The Impact of Expectation of Future Negotiation Interaction on Bargaining Processes and Outcomes

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Abstract

This research conceptualizes and experimentally tests differences in pre-negotiation behavioral influences, negotiation processes, negotiation outcomes, and post-negotiation dispositions involving buyers and sellers negotiating under the expectation of future negotiation interaction (EFNI) versus no expectation of future interaction (Non-EFI). EFNI bargainers have lower aspiration levels, expect the negotiations will be friendlier, and predominantly use a problem-solving bargaining style compared to Non-EFI bargainers. Perforce, EFNI appears to have a strong moderating effect on satisfaction as Non-EFI bargainers' satisfaction is strongly predicated on their monetary outcomes (expectation-disconfirmation paradigm), while EFNI bargainers' satisfaction is not. Further, while EFNI negotiations take longer than Non-EFI negotiations, they also produce greater parity between buyers' and sellers' satisfaction, which leads to fewer bargainers being dissatisfied. Thus, compared to one-time negotiations, bargainers in EFNI contexts are more likely to be disposed to bargain again, to enter into negotiations with a harmonious disposition and seek solutions that benefit both parties.

Key Words: Expectation of Future Interaction, Negotiations, Bargaining Styles, Satisfaction, Expectancy Disconfirmation, Aspirations,

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1. Introduction

Negotiation, a process by which two or more parties deliberately interact in attempting to specify the terms of their interdependence (Walton and McKersie, 1965), is an important mechanism to achieve coordination in exchanges within business markets (Atkin and Rinehart, 2006; Eliashberg et al., 1995; Maxwell et al., 2003). The economic scope of business markets spans a wide range of commercial enterprises, government agencies, and institutions, where these organizations negotiate most purchases and the monetary value of such purchases is staggering (Balakrishnan and Eliashberg, 1995; Dwyer and Tanner, 2006). Indeed, Hutt and Speh (2004) observe that in industrialized countries, the dollar volumes of transactions in business markets significantly exceed that of consumer markets. Therefore, understanding how companies can better structure their negotiations processes to achieve greater profits, satisfaction, and efficiency would have a significant impact not only for individual companies, but for the global economy, as a whole.

Traditionally, most bargaining research restricted itself to examining negotiations as isolated transactional episodes involving one-time sales in which the parties will have no further interaction (Barley, 1990). Yet, in the context of today's business markets, interactions after negotiations are likely to be the norm, as sales and marketing personnel work toward building long-term customer relationships (Gordon 1990). Consistent with this view, the very nature of the salesperson's role evolved conceptually over the years from that of Production, Sales, and Marketing orientations to that of Partnering, which focuses on building relationships that satisfy long-term customer and seller needs (Anderson and Huang, 2006; Wotruba, 1991). In the context of negotiations, O'Connor et al. (2005) have also shown that bargaining histories are significant

predictors of negotiation behavior and that, at least in some cases, researchers should conceptualize negotiations as interrelated exchanges rather than separable incidents. Therefore, examining business negotiations by extrapolating findings from one-time bargaining research is unlikely to capture the true nature of business negotiation processes and outcomes. What business negotiation research needs are studies that focus on anticipated continued interactions between bargaining parties (Heide and Miner, 1992; Roering, 1977).

Researchers have recognized the expectation of future interaction (EFI) with the other party to the exchange after the conclusion of a negotiation is a psychologically complex phenomenon (Balakrishnan et al., 1993; Naquin and Paulson, 2003; Purdy et al., 2000). EFI can span the gamut from expecting to work together on relatively cooperative interactions, such as product installation, training, or service support, to expecting a new series of negotiations in the future, i.e., expectation of future negotiation interaction (EFNI). In this paper, we follow Raiffa's (1982, p. 12-13) prescription and study the differences between negotiations in which bargainers have expectations of future negotiation interaction (EFNI) as opposed to when bargainers perceive that they will not be dealing in a business context with the other party again (Non-EFI). Specifically, this research seeks to gain a better understanding of how bargaining under EFNI versus Non-EFI conditions impacts each of the stages of negotiations. Does EFNI influence pre-negotiation affective states? Do these affective states, in turn, foster the use of particular bargaining styles? Does EFNI bring about differences in negotiated outcomes related to profits and time to reach agreement? Does this affect bargainers' post-negotiation dispositions markedly? Gaining such an understanding should allow practitioners and academics to increase the efficiency of negotiation processes, promote the desire of parties to re-engage in future

negotiations, better understand the impact of personnel utilization and continuity, and positively influence activities that profoundly affect nations' economies.

