

# **SAME POWER BUT DIFFERENT GOALS: HOW DOES KNOWLEDGE OF OPPONENTS' POWER AFFECT NEGOTIATORS' ASPIRATION IN POWER-ASYMMETRIC NEGOTIATIONS?**

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## **ABSTRACT**

*This article focuses on dyadic negotiations in which negotiators have asymmetric best alternatives to the negotiated agreement (BATNAs). We argue it is important to consider negotiator's knowledge states of opponent's BATNAs. The experimental study also examined how negotiator's perceptions of opponent's BATNAs were formed and how knowledge given to different negotiators affected negotiator aspiration levels. The findings show that Negotiator estimates of opponent BATNAs are affected by their own BATNAs even when the range of possible BATNAs is given; strong negotiator's knowledge of opponent's BATNAs increases their aspiration levels; and weak negotiator's knowledge reduces their aspiration levels. How knowledge of BATNA-asymmetries affects aspiration depends on which party has access to it.*

**JEL:** C78, C91, D74, D80

**KEYWORDS:** Best Alternative to a Negotiated Agreement (BATNA); Negotiation; Power Asymmetry; Knowledge; Aspiration

## **INTRODUCTION**

In almost all business fields, one cannot avoid negotiating. For example, a manager from one department needs to negotiate how to distribute limited resource with another department. A manager may need to negotiate the price of products and services the company provides to its customers. Negotiation involves two or more parties who agree on different issues. The resulting agreement makes the parties better off than without an agreement. Unless in a laboratory setting, negotiators usually have different power. It is therefore not surprising that a growing body of research focuses on negotiations where negotiators have different power (Anderson & Thompson, 2004; Kim & Fragale, 2005; Kray, Reb, Galinsky, & Thompson, 2004; Mannix & Neale, 1993; Pinkley, Neale, & Bennett, 1994; Van Kleef, De Dreu, Pietroni, & Manstead, 2006; Wolfe & McGinn, 2005).

Power is a relational variable, in that negotiator power can be understood only in relation to their opponents (Anderson & Thompson, 2004; Emerson, 1962; French & Raven, 1959). The more dependent one negotiator is on the upcoming negotiations than his or her opponent, the more power the opponent has over him or her. Fisher & Ury (1981) contend the value of a negotiator's Best Alternative to a Negotiated Agreement (BATNA) is a source of power, from which theoretical and empirical attention has been drawn (Brett, Pinkley, & Jackofsky, 1996; Kim & Fragale, 2005; Kim, Pinkley, & Fragale, 2005; Magee, Galinsky, & Gruenfeld, 2007; Pinkley et al., 1994; Roloff & Dailey, 1987; Saorin-Iborra, Redondo-Cano, & Revuelto-Taboada, 2013; Thompson, Wang, & Gunia, 2010; Wei & Luo, 2012). The possession of an attractive BATNA not only protects one from a poor agreement but also helps generate a good agreement (Fisher & Ury, 1981). This study is confined to situations where negotiators have asymmetric BATNAs. Hereafter, negotiators with a relatively more attractive BATNA are referred to as strong negotiators. Those with a less attractive BATNA are weak negotiators. When negotiators have different BATNAs, strong negotiators are have greater bargaining strength over their weaker counterparts (Fisher & Ury, 1981; Lewicki & Litterer, 1985; Pinkley, 1995; Pinkley et al., 1994; Raiffa, 1982). We know that in BATNA-asymmetric negotiations,

a better quality BATNA is converted into a higher portion of bargaining surplus (Komorita & Leung, 1985; Pinkley et al., 1994).

Most studies addressing BATNA-asymmetric negotiations make knowledge of others BATNAs available to negotiators. Yet, an assumption of complete knowledge of power-asymmetries entails significant loss in generalizability. This study considers whether, and how, knowledge of BATNA-asymmetries affects negotiators' aspiration levels. Negotiator aspiration has been shown to be an important pre-negotiation parameter as it determines negotiators feeling of success, concession pattern, own outcomes and joint outcomes (Mannix & Neale, 1993; Thompson, 1995). The current experiment was designed to address the following questions: (i) how does the perceived quality of one's own BATNA affect one's perception of the quality of the other's BATNA?; and (ii) how does knowledge of BATNA-asymmetries affect negotiator aspiration levels?

