The dynamic interaction of context and negotiator effects

A review and commentary on current and emerging areas in negotiation

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Abstract
Purpose – The purpose of this article is to review and comment on recent and emerging trends in negotiation research, and to highlight the importance of the interactions between various dimensions of negotiation.

Design/methodology/approach – Consistent with the behavioral negotiation framework, a two-level structure is maintained consisting of the contextual characteristics of negotiation, on the one hand, and the negotiators themselves, on the other. The framework is supplemented with updated research, and the influence of culture in negotiation is commented upon – noting its increasing role in negotiator cognition, motivation, attribution, and cooperation. The paper also adds new themes to reflect the recent advancements in negotiation research. In particular, it focuses on the ways in which negotiator effects can mediate and/or moderate contextual effects, as well as the ways in which contextual effects can mediate and/or moderate negotiator effects.

Findings – The paper suggests that efforts to integrate the recent developments in negotiation research are necessary and that the behavioral negotiation perspective, due to its simultaneous simplicity and flexibility, is appropriate and effective for incorporating the various streams of negotiation research into a systematic framework. Critically, this framework highlights the dynamic interaction between the two levels and leaves much room for further exploration of these dynamics.

Originality/value – The paper identifies emerging areas of inquiry that can be especially fruitful in helping negotiation scholars to expand more traditional approaches to conflict in bold new ways and open up innovative avenues for thinking about the domain of negotiation. The paper offers a comprehensive model that integrates various dimensions of negotiation and illustrates the interaction among them.

Keywords Negotiating, Conflict management

Paper type Literature review

Several decades of scholarly inquiry into negotiation has yielded a vast body of research based on a variety of approaches and models (Thompson, 1990; Neale and Northcraft, 1991; Brett et al., 1999; Bazerman et al., 2000). Consistent with Neale and Northcraft’s (1991) behavioral negotiation based framework, we emphasize that a comprehensive understanding of negotiation can best be pursued by focusing on two primary dimensions: the contextual characteristics of negotiation, and the negotiators themselves. The former concerns structural features of the negotiation setting and the non-interaction-based influence of other actors, while the latter concerns individual negotiators’ cognitions and interaction processes. The decomposition of the two levels...
is an effective way to break down the boundaries of negotiation research, which has been so interdisciplinary and has incorporated so many perspectives – economics, behavioral decision theory, communication, social psychology, and cross-cultural research – as to be quite overwhelming to newcomers to the field. The behavioral negotiation framework thus allows us not to be constrained by any specific perspective, but to focus on the two fundamental elements of characteristics of the negotiation and behavior of the negotiators.

It has been more than two decades since the initial proposal of the behavioral negotiation framework. The world has evolved tremendously – technological advancements have provided negotiators with new communication means that can shape negotiators’ cognition and behavior; globalization has brought ever more complex structures and involved more parties in negotiations; the expansion of the global economy has granted people unprecedented power to shape the options for future generations; and the mobility enjoyed by a larger portion of the population has brought together diverse cultures that integrate, clash, or coexist without clear boundaries. These new trends have stimulated waves of managerial and academic interests in negotiation. In the past 20 years researchers have not only furthered our understanding of contextual and negotiator effects but have also explored new effects emerging from the interaction of the two and from the changing world that shapes them. We suggest that efforts to integrate the recent developments in negotiation research are necessary and that the behavioral negotiation perspective, due to its simultaneous simplicity and flexibility, is appropriate and effective for incorporating the various streams of negotiation research into a systematic framework. Critically, this framework highlights the dynamic interaction between the two levels and leaves much room for further exploration of these dynamics.

In this review and commentary, we focus on the ways in which negotiator effects can mediate and/or moderate contextual effects, as well as the ways in which contextual effects can mediate and/or moderate negotiator effects. We maintain the two-level structure, supplement the framework with updated research, and add new themes to reflect recent advancements in negotiation research. At the level of contextual effects, we include advancements in the areas of multi-party negotiation, power, e-mail negotiation, and temporal dimensions. At the level of negotiator effects, we focus on advancements in the areas of negotiator motivation and affect, relationships, and gender. We also introduce research findings in cross-cultural negotiation, encompassing both intra-cultural comparison and intercultural negotiation. Finally, we review recent trends in negotiation research that draw attention to the interaction between the two levels and highlight directions for future research.

**Negotiation context**

The contextual characteristics of negotiation affect how the situation is set up. In this section, we focus on four key classes of contextual influences that have garnered considerable attention from researchers in recent years: multi-party and team negotiation, relative power and diverse power sources, e-mail negotiation, and the effects of time[1].
Multi-party and team negotiation

More than a decade ago, Polzer (1996) identified research on multi-party negotiation as relatively sparse. Yet, despite the fact that multi-party negotiation is a pervasive aspect of social life, research in the field of negotiation is still focused more heavily on dyadic negotiations, and much remains to be understood about group negotiations. Given the added number of players, consequent potential dyadic connections between players (Bazerman et al., 2000), increased information processing demands, greater communication needs, and more complex interaction dynamics (e.g. coalition formation), multi-party negotiation tends to be characterized by a higher level of complexity and longer time to settle as compared to dyadic negotiation.

The multiple parties involved are usually a loosely connected group of individuals who desire mutually acceptable outcomes but at the same time aim to satisfy their own self-interests (Neale and Bazerman, 1991). In these situations, coalitions are likely to form between or among players whose interests are aligned (Polzer et al., 1998). Polzer et al. (1998) observed the coalition dynamics and allocation decisions in three-person groups. Their findings indicated that players with compatible interests formed internal coalitions, acting as allies against the incompatible third party – not necessarily to lock the third-party out of the final agreement but to force him or her to accept a reduced share of resources. Furthermore, the relationships that developed among coalition partners not only stabilized the coalition, but also unified the demands of its members, suggesting that further study of social psychological factors that accompany coalition activity could be fruitful. Other factors that increase the occurrence of coalition agreements include power asymmetry (Mannix and Neale, 1993; Polzer et al., 1998) and outcome uncertainty (Mannix and White, 1992).

Team negotiation. Alternatively, the multiple parties involved in a negotiation could be a tightly bounded team in which the members all have the same set of preferences and goals. In an integrative negotiation simulation, Polzer (1996) compared intergroup, inter-individual, and group-individual (mixed) negotiations and found that teams achieved higher outcomes and, compared to individual opponents, teams were perceived by themselves and their opponents to be less cooperative, less trustworthy, and more powerful. Teams whose members were familiar with the logrolling concept exchanged more information and generated more high-quality ideas for solutions, and hence were better able to realize the integrative values of the negotiation issues. This provides some support for the advantageous effects of teams on joint outcomes. In addition, Thompson et al. (1996) provided consistent evidence for the advantage of teams in negotiation.

Aside from the power that negotiation teams conjure, the advantage of teams comes from the increased cognitive resources that members possess collectively (Polzer, 1996). To leverage this positive factor, certain procedural mechanisms need to be in place. The unanimity decision rule works better than the majority rule in eliciting members’ preferences (Thompson et al., 1988), while non-restricted communication (Palmer and Thompson, 1995) and lack of a decision making agenda (Thompson et al., 1988) allow simultaneous discussion of issues among team members. These effects not only create procedures conducive to problem-solving in negotiation teams, but also lead to equal distribution of outcomes (Thompson et al., 1988). Weingart et al. (1993) investigated the effects of simultaneous consideration of issues and cooperative motivation as intervention tools. Both proved to improve the quality of outcomes, but
the former achieved the improvement through shared insights whereas the latter did so through increased trust and reciprocity.

It should be noted that most of these findings were generated in small team settings where the costs associated with the unanimity rule and non-constrained communication were negligible. Future research needs to explore the dynamics and factors influencing the outcomes of negotiations between and among large negotiation teams. Another issue to consider is the internal dynamics of the negotiation team. What if team members disagree on or do not comply with the collectively defined set of preferences and goals? Would coalitions form within teams? And if so how do these types of coalitions affect negotiation processes and outcomes? Research can also look at the post-negotiation consequences of team negotiation. To this end, Beersma and De Dreu’s (2005) recent work, which showed that the effects of team negotiation are contingent upon the type of post-negotiation tasks teams perform, provides a promising start.

Power

The crucial role of power in negotiations has long been recognized. Yet, much remains to be reconciled regarding this important set of dynamics. In negotiation, power reflects one’s ability to induce the other to settle for an outcome of less than her maximum utility (Greenhalgh et al., 1985). Theoretically and intuitively, one might expect that negotiators with equal power would be motivated to understand each other and thus be likely to achieve higher joint outcomes (Weingart et al., 1990). Similarly, one might further expect that in situations of asymmetric power, negotiators with higher power would be less likely to attend to the interests and needs of others (Keltner and Robinson, 1997), and negotiators with lower power might be reluctant to communicate their interests (Wolfe and McGinn, 2005), hence leading to less integrative outcomes. Research regarding the effects of power imbalance, which has commonly manipulated power by varying negotiators’ best alternative to negotiated agreement (BATNA) (Neale and Northcraft, 1991; Pinkley et al., 1994; Wolfe and McGinn, 2005), has produced inconsistent findings. For example, Mannix and Neale (1993) demonstrated that equal power dyads achieve higher joint outcomes than unequal power dyads, whereas Sondak and Bazerman (1991) found the reverse pattern. These contradictory findings motivated researchers to look at the perception of relative power. Wolfe and McGinn (2005) proposed that negotiators gauge their power based not only on their own alternatives, but also on those of their counterparts. They demonstrated that objective power and perceived relative power have different effects on negotiation outcomes. Individual-level, objective power drives individual payoff, whereas perceived relative power exerts a strong effect on joint outcome – as the perceived equality increases, the integrativeness of the outcome increases. By treating power as a perceived, relational variable, the notion of relative power helps enrich our understanding of power balance in negotiation.