2. Theory and Hypotheses

2.1 Expectation of Future Interaction

There has been evidence for some time now that EFI tends to affect attitudes and behaviors (Bond and Dutton, 1975; van Kippenberg and Steensma, 2003). In general, as Kiesler et al. (1967) observe, EFI has two primary effects. First, it makes the other party's behavior to the social interaction process more important and salient. That is, when EFI is present, parties who behave appropriately are more likely to be liked, and when there is no EFI, parties who behave inappropriately are less likely to be liked. Second, certain alternative reactions to a party who acts inappropriately are more difficult and therefore less likely to be undertaken when EFI is present.

In the context of negotiations, Raiffa (1982) suggests that negotiators bargaining under the expectation of future negotiation interaction (EFNI) may be more cooperative. On the other hand, in situations where there is no such expectation of future interaction (Non-EFI), the parties are likely to have a short-term perspective that is likely to lead them to exaggerate their cases. In order to investigate these contrasting situations of EFNI versus Non-EFI negotiations, we conceptualize negotiations as comprising four stages: Pre-Negotiation Behavioral Influences; Negotiation Processes; Negotiation Outcomes; and Post-Negotiation Cognitive Dispositions (Figure 1). The rationale for each of these negotiation stages follows below along with the development of their associated hypotheses.

Insert Figure 1

Under the EFNI versus Non-EFI negotiation scenarios, specific behavioral influences and negotiation processes are likely to be operant that impact negotiation outcomes and post-negotiation cognitive dispositions. The following exposition explores a number of these key behavioral influences and processes in terms of their potential impact on negotiations. We examine aspirations because of its importance and pervasiveness in the body of negotiation literature (e.g., Thompson et al., 1988). We examine friendliness because of the very nature of the EFNI construct to promote positive affect between parties (e.g., Shafer et al., 1987) and findings that friendship promotes problem solving and reaching a consensus between parties (e.g., Zajac and Hartup, 1997). Thus, these constructs provide strong inputs for establishing the tenor of the parties' behaviors entering into EFNI negotiations. We examine negotiation styles to determine the likely impact on them by the behavioral influences under investigation, and because prior research has demonstrated that negotiation styles have the potential to play a critical role in the negotiation process and its outcomes (Neu and Graham, 1994; Kleinman and Palmon, 2000; Shell, 2001). Negotiation outcomes are the third stage in the conceptualized framework and the raison d'être for undertaking negotiations in most cases. We examine economic outcomes resulting from the negotiation process in terms of their relative profits to the parties. Finally, we examine post-negotiation dispositions because they are important both in forming bargainers' assessments of their current negotiations, and in their capacity to promote or inhibit the desire to engage in future negotiation sessions (Barry and Oliver, 1996; Heide and Miner, 1992; Oliver et al., 1994; Purdy et al., 2000).

2.2 Pre-Negotiation Behavioral Influences

When a commitment to future bargaining is present, Roering et al. (1975) describe EFNI as involving two competing pressures that foster a quite different psychological orientation than is

present in once-only transactions. First, is the desire to establish a strong bargaining image in order to inhibit future exploitation by the opposing party. Second, is the risk of social disapproval and the consequent retaliation for the violation of "fairness" norms. Their research findings suggest that negotiators are likely to have higher aspirations under EFNI than when there are expectations of future interactions that will be of a non-bargaining nature. Empirical evidence demonstrates that higher aspiration levels result in larger profits for the associated bargainers (e.g., White and Neale, 1994; Pruitt and Lewis, 1975). Accordingly, a bargainer's aspiration levels have been one of the major constructs employed in the negotiation literature since the seminal work by Siegal and Fouraker (1960). For the purposes of this research, aspiration levels will reflect the view of Pruitt (1983) who defines aspiration levels as a negotiator's drive for achievement and the levels of utility for which the negotiator is striving.

Extending the arguments of the Roering et al. (1975) study, bargainers expecting no future interaction should not be inhibited by fairness norms and should demonstrate even higher aspirations than bargainers with EFNI. Consequently, under Non-EFI situations, negotiators should have higher aspirations than negotiators with EFNI.

Hypothesis 1a: Bargainers expecting future negotiation interaction will have lower aspirations than will bargainers with no expectations of future interaction.

It has been noted for some time that individuals expecting future interaction with other parties typically try to present themselves in socially appropriate ways and try to appear as more positive and friendly (Kellermann and Reynolds, 1990; Shaffer and Ogden, 1986; Shaffer et al., 1987). More specifically, in situations in which individuals had to make award allocations and expected future interactions, Shapiro (1975) found that the images individuals projected to others became more salient. Therefore, it is likely that in negotiation contexts, bargainers who are

anticipating future interaction will expect their negotiation counterparts to similarly strive to project a friendly demeanor.

Hypothesis 1b: Bargainers expecting future negotiation interaction will expect the other party to be friendlier than will bargainers with no expectations of future interaction.

