
Regulatory Focus at the Bargaining Table: Promoting Distributive and Integrative Success

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The authors demonstrate that in dyadic negotiations, negotiators with a promotion regulatory focus achieve superior outcomes than negotiators with prevention regulatory focus in two ways. First, a promotion focus leads negotiators to claim more resources at the bargaining table. In the first two studies, promotion-focused negotiators paid more attention to their target prices (i.e., their ideal outcomes) and achieved more advantageous distributive outcomes than did prevention-focused negotiators. The second study also reveals an important mediating process: Negotiators with a promotion focus made more extreme opening offers in their favor. Second, a promotion focus leads negotiators to create more resources at the bargaining table that benefit both parties. A third study demonstrated that in a multi-issue negotiation, a promotion focus increased the likelihood that a dyad achieved a jointly optimal or Pareto efficient outcome compared to prevention-focused dyads. The discussion focuses on the role of regulatory focus in social interaction and introduces the notion of interaction fit.

Keywords: *regulatory focus; negotiations; social interaction; distributive outcomes; integrative outcomes*

To become successful negotiators, individuals must carefully navigate conflicting tendencies to compete and maximize self-interest, on one hand, and to cooperate and maximize joint interests, on the other (Carnevale & Pruitt, 1992). The mixed-motive setting of most bargaining situations can make negotiators feel torn between a drive to bargain hard and risk walking away from mutually beneficial agreements, or bargain soft and risk failing to claim as much of the resource as they could. To be

most effective, negotiators must both create as “large a pie” as possible, to produce the most economically efficient agreements, and “claim” as much of that pie as possible, to satisfy their self-interest. An important research question, then, is how might individuals circumvent this conflict to simultaneously compete and cooperate to achieve favorable agreements.

This tension between competition and cooperation connects to the larger and more fundamental challenge of how individuals regulate their thoughts, emotions, and behavior. Regulatory focus theory (Higgins, 1998) was created to explicate how individuals self-regulate toward desired end states. Regulatory focus emphasizes that there are two distinct types of needs, nurturance and security, toward which individuals may self-regulate and that the processes of self-regulation are fundamentally altered depending on which type of need is of primary concern at any given point. Despite the widespread influence of regulatory focus on thoughts, emotions, and behavior (for a review, see Higgins, 1998), little research has examined the role of regulatory focus in interpersonal interaction more generally and in competitive, mixed-motive, social interactions more specifically. In

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the current studies, we investigated the effect that regulatory focus has on negotiations, on the creation and distribution of resources.

REGULATORY FOCUS

At the core of regulatory focus theory is the notion that people are driven to approach pleasure and to avoid pain. Sometimes people are motivated more by the desire to secure pleasure and other times by the desire to elude pain. Underneath these different ways to navigate the physical and social landscape are two fundamental concerns, nurturance and security. Nurturance needs activate and are best met through a promotion focus in which people tend to be concerned with accomplishments, hopes, and aspirations (Higgins, 1998). Promotion-focused individuals are directed toward achieving positive outcomes, on attaining their ideals, and this focus is characterized by a general state of eagerness. By contrast, individuals with security concerns tend to adopt a prevention focus, a state of self-regulation concerned with safety, responsibilities, and obligations (Higgins, 1998). These individuals are focused on avoiding negative outcomes, and this focus is characterized by a general state of vigilance. Thus, the regulatory foci, promotion and prevention, are distinct states and result in divergent strategic inclinations for achieving the desired end states of nurturance and security, respectively.

Regulatory focus can both be conceived as a chronic state and as a momentary product of the situation. The individual difference approach recognizes that some individuals differ in the extent to which they chronically focus on hopes and nurturance concerns or on obligations and safety concerns. Higgins (1998) suggests that these chronic states emerge from different patterns of parenting, with a promotion regulatory focus associated with withholding or withdrawing love and a prevention regulatory focus associated with punishment as forms of parental discipline. Not only can regulatory focus be considered a chronic state but certain situations make one regulatory focus predominant over the other. Because all individuals, regardless of their chronic focus, are capable of adopting either of the two regulatory foci, each can be dominant at any one time. Situationally induced regulatory focus can, for example, be brought on by asking people to think about their hopes and aspirations (promotion focus) or duties and obligations (prevention focus) or by task instructions that emphasize either gains (promotion focus) or losses (prevention focus).

A vast literature has accumulated showing the widespread effects of regulatory focus. Promotion-focused individuals are more open to change (Lieberman, Idson, Camacho, & Higgins, 1999), generate more hypotheses

(Lieberman, Molden, Idson, & Higgins, 2001), but make more errors of commission (Crowe & Higgins, 1997) and experience cheerfulness after positive outcomes and dejection after negative outcomes (Shah & Higgins, 2001). Prevention-focused individuals, on the other hand, are fixated on stability (Lieberman et al., 1999) and excluding erroneous hypotheses (Lieberman et al., 2001), they tend to make errors of omission (Crowe & Higgins, 1997), and experience relief after positive outcomes and agitation after negative outcomes (Shah & Higgins, 2001).

Despite the voluminous literature, little research has investigated how regulatory focus plays out in actual social situations. Even the studies that have touched on social interaction have generally not had participants actually engage in interpersonal interaction while under the influence of one of the regulatory foci. For example, Camacho, Higgins, and Luger (2003) found that regulatory focus affected the attractiveness of different ways of responding to conflict-laden situations but they did not have participants actually engage in conflict resolution. Similarly, Sassenberg, Kessler, and Mummendey (2003) found that regulatory focus affected the amount and type of ingroup favoritism, but their participants made resource allocation decisions between unknown ingroup and outgroup members with whom they had no actual interaction. We sought to take regulatory focus theory into a truly interactive context, a face-to-face negotiation, where individuals compete for scarce resources but also need to cooperate to meet their own needs and those of their negotiating partner. Specifically, we sought to answer the question: Which type of regulatory foci, promotion or prevention, will benefit both the negotiator and the negotiating dyad?

