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Level-of-Aspiration Theory and Initial Stance in Bargaining

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Level-of-Aspiration Theory and Initial Stance in Bargaining

Abstract
This research focuses on the effect of initial stance in bargaining. Following level-of-aspiration theory, the research examines whether the pattern of early concession making modifies the impact of tough vs. soft initial stance. The experiment manipulated opponent's concession pattern (decreasing, constant, increasing) in the early phase of bargaining within an overall tough or soft initial stance. Results indicated that a decreasing concession pattern within the early bargaining extracted larger initial concessions than a constant or increasing concession pattern. Implications for Siegel and Fouraker's (1960) level-of-aspiration theory are discussed.

Keywords
bargaining, level-of-aspiration theory, initial stance, concession pattern

Disciplines
Collective Bargaining | Dispute Resolution and Arbitration | Labor Relations | Organizational Behavior and Theory

Comments
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LEVEL-OF-ASPIRATION THEORY
AND INITIAL STANCE IN BARGAINING

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This research focuses on the effect of initial stance in bargaining. Following level-of-aspiration theory, the research examines whether the pattern of early concession making modifies the impact of tough vs. soft initial stance. The experiment manipulated opponent's concession pattern (decreasing, constant, increasing) in the early phase of bargaining within an overall tough or soft initial stance. Results indicated that a decreasing concession pattern within the early bargaining extracted larger initial concessions than a constant or increasing concession pattern. Implications for Siegel and Fouraker's (1960) level-of-aspiration theory are discussed.

One of the major questions addressed by previous research on bargaining has been: What concession tactics produce the greatest yielding by opponents? This study is concerned with the approach of level-of-aspiration theory to this question. Level-of-aspiration theory (Siegel and Fouraker, 1960) suggests "it pays to be tough" because: (a) bargainers adjust their aspirations downward when an opponent adopts a tough concession stance, and (b) bargainers' concessions are inversely related to aspiration levels. The basic prediction of the theory is that a tough concession stance will produce more concession making than a softer concession stance (Siegel and Fouraker, 1960).

The most consistent support for the level-of-aspiration hypothesis has been found for initial offer. Numerous studies indicate that a tough initial offer extracts more concessions than a soft initial offer (Bateman, 1980; Chertkoff and Conley, 1967; Liebert, et al., 1968; Yukl, 1974). However, research on concessions beyond the early period of bargaining reveals enough departures from this prediction to question the theory's applicability to all phases of the bargaining encounter. Specifically, research has indicated that consistent toughness throughout the bargaining process may be seen as excessive by the other bargainer, produce little concession making in return (Bacharach and Lawler, 1981; Benton et al., 1972; Komorita and Brenner, 1966; Hamner, 1974; Pruitt, 1981), and result in a failure to reach agreement (Benton, et al., 1972; Hamner, 1974). Some support has been found for a matching strategy involving...
reciprocity in concession making (Esser and Komorita, 1975; Komorita and Esser, 1975), a soft, reinforcement-based approach (Wall, 1977), and a mixed strategy combining tough and soft offers (Lawler and Mac Murray, 1980).

One reason why empirical support for level-of-aspiration theory is strongest for the initial bargaining stance may be the role of "aspirations" in the theory. The theory must assume that aspirations are not fixed when parties enter negotiations — otherwise, there is no potential for change or manipulation of the aspiration levels. If we assume further that aspirations crystallize and solidify as the bargaining progresses, one may expect that a tough bargaining stance will have the effect predicted by the theory primarily during the early phase of the bargaining. The present paper takes as its starting point two problems with theory and research in the level-of-aspiration tradition. First, the theory neglects the possibility that toughness may backfire and lead to intransigence on the part of the other bargainer (see Benton, et al., 1972; Hamner, 1974; Lawler and Mac Murray, 1980). This is partly due to the fact that level-of-aspiration theory emphasizes only one dimension of impression management in bargaining, i.e., firmness or toughness (see Chertkoff and Esser, 1976). Other research, however, indicates the importance of a second dimension, that of fairness or reasonableness.

