

## First Offers as Anchors: The Role of Perspective-Taking and Negotiator Focus

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Three experiments explored the role of first offers, perspective-taking, and negotiator self-focus in determining distributive outcomes in a negotiation. Across 3 experiments, whichever party, the buyer or seller, made the 1st offer obtained a better outcome. In addition, 1st offers were a strong predictor of final settlement prices. However, when the negotiator who did not make a 1st offer focused on information that was inconsistent with the implications of the opponent's 1st offer, the advantageous effect of making the 1st offer was eliminated: Thinking about one's opponent's alternatives to the negotiation (Experiment 1), one's opponent's reservation price (Experiment 2), or one's own target (Experiment 3) all negated the effect of 1st offers on outcomes. These effects occurred for both face-to-face negotiations and E-mail negotiations. Implications for negotiations and perspective-taking are discussed.

Our professional and personal interests often collide with those of others. We may want to earn more than our boss is willing to pay, buy a used car for less than the owner demands, or do the dishes less often than our spouse desires. To settle such issues, we constantly have to negotiate with others, and the outcomes of such negotiations often exert powerful effects on our lives. Given that so many important aspects of life depend on the outcomes of negotiations, it seems natural that people often try to maximize their potential gains when negotiating with others. How can this be achieved? How can negotiators influence others to get an advantage at the bargaining table? And how can negotiators protect themselves from being influenced by their opponents?

One of the most striking characteristics of negotiations is that they typically involve a great degree of uncertainty on both sides. In many situations, negotiators have limited knowledge about their opponent's reservation point (the point at which the negotiator is indifferent between reaching a settlement and walking away from the negotiation) and target point (the nego-

tiator's ideal or most preferred outcome) and are thus inherently uncertain about what the optimal negotiation outcome might be. Furthermore, negotiators typically assume that their opponents are eager to obtain the best outcome for themselves and may try to do so by providing wrong or misleading information. In short, reliable information is typically scarce, so that negotiators often experience high levels of uncertainty. Research on the general processes underlying judgment and decision making (for a review, see Kahneman, Slovic, & Tversky, 1982) has demonstrated that in such situations of judgmental uncertainty, people often resort to simplifying heuristics (Tversky & Kahneman, 1974), which are beneficial under most circumstances but may also lead to characteristic distortions (e.g., Arkes, 1991). One of the classic judgmental biases that seems particularly likely to influence negotiations is the so-called anchoring effect, the assimilation of a numeric estimate to a previously considered standard (Tversky & Kahneman, 1974). The experiments in this article explore both the role of first offers as anchors in negotiation and successful and unsuccessful attempts to counter the advantage afforded by making a first offer.

The present experiments extend research and theory in a number of important ways. First, we empirically demonstrate for the first time that simply making a first offer in an actual negotiation affords a distributive advantage because the first offer serves as an anchor. Second, we extend work on perspective-taking by demonstrating the type of perspective-taking that does and that does not allow a negotiator to overcome the first offer advantage of one's opponent. Little research has explored how different types of perspective-taking can have differential biasing and debiasing effects. Third, we explore how different types of self-focus can successfully and unsuccessfully serve to negate the bargaining advantage afforded by first offers. The effects of perspective-taking and self-focus are explained through the selective accessibility model of anchoring effects (Mussweiler & Strack, 1999a, 1999b, 2000). Negotiators who focused, either through perspective-taking or through self-focus, on information that was

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inconsistent with the implications of their opponent's first offers were able to overcome the anchoring advantage of first offers. However, negotiators who focused, either through perspective-taking or through self-focus, on information that was consistent with the implications of their opponent's first offers left first offers as strong predictors of final outcomes. Finally, we extend the selective accessibility model of anchoring effects to competitive social interactions.

### Judgmental Anchoring

Judgmental anchoring manifests itself in the assimilation of a judgment to a salient standard of comparison (Tversky & Kahneman, 1974). Anchoring effects have been shown to influence a variety of judgments, from the personal (e.g., judgments of self-efficacy; Cervone & Peake, 1986) to the apocalyptic (e.g., judgments of the likelihood of nuclear holocaust; Plous, 1989). Importantly, anchoring effects can have consequential impact in arenas such as economic transactions (Mussweiler, Strack, & Pfeiffer, 2000; Northcraft & Neale, 1987) and judicial verdicts (Englich & Mussweiler, *in press*). In addition, anchoring has been used to explain a variety of psychological phenomena, including preference reversals (Lichtenstein & Slovic, 1971), the correspondence bias (Gilbert, 1989; Quattrone, 1982), the hindsight bias (Fischhoff, 1975), the illusion of transparency (Gilovich, Savitsky, & Medvec, 1998), and the spotlight effect (Gilovich, Medvec, & Savitsky, 2000).

To account for this diverse range of effects, Mussweiler and Strack (1999a, 1999b, 2000; see also Strack & Mussweiler, 1997) have recently proposed a selective accessibility model of anchoring effects (for a related account, see Chapman & Johnson, 1999). According to their model, individuals selectively generate knowledge that is consistent with the anchor value, and the increased accessibility of the generated knowledge mediates the influence of the anchor on subsequent absolute judgments. For example, Mussweiler and Strack (2000) found that when participants were given a high anchor in evaluating the price of a car, semantic knowledge consistent with high prices (e.g., luxury features, reliability, low mileage) was selectively made more accessible.

### Anchoring and First Offers in Negotiations

The research described above demonstrates that anchoring effects influence a variety of numerical estimates. Given that negotiations often pertain to numerical quantities, they may also be susceptible to anchoring effects. In fact, the use of anchors has been shown to influence the first offers that are made in a negotiation as well as their final outcomes. For example, Northcraft and Neale (1987) had real estate agents inspect a property and then asked them to estimate the appraisal value of the house, the price for which they would list the house, and the purchase price. The authors manipulated the list price, providing high and low anchors. Each of the estimates of the real estate agents was influenced by the list price. What the agents themselves would list the house for can be considered to be a first offer for potential negotiations. The real estate experts, however, denied using the list price, instead citing features of the property that justified their estimates. This justification is consistent with Mussweiler and Strack's (1999a, 1999b, 2000) selective accessibility model—attributes of the house

that were consistent with the anchor were relatively more accessible. Huber and Neale (1986) assigned negotiators to goals that were either easy or difficult to achieve. These negotiators' subsequent goals were influenced in an anchor-consistent manner by the difficulty of the previously assigned goals. These studies demonstrate that anchors can influence the type of initial demands negotiators make in a negotiation.

Furthermore, an opponent's first offer has been shown to influence the type of counterdemands and outcomes in negotiations (Benton, Kelley, & Liebling, 1972; Chertkoff & Conley, 1967; Liebert, Smith, Hill, & Keiffer, 1968). For example, in an experiment by Liebert et al., negotiators with incomplete knowledge of the bargaining zone were influenced by the extremity of the first offer of their programmed opponent. When this programmed opponent offered a bid that was unfavorable to the participants, participants made counteroffers that were less favorable to themselves and received less profitable negotiated outcomes. Generally, more extreme first offers in one's favor result in more beneficial outcomes for oneself. In addition, initial offers are better predictors of final settlement prices than is subsequent concessionary behavior (Yukl, 1974), which could be interpreted as an anchoring effect of the first offers. These studies provide some initial evidence suggesting that anchoring effects may be influential in negotiations.