ACHIEVING SUCCESS AT THE BARGAINING TABLE

Before turning to the question of which regulatory focus is better suited for achieving success, it is useful to consider the factors that generally arm the negotiator with advantages at the bargaining table. Negotiation outcomes depend heavily on which goals and standards are made salient before and during the negotiation. The points a negotiator attends to within his or her bargaining position have profound effects on the resources a negotiator claims at the bargaining table. For example, a negotiator who concentrates on his or her ideal or most preferred outcome (target price) will typically achieve a more advantageous outcome than the negotiator that concentrates on a minimally acceptable settlement price (reservation price; Galinsky, Mussweiler, & Medvec, 2002; White & Neale, 1994). Another standard that influences the negotiation process is the level of a first or opening offer (Benton, Kelley, & Liebling, 1972; Galinsky & Mussweiler, 2001; Liebert, Smith, Hill, &

Keiffer, 1968). Galinsky and Mussweiler (2001), for example, found that the amount of the first offer affects outcomes, with more extreme or aggressive first offers leading to better outcomes for the person making that first offer. In fact, initial offers tend to be better predictors of final settlement prices than subsequent concessionary behavior (Yukl, 1974). Across a number of different articles, negotiating contexts, and experimental manipulations, the aggressiveness of the first offer often explains more than 50% of the variance in final outcomes (Galinsky et al., 2002; Galinsky & Mussweiler, 2001; Kray, Thompson, & Galinsky, 2001). Finally, it is important to note that there is a relationship between target prices and the aggressiveness of first offers: Negotiators fixated on their target prices make more extreme first offers (Galinsky et al., 2002).

Focusing on target prices, setting aggressive goals, making the first offer, and making aggressive first offers have all been shown to lead negotiators to secure better agreements for themselves at the bargaining table. In the current research, we examine if one of the regulatory foci, promotion or prevention, can lead to these behaviors and, by extension, to these outcomes. By definition, the promotion regulatory focus is directed to achieving ideals, contemplating one's hopes and aspirations, and approaching positive outcomes. Therefore, we predict that the promotion regulatory focus will lead to more advantageous outcomes and will do so by increasing the attention of negotiators to target prices and by leading to more extreme opening offers. Thus, a promotion regulatory focus should provide the negotiator with an advantage at the bargaining table. The first two studies investigate whether a promotion focus will give a negotiator a bargaining advantage. In these studies, we used a single-issue negotiation, which is typically called a distributive negotiation because the two negotiators are only competing over the distribution of the resources from this one issue.

A promotion regulatory focus also may have advantages for the negotiating dyad that go beyond the ones provided for an individual negotiator. Such a situation could occur in negotiations that involve multiple issues. In many multiple-issue negotiations, both negotiators will not prioritize the issues in the same order because, although some issues may be more important to one party, they may be less important to the other party. As a result, both negotiators can improve their outcomes by conceding on low priority issues in exchange for their most preferred outcome on high priority issues, a technique called logrolling (Froman & Cohen, 1970). Thus, multiple-issue negotiations are often called integrative negotiations because people can integrate their conflicting priorities to achieve the most efficient outcome that "expands the pie." To the extent that negotiators are

able to integrate their conflicting priorities, an agreement is said to be more "efficient," and an agreement is considered to be maximally or Pareto efficient if there are no possible agreements that would improve the utility of one or both parties without hurting either party (Thompson, 1990, 2001; Tripp & Sondak, 1992). Mere compromise, or simply "splitting" all issues down the middle, is an impediment to reaching Pareto-efficient agreements; instead, negotiators should use the logrolling technique. We contend that one way that negotiators can resist the temptation to simply compromise is by focusing on their target prices and setting high aspirations. Knowing what one wants should allow the negotiator to achieve the best possible outcomes on high priority issues in exchange for concession on low priority ones. Thus, a promotion focus, relative to a prevention focus, may yield a greater likelihood of reaching a Pareto-efficient outcome because individuals will probe more aggressively for opportunities to achieve their aspirations.

These predictions for regulatory focus in distributive and integrative negotiations were tested in the following three studies. We follow the example set by Higgins and colleagues in their work by first measuring regulatory focus in Study 1 and then manipulating it in Studies 2 and 3. Studies 1 and 2 investigate whether a negotiator in promotion regulatory focus will achieve a better distributive outcome for himself or herself than a prevention-focused negotiator and whether a promotion focus advantage leads to greater attention to target prices. Study 2 also explores whether a promotion focus leads negotiators to make more extreme and aggressive opening offers. Because placing both negotiators into the same regulatory focus could cancel out the effects, we measured (Study 1) or manipulated (Study 2) the regulatory focus of only one of the negotiators in each dyad. Finally, Study 3 examines whether a promotion focus leads to the achievement of Pareto-efficient outcomes.

STUDY 1

The first study tested the hypothesis that greater promotion focus leads to better outcomes in a distributive negotiation. To test this prediction, participants engaged in a job negotiation concerning a signing bonus. Prior to the negotiation, we measured the regulatory focus of participants who played the role of the recruiter,¹ whose goal was to pay the lowest possible bonus to the candidate. We used a continuous measure of regulatory focus, with higher numbers indicating more promotion focus. We predicted that the more the recruiter reported approaching negotiations with a promotion focus, the lower the final bonus would be in this negotiation.

