The Bittersweet Feeling of Success: An Examination of Social Perception in Negotiation

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A social perception framework was used to examine how social cues and intergroup relations affect social judgment and behavior in negotiation. In Experiment 1, subjects negotiated and then learned that their opponent felt happy/disappointed/neutral. Negotiators felt less successful when their opponent was happy than when the opponent was disappointed. This effect occurred independent of negotiators' actual performance on the task. The feeling of success was "bittersweet," however, in that individuals who felt successful also regarded themselves as less honest, less sincere, less generous, and less fair—in short, less honorable in the negotiations. Experiment 2 tested the prediction that intergroup relationships govern the inverse affect and bittersweet effects. Individuals who negotiated with a disappointed opponent felt successful when the opponent was an out-group member, but not when the opponent was an in-group member. Negotiators allocated substantially more resources to in-group members who expressed disappointment with a previous outcome than to out-group members who expressed disappointment. © 1995 Academic Press, Inc.
People's perceptions of events do not always correspond with objective reality. A long tradition of social psychological research, dating back to the seminal works of Festinger (1954) and Berger and Luckman (1966), attests to the fact that individuals actively construe their social world (Ross & Nisbett, 1991) and that social cues dramatically affect social perception, judgment, and memory (Fiske & Taylor, 1991). Research in the social perception tradition studies how individuals understand their social world and has been used as a lens to examine a variety of important social activities, including impression formation, the perception of emotion, and causal attributions (see Schneider, Hastorf, & Ellsworth, 1979; Zebrowitz, 1990 for reviews). The study of social perception also has important implications for interpersonal perception and behavior in interdependent decision-making situations.

An important and common form of interdependent decision making is negotiation, a decision-making process in which two or more people make joint decisions regarding the allocation of limited resources (Neale & Bazerman, 1991; Pruitt & Rubin, 1986). In this analysis, we use the social perception framework of negotiation (Bazerman & Carroll, 1987; Thompson & Hastie, 1990b; Thompson, 1990a; Larrick & Boles, 1994) to motivate hypotheses regarding the perception of outcomes in negotiation. As our examination reveals, both objective and subjective social cues influence people's perceptions of negotiation outcomes. We further build upon the analysis of social perception by examining how intergroup relations shape perceptions of outcomes. Finally, we show how perception affects negotiation behavior. We present the results of three experiments that document how two basic psychological processes—social cues and group relations—affect negotiators' perceptions of success.

**FIXED-PIE PERCEPTION**

Our analysis is based upon a fundamental belief that characterizes individual thought and behavior in negotiation situations. This fundamental belief is known as the "fixed pie" perception (Bazerman & Neale, 1983; Thompson & Hastie, 1990a). The fixed-pie perception is the belief that one's own interests are completely opposed to those of the other party. The fixed-pie belief has been demonstrated empirically in more than 10 studies in which individuals involved in negotiation situations are asked to indicate what they believe to be the interests of the other party. Most negotiators respond that their own and the other party's interests are opposed (Thompson & Hastie, 1990a; Thompson, 1990b, 1990c, 1991; Thompson & DeHarpport, 1994).

Repeatedly, these studies have shown the fixed-pie bias to be ubiquitous and intractable. Even after engaging in negotiations that are not inherently fixed-sum in nature, but rather contain mutual interests, negotiators continue to hold onto their fixed-pie perceptions (Thompson, 1991). Further, when negotiators are provided with information designed to refute the fixed-pie perception, many continue to persevere in this belief (Thompson & DeHarp-
port, 1994). The fixed-pie bias is not limited to naive or inexperienced individuals; managers, executives, and business students also hold fixed-pie perceptions (cf. Neale & Bazerman, 1991; Thompson & Hastie, 1990a). Because the fixed-pie bias has been demonstrated so convincingly in previous research, we do not measure subjects' fixed-pie perceptions in our investigation. Instead, we build upon and extend the current body of research by focusing on affective and cognitive processes that we believe are intimately linked to fixed-pie perceptions.

