trust conditions this transformation was done to try and better understand those differences in the trust treatment. As the regression didn't show the differences to be due to levels of trust, maybe the differences are between the control condition and the other two trust conditions. Therefore, two dummy variables were created and called (1) "talked about trust" (yes or no) and (2) "talked about a power threat" (yes or no). A second regression was conducted using the dummy variables, and that model (see Table 6) revealed that merely talking about trust reduced joint profits by an average of \$464! Essentially, the effect of trust on joint profit is a negative one, which is the opposite of what was hypothesized.

Table 6 - Regression for Dichotomous Variables

<i>R</i> Square		.07922	
Standard Error		802.18886	
	<i>DF</i>	<i>SS</i>	<i>MS</i>
Regression	2	4706198	2353099
Residual	85	54698092	643507

F = 3.65668 *p* = .0300

Variable	<i>B</i>	Standardized <i>Beta</i>	Significance of <i>t</i>
Talked about Power	-116	-.067647	.5181
Talked about Trust	-464	-.269604	.0114

Other ANOVA analyses (for race, previous negotiation experience, and role, all considered individually) turned up non-significant results. One test, however, did show that females could expect on the average to receive lower joint profits than males. Females score \$145 less than males in joint profits, regardless of male/male, female/female, or male/female teams.

Chapter 5

Discussion

There was no interaction effect when looking at power and trust in relation to joint profit. A statistically significant main effect was revealed when power and trust were merged into dummy variables of (1) “talked about” or (2) “didn’t talk about”. This again was not what was hypothesized. Given the widespread differences between the results and the hypothesis, further investigation was thought to be useful. For example, each dyad considered solely in terms of the sex variable -- male/male, female/female, or mixed sexes. There was no significant difference between these three conditions in regard to joint profit. However, when tested with individual profit between males and females regardless of dyad type or cell number, a correlation of .15 ($p = .01$) was found for sex and individual profit. Across conditions, women scored lower individual profits than men.

These findings are different than those reported in the literature. Generally, the literature has shown that individuals have responded with an increase in concession making and done so faster when faced with power threats. In this study, there appeared to be no effect for the variable of power at all, not even when it was merged into a dichotomous variable from a continuous one.

The most interesting outcome of this study is the finding that the mere mention of trust, regardless of talking about it positively or negatively, significantly reduces joint profit. This is not what was expected. One of the possible reasons that mentioning trust seems to reduce trust in the relationship is the suspicion that tends to accompany a

declaration of trust. Basically the idea is that if they trust each other, it doesn't need to be discussed; simply stating that there is a high trust level may have put subjects on their guard. Additionally, some individuals don't bother to think about where the trust levels are, they simply get to work negotiating. If trust is mentioned to these individuals it may prove to be distracting; instead of simply assuming an acceptable level of trust, they begin to think about trust and devote themselves to figuring out the trust levels and monitoring the other individual rather than thinking about maximizing their profits.

The phenomenon of a discussion of trust, even in a positive manner, causing problems with trust in a relationship is not limited to this study. It is frequently found in interpersonal relationships that calling attention to the relationship itself tends to cause problems. If the relationship is going fine there doesn't need to be any discussion of that relationship. Also calling attention the relationship wakes people up. What they took for granted to be working fine they are now questioning, even if the discussion that woke them was strictly positive. Another reason that talking about trust, or any other aspect of a relationship, may cause problems is that focusing on the relationship may distract and confuse people. Getting wrapped up in talking about trust in the relationship takes away from the business of actually having the relationship!

These differences between the current study and the current literature lead to questions regarding the study. Clearly a major weakness of the study is that the subjects were not involved enough for the manipulation to be effective. When subjects were given the true/false quiz designed to verify the manipulation check, there were several instances when their answers were wrong and they had to be corrected. Specifically this often happened with the question, "If my partner and I are unable to reach an agreement

within 20 minutes, we will no longer have the power to control our own profits”. If subjects did not correctly answer this question, it is likely that the power manipulation was not strong enough to make the situation real for them.