Next, a review of existing literature on BATNA-asymmetric negotiations and the hypotheses tested in this study are given. It is followed by a detailed description of experimental design and measurements used. Finally, the results will be reported and discussed, followed by concluding comments.

## LITERATURE REVIEW

### Formation of Negotiator Perceptions About Opponents

It is common that information regarding opponent positions is not available to negotiators. Negotiators often have their own expectations about opponents, prior to negotiations, for example, opponent payoff structure, interests, BATNA, etc. Given this lack of common knowledge I am left to wonder how negotiator expectations of the other's positions are formed. Experimental psychological and economic literature addressing the importance of information about opponents may help shed light on this issue (Roth & Malouf, 1979; Roth & Murnighan, 1982; Thompson & Hastie, 1990).

One stream of research considers how negotiator expectations about opponents are formed when negotiations involve multiple issues and contain potential for integrative agreements (Raiffa, 1982; Thompson, 1990, 1991; Thompson & Hastie, 1990). Essentially, Thompson (1990) and Thompson & Hastie (1990) examined negotiator perceptions of their opponent's preferences. These studies show that when no information about opponents is available, negotiators often assume that the other party's intensity of preferences across issues is the same as their own and that others interests within issues are completely opposed to their own within issues. Together, these findings are consistent with Thompson & Hastie's (1990) projection hypothesis which argues negotiators tend to base their perceptions of others on their own situations. In other words, when negotiators are in different situations to their opponents (i.e. different preferences or different prizes), their estimations about opponents tend to be inaccurate.

Knowledge of opponent BATNAs is probably the most important information negotiators can have in a negotiation. Pinkley et al. (1994) first attempted to show the quality of negotiators own BATNAs affects how they perceive their opponents BATNAs, when no information of opponents BATNAs is available. In real-life negotiations, although it is often the case that negotiators would not know precisely the value of others BATNAs, at most times they have at least some information about the others position (i.e. range of possible BATNAs). For example, most people, when purchasing cars, can access information about dealer costs and selling prices of other cars in the same model. This valuable information helps them determine the range of sellers possible BATNAs to some degree. To tighten external validity, I consider the effect of a range of possible BATNAs on negotiators' perception about others BATNAs.

Being given the range of possible BATNAs provides negotiators with knowledge of where they are. For instance if their BATNAs are within the range. Accordingly, it allows them to identify to a certain extent,

whether their BATNAs are relatively attractive or not. Whether this range affects negotiator perceptions about opponent BATNAs depends on where their BATNAs are.

Assuming that negotiators possible BATNAs are normally distributed, the best estimate of opponent BATNAs would be the range median. When negotiator's BATNAs are in the extremes of the range (i.e. weak negotiators in this study), they would know that their opponents BATNAs are likely to be better than their own. We speculate that this range median can alleviate the anchoring effect of their own BATNAs on perceptions about the others. In effect, it is likely they are more inclined to adjust their estimates from their own BATNAs to the range median, than those without knowledge about the range of possible BATNAs. On the other hand, when negotiator's BATNAs are close to the range median, the range of possible BATNAs will have no impact on their perception about the others'. To test the effect of BATNA-range on weak negotiators perceptions of others BATNAs, I propose the following hypothesis:

*Hypothesis 1: Weak negotiators adjust their estimates about others' BATNAs farther away from their own BATNAs, when the range of possible BATNAs is given than when it is not.*

#### Knowledge of BATNA-Asymmetries and Aspiration

Apart from estimating opponents BATNAs, negotiators usually identify their aspiration levels prior to negotiations. A number of studies have emphasized the importance of negotiator aspirations and they have been shown to impact initial offers and rates of concession, thus affecting the structure of outcomes (Lai, Bowles, & Babcock, 2013; Miles, 2009). In particular, negotiators with high aspirations generally make higher demands from their opponents and tend to be less willing to concede (Brodt, 1994; Cummings & Harnett, 1969; Hamner & Harnett, 1975). As a result, they end up with more of the pie and greater profits than those with low aspirations (Hamner & Harnett, 1975; Thompson, 1995).