2.3 Negotiation Process

Influence tactics have been an area of considerable interest in understanding how parties obtain personal benefit or reach organizational goals (e.g., Kipnis et al., 1980; Schriesheim, and Hinkin, 1990; Yukl and Falbe, 1990). In an experimental setting, van Kippenberg and Steensma (2003) showed that EFI had a significant effect on the use of the influence tactics that parties employed in their desires to exert control on relationships. They found that EFI not only diminished the use of influence tactics, in general, but that the use of soft influence tactics (such as, inspirational appeals or rationality that allow a choice to comply) was more likely than the use of hard influence tactics (such as, pressure and blocking that are controlling and coercive, in nature).

In the domain of negotiations, Raiffa (1982) observes that EFNI raises the level of cooperation between parties compared with Non-EFI situations. The expectation of such cooperative future interactions (ECFI) engenders a higher concern for one's own and other's goals. As per the *Dual Concerns Model* (Pruitt and Rubin, 1986; Thomas and Kilmann, 1974) this should lead to the adoption of more collaborative approaches to bargaining. In this regard, Ben-Yoav and Pruitt (1984) found that when no obvious compromise solution is present, expectations of cooperative future interactions (ECFI) encourages bargainers to undertake a problem-solving strategy, i.e., a collaborative approach whereby the bargainer attempts to find a solution that would give both parties large, but not necessarily maximum profits.

Fundamental support for these findings may also rest on the friendship enhancing nature of EFNI. A number of researchers found that friendship enhances problem-solving and other task-related behaviors (Hartup 1996; Newcomb and Bagwell, 1995). Therefore, bargaining under the EFNI context should lead to greater use of problem-solving strategies than in the non-EFNI case.

Hypothesis 2a: Bargainers expecting future negotiation interaction will use more problem-solving strategies than will bargainers with no expectations of future interaction.

Positing the greater use of problem-solving strategies by EFNI bargainers compared to Non-EFNI bargainers, also suggests that Non-EFI bargainers may employ an alternative negotiation strategy. In examining the Non-EFI context, Marlowe et al., (1966) found that in bargaining under experimental conditions there was a greater tendency to attempt to exploit the other party when there was no EFI. The Dual Concerns Model (Pruitt and Rubin, 1986) suggests that when concern for one's own goals is high and concern for the other's goals is low, a bargainer is likely to employ a more competitive strategy. In the context of purchasing, Perdue, Day and Michaels (1986) found that when purchasing agents did not use a problem-solving strategy the next most common strategy they used was a competitive strategy, i.e., a win-lose style of bargaining wherein a bargainer tries to fully satisfy his or her own concerns at the expense of the other party. Therefore, there is evidence to suggest that under Non-EFI scenarios, bargainers are likely to employ competitive rather than problem-solving approaches.

Hypothesis 2b: Bargainers with no expectation of future interaction with each other will use more competitive strategies than will bargainers with expectations of future negotiation interaction.

2.4 Negotiation Outcomes

In both bargaining (e.g., Roering et al., 1975) and non-bargaining (e.g., Shapiro, 1975) contexts, there is support for an equality-oriented distribution of rewards in studies of anticipated future interaction in dyads. As noted above, the knowledge that they will be bargaining again is likely to motivate bargainers to undertake actions that project an aura of fairness. This is done to avoid the risk of social disapproval by the other party, as well as to avoid retaliation in future negotiations (Kiesler et al., 1967; van Knippenberg and Steensma, 2003). In addition, EFNI should generate greater expectations of friendliness between the parties. In turn, this situation provides the opportunity for greater friendliness, which Newcomb and Bagwell (1995) showed increased the desire for fairness in relationships. Examining research on negotiations, Roering et al. (1975) found more extreme initial bids under Non-EFI compared to the EFI scenarios. Consequently, parties in an EFNI situation are more likely than Non-EFI bargainers to attain agreements that are relatively equal in terms of profits.

Hypothesis 3a: Bargainers expecting future negotiation interaction will obtain more equally distributed agreements than will bargainers with no expectations of future interaction.

Graham and Sano (1989) suggest that parties that expect to have a relationship that continues beyond the present, need to take the time to develop a cooperative relationship. Additionally, the hypotheses relating to the use of problem-solving strategies and the equal division of profits (H2a and H3a, respectively) imply that negotiators in the EFNI case must engage in actions that not only result in "expanding the pie" (as in the Non-EFI case) but must also spend the time to make sure that the "slicing of the pie" is proportionate. Such actions that establish a cordial environment for the next negotiation session and facilitate the bargaining process are likely to manifest themselves in bargainers taking the time to explore negotiation options (problem-solving) and establishing consensus with the other party that the agreement was reasonable.

Hypothesis 3b: In the initial negotiation session bargainers expecting future negotiation interaction will take longer to reach agreement than will bargainers with no expectations of future interaction.