Another weakness of this study is the sample size. There were 207 subjects that participated, but that was not the total number used in data analysis. Of those 207, 33 were excluded because they played the role of an arbitrator; the arbitrator did not actively participate in the study other than to create the power threat in a more real manner, so there was no data other than basic demographic collected about them. Further reduction of sample size occurred due to the fact that the variable of interest, joint profit, was doubled as each member of a negotiating dyad had the same value. For the sake of meaningful data analysis, this number had to be reduced by half, leaving the actual sample size for data analysis at 88 subjects (dyads).

A third weakness of the study was the homogeneity of the sample. Subjects were culled from an introductory class that spans many majors, but there was a very small range of ages between the subjects. The same holds true for race, marital status, and sex; there was very little variance between subjects with regard to these variables.

One of the possible reasons for the data to be so different than that reported in the literature is a confounding variable, familiarity. Subjects often knew one another as friends or room mates, or at least were able to identify each other by sight. This familiarity could be especially problematic when considering the arbitrator present condition for the power variable; it is difficult for the arbitrator to maintain credibility when he or she is known to be a peer of the negotiators.

Given that the data resulted in significant findings with respect to trust, even with such a homogenous group of subjects, points to some strengths in the design of the study. The outcome variable was created with an opportunity for a great deal of variance; joint profit ranged from \$1400 to \$5200. By providing a dependent variable with potential for variance, the power of the statistical tests is increased, which in turn strengthens the design of the study.

Another strength of the study was the distribution of subjects. There was a relatively small sample size, but the subjects were fairly evenly distributed across all nine cells, allowing for variance to show through in the data. Dyads and triads ranged from a minimum of 7 in cell 1, the control condition for both variables, to a maximum of 12, in cell 8.

These results, including the strengths and weaknesses detailed, led to some different avenues for future research. First, replicating this study and including an exit interview that tries to get at why the mere mention of trust seems to call an individual's trustworthiness into question would prove interesting. Second, analyzing the transcripts that were obtained during these negotiations could offer additional insight. That would allow for more specific targeting of the idea of information sharing as it applies to integrative bargaining. For instance, in this study, outcomes alone were used to determine if individuals had shared information. The transcripts from this experiment could be analyzed for key indicators of information exchange. Those findings could then be compared against the dollar outcomes of this study, to determine if outcomes are good indicators of integration.

APPENDIX A

APPENDIX A

Demographic Questionnaires

Individual ID # _____

PLEASE ANSWER THE FOLLOWING QUESTIONS AS HONESTLY AS POSSIBLE. YOUR ANSWERS WILL BE KEPT STRICTLY CONFIDENTIAL. THANK YOU FOR YOUR TIME AND COOPERATION.

1. What is your age? _____
For the following questions, place an "x" in the space indicating your answer.
2. Please indicate your sex.
_____ Male
_____ Female
3. Please indicate your class standing.
_____ Freshman
_____ Sophomore
_____ Junior
_____ Senior
_____ Other, please explain _____
4. Please indicate your marital status.
_____ Married
_____ Single
_____ Other (please explain) _____
5. What is your racial/ancestral background? (Check only one)
_____ White
_____ Black/African American
_____ Asian/Pacific Islander
_____ American Indian/Eskimo/Aluet
_____ Hispanic
_____ Arab
_____ Other _____

6. Have you ever taken or audited a class that related to negotiation in any way? (i.e. discussed negotiation styles, role played a negotiation...etc.)

_____ Yes

_____ No

If yes, identify the class and explain the negotiation process you participated in.

7. Have you ever participated in a negotiation due to the nature of your career?

_____ Yes

_____ No

If yes, please explain

8. Have you ever participated in a negotiation for any other reason? (i.e. court, union, divorce...etc.)

_____ Yes

_____ No

If yes, please explain the circumstances for the negotiation.