Given the importance of aspiration to the structure of negotiated outcomes, research on BATNA-asymmetric negotiations has examined the impact of the quality of negotiator's BATNAs on their aspiration levels (Pinkley et al., 1994). Three levels of BATNAs (High, Low and No BATNA) were considered. Pinkley *et al.* (1994) showed that negotiators with high BATNAs (i.e. worth more than a compromise solution by agreeing on the mid-point of all negotiated issues) reported higher aspirations than those with low (i.e. worth less than a compromise solution) or no BATNAs. But, there was no difference between negotiators with low BATNAs and those with no BATNAs. These findings indicate that a strong BATNA increases aspiration levels. In other words, it assumes that a strong BATNA is defined in absolute terms. However, when BATNAs are in the low level, they have no impact on negotiators aspiration levels.

It is widely held that the relative quality of the BATNA available to a negotiator reflects the relative power of the negotiator (Lewicki & Litterer, 1985; Raiffa, 1982). It is, however, unclear as to why the relative strength of a BATNA does not affect negotiators aspiration. It is worth considering whether knowledge of BATNA-asymmetries influences negotiators aspiration levels. Such a relationship has not been explored in past research and will be addressed in this study. According to Thompson and Hastie's (1990) projection hypothesis, it is possible that negotiators assume their opponents have a similar BATNA. It is possible that knowledge of BATNA-asymmetries is key to negotiators' aspiration levels.

When negotiators have different BATNAs, the effect of this knowledge may differ depending on the quality of one's BATNA in relation to another's. Specifically, the direction of how this information influences aspiration depends on who has access to this knowledge and whether it identifies negotiators as expecting too much or too little relative to established social norms (Brodt, 1994; Roth & Murnighan, 1982). This identification is required to determine whether negotiators initial aspiration levels are high or low. For instance, some may suggest that in fixed-sum negotiations, negotiators initial aspiration level is low when their expected profit is less than half of the maximum joint profit. Their aspiration level is high if expected

profit is more than half the maximum joint profit. However, it becomes more difficult to define whether one's initial aspiration is (arguably unrealistically) high or low in variable-sum and BATNA-asymmetric negotiations. To accomplish this, I attempt to define strong and weak negotiators' initial aspirations when no knowledge of BATNA-asymmetries is available, followed by exploring the impacts of information about BATNA-asymmetries on aspiration levels of strong and weak negotiators respectively.

Past research implies that strong negotiators, who cannot compare their BATNAs with their opponents, tend to overestimate their counterparts' BATNAs (Pinkley et al., 1994). Consequently, they may not set their aspiration as high as those who can learn BATNA-imbalances between parties. For example, when strong negotiators lack information about BATNA asymmetries, they may be prepared to accept an offer that does not give them a large surplus. However, providing strong negotiators with information of others' BATNAs could help them identify whether an offer is unreasonable. Hence, when this information is not made available to strong negotiators, their initial aspiration is expected to be low. Because knowledge of BATNA asymmetries gives strong negotiators an acceptable justification for their demand of a higher share of the resources, it is suggested that this knowledge increases their aspiration level. To test this possibility, the hypothesis is proposed as follows:

*Hypothesis 2a: The aspiration level of strong negotiators increases with knowledge of their weaker counterparts' BATNAs.*

On the other hand, it is plausible to predict that when weak negotiators have no information about opponents' BATNAs, their aspiration is unrealistically high. Again, this is because they tend to assume that their opponents are in a similar situation as they are. This assumption deflates their estimations about counterparts' BATNAs. So, it is speculated that when informed of another's BATNA, weak negotiators expect less from the existing negotiation than when they lack information about another's BATNA. This is due to the fact that this information shows that they are the weaker member of negotiation dyads. The influence of knowledge about BATNA-imbalances is hypothesized in the following:

*Hypothesis 2b: The aspiration level of weak negotiators decreases with the knowledge of her opponent's BATNA.*

## DATA AND METHODOLOGY

### Subjects and Procedure

Two hundred and three undergraduate and master students at London School of Economics and University College London participated in this study between 2007 and 2008. They volunteered to take part in what was described as a negotiation experiment. The sample included 108 men and 95 women, with ages ranging from 18 to 51 years and a mean of 25.15 ( $SD = 4.78$ ) years (see Table 1 for details).