Greater promotion focus was predicted to yield better outcomes in part because promotion focus should lead to greater attention to an individual's ideal outcome, or target price; that is, the more negotiators report focusing on promotion, the greater attention they will give to their target prices. In addition, this study tested a second possible explanation for why promotion focus might lead to a better distributive outcome than prevention focus. Individuals with a prevention focus seem more concerned with meeting other people's expectations (Lee, Aaker, & Gardner, 2000) and are concerned with avoiding negative outcomes. As a result, individuals with a prevention focus may be more concerned with securing an agreement, and therefore may pay more attention to meeting their lowest acceptable (or reservation) price. Thus, the more the negotiators reported focusing on promotion, the less attention we predicted that they would give to their reservation prices.

Method

Participants and procedure. In all, 52 master's of business administration (MBA) students, enrolled in a negotiations course, participated in the 2nd week of the course. The sex distribution of the MBA classes is approximately 28% female, with a mean age of 28 years old. Because this was the 2nd week of class, participants were not expert in negotiations yet but they were knowledgeable of core negotiation terms.² In all of the negotiations in this and the following studies, participants negotiated with their partners in relatively soundproof rooms so they could not hear or observe other dyads negotiating.

The participants were randomly assigned to 26 negotiating dyads, where they represented the recruiter or candidate in the simulated negotiation, "The Bonus" (see Diekmann, Tenbrunsel, & Galinsky, 2003; Galinsky et al., 2002; Galinsky & Mussweiler, 2001). Recruiters were told that they were the director of personnel, that the firm was hiring only one candidate this year, and that the employment negotiation had been finalized except for the signing bonus. In addition, they were informed that the largest bonus the company was willing to offer was \$20,000 (they were told this was the highest bonus the firm had ever paid) but the firm would prefer to pay \$5,000, thus minimizing its costs. By contrast, candidates were told that they were a 2nd-year MBA from a prestigious university and they already possessed an offer from a well-respected Boston consulting firm. Although the Boston firm had only offered \$5,000, the candidate had heard that bonuses of up to \$30,000 had been offered to others in the consulting field. To accept the offer of employment in the current negotiation, the candidate needed to get at least \$10,000 as a signing bonus. In

other words, the recruiter had a reservation price of \$20,000 and a target price of \$5,000, whereas the candidate had a reservation price of \$10,000 and a target price of \$30,000. Thus, the bargaining zone ranged from \$10,000 to \$20,000 (i.e., the distance between the two negotiators' reservation prices), yielding a range of \$10,000.³ If the negotiators could not agree on a bonus amount, they could choose to declare impasse and not reach a deal.

Before negotiating, recruiters were asked, "Do you focus more on avoiding negative outcomes in negotiations or do you focus more on approaching positive outcomes in negotiations?" and responded using an 8-point scale (1 = *focus more on avoiding negative outcomes*, 8 = *focus more on approaching positive outcomes*). This measure represented our index of regulatory focus; lower numbers indicated greater prevention focus and higher numbers indicated greater promotion focus.⁴

After the negotiation, recruiters were given a postnegotiation form that asked them two questions, "To what extent did you focus on the least price you would accept before walking away from this negotiation?" and "To what extent did you focus on the ideal price that you could get from the negotiation?" Participants responded to each question using a 7-point scale (1 = *not at all*, 7 = *very much*). These ratings represented measures of attention to reservation and target price, respectively. After the negotiation, participants were fully debriefed as part of the class discussion.

Results and Discussion

Table 1 summarizes recruiters' regulatory focus tendencies, attention to their target prices, attention to the reservation prices, and the outcome. All negotiating dyads reached an agreement and, therefore, there were no impasses. The results are presented from the perspective of the recruiter, such that lower agreements indicate lower costs and, thus, better outcomes. Consistent with predictions, as recruiters focused more on promotion, they achieved lower costs by agreeing to smaller bonuses. In addition, as recruiters focused more on promotion, they also reported paying more attention to their target prices. Consistent with past research that demonstrates that as individuals pay more attention to their aspirations they obtain better outcomes (Galinsky et al., 2002), recruiters who paid more attention to their target prices achieved better outcomes. Finally, regulatory focus was uncorrelated with the extent to which participants paid attention to their least acceptable price, and this variable was not correlated with final outcomes.

The evidence collected in Study 1 supported our predictions. The more an individual had a promotion focus, the better the outcome that individual received for him-

TABLE 1: Descriptive Statistics and Bivariate Correlations: Study 1

	M	SD	Range	1	2	3
1. Regulatory focus	5.50	1.10	4-8	1.0		
2. Attention to target price	5.31	.74	4-7	.44**	1.0	
3. Attention to reservation price	3.50	.76	2-5	.02	-.36*	1.0
4. Outcome (bonus)	\$14,160	\$2,796	\$10,000-\$19,000	-.40**	-.49**	.04

NOTE: For each dyad, only the recruiter completed the first three variables. For regulatory focus, higher numbers indicate greater promotion focus for the recruiter. For outcome, lower scores indicate better outcomes for the recruiter.

* $p < .10$. ** $p < .05$.

self or herself. In addition, the more individuals reported focusing on promotion, the more they were likely to pay attention to their target prices. Of interest, this study did not support the prediction that greater prevention focus would yield greater attention to the reservation price (which would have resulted in a significant negative correlation between the two variables).

STUDY 2

The first study provided correlational evidence that a promotion regulatory focus leads to better distributive outcomes than does a prevention regulatory focus. The second study was designed to replicate this effect and to test it experimentally to establish causal support for the hypothesis. To test this prediction, participants engaged in a negotiation over the sale of a pharmaceutical plant. We experimentally manipulated the buyer's regulatory focus (promotion vs. prevention). Thus, buyers who were primed with a promotion regulatory focus were expected to pay more attention to their target prices and to minimize their cost by agreeing to a lower sales price for the plant (a better outcome for them) than buyers who were primed with a prevention regulatory focus.