SOCIAL CUES

The negotiation literature, building off Kahneman and Tversky's (1979) work on reference points, asserts that multiple criteria are available for judging the quality of a potential negotiated outcome (White & Neale, 1994; White, Valley, Bazerman, Neale, & Peck, 1994). In this literature, a reference point is the point, value, or price from which one evaluates potential outcomes in a negotiation. In these studies, reference points such as market value, the price of comparable alternatives, and the status quo are external to the negotiation. Other studies find that social comparison information from within the negotiation context is frequently invoked as a reference point. For example, Boles and Messick (1995) show that when presented with more than one possible outcome, the options previously chosen by other negotiators in the same position act as reference points. Loewenstein, Thompson, and Bazerman (1989) found that social comparison information rather than objective dollar values determined individuals' evaluations of outcomes; evaluations depended not only on the absolute value of one's own outcomes, but also on the positive or negative difference between one's own outcome and the amount allocated to the other party.

Whereas it is clear that different norms and reference points shape behavior during interdependent interaction, the process does not stop with the attainment of mutual agreement. Kahneman and Miller (1986) theorize that evaluation norms are gathered after an outcome has already been achieved. Rather than clear, objective, and a priori reference points, norm theory suggests evaluation norms may be contextual and socially determined. In many negotiations, most notably those with multiple issues and integrative potential, the alternatives are not completely known prior to the negotiation. Furthermore, clear reference points are seldom available. We argue that in these situations negotiators search for social cues to evaluate settlements. A particularly powerful piece of information that may act as a post hoc reference point is the opponent's outcome in the negotiation. In some situations, such as those presented by Loewenstein et al. (1989) and Boles and Messick (1995), both parties have complete information regarding their own and the other's payoffs. However, in many negotiations, such information is not available; instead, a negotiator must make an inference on the basis of social cues. For example, if an opponent expresses satisfaction with a partic-
ular offer or outcome, a negotiator may reason that the other party came out ahead. To anticipate our experimental investigation, we examine objective cues (opponent payoffs) in our preliminary study and concentrate on the effects of subjective social cues, specifically the other party’s reaction to his or her own outcome, in our subsequent studies.

We propose an “inverse affect” hypothesis, which posits that affective evaluations of performance are inversely related to the reaction displayed by one’s opponent. If a negotiator perceives his or her opponent to be dissatisfied with the settlement and holds a fixed-pie belief, the negotiator may interpret the other party’s disappointment as an indication of personal success. In contrast, if an opponent is happy with the settlement, the negotiator holding a fixed-pie belief may assume that both parties cannot win and therefore may feel that he/she must have “lost.” These perceptions may occur even in negotiations that actually contain potential for mutual gain.

The effects of social comparison in a negotiation may go deeper than the evaluation of success. Whereas much research focuses on the effect of social comparison on evaluation of specific abilities, values, and opinions, general self-esteem is also affected by comparison with others (Singer, 1966). The accomplishments of others may threaten one’s own self-regard (Wills, 1981). In response to such threats, people may compensate for relative incompetence or task failure by focusing on other considerations, such as their positive interpersonal qualities (Brown & Smart, 1991; Schneider, 1969). For example, individuals high in self-esteem may, upon failing a math test, maintain their self-esteem by focusing on their language skills. Similarly, in a negotiation context, an individual who does not reap much profit may reflect on his or her personal warmth or generosity. In sum, the opponent’s reaction is expected to affect negotiators’ self-regard: those who believe their opponent is happy will judge themselves to be more honest, cooperative, fair, and so on than negotiators who believe that their opponent is disappointed.

GROUP RELATIONS

The competitive aura of most negotiation situations permits individuals to feel successful when they perceive the opponent to be disappointed, as suggested by the inverse affect hypothesis. However, the extent to which this relationship holds is likely to be influenced by the social relationship between negotiators. For example, the inverse affect effect might be especially strong in negotiations involving relative strangers (e.g., a negotiation between a car seller and prospective buyer who expect never to interact again). In such “one-shot” and relatively impersonal transactions, what counts the most may be getting the best deal. Accordingly, individuals will feel more successful when they learn that their partner is disappointed. In other negotiation situations, the direction and intensity of a negotiator’s reaction to an opponent’s expression may be quite different. For example, in intragroup negotiations (negotiations involving members of the same social group), it may be psychologically
disturbing for a negotiator to learn that the other person feels disappointed with his or her outcome. In such contexts, it may be hard to relish victory when that victory is achieved at the expense of another group member.