Recently researchers have conceptualized power dynamics in novel and newly helpful ways. An important source of power in negotiation is perceived contribution (i.e. the resources that negotiators bring to the table, such as their reward and punishment ability, legitimacy, knowledge, and expertise) (Kim and Fragale, 2005). Perceived self-contribution directly affects individuals’ preferences for allocation norms, generally in a self-serving way. For instance, participants endorsed an equality rule when they performed poorly on a task and an equity rule when they out-performed others (Austin, 1980). Kim and Fragale (2005) examined the comparative effects of
contributions and BATNAs on resource allocation. Based on their experimental results, they proposed a two-stage model wherein BATNAs determine the base-line benefits negotiators can obtain from an agreement and contributions determine the allocation of the remaining benefits. To the extent that larger bargaining zones leave more room for negotiators’ contributions to play out, higher contributions exert a stronger effect on resource allocation than do BATNAs (Kim and Fragale, 2005).

Other ways to manipulate power in negotiation include varying the payoff structure (Rubin and Brown, 1975) and manipulating negotiator status (Neale and Northcraft, 1991). Given the discrete choice of power bases (e.g. BATNA vs perceived contribution), and the disproportionate attention directed to each type of power basis, an integrative view of the effects of power that simultaneously addresses the sources of power in negotiation and the differential effects of power derived from these diverse bases is needed. Furthermore, power in negotiation should be studied in more realistic settings, especially in the case of status-based power. Unlike in simulated negotiations where power is spontaneously detected, in the real world power accumulates over time and persists across negotiation settings. One’s long-possessed power might spill over to negotiations so that the power balance specific to a given negotiation becomes largely irrelevant.

E-mail negotiation

The mode of communication through which negotiations are conducted has long been recognized to have effects on negotiation processes and outcomes (Bazerman et al., 2000). With the dramatic increase in e-mail communication over the past decade, scholars have begun to explore the impacts of e-mail as a mode of communication in negotiation. A key observation is that e-mail communication is low on media richness, which refers to the amount of information that can be conveyed through a communication medium (Purdy and Nye, 2000). Purdy and Nye (2000) found that low levels of media richness, as compared to higher levels, decrease collaborative bargaining behaviors, increase competitive bargaining behaviors, and decrease negotiators’ abilities to recognize collaborative behaviors from their opponents, resulting in less equal distributions of profits, lower outcome satisfaction, and less desire for future negotiation.

While Purdy and Nye’s (2000) study did not examine e-mail negotiations specifically, several other studies have done so and have emphasized that a lower level of information exchange is a characteristic weakness of e-mail as a negotiation medium (Thompson and Nadler, 2002). The low levels of exchange make it difficult for negotiators to establish rapport. Rapport is a feeling of being “in synch” with another person. It has been shown to mediate negotiators’ perspectives of positive negotiation outcomes (Moore et al., 1999), and its absence produces increased social distance and anonymity (Thompson and Nadler, 2002). The opportunity for the visual and verbal cues through which rapport is established is, however, diminished or altogether absent in e-mail contexts. A direct product of the reduced rapport of e-mail negotiations is diminished trust (Thompson and Nadler, 2002). Trust can be a critical factor in facilitating the pursuit of integrative agreements (De Dreu et al., 1998), so the effect of low rapport in diminishing trust is highly problematic for e-mail negotiators. There also appear to be other sources of distrust in e-mail negotiations. Naquin and Paulson (2003) found evidence of distrust in e-mail negotiations before the negotiations even began.
In addition to reducing rapport and diminishing trust, the low levels of social information exchange in e-mail negotiation has been proposed as a source of disruptive and conflict-oriented behavior. Kiesler and Sproull (1992) demonstrated that, in the context of computer-mediated communications, individuals engage in more explicit and outspoken advocacy for their opinions and tend to engage in more extreme and risky decision making behavior. Similarly, Friedman and Currall (2003) analyzed the structure of e-mail communications and argued that e-mail communications make dispute escalation more likely. They argued that low levels of feedback from other parties in e-mail communications lead individuals to be less self-aware, to have less opportunity to correct small disagreements that arise, and consequently to engage in less self-correcting behavior than would occur in more media rich interactions. They further argued that the minimal social cues result in a reduced salience of social norms and, consequently, an increase in the use of aggressive tactics. All of these effects can combine to increase the likelihood of dispute escalation, considerably diminishing the potential for favorable outcomes for either side.

Future research should explore the use of tactics that might increase the potential for rapport, trust, and collaborative behavior in e-mail negotiations. For instance, Morris et al. (2002) demonstrated that a brief telephone conversation between negotiators before the start of negotiation can help to increase rapport and trust and produce better outcomes for both negotiators. Additional research should also explore how negotiators go about deciding which communication medium to use in negotiations. Do negotiators take a strategic approach to selecting communications media, or are these choices exclusively a matter of convenience? Furthermore, do negotiators’ expectations about the effects of communications media align with evidence from empirical research, or do negotiators’ expectations reflect an internal bias toward one mode of communication or another?

Effects of time

Recent research on the role that time plays on negotiation processes and outcome has focused on two main themes: the ways that outcome delays moderate preferences and expectations, and the impact of time pressures on negotiators’ perceptions and abilities to reach efficient outcomes.

Outcome delay. Outcome delays can be either delays in the implementation of an agreement or delays that occur because the effects of decisions will not be experienced for some time. In such situations, negotiators must negotiate about future outcomes rather than immediate outcomes. It is possible that negotiations involving time delays might produce more preferable outcomes because negotiators will be more likely to focus on the most central issues and less likely to find themselves at impasses due to unimportant details. Okhuysen et al. (2003) found that outcome delays increase the efficiency with which agreements can be reached. In addition to the effects of temporal construal, they argued that outcome delays affect negotiators’ perceptions of how contentious a negotiation will be and how aggressive opponents will be. Specifically, negotiators assume that outcome delays produce less contentiousness and less aggressiveness. They further argued that outcome delays reduce the importance of issues due to discounting, which encourages negotiators to be more open in sharing their preferences and consequently leads to more beneficial tradeoffs and agreements.
Future research in this area should explore the potential effects of making outcome delays endogenous to the negotiation. It is possible that in certain circumstances, parties could agree to delay the outcome of potential agreements in order to facilitate focus on the most important aspects of the agreement and to avoid impasses over less important details. This approach might be particularly useful when the objects of conflict are burdens rather than benefits, given that negotiations over burdens tends to produce more contentious and aggressive behavior and therefore in those situations negotiators are likely to be more affected by changed perceptions that would indicate lower expectations for aggressiveness and contentiousness (Okhuysen et al., 2003).

**Time pressure.** Time pressure can occur in negotiations either because of time costs, such as lost income, opportunity costs, payment for a negotiation agent, and so forth, or because of negotiation deadlines. Research in the area of asymmetric time pressure has demonstrated that when negotiators face different levels of time pressure, agreements tend to favor the negotiator with less time pressure (Moore, 2004a; Stuhlmacher et al., 1998) for two reasons. First, negotiators with more time pressure are less demanding due to lower aspirations and an interest in making rapid concessions (Moore, 2004b). Second, their opponents are empowered to threaten delays if more concessions are not made (Moore, 2004a). While most negotiators appear to have an intuitive understanding of this effect, Moore has demonstrated that both naive and experienced negotiators misunderstand how the dynamics of time pressure in negotiations can be affected by deadlines (Moore, 2004a, b). Specifically, individuals tend to think that having a deadline is disadvantageous because it imposes time pressure. Moore shows that what individuals tend not to consider is that informing the other party of the deadline puts the other party under time pressure too, because, regardless of the source of the deadline, when the deadline arrives, both parties must stop negotiating (Moore, 2004a). As a result, the sharing of the deadline can lead the other party to have lower aspirations as well and to make concessions faster. This effect can be particularly useful to parties who are subject to time costs, because moderate deadlines can improve outcomes not only by sharing time pressure with the other party but also by minimizing the potential amount of time costs that can accrue (Moore, 2004b).

De Dreu (2003) examined the effect of time pressure on the potential for reaching integrative agreements. He demonstrated that time pressure reduces negotiators’ motivation to process information systematically, produces a greater reliance on cognitive heuristics, such as stereotypes, and leads to less integrative agreements. However, findings in this area have not been consistent. In a different study, Harinck and De Dreu (2004) found that time pressure can produce a tendency for negotiators to temporarily stall on difficult issues and that these temporary impasses can actually increase integrative behaviors. It is noteworthy that the two studies manipulated time pressure in ways that are substantively different. Future research could explore the possibility that different types of time pressure have different effects on the potential for integrative behavior.

**Negotiator influence**
No negotiation research is complete without an understanding of the negotiators themselves – the inherent differences among them, the way they interpret the situation, the motivations that drive their behavior, and their affective responses to the
negotiation process. As Neale and Northcraft (1991) put it, the negotiators themselves have an impact through their own cognitions and their interactions with each other, functioning as the “vehicle[s] through which the contextual effects have their influence.” In this section, we focus on gender difference, negotiator motivation, negotiator relationships, and affect in negotiation.