Participants were randomly assigned to experimental conditions and received the following instructions on a paper handout before the exercise began:

“The purpose of this study is to examine negotiation behavior. There will be a negotiation between an employer and employee about a job contract for the post of Assistant Manager. You will be randomly assigned as either an employer or employee. There are six issues of concern in the negotiation: salary, annual leave, bonus, starting date, medical coverage and company car. You will negotiate for points. Before you negotiate, you will be given a chart that describes all the possible ways you can settle this negotiation and how many points you can get for each alternative settlement. Your goal in this negotiation is to maximize the number of points you

gain for yourself. You will be given thirty minutes to negotiate and if you are unable to reach an agreement during that time, a disagreement will be declared.”

Table 1: Demographic Profile

Characteristics	Frequency	Percentage (%)
<b>Gender</b>		
Male	108	53.2
Female	95	46.8
<b>Age</b>		
20 or below	26	12.8
21 - 30	127	62.6
31 - 40	39	19.2
41 - 50	9	4.4
51 or above	2	1.0
<b>Level of Academic Program</b>		
Undergraduate	89	43.8
Postgraduate	114	56.2

Table 1 illustrates the characteristics of subjects who took part in the experiment.

As an incentive, subjects were informed the money that they received at the end of the experiment was related to the number of points they earned. They received 10p for every 100 points earned. The maximum possible payment to subjects was £12.80 and the minimum was £0.00. The experimenter provided subjects with specific negotiation instructions, a payoff chart, details their role, their own BATNAs, information about opponents BATNAs (if applicable), and a short quiz to ensure that subjects understood their BATNAs and payoff chart. All of these instructions, information, and quiz were given in writing on paper. Subjects were tested individually. The quiz showed subjects some sample agreements and asked them to indicate which agreement was better and which agreement was worse than their BATNAs. The experimenter checked answers to every question. Subjects in error were told to attempt the question again. Most subjects were correct on their first attempt and all were correct on their second attempts.

Questionnaires were used for the dependent measures as well. All participants were asked to complete a questionnaire at three points in the experiment. The first questionnaire included a number of demographic questions and elicited the participant’s perceptions of other parties BATNAs, which was given after reading initial role materials and receiving details about their own BATNAs. The second questionnaire elicited participants aspiration levels, which was distributed after participants were given information about others BATNAs (only applies to one of the experimental conditions). After participants completed the final questionnaire, they were debriefed about the purpose of the experiment.

Negotiation Task

The negotiation simulation used in this study was a variable-sum task. The negotiation situation involved an employer and employee resolving six issues in a job contract. As shown, all pairs negotiated a job contract that included different options on the following issues: salary, annual leave, bonus, starting date, medical coverage and company car. Table 2 describes all possible ways participants could settle this negotiation. There were several alternatives for each issue (e.g., the bonus varies between 2% and 10%). Each party had different preferences for the different alternatives defined by the points he or she would receive if that alternative was agreed upon.

The task contained six issues to be resolved including three types of issues: distributive, compatible and integrative (see Table 2). The salary was a purely distributive issue; when one party gained, the other party lost in a direct, fixed-sum fashion. The starting date was one in which both parties have perfectly compatible interests. In this negotiation task, there were two fully integrative trade-offs possible, in which preferences are inverse so that one party places a higher value on one issue and a lower value on another issue. For

instance, they had different priorities for medical coverage and company car issues and could trade-off these issues in the most profit-maximizing way (employer giving employee the best company car for the least medical coverage plan).