At times, you may have incompatibilities, disagreements, differences, or conflict with your peers. Rank each of the following statements, by circling a number on the scale provided after each statement, to indicate **how you handle conflict with your peers**. Try to recall as many recent conflict situations as possible in ranking these statements.

Scale: 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1= Strongly Disagree

1. I try to investigate an issue with my peers to find a solution acceptable to us5 4 3 2 1
2. I generally try to satisfy the needs of my peers5 4 3 2 1
3. I attempt to avoid being “put on the spot” and try to keep my conflict with my peers to myself5 4 3 2 1
4. I try to integrate my ideas with those of my peers to come up with a decision jointly5 4 3 2 1
5. I try to work out a compromise that will give both me and my peers some of what we want..5 4 3 2 1
6. I try to work with my peers to find solutions to a problem which satisfy our expectations5 4 3 2 1
7. I usually avoid open discussions of my differences with my peers5 4 3 2 1
8. I exert pressure on my peer so that a decision is made in my favor.....5 4 3 2 1
9. I try to find a middle course to resolve an impasse5 4 3 2 1
10. I use my influence to get my ideas accepted5 4 3 2 1
11. I use my authority to make a decision in my favor5 4 3 2 1
12. I usually accommodate the wishes of my peers5 4 3 2 1
13. I give in to the wishes of my peers5 4 3 2 1
14. I bargain with my peer so that a middle ground can be reached5 4 3 2 1
15. I exchange accurate information with my peers to solve a problem together.....5 4 3 2 1
16. I sometimes bend over backwards to accommodate the desires of my peer.....5 4 3 2 1
17. I usually allow concessions to my peers.....5 4 3 2 1
18. I am firm in presenting the merits of my position.....5 4 3 2 1
19. I sometimes take a moderate position so that a compromise can be reached5 4 3 2 1
20. I usually propose a middle ground for breaking deadlocks.....5 4 3 2 1
21. I negotiate with my peers so that a compromise can be reached5 4 3 2 1
22. I try to stay away from disagreement with my peer5 4 3 2 1
23. I avoid an encounter with my peers.....5 4 3 2 1
24. I use my expertise to make a decision in my favor5 4 3 2 1
25. I often go along with the suggestions of my peers5 4 3 2 1
26. I use “give and take” so that a compromise can be made5 4 3 2 1
27. I am generally firm in pursuing my side of the issue5 4 3 2 1
28. I try to bring all our concerns out in the open so that the issues can be resolved in the best possible way.....5 4 3 2 1
29. I collaborate with my peers to come up with decisions acceptable to us5 4 3 2 1
30. I try to satisfy the expectations of my peers5 4 3 2 1
31. I sometimes use my power to win a competitive situation.....5 4 3 2 1
32. I try to keep my disagreement with my peers to myself in order to avoid hard feelings5 4 3 2 1
33. I try to avoid unpleasant exchanges with my peers.....5 4 3 2 1
34. I keep my disagreement with my peers to myself so as not to disrupt our relationship5 4 3 2 1
35. I try to work with my peers for a proper understanding of a problem5 4 3 2 1

APPENDIX B

APPENDIX B

Negotiation Instructions

Negotiation Instructions: Buyers

Imagine that you work as a purchasing representative for Sam's Warehouse Club, the wholesale chain owned by the Wal-mart corporation. You have worked at Sam's Club for the past five years. As part of your job, you negotiate with manufacturers of electronics concerning how much your stores will pay for their products. In this simulation you will be negotiating with a representative from General Electric. You will be negotiating about prices for three types of electronics: big-screen television sets, personal copying machines, and lap-top personal computers.