2.5 Post-Negotiation Cognitive Dispositions

Satisfaction is a post-negotiation cognitive disposition of great importance to bargainers (Barry and Oliver, 1996; Heide and Miner, 1992; Kernan et al., 2007; Oliver et al., 1994). In the Non-EFNI context, hypothesis H1a predicts higher aspirations, which researchers have shown leads to higher outcomes (e.g., Huber and Neale, 1987; White and Neale, 1994). Conversely, Galinsky et al. (2002) demonstrated that higher aspirations could also diminish satisfaction as bargainers have more difficulty reaching their goals. In the EFNI context, hypothesis H2a predicts a greater use of problem-solving strategies. In turn, researchers have shown that the employment of problem-solving strategies maximizes joint gain (e.g., Pruitt, 1983; Pruitt and Rubin, 1986). Again, this creates a situation that should lead to a higher level of satisfaction. Therefore, it is difficult to posit under which of the negotiation scenarios satisfaction might be greater.

Nevertheless, there is sufficient basis to make a number of observations regarding the likely manner in which satisfaction is formed and to posit differences between parties in the two scenarios. Bargainers expecting no future interaction are likely to focus on the economic or monetary outcome of their negotiations as their primary determinant of satisfaction. That is, in forming their satisfaction judgments concerning the negotiation outcomes, they are likely to make strong use of assessing the differences between their pre-negotiation aspirations and their post-negotiation profits, i.e., the expectancy-disconfirmation paradigm is likely to play a major role in the satisfaction assessments. Under the expectancy-disconfirmation paradigm, satisfaction

is an affective response that an individual's outcomes exceeded, matched, or fell short of (disconfirmed) prior expectations (Oliver et al., 1994). In the context of negotiations, economic aspirations serve as the prior expectations that the bargainer compares to his or her negotiated outcome.

In contrast, under EFNI, bargainers are less likely to focus predominantly on comparing their aspirations with their negotiated profits to arrive at a determination of their satisfaction with the settlement. Rather, they are also concerned with setting the tone for the future negotiation sessions that will follow and they are likely to predicate their satisfaction on non-economic factors related to this process. Accordingly, disconfirmation of expected monetary gain should play less of a role in their satisfaction formation process than if they had no EFI.

Hypothesis 4a: Bargainers expecting future negotiation interaction will have their post-negotiation satisfaction levels determined to a greater extent by the discrepancy between profits and aspirations, than will bargainers with no expectations of future interaction.

Following from hypothesis 3a, if negotiators in a dyad experience greater inequity in terms of the economic outcomes of their agreements than negotiators in another dyad, this situation should also engender a commensurate disparity in the satisfaction levels between the negotiators in the respective dyads. The basis of this assertion is again directly from the expectation-disconfirmation paradigm, in which satisfaction in the context of negotiations should be a function of the discrepancy between outcomes and aspirations. Accordingly, negotiations conducted under the Non-EFI treatment, which are posited to have less equitable outcomes, would yield greater disparity in satisfaction than negotiations under the EFNI treatment that are posited to have outcomes of greater equality.

Hypothesis 4b: Bargainers expecting future negotiation interaction will have less disparity between themselves in their satisfaction with their agreements than will bargainers with no expectations of future interaction.

The above arguments also suggest that because there is greater equality of satisfaction between buyers and sellers under EFNI negotiations, there is also likely to be fewer bargainers who are actually dissatisfied with their outcomes. This situation is a highly important consideration as Oliver et al. (1994) found that "… one's desire to negotiate again with the partner is almost entirely a function of satisfaction …" (p. 270). Perforce, negotiators who are dissatisfied not only feel badly about the recently concluded negotiations, but are less likely to engage in future negotiations with the other party. Thus, whether negotiations were conducted under EFNI or Non-EFI conditions can dramatically shape the post negotiation dispositions of the bargainers.

Hypothesis 4c: When bargainers expect future negotiation interaction, the negotiations will generate fewer dissatisfied bargainers than when bargainers expect no future interaction.

3. The Study

The sample consisted of 90 MBA students attending a state university in the southeast United States. We randomly assigned participants to the role of purchasing manager (Buyer) or marketing manager (Seller). These participants ranged in age from 23 to 45 years and were approximately two-thirds male. They were attending their first marketing course in an evening MBA program, and most were working full time. The choice of this specific pool of participants minimized the likelihood of previous contact between individuals that might bias the results. Using a randomization procedure, the negotiation dyads received instructions that included the EFNI manipulation (23 dyads) or Non-EFI manipulation (22 dyads). In each of the negotiation

scenarios, the instructions directed participants to attempt to reach a settlement by negotiating over three issues (retail margins, advertising support, and credit terms) contemporaneously. Contained in the instructions was a payoff matrix specifying the profits that would accrue to a buyer (or seller) for each of nine levels (A through I) of the three negotiation issues (See Graham 1986). Using issue and letter combinations the negotiators did not have to reveal their respective payoff matrix values.