It is important to note, however, that the specific paradigms that were used in this research limit the kind of inferences that can be drawn from them about actual negotiations. For example, Chertkoff and Conley (1967) and Liebert et al. (1968) experimentally controlled the responses of either the negotiator who made the first offer or the negotiator who responded to the first offer. Although controlling the responses of one of the negotiators allows for certain types of experimental control, it limits an understanding of how actual negotiations may play out. To mitigate this shortcoming and to examine anchoring effects in a more realistic context, we had participants in the present research engage in negotiations with an actual (rather than programmed) opponent.

A second potential concern is that previous research on anchoring effects in negotiations only varied the extremity of the initial offer without manipulating which negotiator made the first offer. As a consequence, it remains to be demonstrated whether having the seller or the buyer make the first offer influences the outcome of a negotiation. If this were indeed the case, then simply making the first offer in a negotiation would provide a simple yet effective way to influence the outcome of the negotiation. Although suggestive of this possibility, previous research has not explicitly tested whether making a first offer affords a bargaining advantage. One of the goals of our research is to provide such a test and demonstrate that making the first offer can afford a bargaining advantage. Kelley (1966) found that negotiators tend to set relatively high goals for themselves. Therefore, whoever makes the first offer should make a demand that anchors the negotiation in his or her favor. We predicted that making a first offer would provide a bargaining advantage—the final price of a negotiated item should be higher when a seller makes a first offer than when a buyer makes a first offer. To this end, we manipulated whether buyers or sellers made the first offer in a negotiation.

## Debiasing

One of the most striking characteristics of anchoring effects is their remarkable robustness. Expertise in the domain of judgment (e.g., real estate agents) or familiarity with the judgmental task has not been shown to moderate the effects of previously considered anchors, so that even seasoned experts are susceptible to the anchoring bias (Englich & Mussweiler, *in press*; Northcraft & Neale, 1987; Wright & Anderson, 1989). In addition, extremity and plausibility of the anchor do not moderate the effects (Chapman & Johnson, 1994; Strack & Mussweiler, 1997). Given the general robustness of anchoring effects, we sought to examine possible corrective strategies that negotiators can use to protect themselves from being influenced by a first offer made by their opponents. In many negotiations, one may receive an initial offer, thus being denied the opportunity to make the first offer oneself. In such a situation, it may be beneficial to have a strategy available with which one can offset the potential influence of such an anchor. Because anchoring effects are remarkably robust, designing a strategy that offsets the influence of any given anchor is a difficult task to master.

One particular class of strategies, however, has proven exceptionally successful in attenuating a range of robust judgmental biases (Fischhoff, 1982) and might be useful in the context of negotiations. It involves the active consideration of alternative possibilities, discrepant or inconsistent information, and divergent ways of framing problems—generally, this type of debiasing technique has been called “considering the opposite” (Lord, Lepper, & Preston, 1984). Hindsight bias (Fischhoff, 1975), confirmation bias (Snyder & Swann, 1978), attitude polarization bias (Lord, Ross, & Lepper, 1979), and belief perseverance (Ross, Lepper, & Hubbard, 1975) have all been shown to be attenuated when one takes into account information that is inconsistent with one’s initial beliefs. We use the term “consider the opposite” to refer to manipulations that lead individuals to focus on information that is in some way inconsistent with an expectancy, a hindsight, or a first offer. Because considering the opposite reverses the general tendency to ignore information that is inconsistent with expectancies, hypotheses, or current perspectives, it is a more successful strategy than exhortations to be unbiased (Lord et al., 1984; Wilson, Houston, Etling, & Brekke, 1996) or financial rewards. Strategies to debias thought are most effective when they compensate for the very mechanisms responsible for the effect (Fischhoff, 1982). The only successful manipulation in eliminating the hindsight bias, for example, entails requiring participants to explain how one of the alternative possibilities that did not occur might have occurred. Fischhoff (1982) concluded that “recruiting such negative evidence apparently reduced the judged inevitability of the reported event. Such contradictory evidence was apparently available to subjects in memory or imagination, but not accessible without a restructuring of the problem” (p. 428).

Lord et al. (1984) used the corrective strategy of considering the opposite to reduce the confirmation bias, the tendency to seek evidence that confirms one’s hypothesis and to neglect evidence that disconfirms it. They asked participants to test the hypothesis that a student in the next room was an extrovert (Snyder & Swann, 1978). The participants were given a list of questions, some that were designed to elicit an expectancy-confirming response and others that were designed to elicit an expectancy-disconfirming

response. Participants in the control condition preferred to ask questions that would confirm their hypothesis. Lord et al. (1984) were able to eliminate the bias, however, by providing participants with a profile of an introvert rather than an extrovert, telling the participants that “introverts are the opposite of extroverts, so reading this profile should be just as helpful to you” (p. 1238). When participants were given these instructions, they chose a greater balance of expectancy-confirming and expectancy-disconfirming questions to ask. This manipulation was significantly more effective than were the instructions “We want you to be as accurate as possible in providing a fair and unbiased test of the person’s true character” (p. 1238). Therefore, simple exposure to information in direct opposition to the hypothesis under consideration opened up previously buried routes of data gathering.

Similarly, Mussweiler et al. (2000) were able to reduce anchoring effects by having participants generate reasons why an anchor was inappropriate (see also Chapman & Johnson, 1999). In their experiment, a confederate approached car mechanics with a used car that needed a number of repairs and asked them to estimate the value of the car. The anchor was either high or low and was provided by having the confederate give his own estimate of the car’s value: “I think that the car should sell for about 2800 [5000] German Marks” (p. 1145). Consistent with the standard judgmental anchoring paradigm, the car mechanics were asked whether this value was too high or too low. Half of the mechanics were asked to consider the opposite before making their absolute estimates. Specifically, they were asked, “A friend of mine, however, mentioned yesterday that he thought this value is too low [high]. What would you say argues against this price?” (p. 1145). When the mechanics were not asked to generate arguments that were inconsistent with the anchor, their estimates of the car’s value were influenced by the anchors; this is consistent with the results of Mussweiler and Strack (2000), who found that high anchors led luxury features of a car to be more accessible. However, the effect of the anchors was reduced when mechanics generated reasons that were inconsistent with the anchor. Thinking about information that contradicts the implications of the anchor can allow perceivers to overcome the influence of the anchor.

## Perspective-Taking

How could this insight be applied to negotiations? What kind of information should one focus on to overcome the anchoring influence of a first offer made by one’s opponent? One possibility is to make thorough use of the information one has available about the opponent’s bargaining position. It has been suggested that one impediment to achieving favorable outcomes in a negotiation is lack of preparation (Fisher, Ury, & Patton, 1991). In particular, negotiators often fail to understand adequately the perspectives of their opponents. Misunderstanding the interests of one’s negotiation opponent can lead to erroneous attributions (Morris, Larrick, & Su, 1999), a failure to maximize joint gain (Thompson & Hrebec, 1996), and impasses (Thompson, 1990). In addition, not understanding the other side’s sources of power may lead to unwise strategies that can produce adverse outcomes. Thus, it is wise not only to understand one’s own interests but to spend time detailing one’s opponent’s interests and alternatives to this negotiation.

