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THE EFFECT OF POWER DISTRIBUTION AND MOTIVATION
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THE EFFECT OF POWER DISTRIBUTION AND MOTIVATION ORIENTATION ON NEGOTIATED OUTCOMES: A COLLECTIVE BARGAINING SIMULATION

By

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# ABSTRACT <br> THE EFFECT OF POWER DISTRIBUTION AND MOTIVATION ORIENTATION ON NEGOTIATED OUTCOMES: A COLLECTIVE BARGAINING SIMULATION 

By

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Bargaining relationships, pervasive in our society, are defined as a process involving two or more parties attempting to attain a mutually acceptable compromise. This study adopted a social psychological rather than game theoretic view using power distribution (PD) and motivation orientation (MO) as independent variables. These written parameters manipulations, equal and unequal $P D$ and cooperative and competitive MO, effect negotiated outcomes.

It was hypothesized that equal power or cooperative motivation orientation bargainers would be the most effective bargainers. The primary dependent measure effective outcomes, was defined to be

1. greater number of dyads reaching agreement
2. fewer rounds to settlement
3. greater amount of settlement
4. greater initial opening offer
5. greater amount of concession during bargaining
6. greater perceived satisfaction with outcomes

The bilateral monopoly paradigm served as an experimental vehicle for the simulated collective bargaining process. $\mathrm{N}=172$ student subjects bargained under a $2 \times 2$ factorial design. ANOVA was used to analyze this design plus the $2 \times 2 \times 2$ factorial design taking role
into account. Sex, nationality and three personality measures--interpersonal trust, machiavelianism and tolerance of ambiguity--were used as covariates in some analyses.

For the number of dyads reaching agreement, a PD main effect and PD X MO interaction was significant. PD was the only factor effect for rounds to settlement and the amount of the settlement. The round one initial offer was significant for PD, MO and ROLE although no interaction effects were present. The same findings were true for the concession variable. Payoff was significant for PD and ROLE alone. Lastly, the satisfaction variable had both PD and MO main effects. In general, research hypotheses were confirmed.

The PD parameter was a potent effect while the $M O$ variable was generally marginal. Role was an extremely potent effect and some precaution must be taken so one side does not have an undue bargaining advantage.

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## Chapter I. Introduction

Rarely a day passes when an individual does not engage in some type of social relationship. Frequently, these relationships can be characterized as exchange situations having some explicit agreement over division of resources which may be reached between parties after a series of offers and counteroffers. This exchange relationship or interdependence bond (Rubin and Brown - 1975) occurs throughout the world and may involve individuals, groups or entire nations.

Families attempt to equitably divide the income brought home by breadwinners and with these monies may bargain over commodities such as food at a local farmers' market, an automobile on a dealer's lot, or acreage of real estate. Group negotiations may take the form of union against management or two departments trying to reach accord over the allocation of budget. Bargaining on an international scope is regularly reported by the news media. In short, bargaining is a pervasive influence in our lives.

Unless actively involved in an exchange relationship, we rarely take the time to study the outcomes of bargaining, let alone analyze the entire process of negotiations. Perhaps some little consideration may be given to reasons why an individual did not obtain an equitable split of a negotiable resource, but again, the
content factors are usually ignored. It is this question of the conduct of bargaining (impinging variables and process outcomes) that requires study and deeper investigation in order to better understand exchange relationships.

The study of bargaining has taken place at different levels of our society. Schelling (1960) and Ilke (1964) focused on international relations; Walton and McKersie (1965), Chamberlain (1965) and Cullen (1965) used labor-management relations as a framework for analyzing bargaining relationships; and numerous others cite the racial movement, airline hijackings, corporate mergers and acquisitions, and judicial plea bargaining as examples of exchange relationships.

The process of bargaining, as a mechanism for resolving conflict over resources, is an integral part of social exchange theories of behavior. Whether local, national or international in scope, or studied in the laboratory or in field settings, this topic provides fertile area for investigation and research. Rubin and Brown (1975) encourage more systematic knowledge about the processes of conflict (including bargaining and negotiations), and urge immediate interdisciplinary thought and research to develop this body of knowledge. Other social psychologists and game theoreticians (notably, Bartos - 1974, Deutsch - 1973, Swingle - 1970 and Cross 1969) have echoed similar sentiments during the past decade.

Bargaining and negotiation may be treated synonymously as they are quite frequently used interchangeably. ' For the purpose of this
research, bargaining or negotiation will be defined consistent with Bartos (1974) and Cross (1969) as a process involving two or more parties, each attempting to attain a mutually acceptable compromise on what each shall give and take (or perform and receive) by means of communication or exchange of written proposals between them. This conflict, in its broadest social implication, is a state that exists whenever incompatible activities occur and may originate within or between individuals, groups or nations (Deutsch - 1973). It is contended that regardless of origin, the bargaining process between adversaries is a mutually acceptable means of resolving conflict.

Current literature on Bargaining is divided between two points of view--the economic or game theoretic aspect and the behavioral or social psychological orientation. Wadington (1975) urges recognition of the importance of making a distinction between the normative types of models used by game theorists and the descriptive simulations found most useful by behavioralists. Normative economic thought mathematically predicts what a bargainer must do to maximize reward in a particular situation whereas descriptive models infer a behavioral dimension.

Most recently, Bartos (1974), Cross (1969) and Wadington (1975) focus on game theoretic solutions (see also Richardson - 1960, Cross - 1965, Bush and Mosteller - 1955, Nash - 1950, Shapley - 1953, Zeuthen - 1930, and Raffa - 1953) to prescribe and predict bargaining
outcomes. Several social psychologists (Rubin and Brown - 1975, Deutsch - 1973, and Swingle - 1970) describe the behavioral dimensions of negotiations. This particular study will adopt the latter point of view and largely ignore the game theoretic outlook of the bargaining process.

Despite the differences in orientation, both advocates of bargaining research characterize negotiating relationships (conflict of interest schemes) as having structural and social components such as those stated in Cross (1969)

1. parties involved in a cooperative enterprise where mutual compromise is possible
2. voluntary proposals passed in sequential fashion
3. distributive process with productive outcomes
4. offers and counteroffers take the form of written communications between parties
5. intermediate payoffs of far lesser importance than final outcomes and payoffs

Rubin and Brown (1975) note additionally that two or more parties may be involved and that the relationship is temporary.

A research paradigm frequently employed to study the process of bargaining, Siegel and Fouraker's (1960) Bilateral Monopoly, typically involves a buyer and seller of a hypothetical commodity.

Each party is given information about their payoffs for all possible agreements and the bargaining session in terminated whenever settlement occurs or the negotiations are terminated.

For the purpose of this research, an experimental laboratory variation of the Bilateral Monopoly game is described in a collective bargaining context. The relationship will be dyadic (two individuals only) with either assuming the labor or management role at ramdom. Under the guise of this labor-management relationship, the parties negotiate a single wage issue--an increase in hourly pay in a realistic environment.

The adversary principle of collective bargaining was chosen as a framework for analyzing the process because of its pervasiveness in the comtempory culture and its familiarity to students who will serve as subjects in the simulation. This particular wage issue negotiation embodies the characteristics of true bargaining with the outcome settlement (resolution of conflict) and associated payoff dependent upon manipulation of the experimental situation.

After reviewing much empirical research on social ps.ychological bargaining, Rubin and Brown (1975) present a rather simple conceptual framework for studying interdependence bonds in bargaining. Interdependence implies a mutually dependent relationship, voluntary In nature, where each party seeks to achieve an agreement as personally advantageous as possible. Three parameters are thought to describe the exchange relationship:

1. power distribution (PD) - the relative equality of environmental or personal power in the relationship
2. motivation orientation (MO) - the cognitive disposition of each bargainer in the relationship
3. interpersonal orientation (IO) - the external sensitivity toward our opponent in the relationship.

Therefore, through the manipulation of these three parameters the process of bargaining may be closely scrutinized.

The central tenent of this present study is that interdependence bonds (mutually dependent relationships) affect bargaining outcomes and the effectiveness of bargaining. This author chooses to define bargaining outcome simply as the resolution of conflict (or failure to do so) while bargaining effectiveness is visualized as a gradient measure of success in negotiations.

An outcome is seen as the final settlement amount agreed upon by both parties, or the differential between the last offer and counteroffer when the bargaining was terminated. Effectiveness can be visualized either from the micro view (the success and satisfaction of either adversary) or a macro view (overall costbenefit allocation to society). For this research it is
perhaps most expedient to describe effectiveness in terms of the reported satisfaction in achieving one's objectives and the actual outcome (micro view). In the latter context, effective outcomes occur where the settlement tends toward maximizing joint payoffs, where payoffs are approximately equal, and where the total amount conceeded by each party is approximately equal.

Although intervening and antecedent variables such as physical environment in the conduct of the negotiation process, communications allowed between bargainers, demographics of the subjects, and the individual's psychology and behavior admittedly affect outcome measures, this simulation will initially manipulate only two of the independent parameters in the Rubin and Brown (1975) framework. The third independent parameter, interpersonal orientation, will not be utilized this study due to difficulty in operationalizing this variable.

Each of the two factors, power distribution and motivation orientation, can be experimentally manipulated via written instructions. Power distribution can simplistically be treated as having two levels--equal and unequal perceived power. To keep the design as straightforward as possible, only cooperative and competitive levels of Deutsch's (1960) motivation orientation construct are used. It is anticipated that interaction efforts are also present.

Analysis of previous empirical research also indicates that several personality and attitude measures are related to bargaining outcomes and effectiveness. Administration of the following personality measures will be briefly reviewed in a later section

1. Generalized Interpersonal Trust - Rotter (1967)
2. Tolerance of Ambiguity - Budner (1962)
3. Machiavellianism - Christie and Geis (1970)

Later, in statistical analysis, these three measures will be treated as covariates.

In summary, bargaining between individuals, groups or nations is seen as a pervasive element in our lives. Theoretical development in bargaining literature generally takes either an economic or behavioral point of view. To test the belief that interdependence bonds, such as power distribution and motivation orientation, affect bargaining outcomes and effectiveness, an experimental collective bargaining simulation variation of the Bilateral Monopoly will be employed. Dependent variables include settlement amount, non settlement differentials, payoff earned by each side, and concession magnitudes. Personality measures will be used as covariates.

Chapter II covers the review of literature on bargaining and contains a statement on the relationship between social exchange theories and collective bargaining. In the third chapter
research methodology is described. Report of the findings is the basis of Chapter IV and finally, the last chapter includes a discussion of the findings with implications for future research.

## Chapter II. Literature Review

Social psychologists and game theorists acknowledge there is no unified theory of negotiation--no single statement generally applicable to nations, groups or individuals and able to accurately predict outcomes. While this study will not attempt definitive statement of a unified theory of negotiation an attempt will be made to apply social theories variously labeled as justice, exchange, equity or social comparison to the process of collective bargaining. Therefore, this chapter will be devoted to two major aims, (1) citing empirical research related to the process of bargaining (especially the impact of interdependence bonds) and (2) synthesizing social theories of bargaining behavior.

## Empirical Research

Behavioral literature, especially in social psychology, abounds with studies of bargaining conducted under controlled conditions. In recent years academic journals in the field of labor relations have included articles evaluating real world outcomes of bargaining. Because of this proliferation, thought and empirical research pertaining to the following topical areas will be cited:
(1) Historical development of bargaining
(2) Laboratory research paradigms
(3) Collective bargaining lab experiments
(4) Collective bargaining field studies

A section on theory development of collective bargaining will follow review of empirical findings.

## Historical Development of Bargaining

Economists, following an economic man rationale, were the first to attempt modeling of collective bargaining behaviors. For example, Edgeworth (1881) and Pigou (1905) treated collective labor negotiations as a form of bilateral monopoly. Later, especially in the 1950 's, game theorists sought to apply quantitative logic to the process and outcome of bargaining. Theoretic models were hypothesized by Braithwaite (1955), Bush and Mosteller (1955), Harsanyi (1956), Luce and Raiffa (1958), Nash (1950), Pen (1952), Richardson (1960), Shapley (1953), Siegel and Fouraker (1960), and Zeuthen (1930).

Concurrently, writers in the field of labor relations were attempting to model the bargaining process by studying individual and collective behaviors. Harbison and Coleman (1951), Chamberlain and Kuhn (1965), Peters (1955), Dunlop (1949), and Stevens (1963) represent some who view negotiations as a behavioral process. Undoubtedly the most widely recognized attempt to theorize about noneconomic or psychological factors in collective bargaining was a study and text by Walton and McKersie (1965 and 1966). Drawing together relevant concepts from both game theorists and social psychologists, they formulated bargaining sub-processes by elaborating upon strategies and tactics used in real world collective bargaining situations.

From that period on social researchers who chose to study collective bargaining behavior and outcomes invariably cited Walton and McKersie's findings. Interest in studying bargaining and negotiation and conflict resolution increased as several major research paradigms appeared in social psychological literature. They are briefly covered in the following section.

## Laboratory Research Paradigms

Relatively few paradigms account for the vast majority of experimental bargaining and conflict resolution studies with Siegel and Fouraker's (1960) Bilateral Monopoly being the predominant means of studying collective bargaining. Four major paradigms, Luce and Raiffa's (1957) Prisoner's Dilemma, Vinackre and Ackoff's (1957) Parcheesi Coalition, Deutsch and Krauss's (1960) Acme-Bolt Trucking, and Siegel and Fouraker's (1960) Bilateral Monopoly each contain most of the characteristic attributes of the negotiation process. Only the Bilateral Monopoly will be discussed.

The methodological paradigm employed in this study, the Bilateral Monopoly, resembles many typical bargaining situations; a fact which gives it considerable face validity. In the hypothetical buyer-seller situation involving sequential exchange, buyer and seller are free to make written offers and counteroffers for a commodity until the agreement is reached or the session is terminated.

It is through the manipulation of interdependence bonds, power distribution and motivation orientation, that negotiated outcomes will vary.

In the following sections, empirical support will be cited for the contention that interdependence bonds affect negotiated outcomes.

## Power Distribution

Relative power distribution can be manipulated by either varying actual or perceived status of the parties or by varying experimental reward structures or payoff matrices. Kamorita and Barnes (1969) used the Bilateral Monopoly game to test the effects of relative power. Cost structures to the buyer and seller were varied so that power was equal or unequal. Dyadic pairs with equal power reached agreement more often, required fewer trials to do so, and made larger concessions than those with unequal power.

Hornstein (1965) had pairs participate in a real estate (acres and cost per acre) variant of Bilateral Monopoly. Threat potential, a percentage by which each could reduce the other's profit, was manipulated and considered to be relative power. Although he found no overall significant differences in bargaining effectiveness, pairs with equal power tended to obtain higher profits and reach agreement more often than those with unequal power.