3.1 Pre-test

The negotiation instrument was pre-tested on a section of business students (17 dyads), modified, and pre-tested a second time (18 dyads). As a result, only three of the 45 agreements obtained from the negotiation dyads used in the actual study had to be dropped.

3.2 Manipulation Checks and Pre-Negotiation Measures

We asked the participants, after pairing them into dyads, to read their instructions. For dyads under the EFNI manipulation, the first page of their instructions read: "After the conclusion of this negotiation session, you will meet two to three more times in the coming weeks to finalize other aspects of the sales agreement." Further, the instructions stated that each negotiator should note the name of the other party so that they could be paired-up with the same person in the coming sessions. In contrast, in the Non-EFI context, the instructions stated that "no further negotiations or interactions of any type" with respect to this exercise would be required with the other party.

Next, the participants completed a pre-negotiation form containing questions assessing their aspiration levels and expectations of the friendliness of their bargaining partners. The form assessed aspirations by asking each participant to indicate their most likely, very best, and worst acceptable expectations of profits, as well as, each participant’s confidence in these judgments,

i.e., the likelihood of attaining each aspiration on a 0 to 100 scale (Balakrishnan et al., 1993; White and Neale, 1991). Expectations concerning the friendliness of each participant's negotiation partner came in response to the question: "I expect the demeanor of my negotiation partner to be …" on a seven-point Likert-type scale ranging from Antagonistic (1) to Friendly (7). At the bottom of this form was the question "Do you expect to have future negotiations with this partner?" Participants marked a dichotomous choice (yes or no) to indicate their response. All of the EFNI participants checked yes and all of the Non-EFI participants checked no, providing confirmation that the manipulation took.

3.3 Dependent Measures and Bargaining Styles

At the conclusion of negotiations, participants filled out a contract form containing questions on the dependent measures and bargaining styles employed. The dependent measures were the profits each party obtained, the satisfaction of these parties, and the total time spent in negotiations. The payoff matrices provided the measures of profit in millions of dollars for each of the three negotiation issues. The study solicited outcome satisfaction via the question "How satisfied are you with the settlement?" on a 7-point Likert scale ranging from Extremely Dissatisfied (1) to Extremely Satisfied (7). The duration of a negotiation was the self-reported bargaining time for the two parties to reach an overall agreement, i.e., the time actually spent in negotiations, excluding any preparation time. The calculated profit inequity at the dyadic level was the absolute value of the difference in a buyer's and seller's profits. Similarly, satisfaction disparity was the absolute value of the difference in a buyer's and seller's satisfaction.

Finally, each of the participants received a brief description of the five different bargaining styles that characterize the dual concerns model (Pruitt and Carnevale, 1993): Avoidance, Yielding; Compromise; Competitive; and Problem-solving (Perdue and Summers, 1991; Rahim,

1983). Similar to the approach of Purdy et al. (2000) the respondents indicated whether or not they and their partner employed any of the styles described.

4. Analysis and Results

First, we examined the Pre-Negotiation Behavioral Influences (Tables 1 and 3). We determined the expected value of each bargainer's aspirations by computing a weighted sum comprising the three aspiration levels multiplied by their associated confidence levels. The expected values of the aspirations were statistically different for the two groups (EFNI: $44.54 million and Non-EFI: $58.33 million; p = .045). In addition, the differences in expected friendliness (H1b) were also significant (EFNI: 5.58 and Non-EFI: 4.98; p = .025). Thus, H1a and H1b were supported.

Insert Table 1

An examination of the perceptions of bargaining styles (see Tables 2 and 3) revealed that in frequency of usage, bargainers in the EFNI scenario perceived that there was greater use of a problem-solving bargaining style by both themselves and their partners compared to those in the Non-EFI scenario. In the EFNI case, 71.7% of the bargainers believed that they used a problem-solving approach as opposed to 47.4% in the Non-EFI case (p = .010). Similarly, 80.4% of the bargainers in the EFNI case believed that their partner used a problem-solving approach as opposed to only 47.4% in the Non-EFI scenario (p = .000). However, Non-EFI bargainers did not believe that either they or their partners used more of a competitive bargaining style compared to EFNI bargainers (Themselves - EFNI: 28.3%, Non-EFI: 31.6%, p = .371: Partners - EFNI: 26.1%, Non-EFI: 23.7%, p = .400). Thus, the results strongly supported H2a, that bargainers under the EFNI scenario would make greater use of a problem-solving bargaining

style, but provided no support for H2b, that the bargainers under the Non-EFI scenario would make greater use of a competitive bargaining style.