**Gender difference**

To what extent do individual differences explain negotiation behavior and outcomes? The most stable individual difference is found in gender orientation, which has gained renewed interest among negotiation researchers in recent years. Gender differences in negotiation pertain to interpretations of the negotiation, negotiation style, negotiation performance, self-evaluation and self-worth, and the propensity to initiate negotiation. Regarding interpretations of the negotiation, there is evidence that women tend to interpret conflict situations in relationship terms, whereas men are more concerned with the exchange of resources (Pinkley, 1990). Consequently, men tend to be more concerned with winning, while women care more about maintaining the relationship (Zechmeister and Druckman, 1973). Partly as a result of the different ways men and women interpret negotiation, men are more likely to adopt a confrontational style, whereas women are more likely to display communal focuses and approaches (Tannen, 1990; King and Hinson, 1994). The meta-analysis by Walters et al. (1998) showed that men were more competitive than women. An inference that naturally follows from the above observations is that men are likely to achieve higher gains than women, particularly on the distributive dimensions of negotiation outcomes. This inference is validated by Stuhlmacher and Walter’s (1999) meta-analysis. It is also consistent with the long existing phenomena of salary gap between men and women (Wood et al., 1993). On the integrative dimension of negotiation outcomes, although there is reason to believe that women might be more able to increase joint gain, only limited support was found in the literature (Kray and Thompson, 2005).

Regardless of actual negotiation performance, researchers have found that women tend to engage in self-derogation during negotiation (Kimmel et al., 1980). In allocation games, women expect to be paid less than do men (Major and Konar, 1984), actually pay themselves less than men pay themselves (even when their performance is equivalent), and work longer and more productively than men for the same pay (Major and Adams, 1983, 1984). In contrast, men expect to be more highly compensated (Kray et al., 2001), report being more certain of their worth (Barron, 2003), and generally evaluate themselves more favorably than women (Watson and Hoffman, 1996).

Finally, regarding the propensity to initiate negotiation, recent research has demonstrated that gender differences exist not only once negotiators reach the negotiation table, but also in determining who arrives at the negotiation table to begin with. In an online survey conducted by Babcock et al. (2006), men reported more frequent negotiating activities at work and predicted that they would initiate a new negotiation much sooner than did women.

Although the general observation that men and women differ fundamentally in how they approach conflict has been well-supported, research in gender and negotiation has moved far beyond simple documentation of demographic differences. Calls for identifying mediating and moderating factors, as well as investigating the interaction between negotiator, dyad composition, and situational context have been issued and
responded to by a vast number of negotiation researchers. A more detailed discussion of this literature is beyond the scope of this paper. For a full review, see Kray and Thompson (2005).

Negotiator motivation[3]
Researchers who explore the role of motivation in negotiation have primarily focused on two distinct types of motives: egoistic motives and prosocial motives (e.g. De Dreu and McCusker, 1997). The former is characterized by an aim to maximize individual gain with the sole concern of one’s own welfare, whereas the latter involves concern about both one’s own and the counterparts’ outcomes.

Empirical evidence regarding which motivational orientation is more conducive to integrative outcomes has yielded mixed results. Several studies have found that prosocial negotiators engage in more problem-solving behaviors and realize integrative potential to a greater extent than do egoistic negotiators (e.g. Weingart et al., 1993; De Dreu et al., 1998). However, other studies demonstrated only weak or no support for such effects. Weingart et al. (1996) showed that the use of various negotiation tactics compatible with the two social motives is associated with more integrative behavior and higher joint outcomes, but it was not clear which of the tactics were responsible for the higher joint gain since both distributive and integrative tactics were presented to the subjects in the same packet. Similarly, O’Connor (1997) found that although cooperatively motivated dyads exchanged more information than did individualistic dyads, there was no difference in perceptual accuracy between the two motive conditions.

These puzzling findings suggest that the relationship between social motives and negotiation outcomes is a complex issue. To this end, the dual concern model (Pruitt and Rubin, 1986) provides an insightful explanation. The dual concerns in the model refer to self-concern and other-concern, each ranging from weak to strong. The model explicitly acknowledges the importance of resistance to yielding, and juxtaposes this condition together with prosocial motives as the necessary conditions for integrative outcomes. De Dreu et al. (2000) showed in a meta-analysis that prosocial negotiators were less contentious, engaged in more problem solving, and achieved higher joint outcomes, but only when resistance to yielding was high rather than low. It was also discovered that resistance to yielding tends to be high when negotiators are under low time pressure, when they are accountable to constituents, when they have a good alternative, and when the outcomes are framed as losses rather than gains (De Dreu et al., 2000).

The motivational approach reveals how social motives, independent of negotiator cognitions, moderate negotiation processes and consequently affect negotiation outcomes. In this line of research, social motives are typically induced by instructions to adopt a certain type of motive or by monetary incentives that award either individual or joint gains. It is not clear how subjects actually internalize the motives assigned to them (Thompson, 1990). Another concern of this approach is that, as Thompson (1990) pointed out, instructing subjects with cooperative or egoistic motives might at the same time provide them with unintentional information about the structure of the negotiation task. A more important issue is that, depending on the origin of the social motive, social motives might not be orthogonal to resistance to yielding. Social motives could be determined by situations, such as social relationships.
Negotiators with good relations might spontaneously exhibit high levels of cooperative motivation and readiness to compromise. Research needs to study what motives negotiators bring when they arrive at the negotiation table and should also seek to identify conditions under which both prosocial motives and resistance to yielding can be maintained at a high level.

**Negotiator relationships**

Negotiation research has long acknowledged that relationships play a meaningful role in negotiations, but the field did not treat relationships as a critical variable until the most recent decade. Nevertheless, a growing body of research has examined the meaning and measurement of negotiator relationships, documented both the conducive and impeding effects of relationships, and studied the mechanisms through which relationships influence negotiation at various stages.

Relationships in negotiation research are broadly defined as any social ties between or among negotiation parties. The most common method to manipulate relationships is by varying the expectation for future interaction (e.g. Shapiro, 1975; Sondak et al., 1999). Though it does induce obvious changes in negotiators’ behavior, this approach leaves out the real content of various types of relationships. The most common approach to conceptualize and operationalize relationship content is by relationship type, such as comparing strangers to friends, colleagues, and couples (e.g. Fry et al., 1983). This approach is dichotomous by nature, and thus it inevitably ignores the variability within, and the multiple dimensions of, negotiator relationships. To capture the multifaceted nature of relationships in negotiation, Greenhalgh and Chapman (1998) conducted construct-elicitation interviews and identified 15 major dimensions. Though they aggregated the measures to a composite score, they acknowledged that equal-weight aggregation might not always be appropriate and suggested that the scale can be extended to zoom in on the dimensions that are salient in specific interactions, with the salience information serving as the weight for those dimension scores.

Negotiator relationship exerts its influence on negotiation process on several dimensions, including information sharing, aspiration level, tactics, allocation norms, and subjective evaluation. Information sharing enables negotiators to discover mutually beneficial tradeoffs, but it may also put negotiators in a vulnerable position since the shared information may be used strategically by the other party (Murnighan et al., 1999). This information dilemma imposes fewer burdens upon negotiators with positive relations as compared to negotiators with distant or negative relations (Greenhalgh and Chapman, 1998) because friends, colleagues, and couples are likely to be open, honest, and trustworthy to each other and therefore are more likely to overcome the information dilemma and reveal critical preference information. Positive relations also enhance accurate and efficient encoding of information because people with interpersonal ties are more sensitive to each other’s verbal and nonverbal behavior, and they form scripts for the expected interaction pattern derived through generalization from repeated similar interaction experiences (Baldwin, 1992). For instance, comparing the bargaining process and outcome of dating couples and mixed-sex stranger dyads, Fry et al. (1983) found that dating couples exchanged more truthful information, used pressure tactics less frequently, and engaged in less distributive behavior.
However, Fry et al. (1983) also found that dating couples had lower aspiration levels, used less trial and error processes, and compromised too willingly. Consequently, dating couples settled on outcomes with lower joint profit. Fry and his colleagues reasoned that the concern for maintaining harmonious relations and affective ties detracted from the intensive problem-solving effort necessary for realizing integrative potential. Similarly, Halpern (1994) observed that subjects showed a strong tendency to adjust their expectations for negotiation outcomes based on their relationship with the transaction partner. These effects tend to occur because negotiators prioritize relationship maintenance over negotiation outcomes (Valley et al., 1995) or at least to treat relationship maintenance as an implicit goal of the negotiation. The concern for relationship preservation also effectively prevents negotiators from being overly aggressive and competitive, and from using contentious strategies.

Relationships likewise significantly influence the selection of allocation norms in negotiations. In a study by Shapiro (1975), high input allocators followed an equality rule in dividing a reward when future interaction was expected and an equity rule when future interaction was not expected, whereas low input allocators divided rewards according to equity regardless of their expectations of future interaction. Similarly, Sondak et al. (1999) showed that, when resources were abundant, stranger dyads allocated resources according to their relative contributions whereas roommate dyads preferred equal allocation.