Attached to these instructions is your profit sheet. This sheet lists nine (9) different prices (marked "A" through "I") at which you could buy each of the three electronics. As you can see, you earn greater profits for Sam's Club if you can convince your counterpart to sell each item for a lower price. Consider the last item, lap-top computers (see Column 3). If you can convince General Electric to sell for price "I", then your company (Sam's Club) will earn \$2000 profit on every computer. If you and your counterpart settle on price "F", then Sam's Club earns \$1250 per computer. If you and your counterpart settle on "A", then your company would be buying computers at full price and earn \$0 profit per computer.

Remember, *prices* are listed as letters, such as "A", "C", or "F". *Your profits* are listed in dollar amounts, such as "\$800", "\$600", or "\$400".

Your counterpart from General Electric also has a profit sheet which lists the same three items (big-screen TV sets, personal copying machines, and lap-top computers) as well as the same nine prices for each item (i.e., "A" through "I"). However, your counterpart does NOT know how much profit you will receive for each price. Similarly, you do not know how much profit your counterpart will receive for each price.

At the end of the negotiation, your own TOTAL PROFIT is determined by your settlement on all three items. For example, if you and your counterpart agree on price "E" for big-screen TV sets (\$400), price "B" for copying machines (\$150), and price "G" for lap-top computers (\$1500), then your total profit would be $\$400 + \$150 + \$1,500 = \$2,050$. As you can see from your profit sheet, the most profitable settlement for Sam's Club is "I", "I", and "I" for all three items, in which case your total profit is $\$800 + \$1,200 + \$2,000 = \$4,000$. The least profitable settlement for Sam's Club is "A", "A", and "A", for all three items, in which case your total profit is \$0.

Please remember that your primary objective is to maximize your potential profit. After talking with your supervisor at Sam's Club, you believe IT IS CRITICAL THAT YOUR TOTAL PROFITS AT THE END OF THE NEGOTIATION BE AT LEAST \$2,200. You may use whatever strategy you feel is appropriate to achieve this profit level.

Information about General Electric:

Although you wish to maximize total profit, you also have incentives to reach an agreement with your counterpart from General Electric. General Electric is a respected manufacturer of electronics because they make quality products. You have carried their products for years, and customers really like them. Your company has an opportunity to increase its overall volume of sales substantially by offering electronics made by General Electric. It is important that you reach an agreement with your counterpart as soon as possible so you can keep their three items well stocked in your stores.

You have 20 minutes to try and negotiate an agreement. You should start by making an opening offer about the price of one or more items (e.g., "How about price "F" for big-screen TVs?"). Then you can approach the task in any fashion that you choose. **YOU MAY SHARE ANY INFORMATION YOU WISH WITH YOUR COUNTERPART BUT YOU MAY NOT TRADE WORK SHEETS.**

Any questions before we start?

Negotiation Instructions: Sellers

Imagine that you work as a purchasing representative for the electronics division of General Electric. You have worked at GE for the past five years. As part of your job, you negotiate with purchasing representative for various retail stores concerning how much your they will pay for GE's products. In this simulation you will be negotiating with a representative from Sam's Club, the wholesale chain owned by the Wal-mart corporation. You will be negotiating about prices for three types of electronics: big-screen television sets, personal copying machines, and lap-top personal computers.

Attached to these instructions is your profit sheet. This sheet lists nine (9) different prices (marked "A" through "I") at which you could sell each of the three electronics. For each appliance, "A" is the most expensive price while "I" is the least expensive price. As you can see, you earn greater profits for General Electric if you can convince your counterpart to pay a higher price for each item. Consider the first item, big-screen television sets (see Column 3). If you can convince Sam's Club to pay price "A", then your company (GE) earns \$2000 profit on every TV. If you and your counterpart settle on price "D", then General Electric earns \$1250 per set. If you and your counterpart settle on "I", then your company would be selling big-screen TV's at cost and earn \$0 profit per TV set.

Remember, *prices* are listed as letters, such as “A”, “C”, or “F”. *Your profits* are listed in dollar amounts, such as “\$800”, “\$600”, or “\$400”.