Insert Tables 2 and 3

Examining H3a, the inequity of profits for the parties bargaining under EFNI versus those bargaining under Non-EFI, demonstrated very nearly statistically significant differences (EFNI: $8.70 million vs. Non-EFI $13.32 million: $p = .066$). In contrast, the average time to reach agreement for negotiations conducted under EFNI versus Non-EFI was substantially longer (EFNI: 13.65 minutes vs. Non-EFI: 9.39 minutes; $p = .000$) supporting Hypothesis 3b.

Examining the Post-Negotiation Cognitive Dispositions, we calculated the correlations between satisfaction and profit disconfirmation (the arithmetical difference between outcome profits and aspirations) for both bargaining scenarios. As expected, bargainers under the Non-EFI scenario appeared to form their satisfaction using the expectancy-disconfirmation paradigm as the difference between profits and aspirations were highly correlated with satisfaction (Non-EFI: $r = .633$, $p = .000$). However, bargainers under the EFNI scenario not only relied less on profit disconfirmation in their satisfaction formation, but also demonstrated no significant relationship between profits minus aspirations and their satisfaction levels (EFNI: $r = .112$, $p = .481$). Therefore, Hypothesis 4a is supported as the difference between the two correlations was statistically significant ($p = .004$). More interestingly, bargainers in the EFNI scenario appear to establish their satisfaction based on criteria other than profit disconfirmation and likely predicated their satisfaction on the cooperative nature of their interactions rather than individual gain. The disparity in bargainers' satisfaction was also quite large between the EFNI and Non-EFI scenarios (EFNI: 0.78 vs. Non-EFI: 1.84, $p = .004$) yielding support for Hypothesis 4b. Finally, Hypothesis 4c was supported as a larger number of Non-EFI bargainers were dissatisfied

with their negotiations (Dissatisfaction was expressed as any rating below 4 on the seven-point rating scale. EFNI: 13.0% vs. Non-EFI: 28.9%, p = .037).

In light of the differences found in the use of the problem-solving style of bargaining, we examined the data to determine the style's influence on the outcomes and post-negotiation cognitive dispositions of the bargainers. To this end, we partitioned the data into three groups to reflect the use of the style within each of the dyads. These consisted of group A, neither party used a problem-solving style; group B, only one party used a problem-solving style; and group C, both parties used a problem-solving style. Table 4 summarizes the comparisons between these groups and illustrates pronounced differences between dyads in which both bargainers used a problem-solving style and dyads in which only one or neither of the bargainers used a problem-solving style: Negotiation Time (Neither/One: 9.82 minutes vs. Both: 14.00 minutes, p = .009); Profit Equity (Neither/One: $13.68 million vs. Both: $7.60 million, p = .050); and the correlation between Profit Disconfirmation and Satisfaction (Neither/One: 0.681 vs. Both: 181, p = .004). However, the analysis did not demonstrate that use of a problem-solving style significantly impacted satisfaction parity and the number of dissatisfied bargainers.

5. Conclusions and Discussion

The study's findings supported all but two of the hypotheses and revealed a number of interesting new insights. Under the EFNI context, bargainers had lower aspiration levels, and expected their bargaining counterparts to be friendlier than under the Non-EFI context. These realizations lead to a dramatic difference in bargaining styles in which EFNI bargainers predominantly used a problem-solving approach. From this we may infer that greater trade-offs on issues took place leading to agreements under EFNI compared to Non-EFI negotiations, which also lead to longer negotiation times.

In contrast, Non-EFI bargainers held higher aspiration levels and expected their counterparts to be less friendly than EFNI bargainers did. However, these factors did not lead to the use of a more competitive style of bargaining compared to EFNI bargainers. Indeed, no style of bargaining predominated in the Non-EFI bargaining context and it appears that the higher aspirations in the Non-EFI context directly influenced the bargainers to strive for higher profits in reaching their agreements. Thus, within each of the bargaining contexts, different mechanisms appear to be operant.

While the profit inequities under EFNI and Non-EFI contexts only demonstrated nearly significant differences, satisfaction parity between buyers and sellers demonstrated pronounced differences. Moreover, these differences were not predicated on the knowledge that the other party had obtained a better or worse outcome, as neither party knew the payoff to the other. Rather, satisfaction appears to be a function of different constructs under the EFNI versus Non-EFI scenarios. Under the Non-EFI scenario, satisfaction is largely predicted by the amount of profits achieved relative to aspirations via the expectation-disconfirmation theory, i.e., on achieving individual financial goals. In contrast, the satisfaction of EFNI bargainers demonstrated little linkage to individual financial achievement and strongly suggests that the EFNI context modifies bargainers' satisfaction formation process away from immediate gain in response to future considerations. Thus, these findings are in sharp contrast to the work of negotiation researchers dealing with single-stage negotiation in non-business contexts (e.g., Kernan et al., 2007; Novemskya and Schweitzer, 2004; Oliver et al., 1994) by establishing conditions under which the expectancy-disconfirmation paradigm in the context of aspiration minus outcome profit assessments may not be operant to a significant extent. In this regard, examining bargainers under both scenarios together demonstrated strong statistically a

significant relationship between profit disconfirmation and satisfaction (r=.453, p = .000). This finding strongly reinforces the need to understand if EFNI may be operant lest its impact be masked.