Taken together, the combined effects of relationships on negotiation processes suggest a curvilinear relationship between interpersonal ties among negotiators and the integrative potential of negotiated outcomes. On the one hand, relationships ensure sufficient levels of trust, fairness, honesty, and ease of communication, thus contributing to the problem-solving capabilities of negotiators. On the other hand, concerns for relationship maintenance induce negotiators to lower their aspirations and to compromise too willingly without fully exploring mutually beneficial alternatives, thereby hindering the achievement of integrative outcomes. This is consistent with Valley et al.’s (1995) view, but more research is needed to ascertain whether the relationship between the strength of interpersonal ties and the integrative potential of outcomes is U-shaped or inverse-U-shaped. Researchers might need to measure the strength of the two aspects in combination with the negotiation structure in order to predict the net effects. The two necessary conditions proposed by the dual concern model – prosocial motives and resistance to yielding – might also need to be taken into consideration.

Traditional negotiation research mainly focuses on economic outcomes, such as relative gain and joint gain. However, negotiations outside of the laboratory or classroom seldom provide negotiators with opportunities for meaningful comparison. Negotiators rely on subjective feelings to evaluate the objective outcome. Involving a diverse group including students, community members, and negotiation practitioners, Curhan et al. (2006) investigated what people value in negotiation. Four major factors emerged: feelings about instrumental outcomes, feelings about the negotiation process, feelings about the self, and feelings about the relationship. To the extent that relationships also shape feelings about the self and about negotiation processes, relationships are both an objective and a subjective outcome of negotiation.

The biggest challenge that negotiation research on relationship effects faces is perhaps the lack of “realness” in both the relationship manipulations and the
negotiation task. First, the common approach of pairing up negotiators with strangers or friends is only a proxy for real relationships. Research needs to take extra caution to ensure that the manipulation is effective. Research could benefit greatly from studying relationships in ongoing negotiations, perhaps relying on longitudinal or field study approaches. Second, negotiators are usually given a pre-designed case, and there is no connection between the nature of the relationship and the artificial scenario. As a consequence, the manner in which behavioral aspects of the relationship manifest themselves in the negotiation process might not be genuine (Valley et al., 1995).

Affect in negotiation

Echoing the resurgence of interest in affect throughout the field of social psychology in the 1980s, negotiation researchers began to investigate the role affect plays in negotiation. As Fiske and Taylor (1991) defined, affect is “a generic term for a whole range of preferences, evaluation, moods, and emotions.” Among these sub-constructs, moods and emotions have been more extensively studied by negotiation researchers. Moods differ from emotions in that they are of low intensity and long duration and are considered a more diffuse psychological state with little cognitive content. In contrast, emotions are relatively short-lived, more intense, and are usually associated with a particular stimulus and are characterized by clear cognitive content (Forgas, 1992; Forgas and George, 2001). Although some researchers used mood and emotion interchangeably, it is important to differentiate these two terms because of the different dynamics they generate in negotiators’ behavior.

Theoretically and empirically, research on affect in negotiation has endeavored to answer at least two questions:

1. How do pre-existing affective states impact negotiation?
2. How does affect emerge and evolve in negotiation and what are the subsequent impacts of different forms of affect?

Morris and Keltner (2000) framed these two issues as intrapersonal effects versus interpersonal effects. Intrapersonal effects refer to the influence of a negotiator’s affect on her own negotiation behavior, whereas interpersonal effects relate to the influence of one negotiator’s affect on his or her counterpart’s behavior.

Earlier research on affect in negotiation focused mainly on intrapersonal effects. The negotiator’s positive affect has been shown to reduce the use of contentious tactics and to promote integrative solutions, thus increasing joint gains and enhancing satisfaction with the negotiation outcomes (Carnevale and Isen, 1986; Baron, 1990). In the seminal study conducted by Carnevale and Isen (1986), participants experiencing positive affect were more cooperative and reached higher joint benefits in a face-to-face negotiation task as compared to the control group in which no affect was primed. Similarly, other researchers have demonstrated that happy negotiators are more likely to set higher goals, make concessions (Baron, 1990), engage in creative problem solving (Isen et al., 1987), and use more cooperative strategies in negotiation (Forgas, 1998; Forgas and George, 2001). Negative affect has been demonstrated to induce rejection in ultimatum games (Pillutla and Murnighan, 1996), decrease demand and initial offers, and increase the use of competitive strategies, thus reducing joint gains (Forgas, 1998).

Most of these studies generated pre-negotiation affective states by using humorous cartoons or grim films (e.g. Carnevale and Isen, 1986; Kramer et al., 1993; Forgas, 1994).
or by manipulating events experienced immediately prior to the behavioral encounter of interest, such as promising or discouraging performance feedback (e.g. Forgas, 1998). These affective states are not directly associated with or caused by the negotiators or the structure of the negotiation; in other words, they are exogenous to the negotiation. However, negotiation is inherently a social process. To the extent that the major components of negotiation – issues at stake, relationship with the negotiation counterpart, dynamics in interaction, negotiation process and outcome – generate affective responses, the experienced as well as the displayed affect is endogenous to the negotiation.

The shift to explorations of the interpersonal effects of affect has to a large degree addressed the endogeneity of affect in negotiation. This line of research focuses on emotions directed specifically at one’s negotiation counterpart and investigates the responses from the recipients, as well as the consequences of experienced or displayed emotions on the negotiation outcome. Allred et al. (1997) demonstrated that pre-induced anger directed at the other party reduced the negotiator’s desire to work with the other party in the future and impaired both parties’ abilities to realize the integrative potential in the negotiation. Surprisingly, angrier negotiators did not manage to claim more value, a finding that indicates that higher anger poses “serious disadvantages to negotiators without providing any clear advantages” (Allred et al., 1997). Other researchers have found that, under certain conditions, the expression of anger can be effective in claiming value. Van Kleef et al. (2004a) showed that participants with an angry opponent conceded more than did participants with a happy opponent, and participants with a non-emotional opponent took an intermediate position. They also showed that negotiators were only affected by their opponents’ emotions if they were motivated to consider the emotions (i.e. when negotiators were low on need for closure, under lower time pressure, and had low power) (Van Kleef et al., 2004b). Similarly, Sinaceur and Tiedens (2006) demonstrated that angry expressions increased expressers’ abilities to claim value in negotiations, but only when the recipients had poor alternatives.

The interpersonal emotions, if expressed or acted upon explicitly, could be used intentionally as a negotiation tactic. A group of researchers have proposed the goal-directed or tactical use of emotion (Barry, 1999; Thompson et al., 2001). Kopelman et al. (2006) conducted the first empirical experiment to investigate the effect of strategically displaying positive, negative, and neutral emotions. Their results provided evidence for the feasibility of strategically displaying emotions and highlighted the effectiveness of positive emotional displays on negotiated outcomes across ultimatum, distributive, and integrative negotiation settings.

Research in affect in negotiation continues to face multiple challenges. First, the simple representation of positive and negative affect by happiness and anger should be expanded to a wide array of affective states, such as delight, agitation, fear, disappointment, and anxiety (Barry et al., 2004). Van Kleef et al.’s (2006) recent study examined the distinctive effects of disappointment, worry, guilt, and regret, pointing to the need for more research on the effects of discrete emotions. Second, the transition of affective states in negotiation should be taken into consideration rather than assuming one type of affect throughout the negotiation process. Third, more empirical studies outside of the laboratory setting are needed to validate the generalizability of current findings. To this end, Barry et al. (2004) called for more qualitative and ethnographic
Cultural influences in negotiations
The majority of the negotiation studies are conducted in western cultures. Though practitioners long ago noticed the marked differences in negotiation theory and practice across cultures, researchers did not start to pay attention to the cross-cultural similarities and differences until more recently. In the last twenty years, there has been a proliferation of cultural research on negotiation, and the cultural perspective on negotiation has moved from being viewed as an exception to being a prominent approach in the field of negotiation research (Gelfand et al., 2007). As the interaction and interdependence between different cultures are growing at an increasing pace, a holistic cultural understanding of negotiation can also provide practitioners with effective tools to resolve conflicts and leverage common interests.

Cultural influences can be found in virtually every aspect of negotiation – from negotiator cognition, motivation, and emotion, to mediation, communication, power strategy, and the technological and social context. Put differently, culture affects negotiation at both levels – the context and the person. Due to the unique pattern and complexity of cultural issues, we place cross-cultural negotiation research in this separate section in which we review research on both intra-cultural comparison and intercultural negotiation, and highlight the need for and the challenges in advancing the cross-cultural perspective on negotiation.

Cultural differences in negotiation
Culture researchers have defined multiple dimensions on which cultures vary (Hofstede, 1980; Schwartz, 1994, Triandis, 1995). Among the multiple dimensions, individualism-collectivism is the most frequently cited in studies of negotiation (Bazerman et al., 2000). Other dimensions, such as power distance, mastery (the importance placed on active efforts to modify the environment), and tightness-looseness (the degree to which situational norms are clearly defined and reliably imposed) are also highly relevant to cultural studies of negotiation. Researchers usually use geographical location as a proxy for culture (e.g. the US as an individualist culture and Singapore as a collectivist culture) and focus on a specific dimension to compare the different patterns across cultures. Drawing upon research that compares negotiation processes and outcomes across different cultures, we discuss cultural influences on negotiators’ cognition, motivation, dispositional attribution, and cooperative behavior.