In addition, this study examined the extent to which a promotion focus produces more extreme or aggressive opening offers and whether the aggressiveness of opening offers might account for why a promotion focus yields better outcomes than a prevention focus. Focus on target price has been shown to lead to more extreme opening offers (Galinsky et al., 2002). Individuals with a promotion focus may be more likely to make aggressive opening offers as a way to achieve their aspirations; that is, extreme offers may represent a strategy particularly suited for achieving promotion goals. Previous research (Galinsky & Mussweiler, 2001) has established that opening offers in deal-making can anchor the final outcome in a negotiation so that more extreme opening offers lead to better distributive outcomes for the person making that offer. Thus, a promotion focus may lead individuals to focus on their target prices, resulting in more extreme opening offers, which in turn should lead to better distributive negotiation outcomes.

Method

Participants and procedure. In all, 54 MBA students who were enrolled in a course on negotiations participated during the 1st week of the course. They were randomly assigned to 27 negotiating dyads and conducted the simulated negotiation called "Synertech-Dosagen" (for details, see Galinsky & Mussweiler, 2001), where a buyer and seller negotiated the purchase of a pharmaceutical plant. Both negotiators were given the same general information regarding the plant. The plant was located in an area with many start-up biotechnology firms and an experienced, but highly mobile, workforce. The seller purchased the plant 3 years before for \$15 million, which was below market value because the previous seller was in bankruptcy, and the plant was appraised 2 years ago for \$19 million. The local real estate market had declined 5% since then but the plant was a unique property and thus general real estate trends might not apply. Finally, a plant similar to this one recently sold for \$26 million. If the negotiators could not agree on a sale price, they could choose to declare an impasse.

Buyers also were told that as chief financial officer, they needed to purchase a new plant for their company to manufacture a highly specialized compound. The plant for sale had a number of advantages (i.e., it was currently in operation, had FDA approval, and had a well-trained workforce, if they could be retained) and a major disadvantage (i.e., it was far from the company's headquarters and research and development [R&D] facility). They were told that their "best alternative to a negotiated agreement" (i.e., BATNA) was to build a new plant at a cost of \$25 million. This new plant would take a year to be fully operational (including FDA approval) and would be close to headquarters. By contrast, sellers were told that they were selling the plant because the company they represented was phasing out the product line that the plant produced. The sellers' BATNA was to strip the plant and sell the equipment separately; the projected profit if the plant were stripped would be \$17 million. Thus, the bargaining zone for this negotiation ranged from \$17 million to \$25 million, a range of \$9 million.

Regulatory focus manipulation. Prior to reading their role materials, all participants were asked to write down their thoughts about negotiations, but only buyers were induced to adopt a promotion or prevention focus. Buyers in the Promotion Condition were told, "Please take a couple of minutes to briefly describe the negotiation behaviors and outcomes you hope to achieve during this class. Think about how you could *promote* these behaviors and outcomes." Buyers in the Prevention Condition were told, "Please take a couple of minutes to briefly describe the negotiation behaviors and outcomes you seek to avoid during this class. Think about how you could *prevent* these behaviors and outcomes." By contrast, all of the sellers were simply asked, "Please take a couple of minutes to briefly describe the types of questions you hope to answer in this negotiation class."

After participants completed the negotiation, buyers were given a postnegotiation questionnaire. First, buyers recorded their opening offer. Next, they wrote down the negotiation's outcome and finally answered the same two questions from Study 1 about the extent to which they paid attention to their reservation and target prices. After the negotiation, participants were fully debriefed as part of the class discussion.

Results and Discussion

All dyads reached an agreement. Consistent with predictions, buyers with a promotion focus were more successful in reducing their costs by agreeing to lower sales prices ($M = 21.24$, $SD = 2.52$) than those with a prevention focus ($M = 24.07$, $SD = 2.10$). The plant's sale price was submitted to an analysis of variance (ANOVA) with regulatory focus as the between-participant predictor. Analysis revealed that regulatory focus significantly predicted the plant's sale price, $F(1, 25) = 9.95$, $p = .004$. Also, promotion-focused buyers ($M = 5.14$, $SD = 1.10$) paid more attention to their target prices than did prevention-focused buyers ($M = 4.23$, $SD = 1.17$), $F(1, 25) = 4.38$, $p = .05$. As in Study 1, there was no effect of regulatory focus on attention to reservation prices, $F < 1$. Overall, then, an experimental design replicated the effects found in Study 1.

Novel to Study 2, however, is an examination of opening offers. Consistent with the goal of reducing the cost of the purchase, buyers with a promotion focus reported lower opening offers ($M = 16.83$, $SD = 2.59$) than did buyers with a prevention focus ($M = 20.77$, $SD = 2.41$), $F(1, 25) = 16.68$, $p < .001$. This pattern suggests that opening offers may mediate the extent to which the regulatory focus manipulation affected the plant's final sale price. According to the criteria required to establish a mediated relationship (Baron & Kenny, 1986), the regulatory focus manipulation first must predict the plant's sale price and opening offers. Both of these criteria have

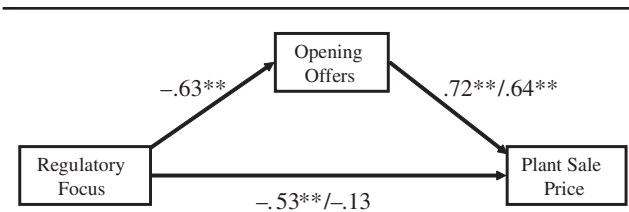


Figure 1 Opening offers as a mediator of regulatory focus on plant's sale price: Study 2.