In a study which manipulated perceived status, Borah (1963) employed the Acme-Bolt Trucking game and varied status by informing both members of some dyads that the other eas considered to be superior and of higher status. Equal status pairs functioned more effectively, achieving higher median and joint outcomes, and lost less time in deadlock than those in a low relative power condition.

Several more studies were located which supported the general supposition that equal power dyads would bargain more effectively than unequal power pairs. They are not reported here because their design differed substantially from this research. With respect to power distribution it is hypothesized:
$\mathrm{H}_{1}$ : Pairs perceiving equality of power will bargain more effectively than pairs perceiving inequality of status.

## Motivation Orientation

Experiments in which motivation orientation has been varied through experimental instructions frequently employ Deutsch's (1960) cooperative, individualistic and competitive descriptions of an individual's internal cognitive disposition toward bargaining. In his initial research using Acme-Bolt, subjects given a cooperative motivation orientation obtained greater cooperation and mutual gain than either of the other two motivation orientations.

The only experiment using Bilateral Monopoly found a partial reversal in the effects of motivation orientation. Schnetizki (1963) used only individualistic and cooperative conditions and found that when no communications were permitted between subjects, cooperators obtained maximum joint profits less often than individual goal subjects. When open communications were allowed the differences disappeared.

Other studies employing Prisoners Dilemma report findings similar to Deutsch. Griesinger and Livingston (1973), Kanouse and West (1967), Radlow et al (1968) and Alexander and Weil (1969) report greater cooperation under conditions of cooperative motivation orientation.

Research evidence supporting the belief that cooperative bargainers will be more effective than competitive bargainers is substantial. Whether the manipulation is varied through instruction, reward structures, or premeasurement of attitudes prior research indicates that:
$\mathrm{H}_{2}$ : Subjects receiving instructions inducing a cooperative motivation orientation will bargain more effectively than those receiving competitive instructions.

While the research body of evidence weighs heavily in favor of the hypotheses stated above, there is little to substantiate the following interaction hypothesis. Despite the lack of empirical evidence, an attempt will be made at the end of this chapter to articulate this interaction hypothesis based upon a general theory of bargaining. The interaction hypothesis is
$\mathrm{H}_{3}$ : Bargainers with equal power and a cooperative motivation orientation will tend to function more effectively than those of unequal power and competitive motivation orientation.

Greater elaboration of the Bilateral Monopoly paradigm and relevant outcome variables are included in the next section.

## Bilateral Monopoly and Bargaining Outcomes

Siegel and Fouraker's (1960) Bilateral Monopoly resembles meny real world bargaining encounters. In fact, it not only possesses the characteristics of a true bargaining relationship but considerable face validity as well. One buyer and one seller of a hypothetical commodity each attempts to maximize personal profit by negotiating price and quantity. Written offers and counter offers (based upon separate and confidential
profit tables for buyer and seller) are exchanged in sequential fashion. Time, number of trial constraints, or penalties may be imposed, outcomes are negatively correlated and effectiveness is generally measured in terms of
(a) number of bids or time before agreement
(b) rate of concession
(c) magnitude of concession
(d) Joint payoffs (net after penalty)
(e) satisfaction with negotiated outcomes

Hence, an effective bargaining dyad would reach agreement sooner, have smaller rates and magnitude of concession, higher joint payoffs and should express greater satisfaction with negotiation outcomes. Effectiveness here is construed to mean personal goal achievement within the labor or management role.

It should be reiterated that effectiveness can be measured in terms of social welfare or "winning". While the union may applaud its bargaining team for wrangling an extremely high wage offer from management, society as a whole is the loser if the company goes out of business and the plant closes. A similar argument would mitigate against management winning an extremely small settlement. Labor dissatisfaction and mobility would surebly be a social misfortune. Effectiveness from a social consideration, while certainly important, will not be considered in this study.

It is interesting to see the attention that bargaining outcomes is receiving in collective bargaining literature. While not strictly a part of this current research, these studies are of sufficient importance and impact to be included. The following section outlines several field studies.

## Collective Bargaining Field Studies

Recently several articles have appeared in Industrial Relations and Industrial Labor Relations Review which explicitly attempt to measure bargaining effectiveness or bargaining outcomes. Despite the fact that no attempts were made to experimentally differentiate between power distribution and motivation orientation (or interaction) it is quite evident that these variables (or at least surrogates) do appear in these field studies.

Kochan and Wheeler (1975) developed a model of bargaining outcomes based upon the attainment of union bargaining goals. Negotiation is viewed as a channel of independent variables (environmental characteristics, union and management characteristics, and bargaining process characteristics) influencing union effectiveness or its ability to obtain desired outcomes. Variables included in the study are similar to power distribution and motivation orientation. Kochan and Wheeler make no attempt to separate the effects of the variables included in their present research.

In a study of public sector bargaining agreements Gerhart (1976) hypothesized that environmental features, relative bargaining power, the interests of the parties, and issues raised in negotiations were determinants of bargaining outcomes. In his model, bargaining outcomes, defined as "union penetration into management prerogatives" and operationally measured as a contract index (where 100 is the union ideal), are directly affected by relative bargaining power of the parties. Note the similarity to Kochan and Wheeler (1975).

Contract Index was found statistically significant for environmental variables such as metropolitan area size, employer size, statutory bargaining obligation and bargaining pattern. While Gerhart's study also made no attempt to differentiate between power distribution and motivation orientation, elements of each are reflected in the variables used and discussion of findings.

In an attempt to analyze noneconomic factors and negotiators' satisfaction, personal inclination, and attitudes, Tracy (1974) nonrandomly sampled union and management bargainers in both private and public sectors. He hypothesized that the dependent variables (1) negotiator's personal inclination to settle, (2) perceived satisfaction with new contract and (3) satisfaction with the parties working relationship were related to twelve factors roughly clustered as (a) Herzberg's (1959) work factors (including achievement and interpersonal relations), (b) pattern of relationships between labor and management (which include motivational orientations, belief about legitimacy of other side, trust and respect for opponents, and degree of friendliness), and (c) just or equitable outcomes (effort, reward and perceived equitability of new contract).

Hamermesh (1973) studies only public sector wage data for fortythree negotiations between September 1968 and December 1970. Variables included previous wage paid, union initial demand, employer initial offer and final wage settlement. He found that the final settlement was closer to the employer initial offer than the union initial demand. One possible explanation offered is that after several rounds of negotiations, the unions relative bargaining power may force them to lower
their demands as their threats become less credible. Hence, public sector unions may be bluffing more than employers.

In a comment to Hamermesh, Boganno and Dworkin (1975) question the bluffing rationale by pointing out that public sector unions cannot legally strike and therefore cannot force the employer to make concessions at the bargaining table. Perhaps taken jointly these statements lend support to the hypothesis that unequal power distribution results in less effective bargaining.

Postulating a path analytic model of city government bargaining, Kochan (1975) included the following concepts in the model:
a. goal incompatibility
b. dispersion of power
c. internal conflict
d. perceived negotiations pressure tactics
e. union strike pressure tactics
f. union political pressure tactics
g. perceived political pressure
h. multilateral bargaining

Results from a survey questionnaire mailed to city officials and union representatives $(N=228$ cities) indicated internal management conflict, union political and negotiation pressure, goal incompatibility and dispersion of power affected (either directly or indirectly through internal conflict) multilateral bargaining. Again, while no direct test of the power distribution or motivation orientation effects and interaction was attempted, it is evident that they could be operationalized.

Perhaps in the future it will be possible to operationally define bargaining relationships, power distribution, motivation orientation or interpersonal orientation in such a way as to test for main effects and interaction effects in field settings. Confounding would be an obvious problem, yet the reward may far outweigh this cost. Whether studied in
the laboratory or in a field setting collective bargaining outcomes could conceivably be predicted. If that is possible then development of a general theory of bargaining will be enhanced.

## Social Exchange Theories and Collective Bargaining

A number of social psychologists and collective bargaining behavioralists share a similar theoretical notion of the theory of negotiations. The theoretic basis -- variously called equity, social comparison or exchange theory -- uses self and other and is contingent upon a ratio of inputs and outputs of self and other. In this section an attempt will be made to relate social exchange theories to collective bargaining and then summarize these concepts into theory upon which this research is based.

In the field of labor relations the earliest proponents of social exchange theories were collective bargaining practitioners such as Chamberlain (1951), Dunlop (1944), and Stevens (1958); individuals who viewed collective behaviors as power relationships. The prevailing view was the side with the power advantage reaped the fruits of their labors. Power was described largely in economic terms.

Practitioners of that time also sought to expand upon the economic discourses of writers such as Pigou (1938) and Commons (1934). Pigou developed a "pure theory" which was applied to the problem of wage determination. When labor and management enter into negotiations each sets an absolute limit and will not settle outside that wage (range) for to do so would lessen either the demand or supply of labor -- depending which side possessed the power advantage. These limits enclose a range of indeterminateness.

But a negotiated settlement probably will not fall near these limits because both sides also construct "sticking points" -- practical limits above or below which each side would endure a strike. A range of practical bargains exists whenever management's upper limit exceeds labor's lower limit. If these practical limits do not overlap, a strike is inevitable.

Even if considerable overlap does exist, Pigou states that the ultimate outcome is unknown. With each side seeking to push the other to some presupposed limit, engaging in bluffing tactics, and attempting to exert power over the other, the negotiated settlement will include a power basis as well as an evaluation of the cost to strike. In short, comparisons underlie the bargaining process.

Other writers expressed a similar pattern of thought. For example, Commons (1934), a collective bargaining advocate as well as an economist, introduced the concept of limits of coercion -- a range of bargaining bounded by alternatives open to buyer and seller. Within these limits, negotiation skills and ability and bargaining power help determine outcomes. One cannot help but see the unmistakable relationship to bilateral monopoly in this early bargaining thought.

In the decades of the forties and fifties, collective bargaining practitioners like Slichter (1940), Shister (1943), Dunlop (1944) and Lindbloom (1948) began to express bargaining power as an ability to exploit and impose costs rather than as a range of possible bargains. Although these later writers appear to be negating the concept of practical limits they were actually changing the foci of their analysis. So began the impetus of exchange theories. With the theoretical base having
been developed by economists it was left to practitioners schooled in social psychology to redefine bargaining in behavioral terms.

Walton and McKersie, in a 1965 text entitled "A Behavioral Theory of Labor Negotiations" describe labor management relations as a social interaction system. Four sets of activities were believed to account for almost all the behav ior in real world negotiations. Their first two systems, distributive bargaining and integrative bargaining, taken together comprise a construct most familiar to practitioners in negotiations and perhaps most applicable to this simulation. Distributive bargaining pertains to activities instrumental to the attainment of goals which are in basic conflict (e.g., a wage negotiation issue) and is essentuially fixed sum in nature. When both parties view the common attainment of economic objectives in a manner which is fundamentally not in conflict, the parties are engaging in integrative bargaining.

The remaining two systems take advantage of the social interactions prevalent in negotiations. In attitudinal structuring and intraorganizational bargaining the basis economic perspective of distributive and integrative bargaining is supplanted by influencing relationships between parties,
"in particular such attitudes as friendliness, hostility, trust, respect, and the motivational orientation of com-petitiveness-cooperativeness."

Walton and McKersie make the distinction that whereas the first two are joint decision making processes (economic, power based variables) the latter sub systems are interpersonal proc esses requiring attitudinal change and consensus.

In reading current collective bargaining literature, the work of

Walton and McKersie is clearly evident. The theoretical basis of this simulation, interdependence bonds or relationships of power distribution, motivation orientation and interpersonal orientation was definitively stated in this early period of the behavioral aspects of collective bargaining. Much current social psychological literature on negotiations and bargaining focuses on the interdependence nature of social relationships. In most cases mixed motive relationships (motivation to both cooperate and compete) contain both convergent and divergent aims for the parties. This is essentially the distributive and integrative subsystems of Walton and McKersie's model.

Social exchange theory meshes quite nicely with the Walton-McKersie model and current social psychological literature on bargaining. Raven and Rubin (1976) define social exchange theory as
> "a theory that analyzes interpersonal and group interaction in terms of interdependence. The process of interaction is examined according to the individual's inputs (or costs) and the rewards and/or punishments he anticipates and receives in a social relationship."

If the general process by which an individual evaluates his own opinions, attitudes, beliefs or behaviors is a referent means of viewing others, then the social exchange theory embraces Festinger's (1954) social comparison theory.

Thibaut and Kelley (1959) (as well as other social exchange theorists) view negotiations as an interaction system where people continually go through a mental accounting process. In order to maintain a stable relationship, each party critically evaluates the costs and benefits of interdependence; behaviors expected of us by the other and the rewards and satisfactions that we receive for our participation. We continually
evaluate these costs and benefits against a subjective belief of what constitutes equity. Past history of interactions helps define our knowledge of what this balance should be and continual reinforcement "fine tunes" the process.

Consider that the cost-benefit continuum may really be a ratio of inputs to outputs and as long as the ratio stays fairly close to the historical norm or pattern of interdependence we are "satisfied" and continue to participate in the relationship. Imbalances can occur either in self's cost-benefit ratio or that of other. In an imbalanced case (when perceived outputs exceed inputs) or in the stable balanced condition, the bargaining outcomes are likely to be cooperative in nature and considered equitable and effective from a participant view. The former situation is probably rate, but the balanced scheme certainly fits many relationships.

Also, a quite different condition exists whenever inputs exceed outputs or, most importantly and usually ignored, when substantial shifts in the norm occur. In either case, the individual parties engaging in negotiations are likely to engage in competitive endeavors which result in less effective outcomes.

In terms of this research simulation, unequal power distribution and competitive motivation orientation would have the effect of reducing cooperative or effective outcomes and in concert, would be a most severe threat to existing stability. In fact, it would be hypothesized that more defensive behaviors (failure to move toward compromise or no desire to settle at all) are likely to occur.

Reflect upon the collective bargaining arena again; especially
the Walton and McKersie notion of activities of interactions. If we view labor and management negotiations as a ratio of inputs to outputs (both economic and behavioral) instead of a range of limits with certain points above or below which neither side will budge, then the social exchange theories are seen as compatible with real world bargaining behaviors. An unbalanced ratio (benefits exceed costs) or stable ratio will lead to cooperative or effective outcomes while the excessive costs situation invariably leads to prolonged strikes, impairment of essential goods and services, or maintenance of the conflictive situation.

## Summary of Literature Review

As evidenced by the previous literature review, little controversy exists as to the importance of interdependence bonds or mutual relationships in social psychological bargaining or negotiations. There does exist a wide variation in the laboratory methodologies used to operationally define power distribution, motivation orientation and interpersonal orientation. For laboratory experimentation to be as meaningful as possible, the research paradigm should be framed as a realistic situation to which the subject can relate -- hopefully in an experiential manner.

