

CALLING THE SHOTS IN NEGOTIATIONS: THE EFFECTS OF SELF-EFFICACY, COGNITIVE STYLE, GOAL ORIENTATION, INFORMATION ABOUT PAST PERFORMANCE, AND OPPONENTS' BEHAVIOR ON NEGOTIATORS' RISK TAKING

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ABSTRACT

Risk taking is a central element in negotiations. Currently, a significant amount of information exists as to different negotiators' techniques, behaviors, and styles. However, very little is known about their risk taking behaviors and about the determinants of these behaviors. The purpose of this study is to investigate six factors affecting risk taking behaviors in negotiations.

In this study I focus on three risk taking behaviors that serve as the dependent variables: (1) revealing one's best alternative to a negotiated agreement (known as BATNA), (2) revealing one's payoffs, and (3) making high demands (or low offers).

The six independent variables I examine are: self-efficacy, cognitive style, goal orientation, information about negotiators' past performance, opponent's call for risk taking, and opponent's risk taking. Drawing from the current negotiation literature, I developed hypotheses as to the relationships among the independent and dependent variables. Subsequently, in order to test these hypotheses, I conducted a controlled experiment, in which confederates and subjects engaged in a negotiation role play over three separate issues.

As for the manipulated variables, the results indicate that negotiators take more risks (reveal information about BATNA and about payoffs) when their opponents ask them to do so and when their opponents take risks themselves. Negotiators take more risks when their

opponents both called for risk taking and engaged in risk taking. Negotiators also take more risks when presented with information that in past similar scenarios negotiators did either well or either poorly, than when presented with information about average past performance.

As for the measured variables, contrary to the respective hypotheses, the results indicate that individuals with low negotiation self-efficacy engage in more risk taking than negotiators with high self-efficacy; that cognitive style is not related to risk taking; and that the performance approach goal orientation rather than the learning approach goal orientation is related to risk taking.

These findings contribute to our understanding of risk taking, which is central to negotiation and has not been investigated systematically thus far. Finally, I discuss the implications of this study for both research and practice, and suggest avenues for further study.