NOTE: Numbers to the right of the slash are associations resulting from the simultaneous regression analysis. All others are bivariate correlations. All participants were buyers and thus wanted lower prices. For these analyses, regulatory focus was dummy coded (0 = prevention, 1 = promotion).

** $p < .05$.

been met. Furthermore, opening offers must be positively correlated with the plant's sale price; consistent with this criterion, analysis revealed that opening offers were highly correlated with the plant's sale price, $r(25) = .72$, $p < .001$, with lower initial offers leading to lower final sales prices. A final analysis submitted sale price to a regression analysis with regulatory focus and opening offers entered as simultaneous predictors. For this analysis, regulatory focus was dummy coded; those in the prevention condition were assigned a 0, those in the promotion condition were assigned a 1. Analysis revealed that opening offers remained a significant predictor of sale price ($\beta = .64$, $p = .002$). However, regulatory focus no longer significantly predicted sale price ($\beta = -.13$, $p = .49$) and, in addition, the change in the association between regulatory focus and sale price was significant ($z = -2.64$, $p = .008$). A summary of the mediation analyses is presented in Figure 1. Thus, it appears that opening offers mediated the association between regulatory focus and sale price.

Although we found no differences in attention to reservation prices, it is interesting to note that 3 of the 13 (23%) prevention-focused negotiators, but only 1 of 14 (7%) promotion-focused negotiators, reached agreements that were worse than their best alternative to build a new plant. According to prescriptive negotiation theory, individuals should walk away from a negotiation and declare an impasse when they cannot reach an agreement better than their best alternative available, yet prevention-focused negotiators seemed less likely to do so. Recent research suggests that when negotiators fear the possibility of impasse, they inappropriately reduce their reservation prices and agree to outcomes that are worse than their alternatives (Diekmann et al., 2003). Perhaps prevention-focused negotiators, who are geared toward security needs and avoiding negative outcomes, fear and try to protect against the possibility of impasse, thereby making themselves more susceptible to inferior agreements. Or, perhaps prevention-focused

negotiators commit to these inferior agreements because they tend to pursue behaviors that minimize interpersonal rejection (Ayduk, May, Downey, & Higgins, 2003). Although not our current goal, an excellent direction for future research will be to determine when regulatory focus affects the decision to walk away from the bargaining table.

Consistent with Study 1, Study 2 experimentally demonstrated that promotion-focused negotiators achieved more beneficial outcomes and had a greater focus on target prices than did prevention-focused negotiators. Study 2 also revealed that individuals with a promotion focus made more extreme opening offers and that these opening offers mediated the extent to which regulatory focus affected the final outcome of the negotiation.

STUDY 3

Studies 1 and 2 have demonstrated that promotion-focused negotiators achieve superior distributive outcomes for themselves than do prevention-focused negotiators in single-issue negotiations. Study 3 examined the role of regulatory focus in a multi-issue negotiation, one that contained integrative possibilities. We specifically explored whether a promotion focus would produce more Pareto-efficient outcomes.

As Studies 1 and 2 have demonstrated, individuals with a promotion focus attended more to their target prices. Target price focus may allow individuals to be optimizers or maximizers rather than satisficers (Schwartz et al., 2002; Simon, 1955); that is, target price focus may lead negotiators to avoid satisficing on a minimally acceptable agreement. Struggling to meet one's ideal outcome should force negotiators to avoid merely compromising and splitting the issues down the middle; they should try to maximize their outcomes and in doing so discover mutually beneficial trade-offs that can be logrolled. We expected, therefore, that a promotion regulatory focus also can help identify integrative outcomes and achieve Pareto efficiency because it will lead negotiators to try and meet their target prices (Lax & Sebenius, 1986; Pruitt, 1983).

In Study 3, we also examined an alternative to the robustness of the promotion regulatory advantage at the bargaining table, exploring whether there is a bargaining situation in which a prevention regulatory focus might be particularly helpful for negotiators. Recent work on regulatory focus suggests that task performance depends on the relative fit between one's regulatory focus and task demands (Higgins, 2001; Higgins, Idson, Freitas, Spiegel, & Molden, 2003). For example, a prevention regulatory focus is associated with greater performance on tasks that require vigilance because there is a "fit" between the regulatory focus and the task strategies (Crowe & Higgins, 1997; Foerster, Higgins, & Idson,

1998). Thus, the Pareto efficiency of each regulatory focus may depend in part on the type of resources individuals are negotiating over. Individuals may be negotiating over desirable benefits (e.g., money, enjoyable activities, and natural resources) or, in contrast, they might be negotiating over burdens that they wish to avoid (e.g., debt, undesirable tasks, and hazardous waste; Mannix, Neale, & Northcraft, 1995; Okhuysen, Galinsky, & Uptigrove, 2003; Sondak, Neale, & Pinkley, 1995). Benefits are seen as positive, as rewards that individuals aspire to, whereas burdens are seen as negative, as punishments to be avoided. Individuals perceive that negotiating over the distribution of burdens is more contentious (Okhuysen et al., 2003), which makes it more difficult to reach an agreement (Mannix et al., 1995). Even when agreements are reached, outcomes concerning burdens are less efficient than agreements over benefits (Okhuysen et al., 2003; Sondak et al., 1995).

Based on the notion of regulatory fit, it is possible that when individuals are negotiating the amount of a burden they are willing to accept, a prevention regulatory focus may lead to more Pareto optimal outcomes than would a promotion regulatory focus. When individuals take a prevention focus, they want to avoid negative outcomes. When negotiating over burdens, there would be a fit between task strategy (avoiding burdens) and a prevention regulatory focus, and this fit may make it easier for negotiators to uncover integrative outcomes necessary for achieving Pareto optimality. In contrast, when resources are framed as benefits, a promotion focus may lead to more efficient outcomes than a prevention focus because a promotion focus is congruent with the goal of achieving positive benefits. When regulatory focus fits resource valence, achieving the Pareto optimal outcome should be more likely.