Perspective-taking, the active consideration of the viewpoint of another person, has been likened to the consider-the-opposite strategy (Galinsky, 1999). Perspective allows individuals to consider information that may oppose an already formed expectancy or possibly even the anchoring effect of first offers. Perspective-taking has been successful in reducing the confirmation bias (Galinsky, 2000a), diminishing the accessibility of stereotypes (Galinsky & Moskowitz, 2000), reducing in-group favoritism (Galinsky & Moskowitz, 2000), and recognizing the constraints that direct behavior (Galinsky, 2000a). Although perspective-taking does not always lead to diminished egocentric biases (Drolet, Larrick, & Morris, 1998), considering the perspective of one's opponent might lead to more beneficial outcomes for oneself.

Neale and Bazerman (1983) explored the role of perspective-taking in affecting distributive outcomes. They found that an individual-differences measure of perspective-taking ability was a strong predictor of outcomes and negotiator behavior (see also Davis, 1983, for a discussion of individual differences in perspective-taking). The ability to take the perspective of one's opponent led to better distributive outcomes and influenced the concessionary behavior of the opponent. Specifically, individuals who were higher on the perspective-taking scale led their opponents to make more frequent and greater concessions, which resulted in better outcomes for the perspective-taker. Overall, a general measure of perspective-taking ability appears to positively influence distributive outcomes.

Although Neale and Bazerman (1983) established a link between perspective-taking and distributive outcomes, they did not manipulate whether the negotiators took the perspective of their opponent or the type of perspective-taking in which negotiators were engaged (i.e., on which information about the opponent the negotiator focused). What is it about perspective-taking that helps negotiators obtain more advantageous outcomes and more satisfied opponents? To limit the anchoring effect of an opponent's first offer, a perspective-taking manipulation should draw the perspective-taker's attention toward information that is inconsistent with the implications of this offer. By inconsistent, we mean information that implies a value that is far removed from the opponent's first offer in the direction that favors one's own position; consistent information, on the other hand, implies a value that is nearer the opponent's first offer. One piece of information that might counter the anchoring effect of first offers is to consider the alternatives one's opponent has to the present negotiation. One's best alternative to a negotiated agreement (BATNA) represents a lower bound below which a negotiator should not settle (White & Neale, 1991). Fisher et al. (1991) advised negotiators to

consider the alternatives to a negotiated agreement available to the other side. They may be unduly optimistic about what they can do if no agreement is reached. . . . Knowing their alternatives, you can realistically estimate what you can expect from the negotiation. (p. 105)

When the other side makes the first offer, not only might they be overly optimistic about their alternatives, but it may also increase one's own pessimism, leading to counteroffers that have been influenced by the initial anchor (Liebert et al., 1968). Thinking about the other side's alternatives, which serve as the opponent's lower bound, should be helpful in recruiting information that may

not be consistent with the first offer. A good example is the situation of two parties negotiating over the purchase of a pharmaceutical plant for which the buyer makes the first offer. The buyer will give a low first offer, and this number may lead the seller to think of information that is consistent with a low anchor, such as problems with the plant. This is similar to what Mussweiler and Strack (2000) found in a nonnegotiation context: Low anchors made pedestrian aspects rather than luxury aspects of cars more accessible. However, if the seller takes time to consider the alternatives the buyer has, he or she may realize that one option would be building a new plant and that such a project would entail a huge financial burden and untold transaction costs. Considering the opponent's BATNA can allow the negotiator to recruit information that is inconsistent with the implications of the anchor.

In Experiment 1 we manipulated not only which negotiator, buyer or seller, made the first offer but also whether the negotiator who did not make the first offer considered the BATNA of his or her opponent. We predicted that when the BATNAs of the other party were not considered, an anchoring effect for first offers would emerge—the final settlement price would be higher if sellers made the first offer than if buyers made the first offer. We further predicted that this anchoring advantage of first offers would be reduced when negotiators considered the BATNAs of those negotiators who made the first offer.

## Experiment 1

### Method

*Participants and design.* Participants were 76 master's of business administration students at Northwestern University who were enrolled in a course on negotiations. Thirty-eight dyads took part in the negotiation. The experiment had a 2 (who made the first offer: buyer vs. seller)  $\times$  2 (did negotiator consider opponent's BATNA: yes vs. no) between-subjects factorial design.

*Procedure and stimulus materials.* The experiment was conducted as a class exercise on the 1st day of class. The negotiation involved the purchase of a pharmaceutical plant. Both the buyer and the seller were given the same general information. This information was included in the first page of their role information (see Appendix). They were told that the plant for sale was located in an area that contained many start-up biotechnology firms and an experienced but highly mobile workforce. Both negotiators were told that the seller had purchased the plant 3 years ago for \$15 million, which was below market value because the company from which the seller had purchased the plant was in bankruptcy, and that 2 years ago the plant was appraised at \$19 million. Participants were further told that the local real estate market had declined 5% since then but that the plant was a unique property and, thus, general real estate trends may not apply. In addition, participants were informed that a plant similar to this plant sold for \$26 million. The above information composed the general information sheet given to both negotiators.

Those participants who took the role of the buyer were informed that they were the Chief Financial Officer of a company in need of a new plant to manufacture a line of a highly specialized compounds and that one of the company's existing plants could not be modified. Buyers were given a BATNA—they were told that a new plant would cost \$25 million to build and would take a year to be fully operational (including Food and Drug Administration approval) but that it would be closer to their firm's headquarters. It is important to note that this \$25 million cost is close to the recent selling price of a comparable plant, information that both negotiators had.

Sellers were told that they were selling the plant because the company they represented was phasing out the product line that the plant produced.

The sellers were also given a BATNA. They were told that the main alternative to this negotiation would be to strip the plant and sell the equipment separately. The projected profit would be \$17 million if the plant were stripped. It is important to note that this potential profit is close to both the \$15 million the plant recently sold for (for which the seller had initially bought the plant) and the \$19 million appraisal value, information that both negotiators possessed.

Half of the negotiating dyads were instructed to have the buyer make the first offer. The other half of the dyads were instructed to have the seller make the first offer. This manipulation was the first variable. For the other manipulated variable, half of the negotiators who did not make the first offer were given an additional page of information. This page was entitled "Important Seller Preparation Information" for those dyads in which the buyer made the first offer and was entitled "Important Buyer Preparation Information" for those dyads in which the seller made the first offer. The instructions for the negotiator from dyads in which the buyer had made the first offer read,

When preparing for your negotiation it is important to think about and focus on the potential alternatives that the buyer has to this negotiated agreement. A clear understanding of the alternatives the buyer has will assist you in preparing for the negotiation.

The instructions were identical for negotiators from dyads in which the seller made the first offer, except that the word *buyer* was replaced with *seller*. After the negotiation, each dyad was asked to report the amount of the first offer, the amount of the first counteroffer, and the final agreement price.

## Results and Discussion

There were no impasses, as all negotiating dyads reached an agreement. We examined three central dependent variables: the first offers, the first counteroffers, and the final agreements.