Collective bargaining, a pervasive force in our industrial society, served as a medium for this research. For independent variables two levels each of power distribution and motivation orientation were experimentally manipulated. Dependent variables included number of agreements reached, rounds or offers to settlement, settlement or end differential if parties did not settle, initial opening offer, payoff earned by each
party, concession amount and magnitude and post-experiment questions about bargaining perceptions. In addition to the topics mentioned above, the research methodology chapter following will contain discussion of the experimental design, personality measures, procedural and experimental instructions in the simulation, data coding and statistical analysis.

## Chapter III. Research Methodology

Bargaining process, a mode of conflict resolution, can fruitfully be studied using an experimental research simulation to replicate real world collective bargaining behaviors. In the previous chapter empirical evidence was cited to support the contention that interdependence bonds (e.g., power distribution and motivation orientation) directly affect bargaining outcomes and effectiveness. It was also hypothesized that higher order interaction effects would also be present. Note was made of recent collective bargaining field studies relating to this current research. This chapter includes (1) a statement of the problem under investigation and (2) a detailed description of the research methodology to include design of the experiment, variables, instructions and statistical analysis.

## Problem Statement

Study of social exchange relationships is widespread in social psychological literature. Considerable research evidence exists which pertains to bargaining or negotiation with four research paradigms accounting for a vast majority of the published empirical evidence. Collective bargaining, pervasive in our society, would seem to be an ideal mechanism to study exchange relationships.

Based upon these considerations, the focus of this study will be to determine the effect of interdependence bonds
A. Power Distribution

0 Equal
1 Unequal
B. Motivation Orientation

0 Cooperative
1 Competitive
on process outcome variables, effectiveness measures, and subject's perceptions

1. Rounds or Offers
2. Settlement
3. End differential
4. Round one initial offer
5. Payoff
6. Concession
7. Post-experiment assessment
in a collective bargaining simulation. Subjects were told they were either representing the Windsor Electric Contractor's Association (management) or a local of the International Brotherhood of Electrical Workers (labor). Research into previous empirical findings located a paucity of support for interaction effects of interdependence bonds, yet logic indicates a truly multivariate situation. This research aims not only to 1iterally replicate main effects, but interaction as well.

In an experimentally manipulated situation, students will bargain against an unknown opponent in an attempt to resolve a realistically structured wage issue. Due to the nature of the experiment, a completely randomized factorial design will be employed in data analysis. During subsequent investigation of the research, covariates will be used to seek additional explanation in findings.

## Experimental Design

For situations in which the dyad (both labor and management) is to be considered as a unit, a $2 \times 2$ ANOVA factorial design will be utilized. Such a dyadic requirement is necessary because labor and management shares the same score on a dependent measure (e.g., a settlement of $\$ 0.84$ occurred in round 12). Whenever dependent measures are different for each subject (e.g., after settling for eight y-four cents per hour the twelfth round, labor earned a $\$ 1.70$ payoff while the management opponent earned a $\$ 1.80$ payoff) a $2 \times 2 \times 2$ (levels of role) ANOVA factorial design is applicable. Finally, wherever antecedent variables (i.e., sex, nationality and personality measures) are included, these antecedent variables will be presented as covariates.

Initially, it was felt that twenty subjects per cell in the $2 \times 2 \times 2$ design would be suitable. Thus, for testing interdependence bonds main effects, 80 subjects per level of a factor would be available. As will be noted, actual numbers in the simulation varied from this goal.

Power distribution (PD), Factor A, was experimentally manipulated through written instructions to the subjects. Equal power bargainers read that the previous bargaining relationship with opponent (or other) was stable and that both parties are pleased with present negotiations, believing that satisfactory compromises have been reached on the major bargaining issues. The unequal power bargainers believed that other members of their bargaining team have done poorly in even reaching a compromise settlement on the major bargaining issues. In addition, the previous relationship was characterized as volatile--even unsuccessful.

Written instructions for both levels were embellished by elaborating on the behavioral dimensions of the relationship to a point where even the other was characterized as...(See Appendix E for complete experimental instructions).

Factor B, motivation orientation (MO), closely paralleled Deutsch's (1960) instructions. For the sake of simplicity and to keep the number of cells to a minimum, Deutsch's individualistic mode was not used. The two levels that were retained, cooperative and competitive, were manipulated via written instructions. At each level representatives were asked about their bargaining philosophy on a late-night radio talk show. Cooperative bargainers spoke in friendly terms about the partner (other) and consideration for the welfare and feelings of other. On the other hand, competitive negotiators considered their prime motivation as beating their opponent. Again, complete instructions are in Appendix E.

Finally, ROLE was considered to be the third independent variable. Subjects entered the laboratory and were randomly assigned to seats. Depending on the replication number (the experiment was run five separate times over two semesters) students in the front of the room could be either labor or management. Again, it should be remembered that the dependent variables to follow pertain to either the experimental design excluding role (2 $\times 2$ ) or one with it ( $2 \times 2 \times 2$ ).

## Pre-Experiment Measures

In order to measure the impact of the bargaining simulation (in addition to the outcome) subjects took part in a pre-experiment, selfreport session in the laboratory. Prior to the actual conduct of
bargaining subjects were asked to fill out fifteen semantic differential items pertaining to social exchange relationships. The measure was designed for this study to record an individual's perception of self in terms of previous interactions and self-description in general (reliability of this measure was not determined). Initially, the measure was intended to be indicative of interpersonal orientation but it appears as if the sole purpose will be in making pre- and post-experiment comparisons.

All subjects completed a test battery in the week prior to the simulation. The measures were selected because either (1) that measure was cited in previous bargaining research as a statistically significant construct or (2) the measure was generally more reliable than one reported in previous empirical studies. Those scales on the battery included--

1. Rotter (1967) - Generalized Interpersonal Trust
2. Budner (1962) - Tolerance of Ambiguity
3. Christie and Geis (1970) - Machiavellianism

It is obvious that the personality and attitudinal structure of a negotiator (their individual differences) cannot be ignored in studying bargaining outcomes.

Rotter's (1967) Generalized Interpersonal Trust construct is designed to measure an individual's predisposition to trust others. Although no studies were located which explicatedly used the Rotter measure there is ample evidence to suggest that trusting bargainers will engage in more cooperative behaviors than less trusting individuals. Tedeschi et al (1969), using the Prisoner's Dilemma, found that high trust in others negotiated more cooperatively than those who were low.

Similar findings were reported by Benton et al (1969) and Wrightsman (1966). For this study, the Chum and Campbell (1974) 12-item short version of the Rotter measure was used.

Individuals who prefer regularity, balance, and concreteness comprise one polar extreme of ambiguity intolerance. Pilisuk et al (1965) found that pairs who were tolerant were more likely to evolve a mutually cooperative relationship in a Prisoner's Dilemma game. Druckman (1967) measured close-mindedness using Rokeach's Dogmatism (1956) in a collective bargaining variant of the Bilateral Monopoly. Subjects who were highly dogmatic tended to yield less, resolved fewer issues, and viewed compromise as defeat. In short, they acted more competitively.

Christie and Geis (1970a) devised a scale which purports to measure exploitiveness, guile and deceit. It has been widely utilized in bargaining studies with predictable results. Subjects high in machiavellianism behave more competitively than others low on the construct. In their review of machiavellianism the authors offer several additional citations in support of the competitive nature of the high-mach person.

The measures cited above will be used as covariates in the $2 \times 2 \times 2$ factorial design. No attempt will be made to dichotomize the measures for use in post hoc analysis. All pre-experiment and antecedent measures (personality battery) are found in Appendix B.

Dependent Variables
A number of dependent measures were recorded during and after the experimental simulation which included both process outcomes and postexperiment perceptual self-report questionnaires. For the $2 \times 2$
factorial design, the following dependent variables were operationally defined as:

1. ROUNDS - the number of rounds until both sides reached settlement or the simulation ended ( 20 rounds). One offer by management and a counterproposal constitutes one round. OFFERS is a similar variable using individual offers rather than rounds.
2. SETTLE - the hourly wage rate increase agreed upon by labor and management. If no settlement occurs, after 20 rounds, the variable is coded ' 0 '.
3. END - the wage rate differential at the end of the simulation. For dyads who settled before or during round 20 , the variable is coded ' 0 '.
4. AGREE - the number of dyads reaching agreement during the simulation.

For the $2 \times 2 \times 2$ factorial design, several additional process outcome dependent variables can be analyzed. They include
5. R1 - the initial offer made by management and the counteroffer of labor in the first round. Additional variables R2 through R20 were recorded during the simulation, but only R1 and R15 will be discussed.
6. PAYOFF - the bonus earned by either side which is based upon the final wage settlement. During the penalty period a five percent per round deduction is made from profit. Settlements below $\$ 0.85$ give management larger payoffs than labor. Above $\$ 0.85$ the opposite is true.
7. CONAMT - the absolute concession amount from Rl to SETTLE or END.
8. CONCESS - the difference between the perceived wage midpoint ( $\$ 0.85$ ) and SETTLE or R20.

The post-experimental measure administered to all subjects immediately upon completion of the simulation was designed to be interpreted as the perceptual impact of the negotiation session on the individual. Based upon previous research conducted at Michigan State University (see Bigoness - 1974) eight Likert scaled statements were asked. The measure is included in Appendix C and contains the following variables:

$$
\begin{array}{ll}
\text { 9. } & \text { POST } 11 \text { - satisfaction } \\
\text { 10. } & \text { POST } 12 \text { - cooperativeness } \\
\text { 11. } & \text { POST } 13 \text { - intensity } \\
12 . & \text { POST } 14 \text { - equality } \\
\text { 13. } & \text { POST } 15 \text { - intensity } \\
\text { 14. } & \text { POST } 16 \text { - cooperativeness } \\
\text { 15. } & \text { POST } 17 \text { - competitiveness } \\
\text { 16. } & \text { POST } 18 \text { - realism }
\end{array}
$$

Research hypotheses stated in Chapter II contain reference to effective bargaining outcomes (settlements tending to maximize joint
payoffs or tending to achieve equality between parties are dependent variables 1 through 8). Further, effective macro outcomes would be evidenced by

1. ROUNDS - fewer rounds to settlement
2. SETTLE - wage settlement close to the $\$ 0.85$ midpoint
3. END - small differential at simulation end
4. AGREE - greater number of dyads reaching settlement
5. R1 - initial offers far from extremes
6. PAYOFF - individual payoffs quite alike
7. CONAMT - smaller concession amount
8. CONCESS - smaller differences from midpoint

It is difficult to make a priori statements about a subject's perception
of the simulation but in keeping with the definition of effectiveness
the following post-assessment outcomes would be
9. POST 11 - greater satisfaction with outcomes
10. POST 12 - greater desire to settle
11. POST 13 - (foil)
12. POST 14 - greater belief that opponent was reasonable
13. POST 15 - lesser belief that initial differences were small
14. POST 16 - greater desire to reach agreement
15. POST 17 - (foil)
16. POST 18 - (foil)

The above dependent measures will be analyzed according to the statistical methodology described in the next section.

Methodology
For each of the dependent variables the following sets of statistical hypotheses are to be tested in a factorial ANOVA design:

1. Main Effects

PD $\quad H_{0}: \quad \alpha_{i}=0$
MO $\quad H_{0}: \quad \beta_{j}=0$
ROLE $\quad H_{0}: \quad \gamma_{k}=0$
2. Two-Factor Interactions

PD $\times$ MO $\quad H_{0}: \quad(\alpha \beta)_{1 j}=0$
PD $x \operatorname{ROLE} H_{0}: \quad(\alpha \gamma)_{i k}=0$
MO $x \operatorname{ROLE} H_{0}:(\beta \gamma)_{j k}=0$
3. Three-Factor Interactions PD $\times$ MO $\times$ ROLE $H_{0}:(\alpha \beta \gamma)_{i j k}=0$

The statistical analysis will be performed on the University of Windsor's IBM $360 / 65$ using Nie et al's (1975) SPSS program with ANOVA routine. Covariate measures will be analyzed using the ANCOVA option of the ANOVA routine.

## Subjects

Subjects for the simulation were recruited from undergraduate collective bargaining classes at the University of Windsor, told they would be participating in an experiential wage negotiation exercise and randomly assigned to experimental treatments. A total of 172 subjects completed the exercise during the Fall and Winter semesters in the 1976-77 academic year.

Ideally, caucasian males should be selected as a homogeneous group. Unfortunately, it was not feasible to exclude subjects based on sex or nationality and $n=24$ females and $n=23$ non-caucasians are included in the total sample. Analysis of covariance using sex and nationality as covariates will be performed.

## Procedural and Experimental Instructions

A large auditorium at the university was used for all five replications of the study. Subjects were told that their class was meeting
in the auditorium. When they arrived they were randomly assigned to experimental treatments. The room contained long tables with two chairs per table. All subjects faced the front of the auditorium when the wage negotiation rules and instructions were read to them (approximately 20 minutes which included completing the pre-experiment assessment).

After all questions were answered, subjects in the back half of the room were asked to turn around and face the rear of the auditorium. At that time subjects learned whether they were management or labor and were instructed to remove their experimental manipulations from an envelope in the front of them. Bid runners were instructed which subjects would form dyads and told that each subject should have "about a minute" to decide what the wage offer was to be. Runners were also instructed to continue passing the offers sheet even though a dyad was settled. All questions were referred to the administrator.

The simulation is derived from Siegel and Fouraker's (1960) Bilateral Monopoly and modeled after Hamner (1975). The collective bargaining context was chosen to emulate a realistic real world environment. The objective of the exercise were stated as:
"the task for the two of you is to negotiate a single agreement on the increase of hourly pay for the next one year of the contract."

Written instructions reaffirmed that the permissible wage rate increase was from $\$ 0.00$ to $\$ 1.70$ per hour. Subjects then read the one and a half pages of experimental treatment which were followed by the procedural instructions for the simulation. Each party (labor or management) had its own Payoff Table and a Wage Offers Record Sheet to
keep track of the offers, counteroffers, and potential payoffs. Subjects did not know their opponent's payoff table. A yellow Wage Offer Sheet was exchanged via the bid runner at approximate one minute intervals. All procedural instructions are included in Appendix D.

Management began the negotiations by specifying an hourly wage rate between $\$ 0.00$ and $\$ 1.70$. Offers were carried to labor who then had the opportunity of seeing the management offer before entering their own counteroffer. Bids were then returned to management. During the remainder of the wage negotiation exercise subjects could stay at a certain offer or move toward compromise, but could not reneg on a previous offer. Bid runners were instructed to watch for these instances. Throughout the simulation subjects were free to reread their experimental instructions or attempt to plan strategy if they wished.