This dimension is particularly important because of the relevance it suggests for work done on equity and distributive justice processes in social exchange (Adams, 1965; Homans, 1961; Thibaut and Kelley, 1959; Walster, Berscheid, and Walster, 1976). This prior research suggests that a bargaining posture which is perceived as unfair or inequitable will create difficulties in successfully accomplishing a joint bargaining agreement.

Second, previous tests of level-of-aspiration theory have simply translated the general hypothesis — tougher stances are more effective than softer ones — into the predictions that smaller concessions are more effective than larger concessions (Druckman and Bonoma, 1976; Mac Murray, 1978). While the use of concession magnitude or size as an indicator of toughness is certainly justifiable, other aspects of concession behavior can also create (or undermine) impressions of toughness. This study examines concession patterns during the early phase of bargaining, classifying them as increasing, decreasing, or constant. An increasing pattern refers to an upward shift in concession magnitude across rounds, while a decreasing pattern refers to a downward shift.

The major hypothesis of this study is based on the following assumption: concession patterns that violate the expectations of an opponent will produce greater adjustments in the opponent’s aspiration levels (upward or downward) and, hence, greater effects on the opponent’s concessions.

To test the study’s conception of initial bargaining stance, one might argue that an "increasing" pattern on the first offer would be more effective than a "constant" pattern. This relation between concession violations has been examined by Benton, et al. (1972) and Hamner (1974).

Subjects

Upon arrival, the experimenter welcomed the subject to the experiment and informed him that he would be paired at random with another subject. One person would play the role of the buyer, and the other would play the role of the seller. All subjects were informed of their roles before the experiment began.

Procedure

Subjects were seated in two rooms, and to separate them, a card was placed between them. Each subject was instructed to read the following script: "You are a buyer in a bilateral market for a single product. Your goal is to maximize your profit. You will be negotiating with another buyer who is interested in the same product. Your opponent will make an initial offer, and you will respond with your own offer. Your opponent's concessions will be measured against your own concessions, and the final agreement will be based on the sum of the two concessions. At the end of the experiment, you will be paid based on the weighted average of your concessions. The weights will be determined by the amount of time each of you spent in the experiment. You will also be paid based on the number of rounds played, with each round worth a fixed amount of money. Your final payment will be the sum of the two weights, and you will be paid according to the total amount of money you earned. You will be paid in cash at the end of the experiment."
opponent's concession behavior. This assumption leads to the hypothesis that a decreasing concession pattern will produce more yielding by the opponent because it conveys greater toughness than an increasing or constant pattern. The reason for this is that actors in bargaining expect yielding at a relatively constant or increasing rate early in the bargaining and that they will be surprised by a decreasing pattern. This relation between impressions of toughness and expectancy violations has been neglected by the bargaining literature.

To test the study's hypothesis, it is necessary to broaden the conception of initial bargaining stance to include more than only the initial offer. Specifically, we will utilize the first four of 15 bargaining rounds to manipulate the three patterns of concession making within particular levels of overall magnitude (tough vs. soft). Beyond the need to include more than one round for purposes of our manipulation, one might argue that previous work on "initial bargaining stance" is unnecessarily restrictive and limited by the exclusive focus on the first offer. Creating a stable impression along the tough-soft dimension would seem to suggest that more than one round be used to manipulate initial bargaining stance.

**Method**

**Design and Subjects**

A 2 x 3 factorial design was utilized to allow the manipulation of concession pattern (increasing, constant, decreasing) and initial stance (tough vs. soft) during the first four rounds of bargaining for eighty-four subjects (42 males, 42 females) randomly assigned to one of the six experimental treatments. All subjects played the role of buyer in a "bilateral monopoly" setting similar to that used in prior research, and bargaining against a "programmed" opponent (Siegel and Fournaker, 1960; see also Chertkoff and Esser, 1976 for a review of studies using this technique).