**First offers and first counteroffers.** We predicted that sellers would make higher first offers than would buyers and that this effect would occur regardless of whether the person not making a first offer considered his or her opponent's BATNA. This was indeed the case: Sellers ( $M = 26.6$ ) made higher first offers than buyers ( $M = 16.5$ ) regardless of whether BATNAs were considered. In a 2 (who made the first offer: buyer vs. seller)  $\times$  2 (did negotiator consider opponent's BATNA: yes vs. no) analysis of variance (ANOVA), this pattern produced a significant main effect for who made the first offer,  $F(1, 34) = 72.8, p < .01$ , and this effect was not qualified by the higher order interaction,  $F < 1$ .

We predicted that sellers would make higher first offers than buyers would and that these first offers would function as anchors to which the first counteroffers would be assimilated—the counteroffers would be less in the favor of the negotiator who did not make the first offer. This effect, however, should be stronger in the control conditions, in which the opponent's BATNA was not considered. Considering the BATNA should produce counteroffers that are more in the favor of that negotiator. The results are consistent with these predictions. For the amount of the first counteroffer, sellers made counteroffers that were more in their favor when they considered their opponents' BATNAs ( $M = 24.8$ ) than when they did not consider their opponents' BATNAs ( $M = 22.9$ ). Similarly, buyers made more extreme counteroffers in their favor when they considered their opponents' BATNAs ( $M = 18.2$ ) than when they did not ( $M = 21.3$ ). This pattern produced a main effect for who made the first offer,  $F(1, 34) = 19.2, p < .001$ , that was qualified by a significant interac-

tion,  $F(1, 34) = 7.4, p = .01$ . Simple effects tests showed that there was a significant effect of who made the first offer when participants considered their opponent's BATNA,  $F(1, 34) = 25.2, p < .01$ , but that there was not a significant effect when no BATNAs were considered,  $F(1, 34) = 1.4, p > .24$ .

It is important to note that for counteroffers, the difference between the buyers and sellers was larger in the consider-the-BATNA condition than in the control condition. This may at first appear paradoxical. However, the smaller difference in the control condition represents the influence of the first offer on counteroffers. This is because in the control conditions, when the buyer, for example, makes a first offer of \$17 million, the seller's response is influenced by that first offer, and he or she makes a counteroffer in the middle of the bargaining zone of around \$22 million. In the consider-the-BATNA condition, the seller's response is closer to his or her target range of \$25 million. The same holds true for the situation in which the seller makes the first offer and the buyer counters. Thus, in the control condition, the counteroffers of buyers and sellers are in the middle of the bargaining zone and are not reliably different from each other. This lack of difference is consistent with the research of Liebert et al. (1968), in which the extremity of first offers affected the extremity of subsequent counteroffers.

**Final agreement.** Our main dependent variable was the amount of the final agreement. We predicted that the final agreement should be higher if the seller rather than the buyer made the first offer. Again, this should only be the case if no BATNAs were considered. The results are consistent with this prediction (see Figure 1). When the opponent's BATNA was not considered, an anchoring effect emerged for first offers. The final purchase price was higher in the negotiations in which the seller made the first offer ( $M = 24.8$ ) than in the negotiations in which the buyer made the first offer ( $M = 19.7$ ). When the opponent's BATNA was considered, the anchoring advantage of making the first offer was eliminated. Regardless of whether the buyer ( $M = 21.6$ ) or the seller ( $M = 21.5$ ) made the first offer, the final price was equivalent. Buyers who made the first offer received a better outcome when their opponents did not consider their BATNAs than when their opponents did consider their BATNAs; the same was true for sellers. This pattern produced a significant main effect for who made the first offer,  $F(1, 34) = 7.6, p < .01$ , that was qualified by

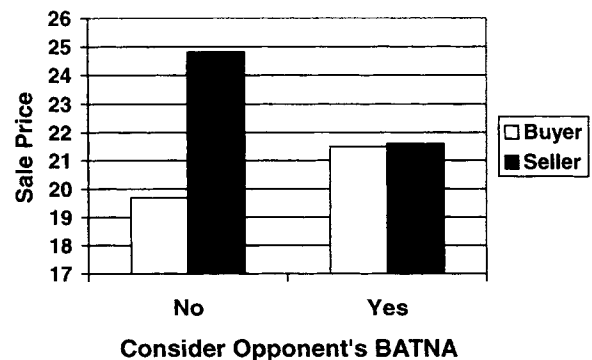


Figure 1. Final agreements by who made the first offer and considering opponent's best alternative to a negotiated agreement (BATNA). Sale prices are in millions of dollars.

a significant interaction,  $F(1, 34) = 8.2, p < .01$ . Simple effects tests showed that the effect of who made the first offer was significant when the opponents' BATNAs were not considered,  $F(1, 34) = 15.4, p < .01$ , but was not significant when the opponents' BATNAs were the focus of attention,  $F < 1$ .

Considering the opponent's BATNA affected counteroffers and final settlement prices but did not affect the initial first offers of the nonmanipulated negotiator. This demonstrates that considering the opponent's BATNA provided ample defense against the anchoring effects of the opponent's first offer.

**Correlational analysis.** To further examine the relation between first offers and final agreements, we examined correlations between the two. If the first offer functions as an anchor to which the final agreement is assimilated, then a positive correlation should result such that higher first offers yield higher final outcomes. This correlation, however, should be stronger in the control conditions. Considering the opponent's BATNA should offset the anchoring effect of the first offer, reducing the strength of the correlation. The results of our correlational analysis are consistent with these predictions. In the control conditions in which BATNAs were not considered, first offers were highly predictive of final agreement prices,  $r(19) = .93, p < .001$ . In the conditions in which the BATNA of the negotiator who made the first offer was considered by that negotiator's opponent, however, first offers were no longer predictive of final agreement prices,  $r(19) = .30, p < .21$ .

In sum, these findings indicate that negotiators who made the first offer in the control conditions (in which one's opponent did not consider his or her BATNA) achieved superior outcomes for themselves (see also Galinsky, Seiden, Kim, & Medvec, in press). The first offer served as an anchor. Moreover, the size of this anchoring effect was quite substantial. In fact, the difference of \$5 million that was obtained in the two conditions in which no BATNA was considered is equivalent to almost two thirds of the bargaining zone (i.e., the distance between the two BATNAs—\$17 million to \$25 million) of the negotiation used in this paradigm. When the negotiator who did not make the first offer considered his or her opponent's BATNA, however, the anchoring effects of first offers disappeared. Thus, considering the opponent's BATNA appears to be a successful strategy to offset the influence of a first offer.

## Experiment 2

Experiment 2 was designed to further explore the types of information one should focus on when taking the perspective of one's opponent to counteract the effect of the opponent's first offer. Specifically, we instructed participants to consider the other side's reservation price. Raiffa (1982) used the phrase *reservation price* to refer to the minimum (for the seller) or maximum (for the buyer) acceptable settlement price within the current negotiation. Walton and McKersie (1965) described the process of a distributive negotiation as trying to ascertain the opponent's walk-away point (i.e., reservation price) without revealing one's own reservation price, the point of preferring impasse to agreement. White and Neale (1991) considered the reservation price to be similar to a BATNA, with the differences stemming from the possible transaction costs of moving to one's BATNA. By focusing on the opponent's reservation price, the minimum (for the seller) or

maximum (for the buyer) that person is willing to accept, the negotiator should make accessible information that is inconsistent with the implications of the opponent's first offer and, thus, reduce the anchoring effect of the opponent's first offer.