The administrator made no comments during the exercise other than to inform the bid runners of the one minute limit. During the procedural instructions the administrator mentioned that
"As in the real world there is a cost (strike) attached to lack of settlement. Therefore, after round 15 there will be a $5 \%$ per round penalty to be deducted from the payoff. If the parties fail to settle after round 20 , there will be zero payoff."

During the actual exercise, no announcement was made upon completing round 15. Subjects continued the simulation until the administrator passed out the post-experiment assessment. Everyone in the room was asked not to discuss the negotiation after leaving the auditorium. The administrator promised to return to the class later in the semester and discuss the simulation and personality measures. The subjects were then dismissed.

## Data Coding and Statistical Analysis

Antecedent and dependent measures were classified according to the subjects' student numbers. Personality measures were later returned to the subjects by the administrator if gross errors were detected. (Several subjects misunderstood the forced choice instructions of the Mach IV version of machiavellianism.) Otherwise the entire personality battery was given to a keypuncher and entered on three cards. Likert items were scored on a 1-5 scale, semantic differential items were scored on a 1-7 scale and the machiavellianism measure was punched on a 1-2 basis if an item was checked. The personality measures were punched once in the Fall and once in the Winter semester by the same keypuncher.

Bargaining process outcomes were recorded on the yellow "Wage Offers" sheet (Appendix F) passed between labor and management. After the simulation the administrator coded these sheets with independent variables as well as replication number, subject's sex and nationality and then entered some dependent measures such as rounds, offers, settlement amount and end differential. The round by round offers were punched directly from the sheet. The pre-experiment assessment measure and post-experiment questionnaire were keypunched at the same time. The dependent measures were placed on three cards. Hence, a full data set consisted of six cards. Again, keypunching was done once each semester by the same keypuncher.

SPSS computer routines were used to identify any apparent data errors (such as out of range data points) and perform complex functions to calculate payoff, concession and personality measures. A copy of the
full program is located in Appendix G. Additional analyses, other than those stated in this section, have been run, but those findings will not be reported in this paper.

Summary
The final research design and methodology were a culmination of discussion with peers, additional background research into social psychological bargaining and findings from an experimental pilot study. The pilot study was especially helpful in determining that the subjects could understand and follow the procedural and experimental instructions, that the main effects were indeed statistically powerful, and that the wage negotiation exercise was not of undue duration.

Results of the pilot study were statistically noteworthy, but did show evidence of some confounding. For instance, sex was found statistically significant (consistent with much empirical evidence); the MBA's were not representative of students in collective bargaining (opening offers indicated naivity); subjects were allowed to pair off in a non-random fashion and faced each other across a table (later some subjects reported they engaged in cooperative behaviors to ensure that other received almost identical payoffs); and there were environmental seating and time constraints (subjects did not have time to internalize roles and could see the offers of others next to them). Despite these apparent problems, the pilot study affirmed the decision to continue with the proposed research.

Within this chapter an effort was made to reiterate the problem under investigation, operationally define the independent and dependent
variables in terms of bargaining effectiveness, describe the statistical analysis to be employed, and discuss the experimental manipulation and instructions used in the wage negotiation exercise. Chapter IV reports the quantitative results from each of the factorial designs and presents additional findings of interest from the covariate analysis.

## Chapter IV. Results

In general, analysis of data from the wage negotiation exercise yielded predicted, significant findings consistent with empirical literature. For this research study, significant main effects and interactions were hypothesized for power distribution (PD) and motivation orientation (MO). Due to the nature of the simulation, an additional variable, labor or management (ROLE) assignment was utilized in certain analyses where a dependent variable did not take on the same value for each of the two roles.

This chapter is divided into sections according to the experimental design used in statistical analyses - - (1) PD X MO Factorial Design, (2) PD X MO X ROLE Factorial Design and (3) Factorial Designs Using Covariates. A post-experiment questionnaire was administered and findings will be presented in the second section. The latter section was deemed necessary due to the number of self-description, personality variables obtained prior to the wage negotiation exercise. In the same section, significant sex and nationality findings will be presented, as well as a gratifying discovery tentatively called cognitive - manipulative set (whether the subject's cooperative - competitive cognitive orientation was congruent or incongruent with the motivation orientation experimental manipulation).

Bargaining outcomes, defined in terms of effectiveness, connote cooperative outcomes from a personal point of view. Hypothesized
relationships for the dependent measures (by experimental design) are specified below (except for part $C$ which specifies covariates) :
A. PD X MD Factorial Design

1. AGREE - greater number of dyads reaching agreement
2. ROUNDS - fewer rounds to agreement
3. SETTLE - greater amount of settlement
4. END - smaller differential at end of simulation
B. PD X MD X ROLE Factorial Design
5. RI - greater initial opening offer
6. PAYOFF - greater labor or management payoff
7. CONAMT - greater difference between opening offer and settlement
8. CONCESS - smaller differential between settlement
and $\$ 0.85$ implicit midpoint
9. POSTIl - greater satisfaction with outcome
10. POST12 - greater desire to settle before penalty
11. POST14 - greater belief that opponent was a reasonable person
12. POST15 - lesser belief that initial difference was great
13. POST16 - greater desire to settle before round 20
C. Factorial Designs Using Covariates
14. SEX - sex of subject
15. NAT - nationality of subject
16. CMS - cognitive - manipulative congruence
17. ROTTOT - Generalized Interpersonal Trust
18. MACHTOT - Machiavellianism
19. BUDTOT - Tolerance of Ambiguity

For each of the dependent variables in the study, descriptive statistics and an ANOVA table are presented (except for AGREE). Brief discussion accompanies each ANOVA table, but a more detailed explanation is presented in the final chapter.

## PX X MO Factorial Design

The initial focus of this research was to explore negotiated outcomes resulting from manipulations of perceived power and the individual's cognitive disposition in the dyadic relationship. The methodological paradigm employed was a variant of the Siegel and Fouraker (1960) Bilateral Monopoly written to simulate a collective bargaining environment. In this particular factorial design, the dependent variables of interest pertain to both members of the dyad; hence, management or labor role will be ignored. In total, eightysix dyads bargained in this wage negotiation simulation under one of four experimental conditions shown below:
(a) Equal PD - Cooperative MO (Cell 00)
(b) Equal PD - Competitive MO (Ce11 01)
(c) Unequal PD - Cooperative MO (Cell 10)
(d) Unequal PD - Competitive MO (Cell 11)

It was hypothesized that significant main effects would exist for each of the two factors and further a significant interaction would exist between variables. Each of the dependent measures to follow (except AGREE) are based upon the PD X MO factorial ANOVA design.

## AGREE

To test the hypothesis that a greater number of agreements would be reached under the equal power level of $P D$, the cooperative level of MO , and the equal power - cooperative motivation orientation cell (Cell 00) of the $2 \times 2(R X C)$ contingency table, a Chi-Square crosstabulation was performed. Tables 1, 2 and 3, pages 46 to 48 present the results of the $P D, M O$ and $P D$ by $M O$ analyses of the number of agreements (settlements) reached. Table 3 contains descriptive statistics for this dependent variable.

The hypotheses for agreements settled was confirmed for power distribution and the combination of power distribution and motivation orientation but not motivation orientation alone (although in the desired direction). It appears as if the power distribution factor is so potent in bargaining minds that it cancels out any interaction effects which might be present. An ANOVA table presenting the AGREE findings is located in Appendix H. Multiple $\mathrm{R}^{2}$ was .128 for the AGREE variable.

## ROUNDS

The number of rounds the dyad required to reach agreement was a second dependent variable of interest. The theoretical basis for this variable being that fewer rounds would be required for equal PD and cooperative $M O$ and the equal PD - cooperative MO cell (Cell 00). Tables 4 and 5, pages 49 and 50, summarize these findings.





Table 3 Descriptive Statistics for AGREE (by Cell)

Table 4 Descriptive Statistics for ROUNDS (by Ce11)

| Equal |  |  | Unequal |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Mean | 17.911 | Cel1 00 | Mean | 20.083 | Cell 01 |
| SD | 2.968 |  | SD | 1.713 |  |
|  |  |  |  |  |  |
| Mean | 18.857 |  | Mean | 20.261 |  |
|  | 2.170 |  | SD | 1.705 |  |
|  |  | Cell 10 |  |  | Cel1 11 |

Cooperative
Competitive
Motivation
Orientation
Table 5 ANOVA Table for ROUNDS (by PD and MO)

80 CASES WEKE PROCESSED.
0 CASES ( $O$ O PCT) WERE MISSING.

The variable ROUNDS proved better than the number of offers (the number of times a bid sheet was passed between opponents) even though both had statistically significant results. Power distribution was highly significant $(F=12.260$ and $p=.001)$ and while motivation orientation was not significant, it was in the hypothesized direction and of some magnitude ( $F=1.682$ and $p=.198$ ). As shown below the ANOVA table, multiple $R^{2}$ (multiple coefficient of determination) was . 153 or about fifteen percent of the variance of ROUNDS is explained by PD and MO.

## SETTLE and END

The remaining two dependent variables in the PD X MO Factorial Design are similar in nature. For dyads who reached an agreement, it was hypothesized that the settlement amount would be greater for equal PD, cooperative $M O$ and the equal PD - cooperative MO cell. END is a dependent measure which describes how far apart the parties were when the exercise ended after twenty rounds. Predictions from theory would indicate that the end differential would be smaller in the same configuration that SETTLE was hypothesized to be greater. Tables 6 and 7, pages 52-53, pertain to SETTLE and Tables 8 and 9, pages 54-55, give results for the variable END.

For both variables power distribution was again highly significant (SETTLE had $F=10.971$ and $p=.001$ and END had $F=10.242$ and $p=.002$ ). As with the ROUNDS variable, neither SETTLE nor END proved to be significant for the motivation orientation main effect or interaction. Multiple $\mathrm{R}^{2}$ was 13 percent for each variable.
Table 6 Descriptive Statistics for SETTLE (by Cell)

| Equal |  | Unequal |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Mean | . 785 | Mean | . 447 |  |
| SD | . 388 | SD | . 459 |  |
| Cell 00 |  | Cel1 01 |  |  |
| Mean | . 759 | Mean | . 391 |  |
| SD | . 441 | SD | . 459 |  |
| Cel1 10 |  | Cel1 11 |  |  |

Cooperative
Competitive
Motivation
Orientation
Table 7 ANOVA Table for SETTLE (by PD and MO)

|  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| SOURCE CF VARIATICN | sum uf sulares | DF | $\begin{aligned} & \text { PEAN } \\ & \text { SG JARE } \end{aligned}$ | $F$ | $\begin{aligned} & \text { SIGNIF } \\ & \text { OF F } \end{aligned}$ |
| $\begin{aligned} & \text { MA IN EFFECTS } \\ & \text { PD } \\ & \text { Mo } \end{aligned}$ | 2.351 2.168 0.081 | 2 1 1 | 1.175 2.108 0.181 | 5.948 +3.971 0.411 | 0.004 0.001 0.523 |
| 2-WAY INTEFACTIONS | 0.011 | 1 | $\begin{aligned} & 0.311 \\ & 0.311 \end{aligned}$ | $\begin{aligned} & 0.056 \\ & 0.056 \end{aligned}$ | $\begin{aligned} & 0.814 \\ & 0.814 \end{aligned}$ |
| Explained | 2.362 | 3 | 0.787 | 3.984 | 0.011 |
| RESIDUAL | 16.201 | 32 | 0.198 |  |  |
| total | 1ع.5¢3 | 85 | 0.218 |  |  |

[^0]Table 8 Descriptive Statistics for END (by Cell)


|  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| SOURCE CF VARIATICN | SUM OF SGUARES | UF | $\begin{gathered} \text { GEAN } \\ \text { SQSARE } \end{gathered}$ | $F$ | $\begin{aligned} & \text { SIGNIF } \\ & \text { OF F } \end{aligned}$ |
| $\begin{aligned} & \text { MA IN EFFECTS } \\ & \text { PD } \\ & \text { MO } \end{aligned}$ | 9.477 0.356 0.050 | 2 1 1 | 0.239 0.396 0.350 | 6.171 .0 .242 1.292 | $\begin{aligned} & 0.003 \\ & 0.002 \\ & 0.259 \end{aligned}$ |
| 2-WAY INTEFACTIONS | 0.002 0.002 | 1 | 0.002 0.102 | $\begin{aligned} & 0.050 \\ & 3.050 \end{aligned}$ | $\begin{aligned} & 0.823 \\ & 0.823 \end{aligned}$ |
| Exflainec | 0.479 | 3 | 0.160 | 4.131 | 0.009 |
| zesidual | 3.169 | 32 | 0. 339 |  |  |
| total | 3.649 | 45 | 0.043 |  |  |



To summarize the PD X MO factorial design it was clearly evident that the power distribution experimental manipulation proved extremely potent. While there was no significant main effects attributable to motivation orientation, for the ROUNDS and END variables the $F$ ratio exceeded 1 indicating that the variable MO had some very slight effect. It is interesting to note that in none of the PD X MO ANOVA's was the interaction of the two independent variables significant or anywhere near so. Discussion on the three independent variable factorial design follows.

## PD X MO X ROLE Factorial Design

The remaining dependent variables in this study varied by individual and hence, role had to be added as an independent variable dimension. Nine variables will be discussed, four of which were measures taken during the negotiation exercise and related to the outcome of the process and five of which were attitudinal, post-experiment assessments. There were many additional dependent measures recorded (e.g., round by round offers and some postmexperiment semantic differential repeats of the pre-experiment assessment) but they will not be presented in this study.

In total, one hundred sixty nine subjects completed all dependent measures (including pre-exercise assessments) and three subjects were discarded due to missing variables. Dependent variables in the following sections include initial offer, amount of concession, difference from implicit midpoint to settlement or end, and payoff earned by each side after the negotiation.

## R1 and R15

Variable R1, the opening offer by management to labor and labor's response to management is perhaps the purest measure of the impact of the three main effects - power distribution, motivation orientation and role. Once again, significant main effects were hypothesized for each of the independent variables and in addition, a two-factor interaction was hypothesized in the PD X MO interaction. Tables 10 and 11 , pages 58 and 59 , show the descriptive statistics and ANOVA table for R1.

The ANOVA table reveals findings that confirm the existence of the three main effect differences. Power distribution was significant ( $F=4.793$ and $p=.030$ ), motivation orientation was significant ( $F=5.676$ and $p=.018$ ) and finally, as believed, role was extremely significant $(F=40.967$ and $p=.000)$. In conjunction with the last finding it should again be cautioned that labor had the opportunity to see management's opening offer before labor responded, hence, the potent role effect.

There were no significant two-factor interactions, but a notable (although non-significant) three factor interaction did occur. This may be an artifact due to the $F$ value for the role main effect. Multiple $R^{2}$ was .252 for the opening round bid.