Culture and negotiator cognition. The influence of culture on negotiation can be directly observed in individuals’ cognitive decision making processes. Gelfand et al. (2001) found that cognitive representations of conflict vary across cultures. They asked American and Japanese participants to evaluate 28 conflict episodes from each culture. The results showed a strong universal conflict construal of compromise versus win across participants and conflicts. However, the modal interpretation differed between the two cultures – compared to American participants, Japanese participants perceived both sets of episodes to be more compromise-focused. More importantly, there are culture-specific dimensions of conflict construal in the US and Japan so that
participants perceived the same conflicts through different lenses. For example, Japanese participants used the frame of social position violations whereas American participants focused on infringements to the self to evaluate conflicts. The differences in the cognitive interpretations of conflicts, as Gelfand et al. reasoned, originates from the differences in conceptions of the self that are cultivated through participation in cultural practices.

The cognitive tradition of negotiation research has identified a number of heuristics upon which negotiators rely. These cognitive biases are likely nurtured and maintained by dominant cultural values, and thus the types of biases prevalent in negotiations may vary across cultures (Gelfand and Dyer, 2000). Gelfand and Christakopoulou (1999) investigated cultural differences in one of the cognitive biases – fixed-pie biases. In their study, no difference in the amount of fixed-pie bias was detected at the beginning of the negotiation, but the fixed-pie bias was more prevalent among American students after the negotiation than among Greek students. This significant effect of culture on judgment accuracy was attributed to the cultural differences in attending to one’s own versus others’ interests. In collectivist cultures, as compared with individualist cultures, more emphasis is placed on assessing the needs and interests of others in relationships, leading to more accurate knowledge about the preferences of the other party.

Likewise, to the extent that individualistic cultures emphasize distinctiveness and feeling positive about oneself, while collectivist cultures emphasize maintaining relatedness and adjusting one’s behavior to fit in with others, the tendency to view oneself as better than others in negotiation can be expected to be more prevalent in individualist than in collectivist cultures (Gelfand et al., 2002). Gelfand et al. (2002) showed that American participants regarded themselves as fairer than others and were more willing to accept positive feedback than were Japanese participants. The finding that the self-serving bias in negotiation is more prevalent in individualist cultures than in collectivist cultures is only another example of how culture affects negotiators’ cognitive tendencies. Future research can examine whether other biases, such as escalation of commitment and reactive devaluation, vary across cultures.

Culture and negotiator motivation. Social motives play an important role in negotiation. To the extent that individualist cultures emphasize the distinctiveness of individuals and collectivist cultures stress the relatedness between individuals, people from individualist cultures are likely to show more concern for themselves and their own outcomes and less concern for others and others’ outcomes, as compared with people from collectivist cultures. In negotiation settings, this pattern generates interesting dynamics. Chen et al. (2003) examined the effects of self-versus other-concerns on individual negotiators’ outcomes in three different cultural contexts – the US, the People’s Republic of China (PRC), and Japan. They found significant differences across cultures – the US participants had more egoistic motives than both the PRC and Japanese participants. In general, egoistic negotiators obtained significantly higher profits when their aspiration differentiation was positive than when it was negative, though this pattern did not hold for prosocial negotiators. In Chen, Mannix, and Okumura’s experiment, participants were given nine options to negotiate, each of which is a pre-set combination of several interrelated issues. The preference structure is not explicitly distributive, integrative, or compatible. An
interesting extension of their study would be to use mixed-motive tasks and examine the cultural differences in the effects of social motives on joint gains.

**Culture and dispositional attribution.** Morris *et al.* (1999) demonstrated the fundamental attribution error in negotiation settings. Recruits who had a highly attractive alternative offer and hence demanded a higher salary were perceived by their counterparts as lower on agreeableness. Recruits who had a less certain alternative offer and hence referred less openly and consistently to their alternative were considered to be higher on emotional instability. More importantly, the impression formed about the recruit during the negotiation influenced the recruiter’s decisions to place the recruit in situations that would serve to induce behavior consistent with the recruiter’s original impression, generating a self-fulfilling cycle. In sum, negotiators discounted their counterparts’ situational constraints and attributed their counterparts’ behavior to personality traits. From the cultural perspective, dispositional attribution is encouraged and individual autonomy is emphasized to a greater degree in some cultures as compared to others. Therefore, the attribution error is likely to vary across cultures, such that negotiators from collectivist cultures may be more inclined to attribute observed behaviors to properties of the actor than would negotiators from individualist cultures. Although we know of no negotiation research that has empirically tested this conjecture, several cross-cultural studies have provided support in line with the argument. For example, Morris and Peng (1994) showed that dispositional attribution for behavior reflects an implicit theory that is more widespread in individualist than collectivist culture. Also, Menon *et al.* (1999) demonstrated that East Asians are relatively more likely than North Americans to focus on and attribute causality to dispositions of collective-level agents.

**Culture and cooperative behavior in conflict resolution.** The individualist-collectivist dimension of culture has direct implications for cooperative behavior in conflict resolution. Wade-Benzoni *et al.* (2002b) reasoned that, since collectivist cultures place the interests of the group or collective over the interests of the individual, decision makers from collectivist cultures will be more cooperative than decision makers from individualist cultures. They tested this hypothesis in an asymmetric social dilemma simulation in both the US and Japan, and their results showed that collectivist decision makers indeed behaved more cooperatively than individualist decision makers. In comparison with US participants, Japanese participants harvested less from the common resource pool, more equally allocated harvest reductions, and expected each other to harvest less.

**Intercultural negotiation**

Intercultural negotiations are characterized by completely different dynamics than negotiations within the same culture (Bazerman *et al.*, 2000). Tinsley *et al.* (1999) posit that cultural differences can serve as the basis for creating value; however, they can also operate as obstacles to realizing joint gains, thus presenting a “dilemma of difference.” In a mixed-motive negotiation participated in by both Japanese and American managers, intercultural dyads achieved lower joint gain than intracultural dyads (Brett and Okumura, 1998). This can be partially explained by cultural differences in scripts for information sharing. Since individualists tend to communicate directly and collectivists tend to communicate more indirectly, intercultural dyads had less accurate mutual understandings of each other’s priorities. Explanation was also
provided based on other cultural dimensions. On the power distance dimension, US managers derived more power from their BATNAs, whereas Japanese managers inferred power based on role assignments. On the collectivism-individualism dimension, US managers focused more on self-interest than did Japanese managers; this mismatch of self-interest then resulted in premature closure of negotiation. The three factors – insufficient information sharing, power struggle, and asymmetric focus on self-interest – together led to lower levels of joint gains among intercultural dyads.

As Gelfand and Brett (2004) commented, the cultural perspective expands the range of phenomena that are studied in negotiation research, and thereby broadens the theories, constructs, and research questions characteristic of negotiation research. Also, the variety of dimensions on which cultures differ, such as tightness-looseness, power distance, and uncertainty avoidance, provide a variety of potential avenues for researchers to explore. The arena for cultural research in negotiation is wide open.

Future direction for cross-cultural negotiation research

Cross-cultural negotiation research has greatly advanced our understanding of the similarities and differences in negotiation processes and outcomes across cultural contexts. Nevertheless, it has been criticized as being atheoretical and decontextualized (Gelfand and Dyer, 2000) and suffers from an exclusive focus on the individualism-collectivism dimension. In order to keep the momentum of this line of research and move toward a more complex and dynamic view of cross-cultural negotiation, below we identify several directions that we believe are critical for future research.

More focus on intercultural negotiation. Despite the increasing frequency of intercultural negotiations, research on intercultural negotiation remains scant as compared with research on intracultural negotiation, and a number of critical questions are yet to be answered. For example, under what circumstances do the benefits of cultural differences outweigh the costs? What are the critical moderating situational variables? It is understandable that there are more practical difficulties associated with the execution of intercultural negotiation research, such as time and spatial distance, language barriers, and other factors that complicate communications; however, overcoming these difficulties is not an impossible task. A more difficult challenge is to develop, based on the rich body of cross-cultural research, integrative theoretical accounts for how and why intercultural negotiations differ significantly from intracultural negotiations.

Beyond the individualism-collectivism dimension. The cultural dimension of individualism-collectivism has been explored to a great extent. Although more interesting dynamics continue to be discovered (e.g. distinctions among horizontal and vertical individualism and collectivism), research focusing on other cultural dimensions should be strongly encouraged. One dimension that deserves more attention is cultural tightness-looseness – the strength of social norms and the degree of sanctioning within societies. Gelfand et al. (2006) theorized how societal normative constraints influence organizations and individuals. To the extent that societal institutions in tight societies produce a narrower range of acceptable behavior than in loose societies, negotiators from the two cultures are likely to follow different sets of strategies and develop different conflict styles. This difference would also increase the difficulties of information sharing and power struggle in intercultural negotiations.
Also, to the extent that individuals in tight versus loose societies exhibit a greater prevention focus, more regulatory strength, and more cognitive innovation, they might be more likely to develop and rely on contingent contracts. Similarly, other cultural dimensions such as power distance, uncertainty avoidance, causal attribution, and confrontation avoidance (Nisbett, 2003) are all promising dimensions to be incorporated into negotiation theory and research.

*Further exploration of relevant process variables.* Negotiation research has identified a number of critical process variables, such as cognition, motives, communication, aspiration, and problem-solving behavior, which directly and/or indirectly affect the individual gain and joint gain in negotiation. The inclusion of process variables in negotiation analysis not only provides a causal explanation for what is observed in the negotiation, but also lays a solid foundation for reliable predictions. Cross-cultural negotiation research, however, lacks such focus on process variables. Some researchers have speculated on the causes for the observed patterns (e.g. Brett and Okumura, 1998), but in most cases no causal models were proposed. Thus, little is known about the psychology of negotiations across cultures (Gelfand and Dyer, 2000).