Social group identity influences both negotiators' expectations about the offers they will receive from an opponent as well as their reactions to offers they actually do receive (Thompson, 1993). For example, negotiators prefer more equal division of resources when bargaining with in-group rather than out-group members, and increasing the salience of a common or shared social identity enhances preference for equal outcomes (Kramer, Pommerenke, & Newton, 1993; Kramer, Pradhan-Shah, & Woerner, 1995). Further, expectations of reciprocity and cooperation are more common within groups than between groups (Brewer, 1979; Kramer & Brewer, 1984). Decision makers are more likely to allocate resources to members of their own groups than members of out-groups, even when the allocations have no economic benefit for themselves (Tajfel, Billig, Bundy, & Flament, 1971). Finally, recent research has shown that group members attach considerable psychological significance to the treatment they give and receive in groups because it provides clues to their status and standing in the group (Lind & Tyler, 1988).

Although these studies clearly document the impact of the in-group versus out-group status of an opponent on negotiator cognitions, they unfortunately have not directly assessed affective reactions. In the present research, we predict that individuals who negotiate with a member of their own group will feel less successful in the face of another person's obvious disappointment than will individuals who negotiate with a member of an out-group.

We conducted a series of experiments to test our hypotheses concerning the role of fixed-pie perceptions, social cues, and group relations in negotiations. A preliminary investigation, containing a simple manipulation, illustrates the effects of social cues and the fixed-pie bias on perceptions of success in negotiations. Experiment 1 examines the inverse affect hypothesis by manipulating the reactions displayed by opponents. Experiment 2 examines group relations among negotiators and illustrates their powerful impact on negotiators' self-perceptions. Experiment 2 also shows that these perceptions affect subsequent bargaining behavior.

PRELIMINARY STUDY

The preliminary investigation tests the proposition that negotiators do not evaluate their outcomes on an absolute scale; rather success is a socially determined construct, measured relative to the outcomes of one's opponent. We predict that when individual, but not relative, outcomes of a negotiation are known, there should be no difference between people who attain objectively superior outcomes and those who perform significantly worse on the same objective measure. When relative performance is revealed, however, negotiators who perform better than their opponent will rate themselves as more successful than those who perform worse than their opponent.
Method

Subjects and Procedure

The subjects were 52 adult participants in a community volunteer program attending a conference related to their work as court-appointed volunteers in child custody hearings. Approximately one month prior to the conference, subjects signed-up for the study, at which time they were informed they would engage in a negotiation exercise to be followed by skills training. On the day of the study, participants were given consent forms to sign explaining the procedures. The instructions, materials, and dependent measures were collected before the training workshop began.

Subjects were given written instructions regarding their role in an employment negotiation (described below). Assignment to the roles, employee and employer, was random. Subjects were randomly paired with another person whom they did not know and negotiated face-to-face in an unconstrained fashion in a private area. Participants were allowed 30 min to complete negotiations; all participants completed the task within this time.

The task involved six issues concerning an employment contract between an employee and an employer: salary, vacation time, annual raise, starting date, medical coverage, and region. Each participant was given a chart labeled “private, confidential information” that listed five alternatives for each of the six issues (see Appendix). Next to each alternative on the chart was a number in parentheses that indicated its value to the subject (in terms of number of points).

The task was a variable-sum, or integrative negotiation. Two types of issues, common to real life negotiations, were included to make the task one in which joint gain could be enhanced. Tradeoff issues are issues for which parties have opposing interests concerning alternatives within an issue, but have different priorities concerning the relative importance of the issues (Froman & Cohen, 1970). For example, both participants were better off agreeing to a $29,000 salary and 10% medical coverage than by simply adopting the middle alternative for each issue ($27,000 salary and 50% medical coverage). Compatible issues are issues for which negotiators have identical preferences for alternatives within the issue (Thompson & Hastie, 1990a). For example, both participants maximize their points by agreeing to a starting date of May 1 and location in the east region. For each issue, there were five alternatives (e.g., salary could range between $25,000 and $29,000, in increments of $1000) that varied in terms of value to the negotiator (e.g., the employee preferred a higher salary to a lower salary). Participants were told they should try to earn as many points as possible. They were told that failure to reach agreement on all six issues would result in both persons earning zero points.