Table 2: Pay-off Schedules for Job Negotiation Task

Salary	Annual Leave	Bonus	Starting Date	Medical Coverage	Company Car
<b>Employer Pay-off Schedule</b>					
£24,000 (0)	25 days (0)	10% (0)	1 <sup>st</sup> July (1,200)	Plan A (3,200)	BMW 330i (0)
£23,000 (500)	20 days (1,000)	8% (400)	15 <sup>th</sup> July (900)	Plan B (2,400)	VW Golf (200)
£22,000 (1,000)	15 days (2,000)	6% (800)	1 <sup>st</sup> Aug (600)	Plan C (1,600)	Honda (400)
£21,000 (1,500)	10 days (3,000)	4% (1,200)	15 <sup>th</sup> Aug (300)	Plan D (800)	Ford Focus (600)
£20,000 (2,000)	5 days (4,000)	2% (1,600)	1 <sup>st</sup> Sept (0)	Plan E (0)	No Company Car (800)
<b>Employee Pay-off Schedule</b>					
£24,000 (2,000)	25 days (1,600)	10% (4,000)	1 <sup>st</sup> July (1,200)	Plan A (0)	BMW 330i (3,200)
£23,000 (1,500)	20 days (1,200)	8% (3,000)	15 <sup>th</sup> July (900)	Plan B (200)	VW Golf (2,400)
£22,000 (1,000)	15 days (800)	6% (2,000)	1 <sup>st</sup> Aug (600)	Plan C (400)	Honda (1,600)
£21,000 (500)	10 days (400)	4% (1,000)	15 <sup>th</sup> Aug (300)	Plan D (600)	Ford Focus (800)
£20,000 (0)	5 days (0)	2% (0)	1 <sup>st</sup> Sept (0)	Plan E (800)	No Company Car (0)

*Note. Negotiators were instructed that the number of points they would obtain was in parentheses. Employers and employees were given the upper half and the lower half of this table respectively.*

Negotiators could earn a maximum of 12,800 points or a minimum of 0 points. According to Table 1, an obvious compromise solution (settling at the mid-point for each issue) would be £22,000 salary, 15-day annual leave, 6% bonus, starting on the 1<sup>st</sup> August, Plan C medical coverage, and a Honda company car, yielding each negotiator 6,400 points for a joint total of 12,800 points. Of course, there were several other possible solutions that negotiators could reach.

### Experimental Manipulation and Dependent Measures

Strong negotiators were represented by the role of employer; while weak negotiators were in the employee role. Strong negotiators and weak negotiators would receive 6,000 and 1,200 points respectively in case of a disagreement. Participants were randomly assigned to the role of employer and employee. To create BATNA-imbalances between parties, each employer was randomly assigned to an employee so that each dyad was constituted of one employer and one employee. One might argue that employers (employees) always being strong (weak) negotiators may have created more than just BATNA differences. In other words, any observed significant differences between strong and weak negotiators may be attributable to their roles rather than their BATNAs. However, past research suggests that this is unlikely to be an issue. Pinkley (1995) considers the potential effect of role in job contract negotiation but no significant impact of role was found on pre-negotiation parameters (i.e. reservation price, aspiration levels) and negotiated outcomes. In addition, the current study concerns the absolute difference across experimental condition. As a result, any difference in role (between employer and employee) should not interfere with hypotheses validity.

Knowledge of BATNA-asymmetries was manipulated. To summarize the design, I identified two basic conditions, to which negotiation pairs were randomly assigned. They were: (1) Neither player knew the opponent's BATNA (control); and (2) Weak negotiators knew strong negotiators' BATNAs, and strong negotiators knew weak negotiators' BATNAs.

Negotiators' perceptions of others' BATNAs were assessed prior to negotiations. Their perceptions were surveyed after reading materials about their role, payoff schedules and BATNA manipulation but before receiving information about another's BATNA (if applicable).

Subjects were given the range of others BATNAs, 0 - 12,000 points, and they were asked to indicate what they believed the probability of the range(s) which their opponents BATNAs would fall within. A series of questions was asked for each interval, for example: "What is the probability that the opponent's BATNA is greater than 0?"; "What is the probability that the opponent's BATNA is greater than 1,000?". Given the probability distributions of participants perceptions, an 'expected estimate of another's BATNA' for each participant can be computed.

Negotiators aspiration levels were assessed by asking participants to indicate what constituted an ideal situation for them prior to negotiations. Specifically, following the provision of role material, pay-off schedules, BATNA manipulation and information of others BATNAs (if available), the experimenter provided participants with a questionnaire with the following instructions:

"Below is a pay-off chart similar to the one that has been given to you. Now, we would like you to fill in the boxes in this to indicate what your ideal settlement would be on each issue. Please note that only one alternative can be ticked for each issue."

A measure of aspiration was computed by transforming negotiator predictions into the number of points they would receive if that settlement was obtained.