*Through the lens of self-construal.* Independent self and interdependent self are characteristic of individualist and collectivist cultures, respectively. However, the self-construal typical of one culture could shift in response to situational accessibility. Using a subliminal priming of words (“I” versus “We” as the noun predominant in a paragraph), Gardner et al. (1999) found that the situational activation of an independent or interdependent self-construal within an individualist culture resulted in differences in values and social judgments that mirror those commonly found between individualist and collectivist cultures, and vice versa. This research, although not speaking directly to negotiation settings, has identified self-construal as a critical mechanism through which culture has an impact. In line with Gardner et al.’s theorizing, Li (2006) suggests that behavioral differences among individual negotiators from individualist and collectivist cultures may depend on the specific aspect of self-construal that is situationally activated; thus, cultural differences can be better understood through the multiple aspects of self-construal.

The three distinct aspects of self-construal – individual self, relational self, and collective self – which were identified by Brewer and Gardner (1996) are accessible in both individualist and collectivist cultures. Applying the framework of multiple aspects of self-construal to the study of cultural differences in negotiation, several predictions could be made. First, different aspects of self-construal are activated depending on whom one meets – a stranger, a friend, or an in-/out-group member. This activation process is likely to vary across cultures. Second, once a certain aspect of self-construal is activated, the way in which that aspect leads to consequent cognition, motivation, and behavior in negotiation is consistent across cultures. By integrating the multiple aspects of self-construal with theories on the elements of culture, one could show that how the individualist and collectivist cultures converge and how they differ in negotiation processes and outcomes depends on which aspect of self-construal is activated. The cultural differences primarily reside in the contrast between individual self and collective self. Interestingly, when it comes to negotiating relationally, negotiators from both cultures show almost identical patterns of cognition, motivation, and behavior, and thus yield similar outcomes. The framework of multiple aspects of self-construal provides a promising way to understanding cultural differences in negotiation.
Emerging areas of inquiry

While many established streams of research have focused on understanding how the structure of negotiations and cognitive activities of negotiators affect negotiation behavior, some of the most interesting of these research agendas have moved beyond an exclusive focus on structure or individuals to explore the ways in which the structure of the negotiation and the perceptions of the players mutually influence both each other and the negotiated outcome. We view such endeavors to be some of the most fruitful paths for achieving an increased understanding of negotiation processes and outcomes. In this part of the review, we highlight four emerging areas of inquiry in the field of negotiations. Research on ethics, sacred issues, and intergenerational conflict in negotiation explores the effects of negotiators’ psychological construction of the definition and meaning of negotiation itself and the decisions that emerge from it, while research on partner selection highlights the ways in which negotiators themselves can have an impact on the actual and perceived structure of the negotiation.

Ethics in negotiation

Ethical dilemmas are ubiquitous in negotiations. Negotiations provide opportunities for deception (e.g. is it ethical for a negotiator to intentionally mislead another party?), betrayal (e.g. what are the ethical implications of a negotiator, acting as an agent, pursuing self-interested goals at the expense of the principal’s interests?), nondisclosure (e.g. must a seller disclose unapparent product defects?), and unfairness (e.g. what are the ethical implications of the allocation of surpluses?) (Cohen, 2002; Lewicki and Robinson, 1998). Given the broad range of ethically-charged behaviors that can take place in negotiations, the goal of this section is to explore how individuals respond to ethical dilemmas in negotiations. To do so, we focus on the roles of egocentric biases, social expectations, decision frames, and the distinction between benefits and burdens in influencing individuals’ tendencies to consider and act upon the ethical dimensions of negotiation decisions.

Egocentric biases. Egocentric biases occur when individuals judge the fairness of allocations in a self-serving manner (Babcock et al., 1996; Bazerman and Neale, 1982; Neale and Bazerman, 1983; Wade-Benzoni et al., 1996). Specifically, egocentric biases produce a perception that the self-interested action or interpretation of events is also the most ethically legitimate one. Egocentric biases can impede ethical behavior because, to the extent that individuals remain unaware of their biases, they are unable to perceive that they are favoring their self-interest over collective interests or the interests of others. Kronzon and Darley (1999) demonstrated this effect by asking participants to view a videotape of a negotiation over an issue that the participants later expected to negotiate over themselves. In the negotiation, one of the negotiators engaged in deception. Participants who expected to later negotiate on the same side as the perpetrator of the deception rated the deception as significantly more morally acceptable than did participants who expected to play the same role as the victim. These findings suggest that the judgments of individuals from both groups may have been skewed by an egocentric bias.

More recently, scholars have begun to explore the possibility that the concept of egocentric bias is also relevant at the group level. It is possible that the interest of an in-group may take the place of self-interest and produce a group-serving bias that would function in much the same way as the egocentric biases described above (Zhong
et al., 2006). For instance, Diekmann (1997) found that individuals who worked alone on a production task claimed more than an equal share of available payment for themselves when their claims were to be private, but claimed less than an equal share for themselves when told that their claims would be made public. Individuals who worked in groups, on the other hand, independently decided to keep more than an equal share for the group in both public and private conditions. Furthermore, individuals allocating to their groups rated advantageous inequality as significantly fairer than did individuals allocating to themselves only. Diekmann interpreted these results as indicating that individuals use beneficence towards other in-group members as an excuse to act unfairly toward out-group members. Given that individual negotiators are often acting on behalf of larger groups, this possibility suggests that egocentric biases may be even more prevalent in negotiations than in other settings.

The investigation of tactics that can neutralize egocentric biases and reveal the otherwise-obscured ethical dimensions of decisions is an area ripe for further research. For instance, it is important to consider how the positive effects of perspective-taking can be maximized and the negative ones minimized (for a discussion of the negative effects of shallow-level perspective-taking, see Caruso et al., 2006). Also, it may be the case that factors that enhance the desire to be perceived fairly may mitigate the tendency toward egocentrism. Recent research suggests that if a person’s concern for leaving a positive legacy is strong enough, it could moderate self-interested motivations (Wade-Benzoni, 2006a; Wade-Benzoni et al., 2007) and thus may mitigate egocentric biases.

Social expectations. Researchers have long understood that individuals’ expectations of others’ behavior are effective predictors of ethical decision making (Trevino, 1986). Most often this is observed to occur because individuals tend to search outside themselves for examples or models of how to handle ethical dilemmas (Caruso et al., 2006; Tenbrunsel, 1998; Trevino, 1986). However, Tenbrunsel (1998) has shown that expectations of others’ behaviors may be subject to the same sorts of egocentric biases that can plague individuals’ perceptions of their own actions. Tenbrunsel’s analyses revealed that when an individual faces greater incentives to misrepresent information to an opponent, that individual tends to develop a greater expectation that the opponent is likely to misrepresent information as well, regardless of the incentive level of the opponent. These findings suggest that egocentric biases can produce motivated expectations about opposing negotiators’ behaviors, which can in turn be used as justifications for enacting unethical behavior towards them.

We suggest that these findings can fruitfully be extended to illuminate the divergent dynamics between individual-based and group-based negotiation. As previously mentioned, the unique dynamics of group-based negotiation is relatively understudied from a social psychological approach. Likewise, most research on ethical behavior has focused on individual perpetrators acting either toward other individuals or toward ambiguous and amorphous targets, such as society at large, but has neglected to explore the impact that the type of target (e.g. individual versus group) might have on ethical reasoning (Tenbrunsel, 2006). Nevertheless, previous research gives us reason to expect that negotiation expectations, and thus ethical behavior, directed toward groups will be different than expectations and behavior directed toward individuals. For instance, as previously mentioned, Polzer (1996) demonstrated that teams are perceived (and perceive themselves) to be more powerful, less
cooperative, and less trustworthy than individual negotiators. Building on the insights that individuals model others’ ethical behavior and that expectations of others’ behavior guide ethical action, we suggest that if groups are expected to be more competitive and less trustworthy, then this expectation could be used by their opponents to justify unethical behavior directed toward the group. Thus, we propose that negotiators may be more inclined to exhibit egoistic biases and to engage in unethical behavior when negotiating against groups than when negotiating against individuals.

Decision framing. A variety of factors in negotiations, including structural factors and individual-level factors, can have the effect of framing the issues at stake in negotiations. For instance, Tenbrunsel and Messick (1999a) found that the presence of sanctions shifted participants’ views of a dilemma from an ethical view to a business view and that this shift was accompanied by less cooperative behavior. Similarly, Mulder et al. (2006) demonstrated that sanctioning systems shift the framing of situations from a trust frame to a control frame and consequently create presumptions about the motivations of others, replacing the trust observed in the absence of a sanctioning system with distrust and less cooperative behavior. Likewise, a study by Frey and Oberholzer-Gee (1997) found that providing extrinsic rewards for donating blood actually decreased willingness to donate because the extrinsic rewards replaced the generosity frame with a self-interest frame, thereby crowding out the potential effects of generosity or ethical motivations.

Resource valence. Empirical evidence has established that allocation decisions involving benefits versus burdens are not processed equivalently (Mannix et al., 1995; Northcraft et al., 1996; Sondak et al., 1995). In particular, equity is more often used in allocating burdens than benefits, and agreements for allocating burdens tend to be less integrative than those involving benefits (Sondak et al., 1995). Research suggests that the distinction between benefits and burdens has ethical dimensions as well. In a recent set of studies, Wade-Benzoni et al. (2007) found that compared to allocating benefits, allocating burdens heightened ethical concerns, intensified moral emotions (e.g. guilt, shame), led to feelings of greater responsibility for and affinity with future generations, and ultimately increased concern with one’s legacy. Research on the role of resource valence in negotiation continues to be an area rich with potential.