Study 3 tested whether a promotion regulatory focus would uniformly increase the number of Pareto optimal agreements regardless of the valence of the resource to be negotiated or whether the integrative advantages of a promotion regulatory focus would be limited to negotiations over the distribution of benefits. The hypothesis that promotion regulatory focus is a robust advantage at the bargaining table argues for a main effect of regulatory focus that is independent of resource valence. No matter whether resources are framed as benefits or burdens, a promotion focus may lead to more Pareto optimal outcomes than prevention focus because a promotion focus induces negotiators to focus on and express their aspirations, which should help to identify the integrative potential of a multi-issue negotiation. The regulatory fit prediction calls for an interaction between regulatory focus and valence of the resource to be negotiated.

Method

Participants and procedure. In all, 326 MBA students enrolled in an introductory organizational behavior course participated during the 5th week of the class. They were randomly assigned to 163 negotiating dyads. Although in earlier class sessions the students had engaged in a number of exercises concerning decision making, this was their first introduction to a negotiation.

We used the same negotiation exercise used by Sondak et al. (1995), where each individual played the part of general manager of a company (i.e., either Acme or Pinnacle). Participants were asked to negotiate an agreement with one another to provide a particular set of services to the city. The firms were introduced as waste management companies that were located in the same city and had similar businesses (environmental services and reclamation) but which operated in different markets. In both conditions, participants were asked to “arrive at a joint agreement on a series of issues related to pollution and/or waste management.” Participants were told that the negotiation involved five issues and they were given (a) a written description of each issue and (b) a scoring sheet that provided information on how many dollars each option of each issue was worth. They were told that to reach an agreement they “must agree on *one option for each of the five issues presented.*” If the negotiators could not reach an agreement, they could choose to declare an impasse.

Resource valence manipulation. The experimental conditions regarding resource valence were manipulated through the exercise materials. The basic information was held constant across the two conditions and the only difference was whether the resources to be negotiated were described as benefits or burdens.

In the Benefits Condition, participants acted as managers for firms that were in the waste management industry and who had been asked to provide construction and reclamation services for the city. The scenario suggested that an agreement for a joint bid by the two companies for the business would be accepted by the city. In this condition, the companies were expected to reap the benefits of providing the construction services to the city. Thus, the objective in this condition was to reach an agreement on the distribution of the benefits derived from the contract with the city. The scoring sheet provided to participants listed the dollar amounts in positive terms (i.e., in terms of dollar benefits).

In the Burdens Condition, participants were told that they had been asked to pay for construction and reclamation services by the city. The materials suggested that the companies were responsible for providing reclamation services to the city due to previous activity that had caused pollution in the city and that an agreement for a

joint solution would be accepted by the city. In this condition, the companies were expected to pay for the burden of providing reclamation services to the city. Thus, the objective in this condition was to reach an agreement on the distribution of burdens derived from the demands of the city. The scoring sheet provided to participants listed the dollar amounts in negative terms (i.e., in terms of dollar costs).

Regulatory focus manipulation. Participants were asked to write down their thoughts about negotiation standards. The manipulation was held constant within each negotiating dyad. Thus, both Acme and Pinnacle roles within a dyad were primed with the same regulatory focus. We chose to have both negotiators in the same regulatory focus because we were primarily concerned with the Pareto efficiency of the negotiated agreements rather than the distribution of those resources. Participants in the Prevention Condition were told, “Please take a couple of minutes to think about the obligations you have in a negotiation. What are the negotiation behaviors and outcomes you seek to avoid during a negotiation? How you could prevent these behaviors and outcomes?” Participants in the Promotion Condition were told, “Please take a couple of minutes to think about the aspirations you have in a negotiation. What are the negotiation behaviors and outcomes you hope to achieve during a negotiation? How you could promote these behaviors and outcomes?”

Negotiation issues. In both the benefits and burdens condition, the negotiation involved five issues. One issue was distributive, meaning that the parties’ preferences were in complete opposition to each other. One issue was congruent or compatible, meaning that the parties’ preferences were identical. The remaining three issues were integrative, meaning that each party had a different strength of preferences for the three issues. If both parties conceded on the issues they cared less about, then each party could do better in terms of the number of dollars they each earned (in the benefits condition) or in terms of the number of dollars the agreement cost them (in the burdens condition) and the dyad could achieve a Pareto optimal agreement (Neale & Bazerman, 1991; Thompson, 1991; Tripp & Sondak, 1992).

Pareto efficiency. We calculated an efficiency score for each agreement according to the procedure proposed by Tripp and Sondak (1992) and used by Sondak et al. (1995). This score compares the agreement achieved by the parties to the total set of possible agreements. In this scheme, a Pareto optimal agreement achieves a score of 1,000, with scores varying from 0 to 1000. The efficiency scores effectively capture the outcomes of congruent and integrative issues; they represent the degree to which parties selected the mutually preferred option for

the congruent issue and discovered mutually beneficial trade-offs for the integrative issues. In all, 72% of the sample achieved a Pareto optimal outcome, that is, where neither participant could improve their score without reducing the score for their opponent (where efficiency scores equaled 1,000). Agreements that were Pareto optimal were given a score of 1 and agreements that were not Pareto optimal were given a score of 0.

Results and Discussion

Using standard procedures (Kleinbaum, 1994), Pareto optimal scores were submitted to a binary hierarchical logistic regression analysis. Thus, the model contained a test of the first-order effect of Pareto optimal outcomes (i.e., similar to an intercept test in ANOVA); tests of the second-order associations (i.e., similar to a main effect test) between regulatory focus and Pareto optimal outcomes and resource valence and Pareto optimal outcomes; and a third-order association between regulatory focus, resource valence, and Pareto optimal outcomes (i.e., similar to a two-way interaction between regulatory focus and resource valence on Pareto optimal outcomes).