Neale and Bazerman (1983) found that the general ability of perspective-taking was positively related to distributive outcomes. However, not all types of perspective-taking should lead to a negotiating advantage. Focusing on one's opponent's target, or aspiration price, should not counter the anchoring effect of a first offer. An opponent's target price, the ideal price the opponent would like to achieve, should be consistent with the implications of his or her first offer. Activating knowledge consistent with the implications of the anchor should confirm rather than refute the reified reality of the first offer, and it should continue to influence the negotiated outcomes. Focusing on one's opponent's reservation price should neutralize the effect of first offers on final outcomes, whereas focusing on one's opponent's target price should leave first offers as strong predictors of final settlement prices.

The second experiment also investigates whether the effect of first offers on negotiations and the ability to counteract this effect through perspective-taking would replicate for a negotiation conducted over a medium (by computer) other than face to face. Movements toward globalization, employee flexibility (e.g., telecommuting), and flatter organizational structures have led to increased reliance on technology-based communications for decision-making processes such as negotiations. Do these technologies alter or even reverse processes and effects that have been well-established in face-to-face communications? Negotiators show a disinclination toward and greater dissatisfaction with negotiations conducted over E-mail than negotiations that allow for more rapid two-way communication and access to nonverbal information, such as face-to-face communication (Mintzberg, 1973; Moore, Kurtzberg, Thompson, & Morris, 1999; Purdy, Nye, & Balakrishnan, 1997). In fact, there is evidence that negotiations conducted by E-mail inhibit the construction of trust and result in a greater number of impasses (Moore et al., 1999). How might changes in the medium of negotiation affect the relationship between first offers and final outcomes? On the one hand, the effect of the first offer may be reduced when presented over E-mail because E-mail could provide the negotiator with ample opportunity to construct a counteroffer. On the other hand, however, a first offer may become more reified over E-mail. Its impact may persist and even strengthen as it continues to stare back at the negotiator formulating a counteroffer. Thus, there is reason to believe that the influence of first offers will persist even when a negotiation is conducted over E-mail and might even lessen the ability of perspective-taking to reduce its impact.

## Method

**Participants and design.** Participants were 70 master's of business administration students at Northwestern University who were enrolled in a course on negotiations. Thirty-five dyads took part in the negotiation. The experiment had a  $2$  (who made the first offer: buyer vs. seller)  $\times 2$  (perspective-taking: opponent's reservation price vs. opponent's target) between-subjects factorial design.

**Procedure and stimulus materials.** The experiment was conducted over E-mail as a class exercise between the 1st and 2nd week of class. The negotiation was between a potential candidate for a job and the recruiter for

the organization offering the job. Both the candidate and the recruiter were told that the candidate had already received an offer and that most of the job package had already been negotiated, including salary, starting date, and benefits. The only remaining issue to be negotiated was the amount of the signing bonus. The candidate had heard that bonuses of \$30,000 had been offered in the world of consulting. The candidate was told to walk away from the negotiation if he or she could not receive a bonus of at least \$10,000.

The director of personnel, with whom the candidate was negotiating, was told that the firm was only hiring one recruit this year. The director was told that under no circumstances could he or she offer a bonus of more than \$20,000 and that the firm would prefer to pay \$5,000.

Thus, each role was given explicit reservation prices. The candidate had a reservation price of \$10,000 and a target of \$30,000, whereas the director of personnel had a reservation price of \$20,000 and a target of \$5,000. Thus, the bargaining zone (the distance between the two negotiators' reservation prices) was \$10,000.

For half the dyads, the recruiter was told to contact the candidate by E-mail and make the initial offer. For the other half of the dyads, the candidate was told to contact the recruiter by E-mail and make the initial offer.

The negotiators who did not make the first offer were given an additional page of information. This page was either entitled "Important Candidate Preparation Information" for those dyads in which the recruiter made the first offer or entitled "Important Recruiter Preparation Information" for those dyads in which the candidate made the first offer. The instructions for the negotiator from dyads in which the negotiator who did not make the first offer focused on his or her opponent's reservation price read, "When preparing for your negotiation it is important to think about and focus on your opponent's reservation price. A clear understanding of this price will assist you in preparing for the negotiation." The instructions for the negotiator from dyads in which the negotiator who did not make the first offer focused on his or her opponent's target price read, "When preparing for your negotiation it is important to think about and focus on your opponent's target price, the ideal price your opponent would like to achieve. A clear understanding of this price will assist you in preparing for the negotiation." Dyads were instructed that they had 1 week to conduct the negotiation over E-mail and could send as many E-mails as they liked. After the negotiation was completed, each dyad was asked to report the amount of the first offer, the amount of the first counteroffer, and the final agreement price.

## Results and Discussion

Three negotiating dyads did not reach agreement, and thus all analyses were conducted on the remaining 32 dyads that reached agreement. Two of these dyads were in the buyer first offer, perspective-taking of opponent's reservation price condition, and the other dyad was in the seller first offer, perspective-taking of opponent's reservation price condition. We examined three central dependent variables: the first offers, the first counteroffers, and the final agreements.

**First offers and first counteroffers.** We predicted that sellers would make higher first offers and that this effect would occur regardless of the type of perspective-taking of the negotiator who did not make the first offer. This was indeed the case: Candidates ( $M = \$36,843$ ) made higher first offers than did recruiters ( $M = \$3,843$ ), regardless of the type of perspective-taking. In a 2 (who made the first offer: buyer vs. seller)  $\times$  2 (perspective-taking: opponent's reservation price vs. opponent's target) ANOVA, this pattern produced a significant main effect for who made the first offer,  $F(1, 28) = 226.6, p < .01$ , and this effect was not qualified by the higher order interaction,  $F < 1$ .

We predicted that candidates would make higher first offers than would recruiters and that these first offers would function as anchors to which the first counteroffers would be assimilated—the counteroffers would be less in the favor of the negotiator who did not make the first offer. This effect, however, should be more reliable when the negotiator who did not make the first offer thought about his or her opponent's target. Focusing on one's opponent's reservation price should produce counteroffers that are more in the favor of the person who makes the counteroffer. The results are consistent with these predictions. For the amount of the first counteroffer, recruiters made counteroffers that were more in their favor when they considered their opponent's reservation price ( $M = \$4,812$ ) than when they focused on their opponent's target ( $M = \$7,187$ ). Similarly, candidates made counteroffers that were further removed from the first offer and were thus more in their favor when they considered their opponent's reservation price ( $M = \$35,000$ ) than when they focused on their opponent's target ( $M = \$25,625$ ). This pattern produced a main effect for who made the first offer,  $F(1, 28) = 88.9, p < .001$ , that was qualified by a significant interaction,  $F(1, 28) = 5.2, p = .03$ .

**Final agreement.** Our main dependent variable was the amount of the final agreement. We predicted that when the negotiators who did not make the first offer focused on their opponent's target price, the final agreement should be higher if the candidate rather than the recruiter made the first offer. This would be the case because focusing on the target should make accessible information that is consistent with the implications of the anchor. Focusing on the opponent's reservation price should make accessible information that is inconsistent with the implications of the anchor, reducing the anchoring effect of first offers.