Your counterpart from Sam’s Club also has a profit sheet which lists the same three items (big-screen TV sets, personal copying machines, and lap-top computers) as well as the same nine prices for each item (i.e., “A” through “I”). However, your counterpart does NOT know how much profit you will receive for each price. Similarly, you do not know how much profit your counterpart will receive for each price.

At the end of the negotiation, your own TOTAL PROFIT is determined by your settlement on all three items. For example, if you and your counterpart agree on price “E” for big-screen TV sets (\$1,000), price “G” for copying machines (\$300), and price “B” for lap-top computers (\$700), then your total profit would be $\$1000 + \$300 + \$700 = \$2,000$. As you can see from your profit sheet, the most profitable settlement for General Electric is “A”, “A”, and “A” for all three items, in which case your total profit is $\$2,000 + \$1,200 + \$800 = \$4,000$. The least profitable settlement for General Electric is “I”, “I”, and “I”, for all three items, in which case your total profit is \$0.

Please remember that your primary objective is to maximize your potential profit. After talking with your supervisor at GE, you believe IT IS CRITICAL THAT YOUR TOTAL PROFITS AT THE END OF THE NEGOTIATION BE AT LEAST \$2,200. You may use whatever strategy you feel is appropriate to achieve this profit level.

Information about Sam’s Club:

Although you wish to maximize total profit, you also have incentives to reach an agreement with your counterpart from Sam’s Club. Sam’s Club is a respected retailer of electronics, the company has stores located throughout Michigan, and thousands of customers shop daily in each store. Sam’s Club has carried your products for years, and customers really like them. Your company has an opportunity to increase its overall volume of sales substantially by continuing to have its electronics sold at Sam’s Club. It is important that you reach an agreement with your counterpart as soon as possible so you can keep all three items well stocked in their stores.

You have 20 minutes to try and negotiate an agreement. You should start by making an opening offer about the price of one or more items (e.g., “How about price “F” for big-screen TVs?”). Then you can approach the task in any fashion that you choose. ***YOU MAY SHARE ANY INFORMATION YOU WISH WITH YOUR COUNTERPART BUT YOU MAY NOT TRADE WORK SHEETS.***

Any questions before we start?

APPENDIX C

APPENDIX C

Manipulation Check

Individual ID # _____

Test Your Understanding

Circle "T" for TRUE and "F" for FALSE

- | | | |
|---|---|---|
| 1. I can control my profits by negotiating with my partner. | T | F |
| 2. There are risks involved in telling my partner that I feel either positive or negative regard about past experiences with him/her . | T | F |
| 3. If my partner and I are unable to reach an agreement within 20 minutes, we will no longer have the power to control our own profits. | T | F |
| 4. I have information about my partner that I can choose to keep to myself or tell him/her. | T | F |
| 5. There are different prices for each of the products for which we are negotiating. | T | F |
| 6. Prices are listed as letters. | T | F |
| 7. Profits are listed as dollar amounts. | T | F |
| 8. My partner knows what my profit is for each item. | T | F |
| 9. My primary objective is to maximize my potential profit. | T | F |
| 10. My profits are the same across all three items at any static price, such as "E". | T | F |
| 11. My total profit is determined by adding the profits from each item together. | T | F |
| 12. I want to reach an agreement with my partner because I want to maintain a relationship with him/her. | T | F |
| 13. My profit for copy machines at price "D" is \$450. | T | F |
| 14. My profit for TV's at price "D" is \$450. | T | F |
| 15. My partner and I can look at one another's worksheets. | T | F |

APPENDIX D

APPENDIX D

Final Contract

FINAL CONTRACT

Big-Screen Television _____ (Indicate letter of price category)

Personal Copying Machine _____ (Indicate letter of price category)

Lap-Top Personal Computer _____ (Indicate letter of price category)

Buyer's Profit Summary

Big-Screen Television \$ _____ (Indicate profit amount in dollars)

Personal Copying Maching + _____

Lap-Top Personal Computer + _____

(Compute total profit only if you have reached an agreement on all three items.)