As noted earlier, most dyads (72%; $N = 163$) reached a Pareto optimal outcome and the first-order effect revealed ($B = .93$, $SE = .17$, $p < .001$) that this was significantly different from 50%. In addition, negotiators were more likely to reach Pareto optimal outcomes when they had a promotion focus (79%; $n = 84$) than when they had a prevention focus (65%; $n = 79$); this second-order effect of regulatory focus was significant ($B = .79$, $SE = .37$, $p = .03$). Furthermore, negotiators were more likely to reach Pareto optimal outcomes when they negotiated over the distribution of benefits (87%; $n = 55$) than when they negotiated over the distribution of burdens (64%; $n = 108$). This second-order effect of resource valence also was significant ($B = 1.42$, $SE = .46$, $p = .002$). Finally, the third-order effect between regulatory focus and resource valence was not significant ($B = 1.37$, $SE = 1.19$, $p = .25$).

The findings from Study 3 provide further evidence for the advantage of a promotion regulatory focus in negotiations. As expected, the results show that the advantages of promotion focus extend to the realm of multi-issue integrative negotiations. Negotiators in a promotion regulatory focus were more likely to reach a Pareto optimal outcome than were those in a prevention regulatory focus. Furthermore, this was the case regardless of whether benefits or burdens were negotiated. Focusing on what one hopes to achieve in a negotiation thus appears to yield to the accumulation of more benefits as well as the successful avoidance of burdens.

At first sight, this finding may appear surprising in light of recent work on regulatory focus suggesting that

task performance depends on the relative fit between one's regulatory focus and task demands (Higgins, 2001; Higgins et al., 2003). In contrast to this reasoning, however, the results of Study 3 demonstrate that the negotiating advantage of promotion focus holds even if the negotiators battle over the distribution of burdens. Thus, the increased tendency to focus on and communicate one's aspirations that is associated with a promotion focus appears to foster the process of identifying integrative potential and accomplishing Pareto optimality more than a fit between negotiator's regulatory focus and the valence of the negotiated outcome.

GENERAL DISCUSSION

We have examined how the distribution and efficiency of negotiated outcomes depends on the type of regulatory focus in which negotiators are placed. Across three studies, a promotion regulatory focus led to superior negotiation outcomes relative to a prevention regulatory focus. Using a distributive negotiation in which negotiator's regulatory focus was assessed rather than manipulated, Study 1 demonstrated that in a single-issue negotiation, a promotion regulatory focus is associated with a distributive advantage: The more recruiters in a simulated hiring negotiation focused on achieving positive outcomes, the more they were able to minimize their own costs by agreeing to pay a lower bonus to the candidate. Study 2 extended these basic findings by using an experimental design in which regulatory focus was manipulated rather than measured. Consistent with the results of the first study, negotiators in a promotion regulatory focus were more successful in a distributive negotiation than were those in a prevention regulatory focus. Our final study further extends these findings by demonstrating that a promotion regulatory focus is not only beneficial in single-issue distributive negotiations but it seems similarly advantageous to be in a promotion regulatory focus in the context of multi-issue, integrative negotiations. In Study 3, when both negotiators in a dyad were primed with a promotion regulatory focus, they were more likely to achieve a Pareto-efficient outcome. In other words, the dyad benefited from its focus on promotion. Furthermore, this promotion advantage was independent of the valence of the negotiated outcome. Regardless of whether benefits or burdens were being negotiated, dyads were more likely to obtain a Pareto optimal outcome than when they were in a promotion rather than prevention regulatory focus. A promotion regulatory focus allows a negotiator to not only create value and expand the pie but also to claim value at the bargaining table.

The present findings not only demonstrate the negotiation benefits of promotion regulatory focus but also hint at the mechanisms that may be responsible for this

advantage. Across both of the first two studies, promotion-focused negotiators paid greater attention to their target prices than did prevention-focused negotiators. Attending to target prices not only leads negotiators to strive and achieve this lofty aspiration, and thereby accrue more advantageous distributive outcomes, but it also prevents them from simply satisficing on minimally acceptable outcomes and compromises; in trying to maximize outcomes, a promotion regulatory focus leads negotiators to discover mutually beneficial trade-offs and achieve Pareto optimality.

In addition, Study 2 revealed that negotiators' opening offers are instrumental in obtaining superior distributive outcomes. Negotiators who were induced to focus on promotion obtained better outcomes by making more advantageous initial offers. Doing so introduces a powerful anchor to the subsequent negotiation process to which the final agreement is tied (Galinsky & Mussweiler, 2001). This suggests that the effect of promotion focus in negotiations is partially produced via the effect of anchors (Tversky & Kahneman, 1974). One of the most striking characteristics of anchoring effects is their robustness (for an overview, see Mussweiler & Strack, 1999). In fact, anchoring effects are so robust that neither expertise (Englich & Mussweiler, 2001; Northcraft & Neale, 1987) nor incentives (Wilson, Houston, Etling, & Brekke, 1996) nor explicit warnings (Wilson et al., 1996) nor time (Mussweiler, 2001) wards judgment and decision making against their influence. In light of this well-established robustness of judgmental anchoring, the negotiating effects of promotion focus may be equally persistent. Once a negotiator with a promotion focus has started with an extreme and advantageous initial offer, it may be very difficult for the other side to undo the effects of this powerful anchor.