**Procedure**

Subjects were scheduled in same sex groups of four to six persons. Upon arrival, the experimenter randomly assigned subjects to one of two rooms, and to separate cubicles within each room. Written instructions informed subjects that to maintain anonymity, they would be paired at random with one of the persons in the other room. One person would play the buyer (representative) for a nation called Beta, and the other would assume the role of seller for Alpha. In actuality, all subjects assumed the role of Beta's representative (the buyer role).
The bargaining issue was the price of iron ore. The instructions explained that two nations had engaged in preliminary discussions on this topic, but that their offers were far apart. In the initial discussions, Beta (the buyer) had suggested a price of $5.00 per ton, while Alpha had suggested $12.00. The task of the buyer (subject) was to negotiate from this starting point and bargain for as low a price as possible. The instructions also contained an outcome list indicating the subject’s profit at each of 29 potential agreement points (in 25-cent intervals from $5.00 to $12.00). Subject’s pay increased in 10-cent intervals from $1.00 to $3.80, and was inversely related to the final agreement price. In the event of no agreement, subjects would ostensibly receive $1.00, the minimum pay on the outcome list. Information on the opponent’s payoff was kept deliberately vague.

The bargaining took place through written offers across a series of 17 rounds. The programmed seller (Alpha’s representative) made the first offer on each round and the buyer (subject) made the second or counteroffer. When making an offer, bargainers had three options: (a) stick with and repeat their last offer, (b) accept the last offer of the opponent, or (c) make a concession. The instructions explained that bargaining would continue until an agreement was reached or, if there was no agreement, at the end of 17 rounds. Once the bargaining was completed, all subjects were paid $3.00, more than the maximum they could have earned in the bargaining.

Experimental Manipulations

Table 1 presents the concession patterns during the first four bargaining rounds within tough (i.e., $1.00) vs. soft (i.e., $3.00) initial stance. For each stance condition, concessions took the form of an increasing, constant, or decreasing pattern. From round five on, the programmed opponent matched (100% reciprocity) the concession behavior of the subject in both stance conditions.

Dependent Variables

The dependent variables were: (a) initial concession magnitude (through round 4), and (b) overall magnitude across all rounds. Concession magnitude was measured by the difference between the subject’s second-to-last offer and the $5.00 beginning point for the bargaining.1

A questionnaire administered between rounds 4 and 5 provided information on bargainers’ impressions of the programmed opponent.

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1Previous studies have found that “end effects” can create extreme time pressure on the last round and affect subjects’ final offer (Benton, Kelley, and Liebling, 1972; Esser and Komorita, 1976).
for the *early phase* of the bargaining. This made possible the examination of impressions after the concession pattern and initial stance manipulations had just gone into effect. The questionnaire contained a series of bipolar adjective pairs. From these evaluations, two impression indices were constructed. The first and most important for level-of-aspiration theory measured "firmness," while a second index provided evaluations of "reasonableness." The "firm" index consisted of the adjective pairs: firm—yielding, strong-weak, dominant-submitive, tough-soft; the "reasonableness" index was composed of sincere-insincere, credible-noncredible, likable-dislikable, reasonable-unreasonable and trustworthy-untrustworthy.

### Table 1

**Monetary Concessions for First Four Rounds of Experimental Condition**

<table>
<thead>
<tr>
<th>Treatment group</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tough ($1.00)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Constant</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Decrease</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Soft ($3.00)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td>0</td>
<td>0</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Constant</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Decrease</td>
<td>150</td>
<td>150</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table 2

**Overall and Initial Concession Magnitude by Experimental Condition**

<table>
<thead>
<tr>
<th>Initial Stance</th>
<th>Concession Pattern</th>
<th>Increase</th>
<th>Constant</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tough</td>
<td></td>
<td>3.05</td>
<td>2.88</td>
<td>3.05</td>
</tr>
<tr>
<td>Soft</td>
<td></td>
<td>1.18</td>
<td>.84</td>
<td>1.30</td>
</tr>
<tr>
<td><strong>Initial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tough</td>
<td></td>
<td>2.36</td>
<td>2.45</td>
<td>2.64</td>
</tr>
<tr>
<td>Soft</td>
<td></td>
<td>1.57</td>
<td>1.59</td>
<td>2.11</td>
</tr>
</tbody>
</table>
Results

Table 2 reports the mean values for each dependent variable by experimental condition. No interaction effects were found between initial stance and concession pattern on either initial magnitude, $F(1,72) = 1.173, p = .29$; or for overall magnitude, $F(1,72) = 1.07, p = .36$.