This research also furthers the understanding of the negotiation process itself. It appears that EFNI influences bargainers to have more concern for working out a positive agreement between parties, such that they are much more likely to engage in a problem-solving style of bargaining. This creates the situation in which both parties in EFNI negotiations are more likely than in Non-EFI scenarios to utilize a problem-solving style of bargaining. It is the synergy of both parties in a dyad using a problem-solving style of bargaining that appears to be the underlying foundation for much of the dramatic influence that EFNI has on negotiation outcomes.

These findings lead to a critical implication for business research that extreme caution must be taken when attempting to generalize from the body of one-time negotiation research to business contexts in which subsequent contacts between the parties are likely to be the norm. Researchers must be careful to distinguish situations in which EFNI and Non-EFI scenarios may be present in their subject pools or experimental contexts. As shown above, one-time negotiation outcomes can mask the differences that are present in EFNI scenarios. While further research is needed, our research suggests that EFNI is such an important moderating condition in the formation of post negotiation outcomes that business negotiation research should not be undertaken without an understanding of its presence. Finally, the EFNI context also impacts post-negotiation dispositions by generating greater parity between buyers' and sellers' satisfaction which leads to fewer bargainers being dissatisfied, i.e., those parties at greatest risk of not wanting to bargain again, than under the Non-EFNI context. Thus, under EFNI, bargainers

are more likely to be disposed to bargain again and to enter into negotiations with a harmonious disposition than they would in a one-time negotiation.

In summary, this research has utilized a multi-stage framework to investigate a broad range of salient EFNI negotiation behavioral influences, processes, outcomes and affective responses. The findings demonstrated important differences between EFNI versus Non-EFI negotiation contexts and provide new and meaningful insights regarding the influence of EFNI on the fundamental processes shaping business negotiations.

5.1 Managerial Implications

From a managerial standpoint, these findings are highly salient as they suggest that there are considerable differences not only in the time spent in negotiations under the two scenarios, but more importantly in the post-negotiation dispositions of the parties under EFNI versus Non-EFI contexts. Negotiations conducted under EFNI are more likely to result in the parties having similar feelings of satisfaction with their contracts. Satisfaction has particularly important implications given the evidence of the linkage between cooperation and the desire for continuing relationships (Barry and Oliver, 1996; Heide and Miner, 1992; Oliver et al., 1994; Purdy et al., 2000). Therefore, personnel continuity on both sides of the negotiation dyads may be an important factor in promoting successful negotiations and harmony among organizations. Specifically, organizations should examine the feasibility of maintaining the composition of their bargaining parties throughout the duration of the negotiation sessions. Situations in which one organization uses a “high power” negotiator, just for the purpose of bargaining specific contractual arrangements, may not be the most productive strategy if a series of future negotiations are to follow which will not include this individual.

It is also possible to speculate that the results of this study imply that there is some benefit to structuring the negotiation process over multiple-issues sequentially, rather than simultaneously, when organizations can maintain the composition of the bargaining parties. Indeed, the use of sequential negotiations appears to make sense for parties with less bargaining power where EFNI may promote problem solving between the parties rather than a competitive use of power by the stronger party. The down side to this approach is that such negotiations may take longer to conclude. However, we must temper these conclusions with the observation that the research findings have been restricted to a single stage of bargaining.

5.2 Directions for Future Research

The study's findings suggest a number of areas for future research. First, how do the differences found under the EFNI versus Non-EFI scenarios in the initial negotiation session influence subsequent negotiations? If the parties under the EFNI scenario bargain together again, will aspirations remain attenuated and will there be expectations of high levels of friendliness? Do negotiation styles change? How do outcomes in subsequent negotiation sessions compare with those found in the first session? Moreover, if first session EFNI participants are paired with new partners, do process and outcome variables revert to the Non-EFI scenario or is there a residual EFNI effect that carries through even when there is no longer continuity in the parties?

Second, studies could utilize a richer set of pre-negotiation behavioral influences and negotiation process variables to more fully understand the mechanisms by which EFNI influences the feelings and behaviors of the parties. Such measures might focus on the cooperation and communication that takes place during bargaining and the mechanisms that shape bargainers' satisfaction. Finally, researchers could introduce moderating variables like power, the composition and size of the bargaining parties, bargaining experience, or bargaining

task complexity, to determine the conditions under which EFNI is likely to be more or less influential on processes and outcomes.