Social Comparison Manipulation

Pairs of subjects were randomly assigned to either a “social comparison” or “no social comparison” condition. In the “social comparison” condition, immediately following the negotiation, subjects were provided with information about the performance of the other party. Specifically, subjects were provided with the payoff charts of both parties in a side-by-side display. The negotiated outcome was indicated as well as the payoff to both parties. This allowed a clear comparison of how well parties did relative to one another. In the no social comparison condition, subjects were not provided with any information about the performance of the other party. They simply negotiated an agreement, knowing only their own payoffs, and then completed the feeling of success measure (described below).

Feeling of Success

Following the negotiation, subjects were asked to indicate how successful they felt about their own performance by choosing a number on a 5-point scale with end points labeled 1 = not successful and 5 = very successful. Subjects were assured their responses were confidential.
Results and Discussion

The hypotheses were predicated on the assumption that negotiations would result in one person earning more points than his or her opponent, thus producing a "winner" and a "loser" for each dyad. Out of the 26 pairs, 24 (92%) produced a winner and a loser, with the number of points earned by winners significantly greater ($M = 565.42$, $SD = 58.68$) than that earned by losers ($M = 434.17$, $SD = 63.65$), $F(1, 23) = 32.18$, $p < .0001$. There were no differences in points earned as a function of role (employee/employer), $F < 1$. There were also no differences in the actual number of points earned by winners in the two experimental conditions (social comparison/no social comparison), $F < 1$.

An analysis of variance, ANOVA, was performed on feeling of success with social comparison/no social comparison as a between-dyads variable and actual performance (winner/loser) as a within-dyad variable. The interaction was significant in the predicted direction, $F(1, 19) = 4.57$, $p < .05$: Winners' and losers' feeling of success did not significantly differ when they knew only their own outcomes (no social comparison), $M$(winner) = 3.91, $SD = .70$; $M$(loser) = 4.27, $SD = .79$, ns. However, when each knew the other party's outcomes (social comparison), winners felt significantly more successful ($M = 4.6$, $SD = .70$) than did losers ($M = 3.9$, $SD = .88$). Winners' feelings of success increased significantly when the other party's outcomes were known ($M$ increase = .69, $p < .05$); losers' feelings of success did not decrease significantly ($M$ decrease = .37, ns).

Next, we looked within the social comparison condition only, to examine the possibility that negotiators' feelings of success (or failure) were related to the degree to which they beat (or were beaten by) their opponent. Correlation coefficients were computed between the relative difference between the two parties' payoffs and their feelings of success. Winners' feelings of success were not significantly related to how much they earned relative to their losing opponent, $F(10) = .19$, ns. Losers' feelings of success, however, were strongly related to how much they were beaten by their opponent: the greater the discrepancy between negotiators' outcomes, the less successful losers felt, $F(10) = -.7$, $p < .03$. This finding is consistent with the lopsided tent-shaped utility function found by Loewenstein et al. (1989): as discrepancies between one's own and others' outcomes increase in a way that favors the other person, people are increasingly less satisfied; however, discrepancies that favor the self are not as sensitive to changes in magnitudes.

These results support the hypothesis that negotiators use social comparison information to evaluate success. Without social comparison information, both winners and losers see themselves as successful. When provided with social comparison information, however, winners' feelings of success increase significantly while losers' perceptions of success appear to be unaffected, suggesting

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1 Post hoc comparisons of means here and elsewhere in the text were tested using the Newman–Keuls procedure.
that losers may engage in self-esteem maintenance while winners self-enhance. However, as discrepancies between losers' performance and that of others increase, losers start to feel less successful. Losers begin to drop their enhanced self-evaluations only in the face of unambiguous negative feedback.