TOTAL PROFIT \$ _____ (Indicate profit amount in dollars)

Seller's Profit Summary

Big-Screen Television \$ _____ (Indicate profit amount in dollars)

Personal Copying Maching + _____

Lap-Top Personal Computer + _____

(Compute total profit only if you have reached an agreement on all three items.)

TOTAL PROFIT \$ _____ (Indicate profit amount in dollars)

Signed: _____ Sam's Club Representative

_____ General Electric Representative

APPENDIX E

APPENDIX E

Debriefing

Debriefing

This study was designed to test the affects of an arbitrator's presence on buyer/seller negotiation. The variable of trust was manipulated, as well as the variable of arbitrator presence. Subjects were given information about how a previous negotiation with the same buyer/seller had gone. This information was either positive, in the high trust condition, or negative, in the low trust condition. The information was nothing concrete, just a feeling the subject had aobut his/her counterpart. The idea behind manipulating trust levels was to determine how trust affected the cooperation level in negotiation. For instance, were people in the high trust condition more willing to cooperate in the negotiation than people in the low trust condition. There was another variable, arbitrator presence. Arbitrator presence was manipulated to determine the effects of a threatened loss of power on cooperation. For instance, were people more willing to cooperate when they were threatened with an arbitrator, who would make decisions for them. Finally, the two variables were looked at in relation to each other. How did trust level, along with arbitrator presence, affect levels of cooperation between the negotiators?

APPENDIX F

APPENDIX F

Manipulations

Arbitrator Threat (Power condition) - Buyer/Seller

If you fail to reach an agreement within 20 minutes, an arbitrator or judge will come in at the end of your session, review your final offers, and make any price decision he/she feels is appropriate for each item. By determining the purchase prices for you, the arbitrator will have the power to regulate your company's total profit.

Arbitrator Presence (Power condition) - Buyer

An arbitrator will be present during your negotiations with General Electric. If you fail to reach an agreement within 20 minutes, the arbitrator or judge will review your final offers, and make any price decision he/she feels is appropriate for each item. By determining the purchase prices for you, the arbitrator will have the power to regulate your company's total profit.

Arbitrator Presence (Power condition) - Seller

An arbitrator will be present during your negotiations with Sam's Club. If you fail to reach an agreement within 20 minutes, the arbitrator or judge will review your final offers, and make any price decision he/she feels is appropriate for each item. By determining the purchase prices for you, the arbitrator will have the power to regulate your company's total profit.

High Trust Condition - Buyer

Information about the Seller:

You worked with this seller last year, and this person has always followed through properly in every detail. The contracts were exactly what you agreed to in the negotiations. Although you do not have any proof, you feel this person is honest in negotiating prices. In fact, you believe the seller tries to give fair prices to all stores, including Sam's Club largest competitor, Pace. Because you are confident the seller will negotiate the selling prices in good faith, your trust level with this person is fairly high.

Although this information about the seller is very positive, there are risks involved in disclosing how you feel about his/her pricing. By revealing that you believe Pace gets a similar deal from the seller, you risk creating the impression that you initially did not trust the seller and felt the need to check up on his/her pricing. On the other hand, there may be some risk in not disclosing your positive regard for the seller's trustworthiness. For example, you may pass up an opportunity to build a stronger relationship with the seller. Both disclosing and withholding your feelings may or may not alter the

negotiation process. It is up to you to determine which course to take.

High Trust Condition - Seller

Information about the Buyer:

You worked with this buyer last year, and this person has always followed through properly in every detail. The payments received from Sam's Club were exactly what you agreed to in the negotiations. Although you do not have any proof, you feel this person is honest in negotiating prices. In fact, you believe the buyer is willing to pay fair market values and does not try to start price wars with its competitors. Because you are confident the buyer will negotiate the purchasing prices in good faith, your trust level with this person is fairly high.