As an added insight it might be fruitful to briefly discuss R15, the last round dependent measure before the penalty period. Tables 12 and 13, pages 60 and 61, reveal that MO is no longer significant but two significant two-factor interactions are now present with one being the hypothesized PD X MO interaction



Table 13 ANOVA Table for R15 (by PD, MO and ROLE)


(the other is MO $X$ ROLE). Multiple $R^{2}$ is a little over twenty percent for this variable.

One possible explanation for the emergent significance
is that the subjects had internalized the roles and were bargaining in the manner as envisioned when the simulation was developed. Round 16 marks the beginning of the penalty period in which each participant loses five percent of payoff per round past fifteen. In addition, it was hypothesized that Cell 000 subjects would be more likely to settle before the penalty period than would the other cells (especially the Cell 111 subjects). The significant interactions are PD X MO ( $F=5.663$ and $p=.019$ ) and MO XROLE ( $F=3.408$ and $p=.007$ ). This latter interaction could again reflect the role effect (Table 13).

## PAYOFF

As can be seen in the procedural instructions, a payoff table was provided to each side; tables which were inversely ranked and included polar extremes of $\$ \mathbf{2} .00$ and $\$ 6.00$. The implicit midpoint occurs at $\$ 0.85$ and results in a payoff of $\$ 1.75$ to each subject who settles during or before round fifteen. The five percent per round penalty begins at that time and the payoff becomes zero for those who failed to reach agreement.

It was hypothesized that the payoff received by each bargainer would be dependent upon the main effects of PD, MO and ROLE. Tables 14 and 15, pages 63 and 64, show confirmation of this belief. Both PD and ROLE were highly significant ( $F=22.904$ and $p=.000$ also $F=12.610$ and $p=.000$ ) while $M 0$ was no longer
Table 14 - Descriptive Statistics for PAYOFF (by Ce11)

| Power Distribution |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Equal |  |  | Unequal |  |  |
| Mean | . 900 |  | Mean | . 699 |  |
| SD | . 733 |  | SD | . 773 |  |
|  |  | Cel1 000 |  |  | Cel1 100 |
| Mean | . 668 |  | Mean | . 418 |  |
| SD | . 665 |  |  | . 676 |  |
|  |  | Cel1 010 |  |  | Ce11 110 |

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Competitive

Table 15 ANOVA Table for PAYOFF (by PD, MO and ROLE)


significant (but again in the hypothesized direction). One significant interaction which existed was $P D X R O L E(F=9.203$ and $p=.003)$. It is still evident that the impact of power distribution and role cannot be ignored. Multiple $\mathrm{R}^{2}$ for the payoff variable was twenty percent. Two additional dependent variables, total concession amount from opening to settlement or end and the difference between the implicit midpoint of $\$ 0.85$ and the settlement amount or round twenty offer (if the sides did not settle) are process outcome variables of interest.

## CONAMT and CONCESS

For both variables it was believed that significant main effects and interactions would again be present. Tables 16 and 17, pages 66 and 67, pertain to CONAMT and Tables 18 and 19, pages 68 and 69, are for CONCESS. Of the two variables, CONAMT is perhaps a better measure of the impact of interdependence bonds or bargaining outcomes because it reflects the mood of bargaining as it progresses round by round. CONCESS is expected to be significant because of the number of contracts that remain unsettled in the unequal $P D$, competitive $M O$ (and combination of the two variables) conditions.

Analysis of Table 17 on page 67 confirms the existence of CONAMT significant main effects for $P D(F=9.395$ and $p=.003)$, $M O(F=2.843$ and $p=.094)$, and $\operatorname{ROLE}(F=5.551$ and $p=.020)$. Although none of these interactions are significant, some evidence of effect is present. CONCESS shows a tremendously potent main effect for PD (F = 25.958 and
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$p=.000)$ and also significance for $\operatorname{ROLE}(F=5.954$ and $p=.016)$. As would be expected there existed significant PD X ROLE interaction ( $\mathrm{F}=3.026$ and $\mathrm{p}=.084$ ). The power distribution finding seems plausible because this CONCESS variable is an indication of reluctance to settle or aversion to compromise in the inequitable or competitive situation. Multiple $R^{2}$ for the two variables are . 169 and .089 respectively.. The remaining dependent variables are taken from the post-experiment assessment found in Appendix C.

## Post-Experiment Assessment

Immediately after the subjects were told that the wage negotiation exercise was finished, an eighteen item questionnaire was administered. The first ten items were semantic differential reports of self and other in terms of interactions. No present use of this data is anticipated. The remaining eight Likert scaled items contain three foils with no intended research purpose and five items intended to measure perceptual attitudes toward the bargaining process and outcomes.

POST11, satisfaction with the outcomes of bargaining, was intended to convey an idea that cooperative outcomes results in heightened satisfaction. Tables 20 and 21 , pages 70 and 71 , depict the descriptive statistics and ANOVA table for the satisfaction variable. $P D$ is again highly significant $(F=14.231$ and $p=.000)$, MO is significant ( $F=2.699$ and $p=.102$ ) but role is no longer significant although it appears as if role does have some bearing
Table 21 ANOVA Table for POST11 (by PD, MO and ROLE)

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on satisfaction. It is interesting to note that while the main effects are significant it is opposite to the predicted results. Likely it is caused by ambiguity with the word outcome and this will be discussed in detail. The MO X ROLE interaction is significant ( $F=4.287$ and $p=.000$ ).

POST12, the desire to settle before the penalty period, hypothesizes the relationship that equal $P D$ and cooperative MO subjects would want to settle before the penalty period. None of the main effects nor interactions are significant but MO is close $(F=2.460$ and $p=.119)$. POST16, the desire to settle before round twenty, is an indication of the impact of bargaining especially on Ce11 000 and Cell 111 subjects. As can be seen from Table 24 none of the hypothesized relationships exist. Results for POST12 are shown In Tables 22 and 23, pages 74-75, the ANOVA table for POST16 is on page 76. POST14, belief that the opponent was a reasonable person, was the best post-experimental measure of the five variables included for study. It was hypothesized that subjects bargaining under the equitable conditions (equal PD and cooperative MO) would view their opponents as reasonable persons--a reflection of the experimental manipulation. Tables 25 and 26 , pages 77 and 78 illustrate these important findings. Significant main effects were found for all three independent variables. $P D(F=14.491$ and $p=.000)$, MO $(F=3.400$ and $p=.067)$ and $\operatorname{ROLE}(F=4.752$ and $p=.031)$ indicate strong feelings about the opponent.
Table 23 ANOVA Table for POST12 (by PD, MO and ROLE)




Table 25 - Descriptive Statistics fer POST14 (by Ce11)

Table 26 ANOVA Table for POST14 (by PD, MO and ROLE)


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1.927 \\
1.374 \\
1.374 \\
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226.400 \\
264.330
\end{array}
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The remaining dependent measure was POST15 (the belief that the initial differences between opponents was great) and it was not significant. It had been hypothesized that power distribution in particular would be significant, but that did not occur. Perhaps subjects felt the initial differences were great regardless of the experimental manipulation, and with no means of making comparisons, differences were not located. (See Table 27 on page 80.)

A word of comment about the significant main effects for the ROLE variable is warranted. Is has been noted throughout this chapter that management or labor role has been highly significant in several instances. To review the conduct of the wage negotiation exercise, management began the exercise by offering labor a wage rate increase that was small in magnitude (according to custom). In the experimental instructions, subjects were instructed as follows:
"In the prenegotiation strategy sessions our side decided to start somewhere about twenty five cents from the extreme limit, but also that it would be dependent upon how the other issues were resolved prior to this wage negotiation."

Management undoubtedly followed these instructions intently
(see Table 11 on page 59). While labor read identically the same manipulations it is foreseeable that labor not only reacted to management's opening offer, but responded as labor is expected to do in our society (i.e., extreme positions in the early stage of negotiations). This is a possible reason for the significance of ROLE. Further discussion of the role variable is anticipated in the next chapter.

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In summarizing the PD X MO X ROLE factorial design, the significance of role, as mentioned, should be clearly evident. In addition, the potent power distribution main effect remained as noted in the previous section of this chapter. Also, the significance of motivation orientation is now apparent. One plausible reason why this independent variable was significant for R1, CONAMT, POST11 and POST14 is that those four measures are pure responses to the experimental manipulations.

The marginal significance of motivation orientation in this study remains a puzzle. MO was defined to be a cognitive dispostion toward the opponent, but by not knowing the identity of the opponent, internalization of the manipulation may have been incomplete. In the following section some interesting findings uncovered during data analysis are discussed.

## Factorial Designs with Covariates

The need to employ covariates with the PD X MO X ROLE factorial design became apparent during the period immediately following completion of the Fall 1976 bargaining replication. For example, previous bargaining research clearly indicates that sex and nationality are critical variable to control. This section reports on the statistical use of such covariates as
(1) cognitive-manipulative set
(2) sex and nationality
(3) personal ity measures

## Cognitive-Manipulative Set

As a by-product of statistical investigation, avenues of further exploration are sometimes warranted. During the analyses of dependent variables, it occurred to this author that perhaps additional explanation of the behavioral outcomes might accompany further insights into the experimental manipulations in the simulation. For instance, what if an individual who was cooperative by nature was placed in a competitive experimental setting. Might this apparent incongruence have a bearing on the negotiated outcomes?

To test this belief a new variable called cognitive-manipulative set (CMS) was created as a covariate. A subject was defined as congruent $(n=61)$ if the semantic differential self report of cooperative-competitive matched the experimental manipulation to which they were assigned. The remaining individuals $(\mathrm{n}=108)$ were classified as incongruent (their internal cooperative-competitive cognition differed from the manipulation). Factorial ANOVA's with CMS as a covariate were run and the results proved enlightening and of course gratifying.

Table 28, page 83, shows that the CMS covariate was significant $(F=7.401$ and $p=.007)$ for the round one opening offer. Multiple $R^{2}$ was .265 as opposed to .227 without the covariate. The same increased explanation was noted in other printouts of rounds five and ten, but no longer held true for PAYOFF, CONAMT or CONCESS


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(see ANOVf tables in Appendix H). An explanation that definitely seems plausible is that the round by round progression of negotiations still caries the congruence-incongruence effect, but later the emotion of bargaining supplants the effect. Analysis of the post-experiment assessment variables yielded no significant findings for the CMS covariate. Further discussion of the CMS variable will be included in chapter five.

## Sex and Nationality

While the purpose of this research was to analyze bargaining outcomes based on interdependence bonds, the effect of sex and nationality cannot be ignored. Previous bargaining research clearly states that sex and nationality are significant variables (see Rubin and Brown - 1975 for relevant citations). In the final $n=169$ experiment, twenty-four females and twenty-three non-Canadians participated in the study. Rather than add factors for sex and nationality to the existing PD X MO X ROLE design, the two variables were treated as covariates.

Support of previous research differences attributable to sex and nationality were anticipated and confirmed. Tables 29 to 32, pages 85 to 88 , contain ANOVA tables with sex and nationality as covariates. With respect to R1, Table shows the covariates were significant (SEX was $F=3.842$ and $p=.052$ and NAT was $F=$ 5.754 and $p=.018$ ) with females and caucasians making larger opening offers. The PAYOFF variable (Table 30) showed a significant effect for NAT $(F=6.314$ and $p=.013)$ and while SEX was not


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$0 . j 36$
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significant, it was of some magnitude $(F=2.105$ and $p=.149)$. Non-caucasian and female bargainers earned a larger payoff than caucasian and male bargainers.

For the concession variables (Tables 31 and 32 ), sex of subject was significant for CONCESS ( $F=3.324$ and $p=070$ ) and nationality was significant for CONAMT $(F=2.757$ and $p=.099)$. Within the group of post-experiment assessment variables there was only two instances of significance. SEX was a significant covariate for only one variable--POST16 (F $=3.819$ and $p=.052)^{--}$ indicating females reported a greater desire to settle before round twenty. Remember also that this variable (POST16) was not significant for any main effect or interactions. Nationality proved a significant covariate in only one variable--that being POST11 $(F=3.043$ and $p=.083)$. Caucasians were less satisfied with the outcome of bargaining than non-caucasians. These findings are shown in Tables 33 and 34 on pages 90 and 91.

## Personality Measures

Prior to the initial pilot study a decision was made to incorporate some universally cited personality measures as covariates, At that time no statistical analyses were made using these measures, but they were still maintained in the pre-exercise assessment battery completed by each subject. That final assessment package included

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Table 34 ANOVA Table for POST11 (by PD X MO X ROLE with SEX and NAT)


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1. Rotter (1967) - Generalized Interpersonal Trust
2. Budner (1962) - Tolerance of Ambiguity
3. Christie and Geis (1970) - Machiavellianism

Of the personality measures, neither Generalized Interpersonal Trust, machiavellianism nor Tolerance of Ambiguity offered added explanation to outcome variables of interst. The Christie-Geis measure was a statistically significant covariate for only one postexperiment measure--POST14, the belief that opponent was a reasonable person $(F=3.972$ abd $p=.048)$. As shown in Table 35, page 93, the Machiavellian bargainer felt opponent was not a reasonable person; finding that makes logical sense. It was unfortunate that so few significant findings could be derived from this study especially when some empirical evidence of their validity does exist.

## Summary of Results

Results obtained from the collective bargaining simulation, a single wage negotiation issue, were generally significant in confirming hypothesized main effects of interdependence bonds. The findings were not so gratifying in terms of retaining the interaction research hypothesis. A brief summary of the research findings will be presented in this section with the focus being the specific hypothesized relationships stated in Chapters II, III and IV. In terms of the omnibus research hypothesis of Chapter II, significant main effects were reported in some instances for power distribution (PD) and motivation orientation (MO).

Interaction effects were not present for any of the four



[^5]dependent variables in the two-factor (PD X MO; experimental design, but did occur in sporatic instances in the three-factor (PD X MO X ROLE) analyses. Statistically significant higher-order interactions were not present in this latter design. For the PD X MO factorial design hypothesized relationships were found for AGREE, ROUNDS, SETTLE and END by the power distribution (PD) independent variable. No significant relationships existed for any of the four dependent variables when motivation orientation (MO) was the main effect. As stated, there were no second-order interactions present in the $2 \times 2$ factorial desigr.

Management or labor ROLE was added as a third factor to the above $2 \times 2$ factorial design. Process or outcome dependent variables of interest included R1, PAYOFF, CONCESS and CONAMT. Five postexercise assessment variables were also used as dependent variables. Round fifteen offer was analyzed in an attempt to see if the penalty period had an impact on the bargainers. Although MO was no longer significant, the PD X MO interaction was significant.

The hypothetical payoff earned by each side at the end of the exercise was significant for $P D$ and ROLE. All three main effect hypothesis for both concession variables were confirmed (except for CONCESS by MO). No significant second-order interactions were present for either dependent variable.