These findings demonstrate that a promotion regulatory focus is beneficial across a variety of different negotiation situations. Focusing on promoting one's success rather than preventing one's failures in a negotiation appears to be a powerful tool for achieving one's goals at the bargaining table. It should be noted that all of the effects of one of the regulatory focus are relative to the other. We have emphasized for rhetorical purposes that a promotion regulatory focus is responsible for the observed effects, but the effects can be equally framed through the lens of the prevention regulatory focus; that is, a prevention regulatory focus leads to disadvantages at the bargaining table. Nonetheless, it is clear, of course, that negotiators are better off adopting a promotion focus than a prevention focus.

One possibility that we have not explored here is whether both a promotion regulatory focus and a prevention regulatory focus can be available to individuals simultaneously. Given that previous research has found

positive effects for both promotion and prevention foci, it would be of interest to explore the ability of individuals to capitalize on them simultaneously. This may not be possible given the somewhat contradictory requirements of each focus. Research by Higgins (1989, see Table IV, p. 122) finds support for the idea that the activation of one motivational system may inhibit the other (see also Brendl, Higgins, & Lemm, 1995).

Regulatory Focus, Social Interaction, and the Question of Interaction Fit

One of the most important contributions of the current research is to demonstrate that regulatory focus can have important consequences for social interaction. Although previous research has touched on how regulatory focus may affect stereotyping (Foerster, Higgins, & Strack, 2000), conflict resolution preferences (Camacho et al., 2003), or intergroup behavior (Sassenberg et al., 2002), no previous research has demonstrated the role of regulatory focus in determining the course of actual social interaction. There are a number of avenues that future research could take in exploring how regulatory focus plays out in social interaction. Because prevention-focused individuals appear to be sensitive to the possibility of rejection (Ayduk et al., 2003), a prevention regulatory focus could lead to greater perspective-taking, a sense of connectedness, and consideration of the other person's goals. Support for this possibility comes from research that shows that individuals with an interdependent self-construal focus more on prevention-focused information (Lee et al., 2000). Although at first glance this research could suggest that prevention-focused individuals should be better able to achieve more Pareto optimal outcomes (in contrast to the findings in Study 3), the combination of this research and Study 3 suggest that Pareto efficiency depends on individuals also being concerned with achieving their own optimal outcomes (Pruitt, 1983).

Another interesting question is when and how does regulatory focus smooth the cogs of social interaction and increase social coordination. As mentioned earlier, evidence exists that task performance depends on the relative fit between one's regulatory focus and task demands (Higgins, 2001; Higgins et al., 2003). This kind of fit refers to a fit between the goals people have and the means used to achieve those goals. Considering the role of regulatory focus in social interaction raises the importance of a different type of fit: interaction fit. Interaction fit concerns whether two interacting individuals need to be in the same regulatory focus to increase social coordination and positive interpersonal consequences. This question relates to research concerning whether behavior mimicry or complementarity is the surest route to smooth interactions. Research on mimicry has shown

that engaging in motor mimicry leads to smoother interactions and increases liking between interaction partners (Chartrand & Bargh, 1999) and that motor mimicry is most likely to be used in an unconscious manner when an individual has an affiliation goal (Lakin & Chartrand, 2003). In contrast, in hierarchical relationships (i.e., where one individual has a higher status than the other), complementarity behaviors (e.g., having a constricted posture when one's interaction partner has an expansive posture) can lead to more comfortable interactions (Tiedens & Fragale, 2003).

The results of Experiment 3 suggest that when both negotiators are in a promotion regulatory focus, they are more likely to achieve a Pareto optimal agreement than when both negotiators are in a prevention regulatory focus. Whether having the same or different regulatory foci lead to smoother social interactions may depend on the type and hierarchy of the relationship. It could be that in hierarchical relationships, the smoothest interactions would occur when the high power individual is promotion focused and the low power negotiator is prevention focused. Indeed, promotion focus, as part of the Behavioral Approach System, is often associated with the possession of power (Anderson & Berdahl, 2002; Galinsky, Gruenfeld, & Magee, 2003; Keltner, Gruenfeld, & Anderson, 2003). As a corollary, when power differences exist between negotiators, the most efficient outcomes may be achieved when the regulatory foci are complementary rather than mimicked; that is, the low power negotiator is in a prevention regulatory focus and the high power negotiator is in a promotion regulatory focus. Another related avenue for future research on regulatory focus in social situations is the exploration of how the different regulatory foci affect relationship goals, expectations, and behaviors. For example, prevention-focused individuals may be predisposed to feel jealousy in the context of close relationships, be ever vigilant for signs of romantic dissolution, and may, through self-fulfilling prophecies and expectancy confirmation, ironically produce that very result. It is clear that by considering the role of regulatory focus in social interaction, a number of interesting avenues for future research emerge. By examining the consequences of regulatory focus for interpersonal contexts, the current research provides a new direction, a new horizon for regulatory focus, and offers the promise of new insights into the dynamics of regulatory focus and the nature of negotiations and social interaction.

NOTES

1. We did not assess the focus of candidates in Study 1 because we were concerned that having them answer the question before they negotiated would have primed their regulatory focus and made it difficult to determine any effects of regulatory focus.

2. During every class session, students engaged in a negotiation exercise and then heard a debriefing in which relevant course concepts were discussed. No special cover story was needed or provided to participants other than that they would be engaging in a negotiation exercise.

3. The dollar amounts for each negotiation were designed to match realistic expectations for the resource to be negotiated. Thus, the bonus in Study 1 is in thousands of dollars and the pharmaceutical plant in Study 2 is in millions of dollars.

4. We chose to only use a single measure of regulatory focus because the constraints of the research context did not afford us the opportunity to collect extensive measures. Although we have no data validating this measure with those used by Higgins, given the replication in Study 2, we are confident that we are tapping into real differences in regulatory focus.

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