## RESULTS

### Manipulation Checks

After receiving the experimental material containing BATNA manipulations, subjects were asked to specify the numbers of points they would receive in case of an impasse. In order to create BATNA asymmetries between parties, it is necessary to check the number of points that subjects believed they would receive for different roles (6,000 and 1,200 points for strong and weak negotiators respectively). Only a few participants (less than 2%) gave the wrong answers in the first trial. All of them were correct on their second attempts. In addition, manipulations of knowledge of BATNA asymmetries should be considered. All negotiators who were given knowledge of BATNA asymmetries correctly reported their opponents BATNAs. Thus, the BATNA and knowledge of BATNA asymmetries manipulations worked as intended.

Hypothesis 1 suggested that the range of possible BATNAs would reduce the anchoring effect of weak negotiator's BATNAs (in the lower- or upper-end) on their perceptions about others BATNAs. To test this hypothesis, I compared the difference in weak negotiators perceptions between two groups, one without being given the range and another with the range given. The finding supports Hypothesis 1. When weak negotiators were given the range of possible BATNAs, their perceptions about their counterparts BATNAs ( $M_{range} = 3,323$ ) were higher than those without knowledge of the range ( $M_{no\ range} = 1,375$ ),  $t = 7.26$ ,  $p < 0.0005$ . Considering the range was 12,800 points, the 2,000 difference in perceptions between these two groups is not trivial. This suggests the range of possible BATNAs lessens the anchoring effect of BATNAs on weak negotiators perceptions. However, the impact of weak negotiators own BATNAs (1,200 points) remains strong enough to pull their perceptions away from the best guess the range median.

Does knowledge of BATNA asymmetries affect negotiators aspiration levels? Yes. An analysis of variance, ANOVA, with a priori contrasts requested was performed to examine the impact of experimental conditions (knowledge of BATNA-asymmetries) on strong negotiators aspiration levels. A significant main effect for

Experimental Condition was found,  $F(1,100) = 10.76, p < 0.005$ .

Hypothesis 2a predicted this knowledge would have a positive impact on their aspiration levels. The findings support this hypothesis. As can be seen in Table 3, a planned comparison was conducted to compare strong negotiators aspiration in the control group and Condition 2. Informed strong negotiators reported higher aspirations ( $M_{knowledge} = 8,060$ ) than those without information ( $M_{no\ knowledge} = 7,371$ ),  $t = 3.28, p < 0.01$ . The finding suggests that strong negotiators knowledge of BATNA-asymmetries results in higher goals that they set for themselves.

Table 3: Means (Standard Deviations) for Negotiators Aspiration Levels as a Function of Experimental Condition

Experimental Condition	Strong Negotiators' Aspiration Levels
Control	7,371*** (988)
Strong Negotiators' Knowledge	8,060*** (1,130)
Weak Negotiators' Aspiration Levels	
No Weak Negotiators' Knowledge	7,484*** (1,767)
Weak Negotiators' Knowledge	6,160*** (1,813)

*Note.* No. of Strong Negotiators = 102 and No. of Weak Negotiators = 101. This table shows the mean values of strong and weak negotiators' aspiration levels in the two experimental conditions. Standard deviations are indicated in parentheses. In the second column, the upper two cells suggest that the mean strong negotiators' aspiration level was significantly higher in Condition 2 than that in the control group, and the lower two cells indicate that the mean weak negotiators' aspiration level was significant lower in Condition 2 than that in the control group. \*\*\*indicates significance at 1 percent level.

An ANOVA was used to consider the impact of negotiators' knowledge of BATNA-asymmetries (Experimental Condition) on weak negotiators aspiration levels. A significant main effect for Experimental Condition was found,  $F(1,99) = 13.82, p < 0.0005$ . Hypothesis 2b suggested that weak negotiators aspiration will decrease with their knowledge levels of others BATNAs. This hypothesis is supported. As can be seen in Table 3, a planned contrast of weak negotiators aspiration (control vs. Condition 2) revealed that when weak negotiators were informed, their aspiration levels were significantly lower than when they lacked this knowledge ( $M_{knowledge} = 6,160$  compared to  $M_{no\ knowledge} = 7,484$ ),  $t = -3.78, p < 0.0005$ . The result indicates that when weak negotiators knew both BATNAs, they tended to lower expectations about what constituted an ideal situation for themselves.