In reviawing the $P D X M O X$ ROLE factorial design it is apparent that power distribution main effect was extremely potent and may have cancelled some hypothesized motivation orientation effects. In addition, the role factor was also powerful--probably because bargainers may be reacting to the manipulators by exhibiting real world

Kehayiors.
Post-experiment assessment variakles displayed a mixed pattern of significance. For the satisfaction with outcomes variable, POST11, both PD and MO were significant although opposite to anticipated direction. POST14, belief that the opponent was a reasonable opponent, was correctly predicted by theory for all three factors. The remaining dependent measures, POST12, POST16 and POST15 did not show any predicted results.

The final section in this chapter reported findings on the use of covariates with PD X MO X ROLE factorial design. A newly created covariate, cognitive-manipulative set (CMS), proved to be a significant variable in explaining additional experimental variation during the progress of the exercise. Outcome variables were not significant though.

Use of sex and nationality covariates proved rewarding affected the round one opening offer, the payoff earned, and each of the concession variables (as predicted). Little of noteworthy findings could be gleaned from the post-exercise variables.

Statistical analysis of two factorial designs and the use of covariates with a design yielded the results presented in this chapter. Hypothesized findings were discussed and, where applicable, confirmed. The last chapter of this study will focus on reviewing confirmation and discrepency of predictions, implications of this research effort on theory and future research, and identifying study limitations so future research can become incrementally more sophisticated.

## Chapter V. Discussion and Conclusions

Indeed, it is most gratifying when the hypothesized results of an experimental laboratory simulation prove statistically significant. Gratifaction is enhanced when additional analyses uncover findings of experimental importance and lastly, the administrator feels extremely pleased when the subjects verbally report that they "really got into the exercise" with attendant feelings toward their bargaining opponents. This was especially true for dyads negatiating under the equal power competitive motivation orientation condition.

This chapter contains a report on the major statistical findings - and why certain hypotheses were retained and possible reasons why others were not confirmed as anticipated. The implications of the findings, both on this research and potential future research, is discussed. Emphasis will be placed on discussion of the limitations of the study, especially potentially confounding effects. The chapter will conclude with some theoretical observations on the importance of bargaining in our society and suggestions for replication research.

The principal intent of this research was to study the effect of Rubin and Brown's (1975) interdependence bonds (power distribution and motivation orientation) on negotiated outcomes in an experimental wage negotiation simulation. A third parameter in their framework, interpersonal orientation, was not
utilized in this study. A conceptual foundation for bargaining behavior, social exchange or interaction theory, suggests several omnibus research hypotheses for the independent parameters
> $H_{1}$ : Pairs perceiving equality of power will bargain more effectively than pairs perceiving inequality of status.
> $\mathrm{H}_{2}$ : Subjects receiving instructions inducing a cooperative motivation orientation will bargain more effectively than those receiving competitive instructions.

$\mathrm{H}_{3}$ : Bargainers with equal power and a cooperative motivation orientation will tend to function more effectively than those of unequal power and competitive motivation orientation.

It was previously suggested that behaviors and outcomes in negotiations are a consequence of a cost/benefit or input/output ratio perceived by the bargainer. According to the research hypotheses above, dyads would strive to be more effective (engage in cooperative outcomes) bargainers when they perceive this ratio as being in balance. Imbalances perceived as being inequitable will result in competitive behavioral outcomes.

For this collective bargaining simulation, empirical evidence on the dependent measures suggests the following relationships
A. PD X MD Factorial Design

1. AGREE - greater number of dyads reaching agreement
2. ROUNDS - fewer rounds to agreement
3. SETTLE - greater amount of settlement
4. END - smaller differential at end of simulation
B. PD X MD X ROLE Factorial Design
5. R1 - greater initial opening offer
6. PAYOFF - greater labor or management payoff
7. CONAMT - greater difference between opening offer and settlement
8. CONCESS - smaller differential between settlement and \$0.85 implicit midpoint
9. POST11 - greater satisfaction with outcome
10. POST12 - greater desire to settle before penalty
11. POST14 - greater belief that opponent was a reasonable person
12. POST15 - lesser belief that initial difference was great
13. POST16 - greater desire to settle before round 20

Discussion of the research findings is organized according to factorial design or covariates. Where applicable implications and recommendations are included.

## PD X MO Factorial Design

Very little disagreement as to the anticipated effect of unequal distribution of power or competitive motivation orientation of negotiations exists among social psychologists. Considering the motivation orientation
aspect first, Deutsch's (1960) experimental instructions for cooperative, competitive and individualistic cognitive disposition toward opponent have served as models for many bargaining experiments.

Several studies employing the Prisoners Dilemma report findings similiar to Deutsch. The only research employing the Bilateral Monopoly paradigm (as the simulation did) indicated partial contradiction to predicted effects; but only used the cooperative and individualistic levels of the factor. Schenitzki (1963) reports that under conditions of no communications, individualistic MO bargainers made greater profits (contrary to theory).

One plausible explanation is that individual goal setting confounds the main effect. In other words cooperators may not have felt the need to maximize gain. It is unfortunate that concession variables are not reported, but the initial offer for individualists was significantly more extreme, a finding anticipated through theory and replicated by this research (see PD X MO X ROLE section to follow).

It is interesting to note that MO was not statistically significant for any of the four dependent variables. To this author one possible explanation is that the power distribution main effect was so potent that potential differences in motivation orientation were cancelled. To briefly summarize the MO variable, there is certainly an indication of the value of continued use of Deutsch's experimental manipulations.

The relevant citations on power distribution are many and generally conclusive (although power is a highly complex phenomena).

As evidenced from empirical literature the experimental means of manipulation power are varied. In this study the perceived historical and current relationship between labor and management was termed equal or unequal. Unequal $P D$ was characterized as a degree of power discrepancy as perceived by self or an obvious imbalance position in social exchange theoretic terms.

Komorita and Barnes (1969) varied power in a Bilateral Monoply situation between buyer and seller. They found that equal power dyads reached agreement more often and required fewer trials to do so) than unequal power bargainers. Note the similar replication findings in this research. In both instances, dyads functioned more effectively in the equal power situation as evidenced by the mean settlement being closer to the implicit midpoint. The ending differential reaffirms the cooperative outcomes of equal power; that being a smaller differential.

In a second study employing the Bilateral Monoply Hornstein (1965) had subjects participate in a real estate simulation. With respect to the effects of power equality inspection of the results shows a partial confirmation (although not significant) of theory. One potential problem was that there were six levels of threat potential and this research had only the equal-unequal dichotomy. As for the PD variables, theory and findings appear in unison.

## PD X MO X ROLE Factorial Design

Adding the role factor to the existing design was a necessity in order to analyze outcome and post-experiment assessments for each
subject rather than joint outcomes for the dyad. As before, significant main effects were hypothesized for the power distribution and motivation orientation variables. Although no literature was cited to suggest that a role variable would be significant, historical norms in collective bargaining might dictate such a hypothesis.

Referring to the Komorita and Barnes (1969) study they also reported that equal power pairs made larger concessions than pairs with unequal power. While findings in this study related to individuals the results were conclusive and in agreement with the study using dyads.

It is unfortunate that the hypothesized higher order interactions were not significant for either design. In retrospect it appears as if the power distribution and role variables, in concert, are highly significant for the payoff and concession variables, but not for the round one initial offer. At the onset of bargaining, the two pervasive forces, one experimental and one cultural, appear to outweigh the predicted findings. Later, as bargaining progresses, the role variable becomes less powerful and significant interactions are allowed to emerge. While this belief alone cannot be considered as confirmation of hypotheses it certainly lends credibility to the study.

## Covariates

Employment of covariates in this study was felt necessary because of the small number of females and non-caucasians participating
in the research. Personality variables had been employed in the past with mixed results and the inconclusive evidence of these findings only serves to maintain the status quo. Lastly, the congruence of experimental manipulation and the individual's cognitive disposition towards other was a covariate which was found to be an effective predictor of round by round measures, but diminished when final outcomes were analyzed.

The sex and nationality covariates require some, albeit brief, explanation. While many studies can be cited which point to significant sex differences there is no decisive tendency for females to behave more cooperatively or competitively than males. Many such contradictory studies exist. The same ambiguity holds true for the nationality variable--there is no clear cut evidence to indicate that the "cultural natives" bargain in a consistent predictable manner. The obvious implication is that a homogenous sample (e.g., all males) be used in future research or that sex be treated as a practical objective rather than a statictal byproduct.

A last word about cognitive-manipulative set is merited. Under the disguise of ramdom assignment, how many true differences have been concealed by the incongruence postulate? Future research would be fruitfully served by a thorough investigation into the random assignment assumption of experimental design. At the very least, the researcher could be armed with a series of semantic differential composites of the experimental manipulations with which to test preconceived beliefs about outcomes. The rewards might be well worth the effort.

## Limitations


#### Abstract

If criticism is to be leveled at the wage negotiation exercise, and some is certainly warranted, then it should be categorized according to its overall effect on the findings and their applicability to bargaining theory. This section will be divided into discussion on (1) the theory of bargaining, (2) the physical conduct of the simulation and the statistical analysis. Based upon the discussion preceeding this section and a critique of the exercise, it should be possible to make recommendations as to the directions for future research.


## Bargaining Theory

At the onset it was noted that there is no unified theory of bargaining or negotiations, one which would accurately and consistently predict both social psychological behaviors and perceptions or theoretic game optima. Human nature, being what it is, dictates individual differences and individual differences dictate unpredictability. In addition to the unpredictable nature of the human, it is not at all clear that a bargainer operates under a social exchange or mutual relationships framework.

For instance, in this research we have virtually ignored such potentially powerful driving forces such as anxiety or fear; depressive reaction; ego needs; the achievement, power, affiliation, and security motives; and such collective bargaining issues as prevailing wage rates comparability, and fluctuating public sympathies for labor or management. Certainly, each is situational in nature, highly dynamic
and difficult to quantify. Inclusion of such variables in a study precludes parsimony--one of the central tenets of research. Even in bargaining theory, as with all theories of human behavior, the researcher is faced with two conflicting alternatives - - simplify (and risk missing important effects and interactions) or quantify (and risk creating such a highly complex situation that concise analysis is virtually impossible).

At the over-simplification level, power distribution and motivation orientation certainly do not adequately describe real world bargaining behaviors and outcomes. Yet to replicate previous research and make contributions to advancing the theory this is exactly what must be done. As in previous empirical research on bargaining, this simulation found significant main effects for the two independent parameters.

Analogies exist in the real world. In strategic arms limitation talks, the equal power distribution between two leading nations certainly affects the negotiated outcomes. Kissinger, in his heyday, was variously characterized as cooperative or competative in his dealings with adversaries. His demeanor certainly had an effect on outcomes.

Lastly, in the field of collective bargaining, one hears of conflict almost daily, Some unions are known for militancy; for having an acknowledged power edge over management. In the not to recent past, Teamsters and Miners strikes serve as exemplary situations. In many areas of the country the Garment Workers are
noted for their cooperative endeavors with management in seeking to maintain employment and blunt foreign imports. The auto companies and Auto Workers seem equally powerful at the bargaining table.

We all realize that real world negotiations are complex behavioral phenomena with the public rarely ever knowing the true history about the parties. Plea bargaining, lately pervasive in our society, provides a case study. Prosecution and defense argue legal subtlties; municipal, state and federal criminal law; defendant's past criminal record; jail crowding conditions; experimental rehabilitation programs; recidivism rates; and a host of other ideals before arriving at an agreement. This complex situation cannot be replicated in the laboratory (nor would the researcher necessarily want to do so). The dilemma over bargaining theory (simplification or elaboration) cannot neatly be resolved. Social exchange theories seem to be a plausible explanation for laboratory as well as real world bargaining endeavors. The former setting allows for both methodological and statistical control of variables which collective bargaining behaviors exhibit a multi-attribute nature.

The only practical recourse is to (1) continue as we have in the past seeking additional explanation, (2) actively develop alternative schemes for predicting bargaining outcomes and (3) test these beliefs against the present social exchange foundation. The behavioral sciences will surely benefit from the renewed effort.

Should any reader seek to use this experimental design, its procedural or manipulative instructions and dependent measures, or theoretic base, the following discussion of the simulation and statistical analyses is intended to be instructive as well as conceptual.

## Simulation and Statistical Analysis

The wage negotiation was felt to be an intense, theoretically conceptualized and realistic attempt to model bargaining behaviors. The realm of collective bargaining was selected because it is a widely publicized medium for the resolution of conflictive situations. A vast majority of the subjects could enter into the simulation believing their contribution to be meaningful.

Rationale for the use of power distribution motivation orientation and interpersonal orientation is sound. Interdependence bonds of mutual relationships do exhibit both structural and social psychological components (Cross-1969). Relationships between parties, characterized as being in conflict, can be studied using the theoretical framework of social exchange or comparison. While the wage negotiation exercise did not explicitly test the individuals cognitive map of input/output ratios, the social exchange hypotheses seem a reasonable interpretation of real world collective bargaining behavior.

The simulation itself is too long (too many rounds) to be attempted when face to face contact is not permitted. While there appears to be an interesting pattern of incremental concessions taking place over the course of the bargaining, the initial offer, final settlement and concession rate or magnitude are the major dependent variables of interest. These would still be valid even in a shorter simulation.

Care should be taken to insure that subjects cannot see the responses of other bargainers in the same facility because failure to do so might result in the subtle encouragement toward prolonging the exercise. The computer would be an ideal mechanism by which the independence assumption can be maintained. Prospective researchers should explore different scoring and Incentive schemes for the payoff matrices.

As mentioned previously, sex, nationality and some personality measures proved interesting covariates. Some attempt should be made to provide for other than statistical control for sex and nationality. Historical success with administering, scoring and analyzing personality measures will be prime determinants in which measures to use. Lastly, readers are urged to contact this author personally for subjective comments on the conduct of this simulation.

## Portents for Future Research

Confirmation of the omnibus hypotheses were found in the data gathered from the wage negotiation exercise, a simulation of collective bargaining outcomes and behaviors. The written experimental manipulation for power distribution was significant; in fact extemely potent. If recent experience with the striking Teasmsters or Miners is a true indication of the feelings of the union membership, then power distribution will continue to be significant in simulations modeled after collective bargaining situations. In short, the wage negotiation appears to be a valid means of depicting power distributions.

Rubin and Brown (1975) offer suggestions on methodology to vary power. Future research could continue to use the equal-unequal dichotomy (as it is significant), vary the payoff or reward structure or employ different experimental manipulations to vary power. The motivation orientation factor is relevant to social psychological process and should continue to be employed in research.