Examinations of these results by sex indicated no interactions with the independent variables. Analysis of variance did reveal sex main effects, however, as males made larger magnitude overall concessions, $F(1,72) = 5.693, p < .03$ and also larger initial concessions than females, $F(1,72) = 5.571, p < .03$.

Concession Pattern

Turning to the concession pattern, the planned comparison indicated an effect on initial magnitude supporting our major hypothesis that the decreasing pattern would yield larger concessions than the other two conditions (constant and increasing) combined, $t = 2.08, p < .025$, one-tailed, means were = 1.71 vs. 1.30. It appears, however, that this pattern effect was only temporary (for the early bargaining phase) as no pattern effects were found for overall magnitude, means were = 2.65 vs. 2.69.

Initial Stance

A main effect for initial stance on overall magnitude replicates prior research (Bateman, 1980; Chertkoff and Conley, 1967; Liebert, et al., 1972; Yukl, 1974b) and supports level-of-aspiration theory. A tough initial stance extracted larger overall concessions from an opponent than did a soft stance, $F(1,72) = 32.49, p < .001$, means were = 2.99 vs. 2.48. Main effect for stance on initial magnitude, however, contradicts level-of-aspiration theory as a soft stance yielded larger early phase concessions than the tough stance, $F(1,72) = 13.90, p < .001$, means were = 1.76 vs. 1.11.

Impression Measures

The adjective evaluations revealed effects for initial stance such that: the tough stance was viewed as more “firm” by bargainers, $F(1,72) = 26.11, p < .001$, means were = 5.6 vs. 4.4, while the soft stance was seen as more “reasonable”, $F(1,72) = 11.19 p < .001$, means were = 5.8 vs. 5.1. The data on bargainer’s evaluations also indicated that adopting a decreasing concession pattern was viewed as “firmer” than the other patterns combined, $t = 8.55, p < .01$, one-tailed, means were = 6.0 vs. 4.5; this pattern was also seen as less “reasonable” by bargainers, $t = 3.97, p < .01$, one-tailed, means were = 4.5 vs. 5.4.

The regression of overall concession magnitude with “firmness” and “reasonableness” revealed an $R^2 = .25$ and for initial magnitude, $R^2 = .08$.2

The present research indicates that the nature of concessions (direction or size) affect impressions of the behavior which is produced in a given context of bargaining. The tough stance would be perceived as more “firm” than a decreasing concession pattern, and the decreasing pattern was seen as more “reasonable” than the other patterns. The tough stance was also perceived as more “firm” than a decreasing pattern.

Turning to the prediction of level-of-aspiration theory, the tough stance extracts more overall magnitude concessions than a soft initial stance. This study also finds support for confidence in initial stance, a result of greater overall concessions.

Previous research has found that a soft initial strategy will yield fewer concessions, even at some risk of losing the initial stand; Mac Murray, 1980. The results of the current study support level-of-aspiration theory. On the other hand, an overall tough strategy attributed to the face threat.
LEVEL-OF-ASPIRATION

variable by
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agitude, $F$
$.07, p = .36.
tions with
al sex main
all concessions than
an overall tough stance. These seemingly contradictory results can be
attributed to the fact that concession pattern and levels of concession
The relative importance of "firm" vs. "reasonable" impressions
was assessed by a regression of these indices on initial concession
magnitude and overall magnitude. The results indicate that impres­
sions of "firmness" have a greater impact on early ($b^* = .29, p < .01$)
and overall ($b^* = .48, p < .001$) concessions than impressions of
"reasonableness" ($b^* = .15$, n.s. and .06, n.s., respectively).2 Cons­
istent with level-of-aspiration theory, these results suggest that
impressions of "firmness" are the most crucial in bargaining.

Discussion

The present research was based on two assumptions: First, that
facets of concession behavior other than concession magnitude (or
size) affect impressions of toughness. Second, aspects of concession
behavior which violate expectations are likely to produce greater
effects on such impressions. The major hypothesis was that a
decreasing concession pattern would produce more yielding than a
constant or increasing concession pattern. In addition, the study
attempted to replicate the effect for tough vs. soft initial stances.