EXPERIMENT 1

The information provided to subjects in the preliminary study was performance-contingent—that is, negotiators were given information about their opponent's actual performance. This information acts not only as a social cue; it also provides objective data from which the focal negotiator may evaluate performance. A more compelling demonstration of the power of social cues on negotiators' perceptions of success involves examining information that is not performance-contingent. In other words, is it possible for negotiators' feelings of success to rise or fall completely independent of their own and their opponents' actual outcomes? To investigate this question, we provide negotiators with post-settlement reactions from their bargaining opponents. Specifically, the opponent expresses happiness/disappointment/neutrality with the settlement outcome. Then, negotiators are asked how successful they feel (along with other measures). We propose an inverse-affect effect, such that negotiators who perceive their opponent to be happy with the outcome should feel the least successful, whereas negotiators who perceive their opponent to be disappointed should feel the most successful, regardless of actual level of performance. We further propose that self-regard will be affected by the opponent’s reaction: faced with evidence that the opponent is happy, negotiators will make more positive evaluations of their interpersonal qualities than when they believe the opponent is disappointed.

Method

Subjects and Procedures

Ninety subjects participated for extra credit in an undergraduate psychology course. The general instructions and negotiation task were the same as those used in the preliminary investigation: subjects were randomly assigned to roles in an employment negotiation, negotiated face-to-face in an unconstrained fashion, and then indicated a final agreement.

Experimental Manipulation

After the negotiation was completed, subjects were given a "personal reaction" form to express their reactions and feelings about the outcome of the negotiation. After the experimenter collected these, the experimental manipulation was introduced. This involved giving subjects the personal reaction form allegedly completed by the other party. In fact, however, subjects randomly received one of three prepared responses corresponding to the three experimental conditions: "Happy opponent," “Disappointed opponent,” or “Neutral opponent.”

Subjects in the “happy opponent” condition read the following: “I feel really good about the negotiation outcome. I got way more points than I thought I would get. I definitely exceeded my goals. All in all, I would count it as a real success for me.” Subjects in the “disappointed opponent” condition read: “I feel really bad about the negotiation outcome. I got way less points than
I thought I would get. I definitely did not meet my goals at all. All in all, I would count it as a real failure for me.” Subjects in the “neutral opponent” condition read: “I feel OK about the negotiation outcome. I got about as many points as I thought I would get. Things turned out pretty much as I expected, no better and no worse.”

Because subjects negotiated face-to-face with each other and their interactions were not constrained in any fashion, subjects may have shared their feelings with one another during the interaction. We did not attempt to control or constrain this natural process. Therefore, some subjects may have perceived the written response to be at odds with statements or behaviors made by the opponent during the interaction. This procedure results in a conservative test of our hypothesis. That is, if subjects did in fact perceive the opponent’s written response to be at odds with natural interpersonal feedback, then we should expect the effects of the written response to be considerably weakened.

**Manipulation Check**

As a check on the effectiveness of the manipulation, subjects were asked to rate the opponent on nine measures: how much they thought their opponent enjoyed the negotiation, felt good about the outcome, felt successful, felt happy with their points, earned more than they did, had high expectations, wanted to earn a lot of points, would perform well in another negotiation, and was a good negotiator. In addition to these measures, subjects were given an open-ended form in which they were asked to comment about any confusing, strange, or otherwise suspicious aspects of the experiment. This measure was designed to examine whether subjects were aware that the personal reaction forms were not genuine.

**Dependent Measures**

All measures were collected after the experimental manipulation.

*Feelings of success.* Subjects’ feelings of success were assessed in the same manner as in the preliminary study, using a 7-point Likert scale, with end points labeled 1 = not successful and 7 = very successful.

*Self-evaluations.* Subjects rated themselves on 10 interpersonal qualities concerning their behavior in the task: friendly, generous, cooperative, fair, honest, likable, intelligent, competent, manipulative, and sincere, on a 7-point Likert scales.

**Results and Discussion**

The key analyses examined the impact of the other party’s response (happy, disappointed, neutral) on subjects’ feelings of success and self-evaluations. One subject expressed suspicion about the opponent’s reaction and was not included in the analyses.