## DISCUSSION

The first research question addressed an apparent lack of supportive empirical evidence for theoretical arguments predicting a relationship between the quality of negotiator's BATNAs and their perceptions about others. According to Thompson and Hastie's (1990) projection hypothesis, negotiators should tend to base their perceptions about opponents on their own position. Given that BATNA imbalanced negotiations were considered in this study, I examined the impact of weak negotiator's BATNAs on their perceptions about others BATNAs, prior to negotiations.

In real-life situations, negotiators often do not know the precise value of others BATNAs, but they may have some information about the others position. This study examined the effect of the range of possible BATNAs on negotiators perceptions about others BATNAs, when negotiator's BATNAs were in the extreme of the range (weak negotiators in this case). Given the range, the best guess of others BATNAs should be the range median. It was found that when weak negotiators were given the range, their perceptions were farther from their own BATNAs than those who did not know the range. Being given the range lessened the anchoring effect of negotiator's BATNAs. Nonetheless, it is important to note the perceptions



of weak negotiators were still below the range median. This suggests that negotiators perceptions of opponent's BATNAs are anchored to their own BATNAs, to a certain extent. In other words, it is likely that knowledge of opponents BATNAs plays an important role in negotiations where negotiators have different BATNAs. The findings from the present study provide a fuller understanding of the process by which negotiators with a BATNA perceive their counterparts BATNA status.

Next, I emphasize the importance of an opportunity of interpersonal BATNA comparisons in another important pre-negotiation variable: aspiration levels. Previous research has shown the quality of BATNAs does not affect negotiators aspiration levels when their BATNAs are worth less than what a compromise agreement constitutes (Pinkley et al., 1994). This was replicated in this study. When knowledge of BATNA asymmetries is not available, strong and weak negotiators reported very similar aspiration levels. Another issue addressed was that whether knowledge of BATNA-asymmetries influences negotiators aspirations when they have different BATNAs.

Knowledge of BATNA asymmetries decreased with weak parties aspiration levels (see Figure 1). This is because an assumption of equal-BATNA situations led to an underestimation of the wideness of BATNA differences between parties. As a result, when weak negotiators lacked information of BATNA asymmetries, their initial aspiration levels were unrealistically high. Therefore, the role of this information was to help them reasonably identify their position in the negotiation, in comparison with their opponents. Clearly, weak negotiators would expect less from the existing negotiation when they better understood how a bargaining situation was characterized, than when they lacked this knowledge.

On the other hand, strong negotiators aspiration levels increased with their knowledge of BATNA imbalances (see Figure 1). An explanation is that in the absence of this knowledge, strong negotiators aspiration levels were unrealistically low, since they assumed their opponents would also have attractive BATNAs. Knowledge of BATNA asymmetries would help them identify they were in a position of higher power than their opponents. As a result, informed strong negotiators expected to obtain more from the existing negotiation than uninformed strong negotiators who overestimated their opponents BATNAs.

Many scholars argue that negotiators with high aspirations would outperform those with lower aspirations because high aspirations lead to higher demands and fewer concessions (Brodt, 1994; Cummings & Harnett, 1969; Hamner & Harnett, 1975; Thompson, 1995). Coupling theorist suggestions with the effect of knowledge on strong negotiators aspirations, informed strong negotiators were therefore expected able to do better in claiming values than those without knowledge.

Another theoretical contribution is that being given knowledge of BATNA asymmetries may place strong negotiators in a position of greater bargaining strength, resulting in a bigger slice of the resource pie than those who lack this knowledge. It explains why in some studies strong negotiators were able to reflect their BATNA advantage (Kim & Fragale, 2005; Komorita & Leung, 1985; Magee et al., 2007; Pinkley et al., 1994) but in another study strong negotiators did not reflect their power (Pinkley, 1995). The finding that strong negotiators knowledge of BATNA asymmetries increases their aspirations has other important implications. Magee *et al.* (2007) examine the relationship between BATNAs and the likelihood and pattern of negotiators making the first offer. They show that strong negotiators, compared to weak negotiators, are more likely to make an advantageous first offer, but this finding was confined to situations where strong negotiators knew both BATNAs. It is possible the observed effect of BATNA on the first offer made is also mediated by knowledge of BATNA asymmetries. More research is necessary to address this issue.

