

Negotiator confidence: The impact of self-efficacy on tactics and outcomes

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Abstract

In a series of four studies, we examined whether and how negotiators' task-related self-efficacy affects their performance. In the first two studies, we identified two theoretically meaningful self-efficacy constructs—distributive self-efficacy (DSE) and integrative self-efficacy (ISE)—and provided evidence of construct validity. In the third study, task-congruent self-efficacy was positively associated with negotiators' self-reports of tactical decision-making. In the fourth study, we measured negotiators' tactics and found that ISE and DSE affected negotiators' initial choice of tactics. We conclude that ISE and DSE predisposes negotiators to select certain tactics, which then guide the course of the negotiation, and, ultimately, affect the quality of deals.

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Imagine that after weeks of research and test drives, you finally have found the car of your dreams. You are about to begin negotiating with a salesperson over the package of options and the price of the car. A successful outcome will require competitive tactics—you want to pay as little as possible for a car and the salesperson wants you to pay more. A successful outcome also requires cooperation between you and the salesperson; after all, both of you must agree to the deal for you to take delivery of the car. How confident are you that you can successfully use the tactics required to strike a beneficial deal? How will your confidence—or lack of confidence—in your skills influence which tactics you use? Will your confidence affect your ability to get the deal you are looking for?

In a series of four studies, we offer answers to these questions by focusing on whether and how negotiators' task-related self-efficacy affects their performance. We begin by constructing and validating two theoretically meaningful

self-efficacy constructs—distributive self-efficacy (DSE) and integrative self-efficacy (ISE). Once we have established the validity of our measures, we test whether self-efficacy is related to tactics negotiators choose. In the final experiment, we trace negotiators' use of tactics over the course of negotiations to pinpoint when and how self-efficacy matters in negotiation, with particular attention paid to its impact on deals.

Distributive and integrative negotiation

Scholars typically divide negotiation issues, strategies, and tactics into two types/sub-processes: distributive and integrative. Hallmarks of distributive negotiations include: (1) a direct conflict of interests between the parties, and (2) resources that are limited and fixed (Lewicki, Saunders, & Minton, 1999). Here, the parties' task is to determine how to split the resource, and most try to maximize their own gain (Pruitt, 1981). In contrast, integrative negotiations involve multiple issues that parties value differently. Opportunities to increase one's gains through tradeoffs can be

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exploited if negotiators accurately identify and execute the trades (Neale & Bazerman, 1991; Pruitt, 1981). This suggests that the structure of the issues has implications for the appropriateness of the strategy negotiators elect to pursue (e.g. Weingart, Thompson, Bazerman, & Carroll, 1990). Of course, it is possible for negotiators to use distributive tactics when the task has integrative potential, for instance. However, if the parties rely solely on these task-incongruent tactics, they are likely to miss opportunities to achieve low-cost gains (Weingart et al., 1990). In much the same way, bargainers may try to exchange information about preferences when a negotiation lacks integrative potential. Pursuing this course squanders time and effort, making the point that task-incongruent tactics are not likely to yield profitable deals.

Self-efficacy

For any task, including a negotiation, an actor has some level of confidence in his/her ability to perform that task that is referred to as self-efficacy (Bandura, 1997). Decades of research point to self-efficacy as a reliable predictor of behavior and performance across a range of independent activities, with better performance seen among those with higher levels of self-efficacy (Stajkovic & Luthans, 1998).

A variety of processes mediate the relation between self-efficacy and performance (Bandura, 1997). People who have confidence in their capabilities with respect to a specific task anticipate a successful performance, focus their thoughts on how they can succeed, and persist in the face of difficulty (Bandura & Cervone, 1983, 1986; Cervone & Peake, 1986). The opposite is true for people with a low level of self-efficacy for a specific task: they are likely to anticipate failure, focus their thoughts to potential problems, and react to challenges by scaling back their efforts or giving up completely. Most importantly for our purposes, self-efficacy affects the choices people make about how to spend their time: people tend to avoid tasks for which they have a low level of self-efficacy, preferring those for which they have higher levels (Bandura, 1997).

Little is known about whether or how self-efficacy matters at the bargaining table. Focusing on the individual negotiator, and largely neglecting the interdependent nature of the task, one line of research has investigated the impact of self-efficacy and particular training programs and goals on negotiation skill maintenance (Gist, Stevens, & Bavetta, 1991; Stevens & Gist, 1997). That work showed that trainees with low self-efficacy performed worse than those with high self-efficacy in a performance-oriented training condition. In another stream of research, self-efficacy has been shown to moderate how negotiators react to and manage an impasse (O'Connor & Arnold, 2001). These findings indicate that self-efficacy is likely to matter, but the studies do not detail how it operates in negotiations. Moreover, prior studies relied on general assessments of self-efficacy, calling into question how useful they are for predicting negotiators' choices of particular tactics.

In recent years, researchers have extended investigations of self-efficacy to interdependent task settings by focusing on how collective efficacy—a group's aggregated beliefs that the group can successfully accomplish a particular task—predicts group performance (e.g. Mulvey & Klein, 1998). Yet, this work has limited application to negotiation. Unlike negotiation settings, which involve parties with mixed motives, these studies focus on teams whose members have perfectly aligned performance goals. Moreover, this work has little to say about how a negotiator's self-efficacy will affect his/her choice of tactics, and, ultimately, performance.

Our goal is to trace the effects of self-efficacy over the course of negotiation to pinpoint the precise effects that negotiator confidence can have on negotiation behavior and performance. We expect these findings to make two important contributions to both the negotiation and self-efficacy literatures. First, the results will speak to the ways in which a little studied, but most probably critical, variable—negotiation-related self-efficacy—directs negotiators' choice of tactics. Second, whereas most self-efficacy research tackles the question of how individual self-efficacy improves independent task performance, our findings will address whether and how individual self-efficacy affects performance in an interdependent task context in which the parties have some shared and some conflicting goals.

Overview of studies

Our premise is that negotiators have varying levels of self-efficacy for particular sets of strategies. The higher their level of self-efficacy for a given strategy, the more likely they are to sample the tactics associated with this strategy. We expect this to prove successful when the strategy matches the task demands, but it can lead to inefficiencies and problems when the strategy is a mismatch for the task. To test these ideas, we must first identify appropriate measures of self-efficacy.

Studies that have relied on general rather than specific measures of efficacy show weak predictive value (for a review, see Lee & Bobko, 1994). As Bandura (1997) notes, *specific* efficacy beliefs should be predictive because those are the beliefs that direct which activities are pursued and how well they are performed. As we have noted, studies of self-efficacy in negotiation have relied on general measures, leaving us with potentially weak predictors of behaviors and outcomes. To address this, in Study 1 we create two scales: DSE and ISE and present factor analytic evidence supporting their construct validity. In Study 2, we further explore the construct validity of DSE and ISE by comparing the measures to other measures of self-efficacy and to individual differences that shape cooperative and competitive interpersonal behavior.

In subsequent studies, we investigate how self-efficacy affects the way negotiators handle bargaining situations, including their choice of tactics and ultimately the quality of their deals. A crucial test of the predictive validity of

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