Although this information about the buyer is very positive, there are risks involved in disclosing how you feel about his/her pricing. By revealing that you believe the buyer has a history of avoiding price wars with other stores, you risk creating the impression that you initially did not trust the buyer and felt the need to check up on his/her negotiating style. On the other hand, there may be some risk in not disclosing your positive regard for the buyer's trustworthiness. For example, you may pass up an opportunity to build a stronger relationship with the buyer. Both disclosing and withholding your feelings may or may not alter the negotiation process. It is up to you to determine which course to take.

Low Trust Condition - Buyer

Information about the Seller:

You worked with this seller last year, and this person has always followed through properly in every detail. The contracts were exactly what you agreed to in the negotiations. However, although you do not have any proof, you feel this person is less than honest in negotiating prices. In fact, you feel the seller may give better prices to other stores, including Sam's Club largest competitor, Pace. Because you are not confident the seller will negotiate the selling prices in good faith, your trust level with this person is fairly low. This information about the seller is very negative.

There are risks involved in disclosing how you feel about his/her pricing. The seller may become defensive and refuse to cooperate with you if you mention that you think Pace gets the same goods for lower prices. On the other hand, there may be some risk in not disclosing your negative regard for the seller's trustworthiness. You may lose some leverage over the seller to give you the same deal as other stores get. Therefore, both disclosing and withholding your feelings may or may not alter the negotiation process. It is up to you to determine which course to take.

Low Trust Condition - Seller

Information about the Buyer:

You worked with this buyer last year, and this person has always followed through properly in every detail. The payments received from Sam's Club were exactly what you agreed to in the negotiations. However, although you do not have any proof, you feel this person is less than honest in negotiating prices. In fact, you believe the buyer is unwilling to pay fair market values. You believe the buyer has a reputation for starting price wars with other stores. Because you are not confident the buyer will negotiate the purchasing prices in good faith, your trust level with this person is fairly low. This information about the buyer is very negative.

There are risks involved in disclosing how you feel about his/her negotiating style. The buyer may become defensive and refuse to cooperate with you if you mention that you think he/she has a history of negotiating for prices that are below fair market values. On the other hand, there may be some risk in not disclosing your negative regard for the buyer's trustworthiness. You may pass some leverage over the buyer to get him/her to pay the prices that other stores are willing to pay. Therefore, both disclosing and withholding your feelings may or may not alter the negotiation process. It is up to you to determine which course to take.

APPENDIX G

APPENDIX G

Payoff Schedules

Profit Sheet for Sam's Warehouse Club (Buyer)

Big-Screen TV Sets		Personal Copying Machines		Lap-Top Personal Computers	
<u>Price</u>	<u>Your Profit</u>	<u>Price</u>	<u>Your Profit</u>	<u>Price</u>	<u>Your Profit</u>
A	\$000	A	\$000	A	\$000
B	\$100	B	\$150	B	\$250
C	\$200	C	\$300	C	\$500
D	\$300	D	\$450	D	\$750
E	\$400	E	\$600	E	\$1000
F	\$500	F	\$750	F	\$1250
G	\$600	G	\$900	G	\$1500
H	\$700	H	\$1050	H	\$1750
I	\$800	I	\$1200	I	\$2000

Profit Sheet for General Electric Club (Seller)

Big-Screen TV Sets		Personal Copying Machines		Lap-Top Personal Computers	
<u>Price</u>	<u>Your Profit</u>	<u>Price</u>	<u>Your Profit</u>	<u>Price</u>	<u>Your Profit</u>
A	\$2000	A	\$1200	A	\$800
B	\$1750	B	\$1050	B	\$700
C	\$1500	C	\$900	C	\$600
D	\$1250	D	\$750	D	\$500
E	\$1000	E	\$600	E	\$400
F	\$750	F	\$450	F	\$300
G	\$500	G	\$300	G	\$200
H	\$250	H	\$150	H	\$100
I	\$000	I	\$000	I	\$000

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