Figure 1: Negotiators' Aspirations as a Function of BATNA Knowledge

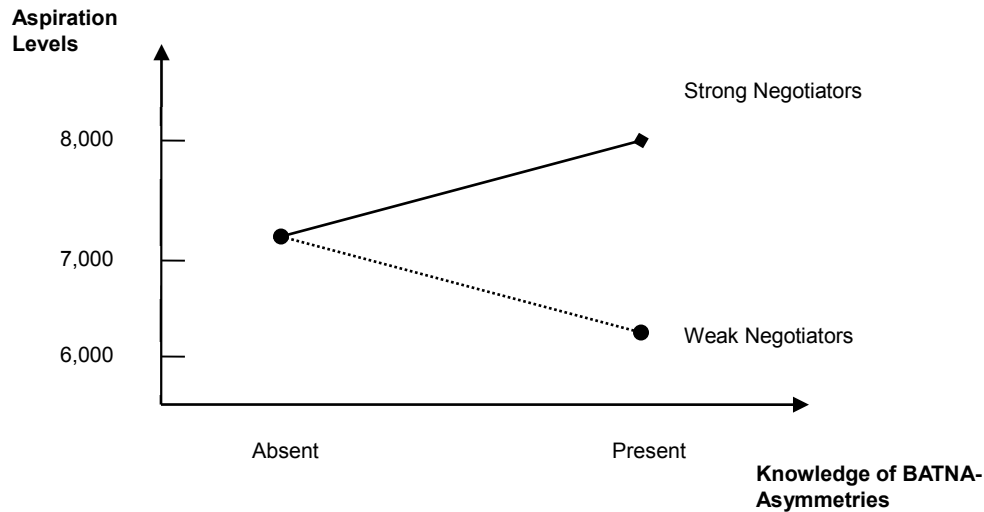


Figure 1 illustrates the opposite impacts of knowledge of BATNA asymmetries on strong and weak negotiators aspiration levels.

The findings also provide insights into strong parties mind-set when they did not have knowledge of BATNA asymmetries. One possible explanation is that uninformed strong negotiators, as shown previously, assumed that their counterparts also had an attractive alternative to the negotiation. As a result, they would act as if they were in equal BATNA situations. In contrast, knowledge of BATNA-asymmetries provided strong negotiators with a *justification* of a larger share of the resource pie. It signals to them that their counterparts rely on the existing negotiation to a greater extent than they do.

Prescriptive advice based on these experimental findings can be made to practitioners and managers in different business fields. Prior to negotiations, people's estimates about opponents BATNAs are often biased even when they have information regarding the possible value of opponents BATNAs. Managers are advised to be aware of failing to adjust sufficiently from their own BATNAs when estimating about others BATNAs. Coupling past findings about aspiration levels with the current findings, people's aspiration could be unrealistically too high or low, depending on their relative attractiveness of BATNAs. Even for negotiators in a weaker position, negotiators may benefit from learning more about their opponents positions, in terms of better identifying what a realistic agreement constitutes.

## CONCLUDING COMMENTS

The current research considers two important pre-negotiation parameters, perception of opponents BATNA and aspiration, in BATNA asymmetric negotiations. The empirical data is a product of a simulated negotiation experiment in which 203 undergraduate and master students participated. The major findings are that knowledge of BATNA asymmetries increases strong negotiators aspiration but decreases weak negotiators aspiration. A limitation of this study is that it is uncertain as to whether this knowledge affects the structure of negotiated outcomes. The relationship between knowledge and aspirations found in this study opens several avenues to explore in future studies. Without knowledge of BATNA asymmetries, it is seen that weak negotiators would expect more from negotiation. It leads to a question: How will the negotiation dynamic be affected if the two parties have different levels of knowledge? One place to begin is that there would be higher levels of hostility and conflict between negotiators, when only strong negotiators are aware of their BATNA advantage but weak negotiators do not. Hence, knowledge of BATNA asymmetries is an important focus in future research on power-asymmetric negotiations.

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