Effort should be expended to insure that the power factor (structural) does not overwhelm the behavioral dimension. Perhaps a physical manipulation of power (e.g., seating arrangements, provision for communications or departure from a bargaining schedule, or inclusion of a constituency variable) could be combined with the Deutsch (1960) experimental written instructions in an attempt to discover interaction effects.

The final interdependence bond, interpersonal orientation, is also social psychological in nature. The most frequently employed manipulation, physical manipulation of seating or interaction, does not accurately model interpersonal behaviors. In fact, physical manipulation of 10 might be confounded with either written or physical manipulation of power. Care must be taken to insure that interaction effects can theoretically occur in the design.

The handling of role, either managment or labor, can possibly cause carryover interaction effects due to the extreme power of the role variable. Three possible alternatives to this dilemma exist.

First, alternate the starting role so that labor does not always get to see management's opening offer. Second, force both management and labor to stipulate an initial offer before seeing the bids. In effect, sequential bargaining begins in the second round. Last, specify predetermined initial positions and let bargaining commence from that point.

The last area for potential research lies in using real world bargainers in a pseudo-validation study. The public sector offers a fertile testing arena because one-on-one bargaining frequently takes place in merit and promotional schemes between labor and management. If real world bargainers operated according to theory, and their outcomes potential or effectiveness could be measured in a laboratory experiment, then an ideal medium exists for testing negotiation ability in advance of an crisis or potentially crippling situation.

## Appendix A - Interpersonal Orientation Measure

Please indicate your feelings about these statements about poople by circling the response you feel is most appropriate. Use the pattern:

1. strongly agree
2. agree
3. neither agree or disagree
4. disagree
5. strongly disagree
6. The judiciary is a place where we can all get unbiased treatment.
7. If we really knew what was going on in international politics, the public would have more reason to be frightened than they now seem to be.
8. In dealing with strangers one is better off to be cautious until they have provided evidence that they are trustworthy.
9. It is safe tc believe that in spite of what people say, most people are primarily interested in their own welfare.
10. Using the Honor System of not having a teacher present during exams would probably result in increased cheating.
11. Most ideaiists are sincere and usually practice what they preach.
12. Hypocrisy is on the increase in our society.
13. Even though we have reports in newspapers, radio and television, it is hard to get objective accounts of public events.
14. Parents usually can be relied upon to keep their promises.
15. Most salesmen are honest in describing their products.
16. The future seems very promising.
17. Most experts can be relied upon to tell the truth about the limits of their knowledge.

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Please indicate your feelings about these descriptions by circling the response you feel is most appropriate.


Interaction. Think of experiences in the past when you have interacted with one other person. In general, would you consider yourself:

| Fair | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Exploitive |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Strong | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Weak |
| Deceptive | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Honest |
| Trusting | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Suspicious |
| Yielding | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unyielding |

Self-description. The following are some terms used to describe ourselves and others. In general, would you consider yourself:

| Democratic | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Autocratic |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Emotional | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Rational |
| Cooperative | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Competitive |
| Submissive | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Dominant |
| Other-Centered | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Self-Centered |

Attributes. Certain terms are used to describe human behavior and personality. In general, how would you describe yourself:
$\begin{array}{lllllllll}\text { Risk Seeker } & 1 & 2 & 3 & 4 & 5 & 6 & 7 & \text { Risk Avoider }\end{array}$
Abstract Thinker $\begin{array}{lllllllll}1 & 2 & 3 & 4 & 5 & 6 & 7 & \text { Concrete Thinker }\end{array}$
Intolerant of Ambiguity $\begin{array}{lllllllll}1 & 2 & 3 & 4 & 5 & 6 & 7 & \text { Tolerant of Ambiguity }\end{array}$
Seek Friendships $\begin{array}{lllllllll}1 & 2 & 3 & 4 & 5 & 6 & 7 & \text { Avoid Friendships }\end{array}$
Willing to Compromise $\begin{array}{llllllll}1 & 2 & 3 & 4 & 5 & 6 & 7 & \text { Unwilling to Compromise }\end{array}$

Please use the same response pattern (strongly agree to strongly disagree) as used on the previous page.
13. Human nature being what it is, there must always be war and conflict.
14. The nost important thing a child should learn is obedience to parents.
15. A few strong leaders could make this country better than all the laws and talk.
16. Most people who don't get ahead just don't have enough will power.
17. Women should stay out of politics.
18. An insult to your honor should not be forgotten.
19. People can be trusted.
20. An expert who doesn't cone up with a definite answer probably doesn't know too much.
21. Often the most interesting and stimulating people are those who don't mind being different and original.
22. Many of our most important decisions are based upon insufficient information.
23. A good job is one where what is to be done and how it is to be done are always clear.
24. I like parties where I know most of the people more than ones where all or most of the people are complete strangers.
25. There is really no such thing as a problem that can't be solved.
26. People who fit their lives to a schedule probably miss most of the joy of living.
27. Teachers or supervisors who hand out vague assignments give a chance for one to show initiative and creativity.

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Please use the same response pattern (strongly agree to stroagly disagree) as used on the previous page.
28. People who insist upon a yes or no answer just don't know how complicated things really are.
29. It is more fun to tackle a complicated problem than to solve a simple one.
30. A good teacher is one who makes you wonder about your way of looking at things.
31. The sooner we all acquire similar values and ideals the better.
32. I would like to live in a foreign country for a while.
33. What we are used to is always preforable to what in unfamiliar.
34. In the long run, it is possible to get more done by tackling smail, simple problems rather than large and complicated ones.
35. A person who leads an even, regular life in which few surprises or unexpected happenings arise, really has a lot to be grateful for.

$$
\begin{array}{lllll}
S A & A & \mathbf{D} & \mathbf{S D}
\end{array}
$$

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$123 \quad 3 \quad 4 \quad 5$

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12345
$123 \quad 3 \quad 4$

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For each of the following twenty sets of statements, indicate which statement is most true ( $T$ ) and which is most false (F) in the space provided before each statement. Obviously, one statement must be left blank.

1. $\qquad$ A. It takes more imagination to be a successful criminal than a successful business man.
B. The phrase, "the road to hell is paved with good irtentions" contains a lot of truth.
C. Most men forget more easily the death of their father than the loss of their property.
2. A. Men are more concerned with the car they drive than with the clothes their wives wear.
B. It is very important that imagination and creativity in children be cultivated.
C. People suffering from incurable diseases should have the choice of being put painlessly to death.
3. 

A. Never tell anyone the real reason you did something unless it is useful to do so.
B. The well-being of the individual is the goal that should be worked for before anything else.
C. Since most people don't know what they want, it is only reasonable for ambitious people to talk them into doing things.
4.
A. People are getting so lazy and self-indulgent that it is bad for our country.
$\qquad$ B. The best way to handie peopie is to tell them what they want to hear.
C. It would be a good thing if people were kinder to others less fortunate than themselves.
5. A. Most people are basically good and kind.
$\qquad$ B. The best criteria for a wife or husband is compatibility other characteristics are nice but not essential.
$\qquad$ C. Only after a man has gotten what he wants from life should he concern himself with the injustices in the world.
6. $\qquad$ A. Most people who get ahead in the world lead clean, moral lives.
B. Any man worth his salt shouldn't be blamed for putting his career above his family.
C. People would be better off if they were concerned less with how to do things and more with what to do.
7. A. A good teacher is one who points out unanswered questions rather than gives explicit answers.
B. When you ask someone to do something, it is best to give the real reasons for wanting it rather than giving reasons which might carry more weight.
C. A person's job is the best single guide as to the sort of person he is.
8. $\qquad$ A. The construction of such monumental works as the Egyptian pyramids was worth the enslavement of the workers who built them.
B. Once a way of handing problems has been worked out it is best to stick to it.
C. One should take action only when sure it is morally right.
9. $\qquad$ A. The whrld would be a much better place to live in if people would let the future take care of itself and concern themselves only with enjoying the present.
B. It is wise to flatter important people.
C. Once a decision has been made, it is test to keep changing it as new circumstances arise.
10. $\qquad$ A. It is a good policy to act as if you are doing the things you do because you have no other choicc.
B. The biggest difference between most criminals and other people is that criminals are stupid enough to get caught.
C. Even the most hardened and vicious criminal has a spark of decency somewhere within him.
11. $\qquad$ A. All in all, it is better to be humble and honest than to be important and dishonest.
B. A man who is able and willing to work hard has a good chance of succeeding in whatever he wants to do.
C. If a thing does not help us in our daily lives, it isn't very important.
12. $\qquad$ A. A person shouldn't be purished for breaking a law that he thinks is unreasonable.
B. Too many criminals are not punished for their crimes.
C. There is no excuse for lying to someone else.
A. Generally speaking, men won't work hard unless they are forced to do so.
B. Every person is entitled to a second chance, even after he commits a serious mistake.
C. People who can't make up their minds are not worth bothering about.
14.
A. A man's first responsibility is to his wife, not his mother.
B. Most men are brave.
C. It's best to pick friends that are intellectually stimulating rather than ones it is comfortable to be around.
15. A. There are very few people in the world worth concerning oneself about.
B. It is hard to get ahead without cutting comers here and there.
C. A capable person motivated for his own gain is more useful to society than a well-meaning but ineffective one.
16. A. It is best to give others the impression that you can change your mind easily.
B. It is a good working policy to keep on good terms with everyone.
C. Honesty is the best policy in all cases.
17.
A. It is possible to be good in all respects.
B. To help oneself is good; to help others even better.
C. War and threats of war are unchangeable facts of human life.
18.
A. Barnum was probably right when he said that there's at least one sucker born every minute.
B. Life is pretty dull unless one deliberately stirs up some excitement.
C. Most people would be better off if they control their emotions.
19.
A. Sensitivity to the feelings of others is worth more than poise in social situations.
B. The ideal society is one where everybody knows his place and accepts it.
C. It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.
20.
A. People who talk about abstract problems usually don't know what they are talking about.
B. Anyone who completely trusts anyone else is asking for trouble.
C. It is essential for the functioning of a democracy that everyone vote.

## Appendix C - Post-Experiment Assessment

Please indicate your feelings about this experential exercise by circling the response you feel is most appropriate.

Opponent. How would you rate your bargaining opponent in the negotiation?

| Strong | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Weak |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Cooperative | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Competitive |
| Fair | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Exploitive |
| Other-Centered | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Self-Centered |
| Yielding | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unyielding |

Self. How would you rate yourself in the negotiation process?

| Strong | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Weak |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Cooperative | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Competitive |
| Fair | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Exploitive |
| Other-Centered | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Self-Centered |
| Yielding | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unyielding |

Outcomes. Please indicate your feelings about these statements about the exercise by circling the response you feel is most appropriate. Use

```
1 strongly agree
2 agree
3 neither agree nor disagree
4 disagree
5 strongly disagree
```

1. I was satisfied with my outcome on the neogitation.

| SA | A | N | D | SD |
| :---: | :---: | :---: | :---: | :---: |
| 1 | 2 | 3 | 4 | 5 |

2. I wanted to make sure we settled before the penalty period.
3. I wanted to do a good job on this exercise. $\begin{array}{llllll}1 & 2 & 3 & 4 & 5\end{array}$
4. My bargaining opponent seemed to be a reasonable person. $\begin{array}{lllllll}1 & 2 & 3 & 4 & 5\end{array}$
5. The intital difference in bargaining positions $\begin{array}{lllllll}\text { between me and my opponent was great. } & 1 & 2 & 3 & 4 & 5\end{array}$
6. It was important to me to reach agreement within the twenty round limit.
7. I am confident that I earned more than my opponent.

12345
12345
8. I would like to take part in a negotiation like this one again.

## Appendix D - Procedural Instructions

## 118

## WAGE NEGOTIATION EXERCISE

## Instructions for Management Bargainer

## Role: Labour Services Coordinator Windsor Electrical Contractor's Association Windsor, Ontario

## 119

## WAGE NEGOTIATION EXERCISE

## Instructions for Labour Bargainer

Role: Business Agent International Brotherhood of Electrical Workers Local 1773<br>Windsor, Ontario


#### Abstract

Exercise Objective: Labour and management will engage in bargaining process to be carried out by means of written offers and counteroffers. The task for the two of you is to negotiate a single agreement on the increase in hourly pay for the next one year of the contract


You have been paired at random with one other person in this room. You will not be permitted to speak to this person or any other person engaged in or watching this bargaining exercise. Read your role instructions carefully!

## Experimental Manipulations here ( $1 \frac{1}{2}$ pages)

I'ts nearly time to begin the bargaining exercise. Think about your opening proposal and the final negotiated settlement. The initial offer or counteroffer is left solely to your discretion. In the prenegotiation strategy sessions our side decided to start somewhere about twenty-five cents from the extreme limit, but also that it would be dependent upon how the other issues were resolved prior to this wage negotiation.

Read over these role instructions again. As a strategy think about an initial opening offer and what your opponent will open with. Try and determine where (what amount) and when (what round you feel the final settlement should occur. Bargaining will be in about five minutes.

## Bargaining Instructions

A table entitled "Management Payoff Table" has been furnished to you. The full range of management offers and counteroffers (\$/hour Wage Increase) are listed on the payoff table. Corresponding net savings in labor costs or "Management Profit" is also shown on that same sheet. For example, if you and labor agree on a wage increase of $\$ 0.12 /$ hour you will receive a payoff of $\$ 5.40$ which will be paid to you as a bonus. For a settlement of $\$ 1.18 /$ hour you will receive $\$ 0.10$ as a bonus.

You will not be told the bonus award we are paying labor. In general, wage rate agreements which give management a high 'profit' will result in a low 'profit' to your opponent. The opposite also holds true. Your range of possible payoffs may be higher or lower than your opponent's range of possible payoffs depending on specific bargaining strategy instructions the labor team may be following.

The neogitation will begin by you stipulating a wage rate increase to be considered the initial offer. You may choose any hourly wage rate increase between $\$ 0.00$ and $\$ 1.70 /$ hour in whole cent increments. Once you have chosen a specific wage rate offer, you can never make an offer which is lower than the initial offer. In other words, you do not have to increase your offer in subsequent rounds, but once an offer is made, in cannot be reduced by you.

## The Bargaining Process

The bargaining process is to be conducted as follows. You will write your initial wage offer in column " $A$ " on the yellow sheet labeled "Wage Offers"

This yellow sheet will then be taken to your opponent. Labor then must either accept your offer or make a wage counteroffer of its own. If the offer is accepted, labor will write "accept" next to your offer--otherwise a counterproposal will appear in column "B". Just as for you, your opponent, once an offer is made, cannot increase that offer on subsequent rounds. However, your opponent may stick to an offer--there is no obligation to reduce the wage demand. You may not write messages on the "Wage Offers" sheet, or communicate with your opponent in any way except by the offer by counteroffer negotiation process.