**Manipulation Check**

We checked to see whether, by chance, joint performance differed across the three experimental conditions. Because the experimental manipulation was administered following the conclusion of the negotiation, there should not have been differences in joint performance, unless random assignment failed in some way. An ANOVA revealed no significant differences in joint performance across conditions: “happy opponent” ($M = 978.67, SD = 62.89$), “disappointed opponent” ($M = 1001.25, SD = 97.22$), and “neutral opponent” ($M = 1017.86, SD = 55.50$), $F(2, 42) = 1, p < .37$, ns.
The effectiveness of the opponent response manipulation was assessed via subjects' ratings of how they judged the other party to feel about the negotiation. These measures were included in a multivariate analysis of variance, omnibus $F(18, 60) = 14.59, p < .0001$. For easy inspection, all means are presented in Table 1. Subjects who read the “happy” response believed their opponent enjoyed the negotiation more, felt better, was more successful, was happier with their points, earned more points, would perform well in a subsequent negotiation, and was a better negotiator compared to subjects who read the “disappointed” response. There was no difference among conditions on two measures that assessed judgments of opponent’s goals: “my opponent had high expectations” and “my opponent wanted to earn a lot of points.”

**Feelings of Success**

As predicted, subjects who believed that their opponent was happy felt significantly less successful ($M = 4.96a$, $SD = .44$) than did subjects who

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>JUDGMENTS ABOUT OPPONENT (EXPERIMENT 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opponent response</td>
</tr>
<tr>
<td></td>
<td>Happy $(N = 14)$</td>
</tr>
<tr>
<td>My opponent:.....</td>
<td></td>
</tr>
<tr>
<td>Enjoyed the interaction</td>
<td>5.32</td>
</tr>
<tr>
<td>Felt good about the outcome</td>
<td>.25</td>
</tr>
<tr>
<td>Was successful</td>
<td>5.96</td>
</tr>
<tr>
<td>Was happy with his/her points</td>
<td>6.29</td>
</tr>
<tr>
<td>Earned more points than me</td>
<td>4.61</td>
</tr>
<tr>
<td>Would perform well in another negotiation</td>
<td>5.46</td>
</tr>
<tr>
<td>Is a “good” negotiator</td>
<td>5.25</td>
</tr>
<tr>
<td>Had high expectations</td>
<td>4.21</td>
</tr>
<tr>
<td>Wanted to earn a lot of points</td>
<td>5.25</td>
</tr>
</tbody>
</table>

*Note. Higher scores indicate more agreement. Standard deviations are in parentheses. Subscripts refer to significantly different means within the same row.

* Significant at $p < .001$. 
believed that their opponent was disappointed \((M = 5.56b, SD = .89)\) or neutral \((M = 5.68b, SD = .77)\), \(F(2,42) = 4.04, p < .03\).\(^2\) Actual performance was not significantly related to feelings of success, \(r = .01\), ns.

**Self-Evaluations**

Subjects' self-evaluations were entered into a multivariate analysis of variance and as predicted, the opponent’s reaction significantly affected subjects’ self-regard, omnibus \(F(20,64) = 1.66, p = .06\).\(^3\) Subjects who believed that their opponent was disappointed evaluated themselves to be less sincere, friendly, generous, cooperative, fair, honest, and likable than subjects who thought their opponent was happy (see Table 2). There were no significant effects for three measures: intelligent, competent, and manipulative \((Fs < 1)\).

Experiment 1 provides strong support for the inverse affect hypothesis. When subjects perceived their opponent to be happy with the outcome, they felt significantly less successful than when they thought their opponent was disappointed, even though their actual performance did not differ. Once again, changes in self-perception were independent of actual performance in negotiation. Whereas most negotiations are mixed-motive in nature, involving both cooperation and competition, the results suggest that negotiators focus on the competitive, rather than the cooperative aspect of negotiations. The results point to the vulnerability of subjective impressions. On one hand, it seems somewhat incredible that negotiators’ perceptions of success would be vulnerable to the reactions of others when they voluntarily reach agreement and know the value of their agreement. However, many instances of such affective “re-writing” of events occur in real life, such as when the car-buyer has second thoughts about his or her success only after talking with a neighbor.