Sacred issues in negotiation
In the past several years, negotiation researchers have begun to explore how negotiations about sacred issues (i.e. ideologically- or values-based), rather than about more material interests such as the attainment of benefits, money or time, play out in distinct ways. The more closely held a value is for a person, the less likely that person is to be willing to trade-off some of that value in return for something else, and thus the more sacred it is. When sacred issues are at stake in a negotiation, people are implicitly or explicitly asked to make tradeoffs that might be ethically, morally, or emotionally difficult for them. Some researchers have therefore begun to suggest that the highly-charged nature of sacred issues negotiations is likely to produce different negotiation processes and outcomes than other types of negotiations (Harinck and De Dreu, 2004; Tenbrunsel et al., 2007; Wade-Benzoni et al., 2002a).

Sacred issues in negotiations have been shown to alter negotiators’ perceptions in at least two ways (Baron and Spranca, 1997; Tetlock et al., 2000; Wade-Benzoni et al.,
First, sacred issues are sensitive to the omission bias – a bias against active behavior in favor of inaction. If a negative event occurs, people are more critical of the decision that led to that outcome if the decision involved taking an action than if it involved inaction. For example, Baron and Ritov (1990) demonstrated that parents are often reluctant to vaccinate their children, even if the risk of death from disease is much higher than the risk of death from the vaccine, because if death occurred due to vaccine they felt they would be more responsible for that death than one that resulted from lack of vaccination. In other words, people tend to feel innocent of harm when the harm results from their inaction and guilty of harm when the harm results from their action. The omission bias could produce a barrier to agreement in negotiations involving sacred issues. If, in order to reach agreement, parties have to accept some form of loss, they may prefer losses from inaction to losses due to an agreement, even if the losses from the agreement are much smaller. Second, sacred issues also demonstrate quantity insensitivity (Baron and Leshner, 2000; Baron and Spranca, 1997). Quantity insensitivity means that trade-offs that involve a small loss in the domain of the sacred value are regarded just as negatively as trade-offs that involve a large loss. For instance, if an individual holds the protection of endangered species to be a sacred value, then that person is likely to view an act that eliminates one species as equally egregious as an act that eliminates 100 species. In essence, individuals may act as if a single unit of the sacred value has infinite utility. In the context of negotiations, quantity insensitivity amounts to a contention that the issue simply is not negotiable. However, while quantity insensitivity has been demonstrated in a number of studies of the intrapersonal effects of consideration of sacred values (Baron and Leshner, 2000; Baron and Spranca, 1997), recent research on sacred issues in the negotiation context has revealed that values that are reported to be sacred and non-negotiable sometimes become negotiable if the BATNA is sufficiently undesirable, leading some researchers to argue that sometimes sacred values may in fact be “pseudo-sacred” (Tenbrunsel et al., 2007).

Sacred issues are likely to provoke strong emotions in negotiation. The suggestion of a trade-off on sacred values has been demonstrated to provoke anger (Baron and Spranca, 1997) and moral outrage (Tetlock, 1999; Tetlock et al., 2000). In addition, people tend to make harsh dispositional attributions toward those who make such trade-offs or who would ask them to make such trade-offs. This tendency indicates that negotiations over protected values may be particularly susceptible to collapse. Robinson and his colleagues (Keltner and Robinson, 1993; Robinson et al., 1995; Robinson and Kray, 2001) demonstrated that opposing sides in ideological conflicts tend to exaggerate their opponents’ extremism. This finding suggests that negotiators in ideologically-based negotiations may perceive more differences between their mutual preferences than actually exist.

Inevitably, sacred issues have a number of negative effects on negotiation outcomes. Tenbrunsel et al. (2007) showed that, particularly when negotiators have strong BATNAs, sacred issues tend to increase the likelihood of impasse, reduce the profitability of outcomes, and produce more negative perceptions of opponents. Researchers have also demonstrated that integrative behavior is less frequent, and distributive behavior more frequent, when sacred issues rather than personal or group interests are at stake (Harinck and De Dreu, 2004).
A variety of avenues for further inquiry can be identified. First, outcomes such as more frequent impasse and lower integrative behavior have not been linked in a theoretical model to the causal mechanisms that are likely to produce them (e.g. altered perceptions and emotions). For instance, is lower integrative behavior more affected by negative emotions toward opponents, or is it only a matter of trade-off aversion? Second, it is important to further explore the notion of pseudo-sacredness. Under what conditions are claims of sacredness more likely to be absolute, versus pseudo-sacred? When are claims for pseudo-sacred values likely to be strategic choices, and when are such claims a form of self-misunderstanding on the part of the negotiator? Third, there are clear links between the findings on the divergent effects of allocating benefits versus burdens and the findings regarding the omission bias. It is possible that people view the allocation of burdens as a more ethics-laden task primarily because negative outcomes in such situations are viewed as “harm imposed” rather than “benefits denied.”

A fourth area ripe for further research concerns the potential methods of de-biasing negotiators when sacred issues are at stake. To do so, researchers can draw upon findings in individual decision making contexts. For instance, Drolet and Luce (2004) demonstrated that cognitive load can have a rationalizing effect on decisions involving emotionally-charged trade-offs. While imposing cognitive load is likely to have more negative than positive impacts in negotiation contexts, it is possible that simply incorporating more non-sacred issues could have a rationalizing effect. This possibility points to another area for further inquiry: what are the dynamics of mixed negotiations involving both sacred and non-sacred issues?

**Intergenerational conflict**

Intergenerational conflict is an area in which questions about ethical behavior, sacred issues, and time in negotiation merge. Intergenerational conflict occurs when the interests of different generations are not aligned, such as when natural resources are consumed at an unsustainable level. Situations in which intergenerational conflict emerges tend to be characterized by a set of structural features including power asymmetry, absence of direct reciprocity between generations, decoupling of decisions and consequences, and role transition between actors (Wade-Benzoni, 2002; Wade-Benzoni, 2006a; Wade-Benzoni et al., n.d.). Power asymmetry is evident when the present generation has unilateral control over how resources are allocated across generations. This power asymmetry is reinforced when future generations cannot reciprocate the actions of past generations back to them. Decoupling of consequences refers to the fact that decisions made by the present generation produce some outcomes that are not manifest until a later point in time, when future generations must deal with them. Finally, role transition between actors simply means that, over time a future generation comes to take the place of past generations in a given role.

An intergenerational framework can help propel future negotiations research forward because the intergenerational context challenges the boundaries of traditional negotiations by considering situations in which parties with conflicting interests may not exist contemporaneously (Wade-Benzoni, 2006b). A central insight of intergenerational research is that conflicts can appear to be distributional in nature and therefore not amenable to integrative solutions. Yet an intergenerational perspective can broaden the negotiation to include future relevant actors and thereby
illuminate potential avenues for integrative resolutions. Wade-Benzoni (1999) noted how an intergenerational perspective can provide insights into what is often perceived to be a conflict of interests between business competition and environmental protection. While there may appear to be a conflict from a single generation’s perspective, when the definition of economic interests is broadened to include the interests of multiple parties across generations, the interests of business and the environment are actually quite compatible (e.g. sustainable use of resources).

**Barriers to intergenerational perspective-taking.** Research has identified a number of barriers to intergenerational beneficence including psychological distance between decisions and consequences, egocentrism, uncertainty, and intergenerational reciprocity (Wade-Benzoni, 1999, 2002, 2006b, 2007; Wade-Benzoni et al., n.d.) as well as resource valence (discussed earlier) (Wade-Benzoni et al., 2007).

Psychological distance can be of either a temporal or interpersonal nature (Hernandez et al., 2006). Temporal distance exists because there is a time delay between the making of the decision and the outcome that future generations experience. Interpersonal distance compounds the effects of temporal distance in that not only is the outcome delayed, but the outcome accrues to a person other than the self. Thus, in the case of intergenerational decision-making, the interest of others in the future may be in direct conflict with the interests of the self in the present. Greater interpersonal distance between the decision maker and future generations results in less beneficence on the part of decision makers toward future generations (Wade-Benzoni, 2007).

In addition, the ambiguity and uncertainty that is inherent in many intergenerational decisions can theoretically increase the likelihood of egocentric biases. First, temporal distance between decisions and their outcomes leads to more abstract reasoning about the outcome (Liberman et al., 2002; Trope and Liberman, 2003). This abstraction can produce ambiguity, which can exacerbate the already pervasive influence of egocentric biases. Second, outcomes of intergenerational decisions are uncertain. Furthermore, the preferences of future generations are also subject to uncertainty, particularly in those cases in which the members of future generations are unidentifiable. Thus, we might expect uncertainty and ambiguity to promote egocentric biases because they provide decision makers with the option of being optimistic and assuming that outcomes in the future will be better than expected (Wade-Benzoni et al., n.d.). This optimism can, in turn, legitimize the tendency to discount the value of benefits to future generations. Counter-balancing this effect, however, recent research suggests that uncertainty can lead people to believe it is fair to leave more resources for future generations due to the higher potential impact the present generation can have on future generations – thus leading to greater social responsibility concerns (Wade-Benzoni et al., n.d.).