The research found support for our major hypothesis — namely,
that a decreasing pattern of concession making would be more
effective than a constant or increasing pattern during the early phase
of bargaining. The hypothesis suggested that a decreasing pattern
would be perceived as tougher than the other patterns and, consistent
with level-of-aspiration theory, that this should result in greater
yielding. Data on adjective evaluations corroborated the impact of
concession pattern on impressions by indicating that the decreasing
pattern was seen as "firmer" than the other patterns.

Turning to the comparison of tough vs. soft initial stances, the major
prediction of level-of-aspiration theory — a tough initial stance
extracts more overall concession making from an opponent than a
soft initial stance — was replicated in the current research. However,
this study also found greater early yielding in response to a soft initial
stance, a result contrary to level-of-aspiration theory.

Previous research and the current study indicated that a tough
strategy will yield larger overall concessions in bargaining, although
at some risk of not reaching agreement (Hamner, 1974; Lawler and
Mac Murray, 1980). For the early bargaining phase, the results from
the current study do not consistently support level-of-aspiration
theory. On the one hand, a decreasing concession pattern (i.e., the
one perceived as most firm) produces the most yielding; on the other
hand, an overall soft initial stance produces more early yielding than
magnitude (i.e., toughness) have quite different meanings in the context of bargaining. The tough initial stance may appear overly tough in the early bargaining phase and hence engender intransigence or little concession making from an opponent during the early phase (Benton, et al., 1972; Esser and Komorita, 1975; Hamner, 1974). However, if agreement is to be reached, a tough stance must, by necessity, produce greater yielding overall. The impact of initial toughness is, in part, a function of the pressure to reach agreement which builds as the deadline approaches.

A decreasing pattern of concessions, on the other hand, while also tough or firm, must involve significant yielding initially, in order to allow for a decrease in concession level to occur (see Table 1). This initial yielding may communicate reasonableness and induce concession making during the early bargaining phase. While these two features of concession behavior (a tough initial stance and a decreasing pattern) both communicate bargaining toughness, they do so in different ways. As a result, the immediate response to the decreasing pattern of concession is more yielding, but less yielding in response to a tough initial stance.

The broadest implication of this research is that bargainers can convey firmness in a number of different ways, each of which is subject to analysis from the standpoint of level-of-aspiration theory. Concession magnitude and concession patterns offer two facets of concession behavior with which bargainers may convey firmness. The effectiveness of different concession sizes appears to depend on the degree to which a bargainer adjusts the concession to avoid an impression of excessive intransigence.

These results both serve to extend and specify the scope of level-of-aspiration theory. Additionally, they suggest the relevance of concerns with equity for bargaining interactions. Hence, although perceived toughness is clearly important in negotiations as suggested by level-of-aspiration, so too are impressions of fairness and equity. A bargainer who overemphasizes firmness runs the risk of not reaching an agreement based on perceived injustice, while the adoption of a stance which accentuates reasonableness, may be seen as weak, potentially leading to a disadvantageous agreement.

The effectiveness of different concession patterns appears to depend on whether the pattern violates the other's expectations and incorporates concessions that create a balance of firmness and reasonableness. This study has treated the influence of expectations as an implicit theoretical idea in the level-of-aspiration theory argument. As a consequence, the present research only indirectly examined these expectations. Future research is needed employing experimental manipulations and measurement to focus more directly on the influence of expectations to clarify this important issue.
LEVEL-OF-ASPIRATION

References


Social Conflict: A Play

Dean C. Pruitt and John Stalemate, and Storm $10.00 paperback

Early in the book the actors introduced. They are the “radical Buffalo in 1969 whose school administration over Cuba.

The play consists of the stages of social compromise, and settlement. The vernacular of the the dynamic and simple theoretical edge about social conflict statement that the found equally in international relations, substantiating evidence.

Their theoretical basic conflict process of conflicting parties of inaction, withdrawal, situational determinations throughout the book choices are explained from the perspective and the

The dual concern choice is determined by own outcomes and problem solving. The concerns are equal strategy when the own choice is also affected by strategies. The perspective.