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Table 1
Negotiation Behavioral Influences, Outcomes, and Cognitive Dispositions

		EFNI n = 46 Bargainers in 23 dyads		Non-EFI n = 38 Bargainers in 19 dyads	
Measure	Grouping	Mean	Std. Dev.	Mean	Std. Dev.
Aspirations ($):	Buyer	53.99	28.33	63.99	53.10
	Seller	35.95	12.73	52.67	31.05
	Average	44.54	23.19	58.33	42.66
Expectations of Friendliness (1-7)	Buyer	5.63	1.30	4.96	1.22
	Seller	5.53	1.17	5.00	1.17
	Average	5.58	1.22	4.98	1.18
Profit ($):	Buyer	41.35	9.47	41.68	9.48
	Seller	45.96	7.53	44.05	8.64
	Total	87.31	10.35	85.73	9.09
Satisfaction (1-7):	Buyer	5.00	1.00	4.58	1.53
	Seller	4.83	1.03	4.74	1.10
	Average	4.91	1.01	4.66	1.26
Time (min.):	Total	13.65	5.63	9.39	3.36

Table 2
Self and Partner Use of Bargaining Styles

		EFNI n=46		Non-EFI n=38	
	Style	Percent	Std. Dev.	Percent	Std. Dev.
Self	Avoidance	35%	7%	39%	8%
	Yielding	50%	7%	39%	8%
	Compromise	78%	6%	79%	7%
	Competitive	28%	7%	32%	8%
	Problem-solving	72%	7%	47%	8%
Partner	Avoidance	39%	7%	32%	8%
	Yielding	57%	7%	42%	8%
	Compromise	74%	6%	74%	7%
	Competitive	26%	6%	24%	7%
	Problem-solving	80%	6%	47%	8%

Table 3
Hypotheses Results Summary

Hypotheses	n	Treatment	Mean/%	Std. Dev.	Prob.
1a: Aspirations ($)	46	EFNI	44.54	23.19	0.045
	38	Non-EFI	58.33	42.66	
1b: Expectations of Friendliness (1-7 rating)	46	EFNI	5.58	1.22	0.025
	38	Non-EFI	4.98	1.18	
2a: Problem-Solving - Self (%)	46	EFNI	72%	7%	0.010
	38	Non-EFI	47%	8%	
Problem-Solving - Partner (%)	46	EFNI	80%	6%	0.000
	38	Non-EFI	47%	8%	
2b: Competitive Style - Self (%)	46	EFNI	28%	7%	0.371
	38	Non-EFI	32%	8%	
Competitive Style - Partner (%)	46	EFNI	26%	6%	0.400
	38	Non-EFI	24%	7%	
3a: Profit Equity ($)	23	EFNI	8.70	11.35	0.066
	19	Non-EFI	13.32	8.07	
3b: Time (min.)	23	EFNI	13.65	5.63	0.000
	19	Non-EFI	9.39	3.36	
4a: Profit Disconfirmation vs.Sat. Correlation (r)	46	EFNI	0.11	0.14	0.004
	38	Non-EFI	0.63	0.05	
4b: Satisfaction Parity (1-7 rating)	23	EFNI	0.78	1.04	0.004
	19	Non-EFI	1.84	1.21	
4c: Dissatisfied Bargainers (%)	46	EFNI	13%	5%	0.037
	38	Non-EFI	29%	7%	

Table 4
The Influence of Using a Problem-Solving Negotiation Style

	A. Neither Party Used Problem-Solving Style n = 11 Dyads		B. One Party Used Problem-Solving Style n = 11 Dyads		A. and B. None/One Party Used Problem-Solving Style n = 22 Dyads		C. Both Parties Used Problem-Solving Style n = 20 Dyads	
Measure	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Profit Equity ($)	16.18 [c]	10.84	11.18	8.91	13.68 [c]	10.02	7.60 [a, a+b]	9.56
Time (min.):	9.18 [c]	4.94	10.45	3.39	9.82 [c]	4.18	14.00 [a, a+b]	5.67
Satisfaction Parity (1-7)	1.36	1.21	1.45	1.21	1.41	1.18	1.10	1.29
	n = 22 Bargainers		n = 22 Bargainers		n = 44 Bargainers		n = 40 Bargainers	
Measure	Corr.	Std. Dev.	Corr.	Std. Dev.	Corr.	Std. Dev.	Corr.	Std. Dev.
Profit Discon. vs.Sat. Corr. (r)	0.56	0.15	0.76 [c]	0.09	0.68 [c]	0.08	0.18 [b, a+b]	0.15
Measure	%	Std. Dev.	%	Std. Dev.	%	Std. Dev.	%	Std. Dev.
Dissatisfied Bargainers (%)	18.18	8.22	22.73	8.93	20.45	6.08	20.00	6.32

a, b, c, a+b = Statistically significant at the .05% confidence level with Group A, Group B, Group C, and Group A+B

Figure 1
Negotiation Stages