The results are consistent with this prediction (see Figure 2). When the opponent's target was considered, an anchoring effect emerged for first offers. The final agreed-on bonus was higher in the negotiations in which the candidate made the first offer ( $M = \$17,843$ ) than in the negotiations in which the recruiter made the first offer ( $M = \$12,887$ ),  $F(1, 28) = 18.3, p < .01$ . When the opponent's reservation price was considered, the anchoring advantage of making the first offer was dramatically reduced. The negotiations in which the candidate made the first offer ( $M = \$16,000$ ) no longer showed a significantly higher bonus compared with the negotiations in which the recruiter made the first offer

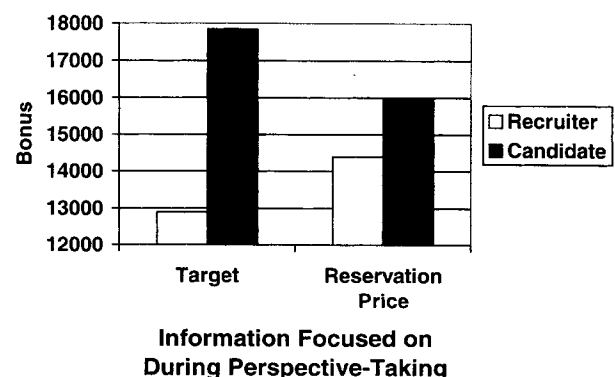


Figure 2. Final agreements by who made the first offer and type of perspective-taking. Bonus values are in dollars.

( $M = \$14,393$ ),  $F(1, 28) = 1.9$ ,  $p > .17$ . This pattern produced a significant main effect for who made the first offer,  $F(1, 28) = 16.0$ ,  $p < .01$ , that was qualified by a significant interaction,  $F(1, 28) = 4.2$ ,  $p < .05$ .

**Correlational analysis.** If the first offer functions as an anchor to which the final agreement is assimilated, then a positive correlation should result such that higher first offers yield higher final outcomes. In the conditions in which the negotiators who did not make the first offer focused on their opponent's target price, first offers were highly predictive of final agreement prices,  $r(16) = .80$ ,  $p < .001$ . In the conditions in which the reservation price of the negotiator who made the first offer was considered by that negotiator's opponent, however, first offers were not a strong predictor of final agreement prices,  $r(16) = .40$ ,  $p < .13$ . Focusing on information that was consistent with implications of the first offer left first offers as strong predictors of final outcomes. Focusing on an opponent's lower bound, whether it was the reservation price or the BATNA, reduced the influence of first offers on final settlement prices.

Not all types of perspective-taking are equally effective in securing a bargaining advantage in the context of an opponent making a first offer. Only when the type of information about the opponent is inconsistent with the implications of the first offer does perspective-taking afford a distributive advantage.

Experiment 2 extends and generalizes the results of Experiment 1 by demonstrating that both the anchoring effects of first offers and the ability to take the perspective of an opponent's lower bound to reduce the anchoring effect occur when negotiations are conducted over E-mail.

### Experiment 3

Experiments 1 and 2 found that when negotiators took the perspective of their opponents and focused on their opponents' minimum desires in the negotiation, they were able to reduce the negative impact of their opponents' first offers on their final outcomes. However, gathering information about one's opponent may be difficult to do, especially when little is known about the characteristics of the market in which the negotiation will take place. Raiffa (1982) pointed out that "each bargainer . . . only has probabilistic information about the other party's reservation price" (p. 46). Can information about their own bargaining positions enable negotiators to prevent their opponents' first offers from successfully anchoring the negotiations? Our model of reducing the anchoring effect of first offers states that any information that is inconsistent with the implications of the opponent's first offer, regardless of whether it comes from one's own or the opponent's bargaining position, should mitigate the impact of an opponent making a first offer. In Experiment 2, considering an opponent's reservation price led negotiators to focus on information that was inconsistent with the implications of their opponent's first offer, but considering an opponent's target price led negotiators to focus on information that was consistent with the implications of the first offer. When one focuses on information about one's own bargaining position, however, the opposite should be true because one's own target is likely to be further removed from the opponent's first offer and more in one's own favor, whereas one's own reservation price will be closer to the opponent's first offer and less in one's own favor. Considering their own target price should lead nego-

tiators to focus on information that is inconsistent with the implications of the first offer and thereby reduce the impact of first offers on final settlement prices. However, considering one's own lower bound (BATNA) should lead negotiators to focus on information that is consistent with the implications of their opponent's first offer, and first offers should continue to predict negotiation outcomes. We predicted, therefore, that when negotiators who did not make the first offer focused on their own BATNAs, first offers would significantly impact outcomes. On the other hand, when these negotiators focused on their own target prices, their ideal outcomes, the impact of first offers on outcomes would be reduced.

### Method

**Participants and design.** Participants were 80 master's of business administration students at Northwestern University who were enrolled in a course on negotiations. Forty dyads took part in the negotiation. The experiment had a 2 (who made the first offer: buyer vs. seller)  $\times$  2 (negotiator self-focus: own BATNA vs. own target) between-subjects factorial design.

**Procedure and stimulus materials.** The experiment was conducted as a class exercise on the 1st day of class. The procedure was very similar to that of Experiment 1. The negotiators who did not make the first offer were given an additional page of information. This page was entitled "Important Seller Preparation Information" for those dyads in which the buyer made the first offer and was entitled "Important Buyer Preparation Information" for those dyads in which the seller made the first offer. For participants in the consider one's own BATNA condition, the page read, "When preparing for your negotiation it is important to think about and focus on the potential alternatives that *you* have to this negotiated agreement. A clear understanding of these alternatives will assist you in preparing for the negotiation." The BATNAs for buyers and sellers are described in Experiment 1. We chose to use BATNAs, as we did in Experiment 1, rather than reservation price (used in Experiment 2) as the instantiation of a lower bound because the materials explicitly list BATNAs but not reservation prices. For participants instructed to focus on their targets, the page read, "When preparing your negotiation it is important to think about and focus on your target, the ideal price at which you could sell [buy]. A clear understanding of this price will assist you in preparing for the negotiation." After the negotiation, each dyad was asked to report the amount of the first offer, the amount of the first counteroffer, and the final agreement price.

### Results and Discussion

All negotiating dyads reached an agreement.

**First offers and first counteroffers.** First offers were submitted to a 2 (who made the first offer: buyer vs. seller)  $\times$  2 (negotiator self-focus: own BATNA vs. own target) ANOVA. Only the predicted main effect for who made the first offer emerged as significant,  $F(1, 36) = 59.3$ ,  $p < .01$ , and this effect was not qualified by the higher order interaction,  $F < 1$ . Sellers ( $M = 26.4$ ) made higher first offers than did buyers ( $M = 17.5$ ).