Reciprocity typically refers to two parties mutually reinforcing each other’s actions by reciprocating those actions. In the case of intergenerational decision-making, however, it is usually not possible for future generations to reciprocate the behavior of past generations. However, Wade-Benzoni (2002) identified a process of intergenerational reciprocity in which present generations base their decisions about what benefits and burdens to pass on to future generations at least in part on their assessment of the benefits and burdens that were left to them by previous generations. Thus, the behavior of previous generations can serve as a model of acceptable behavior that is likely to be replicated by future generations, and becomes the normative
standard against which the actions of future generations are judged. Therefore, if this standard prioritizes the interests of the present generation over the interests of future generations, a pattern of ignoring intergenerational perspectives is likely to be established. Future research can explore whether the perceived intentions and capabilities of previous generations moderate the effect of intergenerational reciprocity, as well as the circumstances under which people will view the behavior of past generations as an example of “what not to do.”

**Overcoming the barriers to intergenerational perspective taking and directions for future research.** Given the way in which the intergenerational perspective challenges the boundaries of traditional conceptions of negotiations by broadening the definition of the stakeholders and expanding the potential for integrative outcomes, an important avenue for further research is the exploration of mechanisms for overcoming the barriers to taking an intergenerational perspective. One approach that has been proposed is to leverage individuals’ needs to create a positive legacy. Wade-Benzoni (2006a) has argued that acting on the behalf of future generations is one way that people find meaning in their lives and that they therefore gain social psychological benefits from such acts. A second approach is highlighting affinity with future generations. Affinity is a function of the extent to which the present generation feels empathy for members of future generations and attempts to understand the concerns and worldview of future generations (Wade-Benzoni, 2006b). Indeed, research has demonstrated that greater levels of affinity promote greater levels of intergenerational beneficence (Wade-Benzoni, 2007).

Future research could also explore the role of feelings of responsibility in promoting intergenerational beneficence and in producing the distinctive effects of allocating benefits versus burdens. Research has indicated that individuals allocating burdens perceive their decisions to be more ethics-laden and also tend to make less self-interested allocations (Wade-Benzoni et al., 2007). One implication of these findings is that those individuals feel responsible for those outcomes and are seeking to avoid guilt. Interestingly, research on ultimatum bargaining has revealed a tendency for allocators to increase their offers when recipients are completely powerless relative to when recipients have some minimal amount of power. This effect has been shown to be mediated by feelings of social responsibility (Handgraaf et al., 2006). Consistent with this, Wade-Benzoni et al. (n.d.) found that instilling feelings of power in the present generation can promote stewardship attitudes that temper egocentric and self-serving behavior.

**Partner selection**
A crucial issue facing negotiators is the selection of a negotiation partner, yet the vast majority of empirical investigations of negotiation behavior have begun by pre-selecting negotiation partners. This discrepancy points to a wide-open area of research with considerable potential for both theoretical and practical implications: the partner selection process.

The initial look at this critical area was taken by Tenbrunsel et al. (1999b). As they pointed out, research has demonstrated that matching markets, or markets in which actors must select an exchange partner, tend to produce suboptimal outcomes. They conducted several studies to explore the partner selection process and found that restricting the influence of strong ties on the matching process increased the number of
economically optimal agreements, enhanced the profitability of the matches, and increased the amount of search activity in which participants engaged. This tendency for strong ties to produce suboptimal outcomes is consistent with the empirical findings regarding the negative effects of relationships between negotiators on negotiation processes and outcomes. However, despite the drawbacks, strong tie partners may be preferred by negotiators because of the benefits of established trust, expectations of fairness and honesty, and the general smoothness of interaction that individuals expect when working with someone they know well. Tenbrunsel et al. (1999b) demonstrated that negotiators tend to pursue these benefits and ignore the negative impacts of relationships on economic outcomes. They further demonstrated that the effect of strong ties on profitability is moderated by the relative power of the negotiators. High-power parties were more profitable in markets that did not permit strong tie matches, while individuals with lower power were more profitable in markets that did permit strong tie matches.

Further research should be conducted to explore the partner selection process and its consequences for negotiation outcomes. For example, future research should examine how negotiators choose partners from among a number of relationships. Do negotiators prefer strong ties in all situations, or are there some situations in which looser, yet familiar, ties are sought out? How do the differing levels of closeness affect negotiation outcomes in different settings or types of negotiations? Also, how does the partner selection process relate to the issue to be negotiated? It may be the case that when collaborative interaction is critical, strong ties are more likely to be sought out and tend to perform better than when the negotiation issue is more distributive in nature. Finally, research should also examine what factors other than relationship ties might affect partner selection. For instance, do negotiators seek others of equal, lesser, or greater status? A deeper understanding of these aspects of the negotiation selection process will contribute to a fuller and more integrative understanding of the dynamics of negotiation processes and outcomes.

Concluding remarks
Negotiation research in the past two decades has grown in both breadth and depth, largely in response to tremendous economic and societal changes. In an effort to achieve a more comprehensive understanding of negotiation processes and outcomes, we reviewed and integrated the new developments into the broader behavioral negotiation framework. Figure 1 presents an integration of the broad variety of research covered here. More importantly, it highlights our view of the dynamic interaction between the two levels of context and negotiator effects.

The contextual factors (i.e. the set-up of the negotiation) determine the boundaries of the negotiator effects. For instance, the presence of other parties effectively changes the structure of the situation to the degree that parties actively seek alliance that is advantageous to their own groups, thus potentially altering the final gains for groups as well as individuals directly involved in the negotiation. On the other hand, the influence of the structural features is exerted through the way in which individuals perceive the negotiation – the rules, the constraints, the opportunities, the opponents, and so on. An interesting example is the effect of interpersonal relations in negotiation. When negotiating with someone with whom one shares close interpersonal ties, individuals tend to share more truthful
Figure 1. An integration of the broad variety of research.

Space (Geographical and Social)

CONTEXT (The Game)

NEGOTIATORS (The Players)

Cross-Cultural Perspective

Structure
- Power (relative power and power sources)
- Email
- Time (deadline, outcome delay, time pressure)
- Integrative potential

Other people (non-interaction-based)
- Multi-party and team negotiation
- Constituencies
- Third parties

Notes: Topics in italic are those that were updated in our review. Topics in non-italic were covered by earlier reviews (e.g., Thompson, 1990; Neale and Northcraft, 1991; Bazerman et al., 2000)
information and share it in a more efficient way. At the same time, however, they also tend to reduce their search efforts and often compromise too readily. Whether optimal outcomes could be achieved depends on how these dual effects ultimately play out. These and similar dynamic patterns identified in the review suggest that the influences are flowing in both directions between the two levels.

To further advance the behavioral negotiation framework, we have explored a variety of emerging areas for future research. Ethics, sacred issues, and partner selection add novel perspective as to how additional consideration (i.e. moral considerations and ideological- or value-based value) could potentially moderate the linkage between negotiation processes and outcome. Further, we extend the settings in which negotiations are embedded along two dimensions: time and space (geographical and social). To the extent that the temporal distance between the current negotiators and the future generation changes the ways in which the current negotiators take into consideration the welfare of the future generation, the setup of the negotiation effectively shapes the cognition and motivation of the negotiators. Along the geographical and social space dimension we emphasize the cross-cultural perspective on negotiation. Theoretically, the vast body of negotiation research conducted in Western cultures could simply be examined in other cultures as well. Such an endeavor, however, should proceed with caution. First, researchers need to identify the cultural dimensions that are relevant to the negotiation setting. Second, corresponding measures need to be developed and validated for these cultural dimensions that are applicable to the negotiation. Preferably, these measures should tap into the individual, group, and societal levels of cultural dimensions so as to distinguish the unique effects at each level and allow interesting dynamics to play out. Third, the expected patterns should be based on underlying theoretical arguments rather than just comparing two cultures for the sole purpose of documenting cultural differences. Take together, the emerging areas we have pointed out as promising directions for future negotiation research will allow researchers not only to delve into new substantive areas of research but also to explore in new ways how the two levels interact with one another.

Our endeavor in revisiting the behavioral negotiation framework incorporates various streams of negotiation research and offers a more up-to-date and integrated view of the negotiation literature. Benefiting from its simplicity and flexibility, we extend and strengthen the behavioral negotiation framework by putting in the foreground the interactions between the two levels, as well as the multiple forms that the interactions can take. Although the way that the effects of the two levels map onto negotiator behaviors is hardly direct and explicit, we have identified some of the promising ways to conduct further exploration.

Notes
1. In their original framework, Neale and Northcraft (1991) covered a range of structural variables, including power, deadlines, integrative potential, and the non-interaction-based influences of other actors. Therefore, in this section we only focus on updating several key classes of contextual influences on negotiation that have gained considerable research interest.

2. Negotiation researchers have investigated an array of individual characteristics that might reliably affect negotiation behavior and performance. Early research focused on personality
traits but yielded mostly contradictory finding. Individual differences in cognitive ability seem to explain, to a moderate degree, the variation in negotiation outcomes. For a review on the past research, see Neale and Northcraft (1991). Here we only focus on the recent trend in the area of individual difference – gender difference in negotiation.

3. Preceding the research in negotiator motivation is the research in negotiator cognition. The behavioral decision perspective in the 1980s and 1990s has identified a number of cognitive biases, such as framing biases, the anchoring effect, overconfidence, fixed-pie assumption, escalation of commitment, and reactive devaluation. For a good review, see Neale and Northcraft (1991), Neale and Bazerman (1991), and Bazerman et al. (2000).

References


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