You are also provided a second "Wage Offer" sheet which you should use to keep a round by round summary of your offers and your opponent's counter offers. In addition, in column "C" you would keep track of the payoff you would receive if your offer on that round was accepted. For example, if you offered $\$ 0.48 /$ hour to your opponent and a counteroffer of $\$ 1.22 /$ hour was tendered you should list both of these offers in columns " $A$ " and " $B$ " and in column "C" list the actual payoff associated with your offer of $\$ 0.48 / \mathrm{hour}$ which is $\$ 3.60$ as a bonus.

The bargaining process will continue until one of you writes "accept" on the "Wage Offer" sheet (the yellow one). Note that only one agreement is to be made between the two of you. As soon as you reach an agreement, please remain seated until you receive further instructions.

You and your bargaining opponent will be given 20 rounds (a round is one offer and counteroffer and is labeled as such on the "Wage Offer" sheet) to reach agreement. If at the end of 20 rounds you have not reached agreement, the bargaining session will end and both you and your opponent will be paid nothing (zero payoff) for the session. If you do reach an agreement you will
be paid as a bonus an amount equal to the "profit" shown on your payoff table.
In addition to having at most 20 rounds: to reach an agreement, there is one other restriction to the bargaining. Since the possibility of a strike exists, you and your opponent will each be penalized $5 \%$ per round of your "profit" for every round it takes you past round number 15 to reach an agreement. As in the real world, there is a "cost": to both management and labor to withstand a strike of any duration. As an example, if you agree on round 19 to settle at a wage rate increase of $\$ 0.70$, your payoff will be $\$ 2.00$ based on a profit of $\$ 2.50$ minus a penalty of $\$ 0.50$ which is $20 \%$ or $5 \%$ per round beyond round number 15. Your opponent will also be penalized $20 \%$ of the payoff.

If you have any questions about the negotiation process or the payoff table, please ask them now. Do not, inquire about or suggest appropriate bargaining strategies at any time today. As in the real world, there is no correct solution--any of the wage rate increases shown on your payoff table is possible.

At the end of the process you and your opponent will be paid the bonus and dismissed separately and you will not be allowed to talk to or discern the opponent's identity.

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## Wage Offers Record Sheet

Instructions: On this sheet keep track of your offers and your opponent's counteroffers. Management offers go in column "A" and labour offers go in column "B". Be sure to record your anticipated payoff if the other side accepts your offer in column "C".

|  | A | B | C |
| :---: | :---: | :---: | :---: |
| Round | Management | Labour | Anticipated |
| Number | Wage Offers | Wage Offers | Payoff if Accepted |
| 1. |  |  |  |
| 2. |  |  |  |
| 3. |  |  |  |
| 4. |  |  |  |
| 5. |  |  |  |
| 6. |  |  |  |
| 7. |  | - |  |
| 8. |  |  |  |
| 9. |  |  |  |
| 10. |  |  |  |
| 11. |  |  |  |
| 12. |  |  |  |
| 13. |  |  |  |
| 14. |  |  |  |
| 15. |  |  |  |

16. 
17. 
18. 
19. 
20. 

## Management Payoff Table

| Negotiated <br> \$/hour Wage <br> Increase | Management Profit | Negotiated <br> \$/hour Wage <br> Increase | Management Profit |
| :---: | :---: | :---: | :---: |
| \$0.00 | \$6.00 | \$1.00 | \$1.00 |
| 0.02 | 5.90 | 1.02 | 0.90 |
| 0.04 | 5.80 | 1.04 | 0.80 |
| 0.06 | 5.70 | 1.06 | 0.70 |
| 0.08 | 5.60 | 1.08 | 0.60 |
| 0.10 | 5.50 | 1.10 | 0.50 |
| 0.12 | 5.40 | 1.12 | 0.40 |
| 0.14 | 5.30 | 1.14 | 0.30 |
| 0.16 | 5.20 | 1.16 | 0.20 |
| 0.18 | 5.10 | 1.18 | 0.10 |
| 0.20 | 5.00 | 1.20 | 0.00 |
| 0.22 | 4.90 | 1.22 | -0.10 |
| 0.24 | 4.80 | 1.24 | -0.20 |
| 0.26 | 4.70 | 1.26 | -0.30 |
| 0.28 | 4.60 | 1.28 | -0.40 |
| 0.30 | 4.50 | 1.30 | -0.50 |
| 0.32 | 4.40 | 1.32 | -0.60 |
| 0.34 | 4.30 | 1.34 | -0.70 |
| 0.36 | 4.20 | 1.36 | -0.80 |
| 0.38 | 4.10 | 1.38 | -0.90 |
| 0.40 | 4.00 | 1.40 | -1.00 |
| 0.42 | 3.90 | 1.42 | -1.10 |
| 0.44 | 3.80 | 1.44 | -1.20 |
| 0.46 | 3.70 | 1.46 | -1.30 |
| 0.48 | 3.60 | 1.48 | -1.40 |
| 0.50 | 3.50 | 1.50 | -1.50 |
| 0.52 | 3.40 | 1.52 | -1.60 |
| 0.54 | 3.30 | 1.54 | -1.70 |
| 0.56 | 3.20 | 1.56 | -1.80 |
| 0.58 | 3.10 | 1.58 | -1.90 |
| 0.60 | 3.00 | 1.60 | -2.00 |
| 0.62 | 2.90 | 1.62 | -2.00 |
| 0.64 | 2.80 | 1.64 | -2.00 |
| 0.66 | 2.70 | 1.66 | -2.00 |
| 0.68 | 2.60 | 1.68 | -2.00 |
| 0.70 | 2.50 | 1.70 | -2.00 |
| 0.72 | 2.40 |  |  |
| 0.74 | 2.30 |  |  |
| 0.76 | 2.20 |  |  |
| 0.78 | 2.10 |  |  |
| 0.80 | 2.00 |  |  |
| 0.82 | 1.90 |  |  |
| 0.84 | 1.80 |  |  |
| 0.86 | 1.70 |  |  |
| 0.88 | 1.60 |  |  |
| 0.90 | 1.50 |  |  |
| 0.92 | 1.40 |  |  |
| 0.94 | 1.30 |  |  |
| 0.96 | 1.20 |  |  |
| 0.98 | 1.10 |  |  |


| Negotiated \$/hour Wage Increase | Labour <br> Profit |
| :---: | :---: |
| \$0.00 | \$-2.00 |
| 0.02 | -2.00 |
| 0.04 | -2.00 |
| 0.06 | -2.00 |
| 0.08 | -2.00 |
| 0.10 | -2.00 |
| 0.12 | -1.90 |
| 0.14 | -1.80 |
| 0.16 | -1.70 |
| 0.18 | -1.60 |
| 0.20 | -1.50 |
| 0.22 | -1.40 |
| 0.24 | -1.30 |
| 0.26 | -1.20 |
| 0.28 | -1.10 |
| 0.30 | -1.00 |
| 0.32 | -0.90 |
| 0.34 | -0.80 |
| 0.36 | -0.70 |
| 0.38 | -0.60 |
| 0.40 | -0.50 |
| 0.42 | -0.40 |
| 0.44 | -0.30 |
| 0.46 | -0.20 |
| 0.48 | -0.01 |
| 0.50 | 0.00 |
| 0.52 | 0.10 |
| 0.54 | 0.20 |
| 0.56 | 0.30 |
| 0.58 | 0.40 |
| 0.60 | 0.50 |
| 0.62 | 0.60 |
| 0.64 | 0.70 |
| 0.66 | 0.80 |
| 0.68 | 0.90 |
| 0.70 | 1.00 |
| 0.72 | 1.10 |
| 0.74 | 1.20 |
| 0.76 | 1.30 |
| 0.78 | 1.40 |
| 0.80 | 1.50 |
| 0.82 | 1.60 |
| 0.84 | 1.70 |
| 0.86 | 1.8 - |
| 0.88 | 1.20 |
| 0.90 | 2.00 |
| 0.92 | 2.10 |
| 0.94 | 2.20 |
| 0.96 | 2.30 |
| 0.98 | 2.40 |

## Appendix E - Experimental Manipulations

Background

> Inflation Board.
 date--the wage issue is all that remains. Thus far, both parties are pleased with negotiations, believing that satisfactory compromises have been reached on the major bargaining issues--the medical, dental, and pension plans; a cost of living escalator clause; and several present contract provisions. Specifically, you have been instructed to negotiate a mutually satisfacotry wage increase.

By all labour-management bargaining standards, the Contractor's Association-Electrical Workers the firms that compromise the construction industry, it is well known that their relationship is fairly stable. In fact, the Association has fewer grievances filed against it that any other in the industry. A local arbitrator, familiar with the Association-Local 1773 agreement has even commented "I'd starve if $I$ had to make a living solely by ruling on their grievances".
Unequal Power
ramod [enba

All other issues on this year's bargaining
agenda have been mutually resolved prior to this
date--the wage issue is all that remains. Thus far,
you believe that the other members of your bargain-
ing team have done poorly in even reaching a com-
promise settlement on the major bargaining issues--
the medical, dental, and pension plans; a cost of
living escalator clause; and several present contract
provisions. Specifically, you have been instructed
to obtain the very best settlement possible.

## By all labour-management bargaining standards,

 the Contractor's Association-Electrical Workers Within the firms that comprise the construction industry, it is well known that their relationship is highly volatile. In fact, the Association has more grievances filed against it than any other in the industry. A local arbitrator, familiar with the Association-Local 1773 agreement has even commented "I'd spend more time listening to labour and management argue than $I$ spend with my wife".Power Distribution

| Equal | Unequal |
| :---: | :---: |
| During this stable collective bargaining relationship you have always had excellent and congenial rapport with your bargaining partner --a person characterized as cooperative, equitable, and morally scrupulous. For instance, during the last round of negotiations two years ago, both of you discreetly resolved one sticky issue that could have been misinterpreted by those in the local community if word had ever leaked out to the news media. | Despite this volatile collective bargaining relationship you have always felt equal to your partner but without sufficient authority to deal with a person characterized as powerful, cooperative and morally scrupulous. For instance, during the last round of negotiations two years ago, you were accused of compromise on one particular issue where you truly felt an equitable compromise would be in the best interest of both parties and the community. |
| Despite the stable collective bargaining relationship you have always had heated but productive debate with your bargaining opponert--a person characterized as equitable, competitive but morally scrupulous. For instance, during the last round of negotiations two years ago, both of you engaged in loud verbal discussions but were always able to arrive at a final position on the issues which you were responsible for setting. | During this volatile collective bargaining relationship you have always felt an underdog to your powerful bargaining opponent --a person characterized as deceitful, competitive, and morally unscrupulous. For instance, during the last round of negotiations two years ago, you were widely accused of "buckling under", of losing some essential contract clauses, and of being "weak" when it came to face to face contact with your opponent. |

Motivation Orientation

## Hage Offers

Instructions: Management makes the first offer. Thereafter, a series of offers and counteroffers can be made by the labor and management sides in turn. Once either side is happy with the current round offer, write accept next to the offer just tendered. Otherwise, continue writing wage offers in the appropriate column. (Managenent offers in column " $A$ " and labor offers in column "B") Remember, there is a 5\% per round penslty after round 15 , and if no agreement is reached by round 20 , you and your opponent will receive zero payoff.

| Round jumber | $\text { " } \mathrm{A} \text { " }$ <br> Manggement Hage Oifers | $\begin{aligned} & \text { "B" } \\ & \text { Labor } \\ & \text { Wage Offers } \end{aligned}$ |
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Appendix H



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16CASES ( O.O FCT) WERE MISSING.

| ANOVA Table for CONCESS (by PD, MO and ROLE with CMS) |  |  |  |  |  |
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| SOURCE CF VARIATICN | SUM OF SGLARES | DF | IEAN <br> SGuARE | $F$ | $\begin{aligned} & \text { SIGNIF } \\ & \text { OF } \end{aligned}$ |
| $\begin{aligned} & \text { COVARIATES } \\ & \text { CNS } \end{aligned}$ | $\begin{aligned} & 0.012 \\ & 0.012 \end{aligned}$ | 1 | $\begin{array}{llll} 0 . & 12 \\ 0 . & 12 \\ 0 & 12 \end{array}$ | $\begin{aligned} & 0.358 \\ & 0.358 \end{aligned}$ | $\begin{aligned} & 0.551 \\ & 0.551 \end{aligned}$ |
| MAIN EFFECTS PD MU RCLE |  | 3 1 1 1 |  | $\begin{array}{r} 1.096 \\ +5.731 \\ 0.000 \\ 5.855 \end{array}$ |  |
| 2- WAY INTEFACTIONS PD PD MO NOLE FOLE | $\begin{aligned} & C .174 \\ & 0.004 \\ & 0.106 \\ & 0.048 \end{aligned}$ | 3 1 1 1 |  | 1.682 0.187 3.073 1.395 | 0.173 0.066 0.082 0.239 |
| $\begin{gathered} \text { 3-WAY INTEFACTICNS MC } \\ \text { PD } \\ \text { ROLE } \end{gathered}$ | $\begin{aligned} & 0.009 \\ & 0.009 \end{aligned}$ | 1 | $\begin{aligned} & 0.0 .05 \\ & 0.0 .09 \end{aligned}$ | $\begin{aligned} & 0.267 \\ & 0.267 \end{aligned}$ | $\begin{aligned} & 0.006 \\ & 0.606 \end{aligned}$ |
| EXFLAINED | 1.343 | 8 | 0.163 | 4.370 | 0.000 |
| fesidual | E.516 | 160 | 0.0 .34 |  |  |
| total | ¢.859 | 108 | 0.341 |  |  |

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| CS6 ${ }^{\circ}$ | 200 ${ }^{\circ} \mathrm{C}$ |
| $9 \angle 5^{\circ} 0$ | $0 \angle 0^{\circ} \mathrm{C}$ |
| ع16 ${ }^{\circ}$ | $210^{\circ} 0$ |
| $986^{\circ} 0$ | $100^{\circ}$ |
| $106^{\circ} 0$ | $910^{\circ} \mathrm{C}$ |
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[^14]169 (ASES WERE PROCESSEC.
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[^3]:    FAW HEGRESSICN COEFFICIENT
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[^4]:    HAW REGRESSICA COEFFICIENT
    

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[^5]:    16 CASES WERE FFOCESSECR
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[^6]:    

[^7]:    covariate raw regressicn coefficient
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    CMS 0.018

[^8]:    IEG CASES WERE PFOCESSEC.

[^9]:    169 CASES WERE FFOCESSEC.

[^10]:    COVAFIATE RAW REGFESSICN CCEFFICIENT
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[^11]:    RAW REGFESSICN COEFFICIENT
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[^12]:    COVAFIATE FAW REGRESSICN CCEFFICIENT
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[^14]:    COVARIATE RAW REGFESSICA COEFFICIENT