For the amount of the first counteroffer, sellers made counteroffers that were more in their favor when they considered their target ( $M = 24.7$ ) than when they considered their own BATNAs ( $M = 22.8$ ). Similarly, buyers made more extreme counteroffers in their favor when they considered their own target ( $M = 17.1$ ) than when they considered their own BATNA ( $M = 20.8$ ). This pattern produced a main effect for who made the first offer,  $F(1, 36) = 32.4$ ,  $p < .001$ , that was qualified by a significant interaction,  $F(1, 36) = 11.1$ ,  $p = .01$ . Simple effects tests showed that for



those who considered their own BATNA, there was not a significant effect on counteroffers,  $F(1, 36) = 2.8, p = .10$ , replicating the results from the control conditions in Experiment 1 and those of Liebert et al. (1968). The lack of difference on counteroffers demonstrates that counteroffers were influenced by the anchors (see the results of Experiment 1 for a discussion of why this is the case). The simple effects test was significant for those negotiators who focused on their own targets,  $F(1, 36) = 39.7, p < .01$ , replicating the results from the condition in Experiment 1 in which negotiators considered their opponent's BATNA. Thinking about information that was inconsistent with the implications of an opponent's first offer, whether it was one's own target or an opponent's lower bound, reduced the impact of first offers on subsequent counteroffers.

**Final agreement.** Our main dependent variable was the amount of the final agreement. We predicted that the final agreement should be higher if the seller rather than the buyer made the first offer. This anchoring effect of first offers should emerge when the negotiator who did not make the first offer considered his or her own BATNA but should not emerge when that negotiator considered his or her target. The results are consistent with this prediction (see Figure 3). When one's own BATNA was considered, an anchoring effect emerged for first offers. For these negotiators, the final purchase price was higher in the negotiations in which the seller made the first offer ( $M = 23.6$ ) than in the negotiations in which the buyer made the first offer ( $M = 20.3$ ). When one's own target was considered, the anchoring advantage of making the first offer was eliminated. Regardless of whether the seller ( $M = 21.6$ ) or the buyer ( $M = 21.1$ ) made the first offer, the final price was equivalent. This pattern produced a significant main effect for who made the first offer,  $F(1, 36) = 8.3, p < .01$ , that was qualified by a significant interaction,  $F(1, 36) = 4.3, p = .04$ . Simple effects tests showed that the effect of who made the first offer was significant when one's BATNA was considered,  $F(1, 36) = 12.3, p < .01$ , but was not significant when one's target was the focus of attention,  $F < 1$ .

**Correlational analysis.** To further examine the relation between first offers and final agreements, we examined the correlations between the two. Considering one's own target, information that is inconsistent with the implications of an opponent's first offer, should offset the anchoring effect of the first offer, reducing this correlation. The results of our correlational analysis are con-

sistent with these predictions. In the conditions in which negotiators who did not make the first offer considered their own BATNAs, first offers were highly predictive of final agreement prices,  $r(20) = .85, p < .001$ . In the conditions in which the negotiator who did not make the first offer considered his or her own target, however, first offers were not a strong predictor of final agreement prices,  $r(20) = .34, p < .14$ .

These results replicate the anchoring effect of first offers from the first 2 experiments. Whichever negotiator made a first offer received a distributive advantage in the negotiation. This anchoring effect of first offers emerged even when negotiators considered their own BATNAs to this negotiation. Considering BATNAs appears to not have a general debiasing effect. Considering one's own target, however, eliminated the effect of first offers.

Thinking about one's lower bound, such as a BATNA, makes accessible information that is consistent with the implications of the anchor, and therefore a strong correlation between first offers and final outcomes endures. Thinking about one's target, on the other hand, makes accessible information that is inconsistent with the implication of the anchor, leading to a reduced correlation between first offers and final outcomes. Focusing on one's target can provide negotiators with a distributive advantage (see also Galinsky, Mussweiler & Medvec, 2000, and White & Neale, 1994), but thinking about an opponent's target can produce a distributive disadvantage. One the other hand, thinking about an opponent's lower bound (e.g., BATNA) produces a distributive advantage, whereas thinking about one's own lower bound produces a distributive disadvantage.

### General Discussion

In the present research we examine the effects that making a first offer has on the final outcome of a negotiation. The results of the three experiments demonstrate that final agreements tend to favor the negotiator who makes the first offer. In particular, the first offer, once made, appears to function as an anchor toward which final agreements are assimilated. This suggests that making the first offer in a negotiation constitutes a powerful tool to influence the outcome of a negotiation for one's advantage.

In light of the robust advantage that making a first offer provided negotiators in the present experiments, future research should explore the contexts that lead negotiators either to make or to avoid making a first offer and when first offers are more versus less predictive of final outcomes. For example, gender stereotype activation has been shown to affect the extremity of first offers for men and women, with stereotype activation leading to more extreme first offers for men but less extreme first offers for women; in fact, the effect of stereotype activation on first offers mediated the observed effects on negotiated outcomes (Kray, Thompson, & Galinsky, 2001). Perceived power also increases the likelihood that a negotiator will make the first offer (Galinsky, Thompson, & Kray, 2001; Galinsky, Gruenfeld, & Magee, 2001). Given the strength of the correlations between first offers and final outcomes in the present experiments, the conditions that lead a negotiator to make a first offer will often ultimately lead to superior outcomes for that negotiator.

In addition to demonstrating the powerful influence of making a first offer, the current findings also establish a variety of corrective tools that can be used to protect oneself from being influenced by

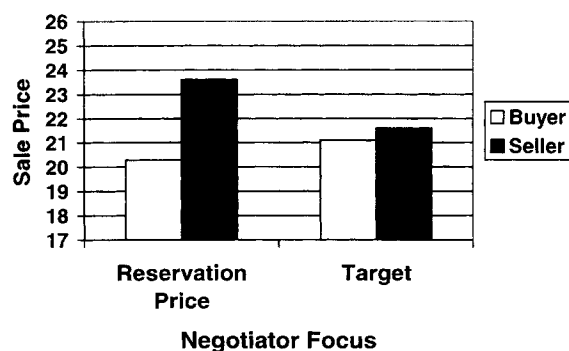


Figure 3. Final agreements by who made the first offer and negotiator focus. Sale prices are in millions of dollars.

a first offer made by one's opponent. In particular, considering an opponent's lower bound (their reservation price or BATNA) eliminated the powerful effect that first offers otherwise had on final outcomes. The effectiveness of perspective-taking on reducing the anchoring effect depended on the type of information on which the perspective-taker focused. Considering an opponent's target led negotiators to focus on information that was consistent with the implications of their opponent's first offer, and thus first offers continued to influence outcomes. In addition, the negotiator who focuses on his or her own target rather than his or her own lower bound can prevent the anchoring effect of first offers. These findings are quite remarkable, given the magnitude of the effects of first offers in the control conditions and the fact that related anchoring effects typically are extraordinarily robust and very difficult to counteract (e.g., Wilson et al., 1996; for a discussion, see Mussweiler et al., 2000). When negotiators focus on information that is inconsistent with the implications of their opponent's first offers (their opponent's lower bound—e.g., their reservation price or BATNA—or their own target), the anchoring effect of first offers can be neutralized. However, when negotiators focus on information that is consistent with the implications of their opponent's first offer (their opponent's target or their own BATNA), the anchoring effect of first offers persists. Both the anchoring effects of first offers and the effective and ineffective strategies to reduce this anchoring effect were independent of the medium of the negotiation. They held true in both face-to-face and E-mail negotiations.

### *Modes of Debiasing: Correction Versus Considering the Opposite*

Recent conceptualizations of judgmental correction (e.g., Strack, 1992; Strack & Hannover, 1996; Wilson & Brekke, 1994; Wegener & Petty, 1995) suggest a general corrective strategy that—in principle—may also be applied to the context of negotiations. Specifically, it has been suggested that judgmental correction often takes the form of *theory-based adjustment*: To correct a judgment, judges may consult their naive theories about judgmental distortion and determine the direction and magnitude of the bias. The initial judgment is then adjusted in the opposite direction of the perceived bias to a degree that compensates for the assumed magnitude of the distortion. Wilson et al.'s (1996) failure to reduce the anchoring biases by instigating such theory-based adjustment, however, demonstrates that using this corrective device to eliminate the present bias is a difficult task to master. This may be the case, because to correct successfully, judges have to meet a multitude of preconditions (e.g., Strack, 1992; Strack & Hannover, 1996; Wilson & Brekke, 1994). Specifically, they have to be (a) motivated to give an accurate judgment, (b) aware of the potentially distorting influence, and (c) aware of the direction and magnitude of this influence.

The related strategies of perspective-taking and considering the opposite, however, seem less difficult to master. In contrast to theory-based adjustment, judges merely have to be motivated to give an accurate judgment and to construct or be exposed to information that opposes and counters the biasing influence. Awareness of the direction and the magnitude of the distortion is *not necessary*. Thus, considering the opposite seems an effective

corrective device able to improve human judgment even when other corrective strategies have failed (Lord et al., 1984).

In the first 2 experiments, taking the perspective of one's opponent, considering the opposite point of view, increased awareness of inconsistent information that would otherwise have been ignored. Because strategies to debias thought are most effective when they compensate for the very mechanisms responsible for the bias, the strategy of considering the opposite has a wide range of applications. Focusing on oft-neglected discrepant information reduces a range of judgmental biases because it is this normally disregarded information that is crucial in producing normatively correct decisions. Thus, considering the opposite is more successful in debiasing a range of judgmental errors than are exhortations to be unbiased (Lord et al., 1984; Wilson et al., 1996).

### *Perspective-Taking and Negotiations*

Perspective-taking gave negotiators a bargaining advantage, preventing the assimilation of final settlements to the initial offers of their opponents. Like the experiments presented here, perspective-taking could also afford other distributive advantages. Accurate awareness of an opponent's interests can allow the perspective-taking negotiator to extract concessions in situations in which the main interest of one's opponent is not consequential for the perspective-taker. This would be consistent with the finding by Neale and Bazerman (1983) that high perspective-taking ability, as measured by an individual-differences inventory, increased the concessions made by one's opponent. In the present experiments, perspective-taking afforded a distributive advantage; perspective-taking may provide integrative advantages as well. That is, perspective-taking might lead to both the creation of joint value and the favorable claiming of value for oneself in negotiations (Lax & Sebenius, 1986). In addition to the debiasing effects that perspective-taking had in the current experiments, understanding the interests of one's opponent might allow negotiators to overcome the fixed pie bias, the belief that the other party's interests are directly and completely opposed to one's own (Neale & Bazerman, 1991). Overcoming the fixed pie belief should lead to more creative solutions that meet the interests of both negotiators while increasing the overall value of the final settlement (Fisher et al., 1981). Galinsky and White (2000) found that perspective-taking decreased impasses in situations in which positions of the negotiators were incompatible but underlying interests were compatible. Perspective-taking could alter the type of attributions made for another negotiator's behavior. Morris et al. (1999) found that negotiators attributed the observed behavior of their opponent to personality characteristics (e.g., disagreeable, irrational) when a more compelling situational explanation existed (e.g., that one's opponent had a strong BATNA). Decreasing this biased attributional logic might go a long way in overcoming barriers to conflict resolution. Perspective-taking can thus provide both an integrative and a distributive advantage in negotiations.

Recent research suggests that perspective-taking can transform intergroup evaluations, a situation in which competitive interactions such as a negotiation often occur (Galinsky, in press). Galinsky and Moskowitz (2000) found that perspective-taking decreased the expression, accessibility, and application of social stereotypes. They also found that perspective-taking improved evaluations of and alleviated implicit distrust toward an out-group.

Galinsky (2000a, 2000b) further demonstrated that taking the perspective of an individual increased awareness of the situational constraints on a target person's behavior.

Experiment 2 found that perspective-taking is not always the surest road to a bargaining advantage. Focusing on information about one's opponent that was consistent with the implications of the opponent's first offer did not prevent the first offer from influencing the final settlement price. This is consistent with work by Galinsky (2000a, 2000b), who found that there are boundary conditions for perspective-taking to effectively decrease the influence of stereotypes and expectancies on judgments.

## Conclusion

As we pointed out at the outset of this article, negotiations form a crucial part of our lives and often have important consequences for our professional, financial, and emotional well-being. Achieving a better understanding of the negotiation process has theoretical and practical implications. One starting point in an attempt to achieve this goal is to analyze the negotiation situation with respect to its basic psychological characteristics (Neale & Bazerman, 1991). We started with the basic premise that—as are many other judgmental contexts—negotiations are characterized by high levels of uncertainty and should thus be influenced by those heuristics and biases that are characteristic of conditions of uncertainty. In particular, negotiation outcomes appear to be strongly influenced by judgmental anchoring. Moreover, applying recent insights into the psychological mechanisms that lead to anchoring (e.g., Mussweiler & Strack, 1999a, 1999b, 2000) allowed us to design corrective strategies that were able to compensate for this effect. Perspective-taking and negotiator self-focus that focused attention toward information that was inconsistent with the implications of the first offer negated the distributive advantage afforded by first offers. When perspective-taking and negotiator self-focus directed attention toward information that was consistent with the implications of the first offer, first offers continued to predict outcomes. The continued application of our knowledge about the heuristics and biases that influence judgments under uncertainty to the realm of negotiations (Neale & Bazerman, 1991) promises to be a fruitful path in a quest for a more complete understanding of the negotiation process.

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## Appendix

## Pharmaceutical Plant Negotiation Details

General information (common to both negotiators):

1. Plant purchased by current owner 2 years ago for \$15 million. The seller at that time was facing bankruptcy.
2. Plant appraised for \$19 million 2 years ago.
3. Similar plant, although newer, sold for \$26 million 9 months ago.

Buyer information:

1. Best alternative to this negotiated agreement: \$25 million it would cost to build a new plant. Given perfect conditions, the plant would take at least a year to be fully operational with Food and Drug Administration approval.

Seller information:

1. Best alternative to this negotiated agreement: \$17 million from stripping plant and selling its parts and equipment separately.

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## Call for Nominations

The Publications and Communications Board has opened nominations for the editorships of *Journal of Experimental Psychology: Animal Behavior Processes*, *Journal of Personality and Social Psychology: Personality Processes and Individual Differences*, *Journal of Family Psychology*, *Psychological Assessment*, and *Psychology and Aging* for the years 2004–2009. Mark E. Bouton, PhD, Ed Diener, PhD, Ross D. Parke, PhD, Stephen N. Haynes, PhD, and Leah L. Light, PhD, respectively, are the incumbent editors.

Candidates should be members of APA and should be available to start receiving manuscripts in early 2003 to prepare for issues published in 2004. Please note that the P&C Board encourages participation by members of underrepresented groups in the publication process and would particularly welcome such nominees. Self-nominations are also encouraged.

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To nominate candidates, prepare a statement of one page or less in support of each candidate. Address all nominations to the appropriate search committee at the following address:

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The first review of nominations will begin December 14, 2001.