Feelings of success in negotiation appear to be “bittersweet” because they come at the expense of a negotiator’s self-regard. Subjects who thought their opponent was disappointed with the outcome judged themselves to be significantly less sincere, friendly, generous, cooperative, fair, honest, and likable than did subjects who believed their opponent was happy. Whereas this effect seems to be at odds with the self-enhancement literature, the judgments were relative. That is, these negotiators did not regard themselves as heartless or evil-minded; in fact, most negotiators in all three conditions rated themselves well-above the midpoint on these measures. The findings are better interpreted as reflecting an enhancement effect on the part of negotiators who did not feel successful; that is, they compensated for their apparent lack of success in negotiation by extolling their personal virtues.

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\(^2\) Means that do not share a common subscript differ at \(p < .05\).

\(^3\) The multivariate \(F\) was not significant using two-tailed tests (reported in text); we looked at univariate tests because we had a priori predictions concerning these measures.
### Table 2

**Self-Evaluations Following Opponent’s Response (Experiment 1)**

<table>
<thead>
<tr>
<th>Opponent response</th>
<th>Happy (N = 15)</th>
<th>Neutral (N = 13)</th>
<th>Disappointed (N = 16)</th>
<th>F value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sincere</td>
<td>5.30</td>
<td>5.19</td>
<td>4.53</td>
<td>4.70*</td>
</tr>
<tr>
<td>Friendly</td>
<td>5.67</td>
<td>5.96</td>
<td>5.03</td>
<td>4.59*</td>
</tr>
<tr>
<td>Generous</td>
<td>4.90</td>
<td>4.46</td>
<td>4.09</td>
<td>3.98*</td>
</tr>
<tr>
<td>Cooperative</td>
<td>5.53</td>
<td>5.81</td>
<td>4.50</td>
<td>12.69***</td>
</tr>
<tr>
<td>Fair</td>
<td>5.73</td>
<td>5.35</td>
<td>4.69</td>
<td>6.7**</td>
</tr>
<tr>
<td>Honest</td>
<td>5.73</td>
<td>5.35</td>
<td>4.69</td>
<td>4.44*</td>
</tr>
<tr>
<td>Likable</td>
<td>5.47</td>
<td>5.65</td>
<td>4.56</td>
<td>8.8***</td>
</tr>
<tr>
<td>Intelligent</td>
<td>5.27</td>
<td>5.35</td>
<td>5.03</td>
<td>ns</td>
</tr>
<tr>
<td>Competent</td>
<td>5.3</td>
<td>5.62</td>
<td>5.25</td>
<td>ns</td>
</tr>
<tr>
<td>Manipulative</td>
<td>4.07</td>
<td>3.62</td>
<td>4.16</td>
<td>ns</td>
</tr>
</tbody>
</table>

Note. Higher scores indicate higher self-evaluations. Standard deviations are in parentheses. Subscripts refer to significantly different means within the same row.

* Significant at p < .05  
** Significant at p < .005  
*** Significant at p < .001

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**Experiment 2**

Are there circumstances under which a negotiator may feel successful even when his or her opponent is also happy with the outcome? Moreover, can a successful negotiator maintain positive self-regard when an opponent is disappointed? We believe the answer to these questions lies, in part, in the social ties that link negotiators. In Experiment 2, we extend our investigation of the affective responses to negotiation by considering the influence of the in-group versus out-group status of one’s opponent. First, we examine how the other party’s group membership and affective response to the outcome of a negotiation influence perceptions of success and self-regard. Second, we examine how these same factors affect subsequent “compensatory” allocation behavior.
From the standpoint of self-perception, learning that one has outperformed a member of one's own group is a mixed outcome: while it indicates competence at negotiation, it may also violate norms regarding cooperative behavior within the group (Brewer, 1981; Kramer, 1993). Thus, individuals faced with a disappointed in-group opponent may feel good but guilty. We predict the inverse affect results will be mitigated when individuals negotiate with a member of an out-group because the out-group status of the other party legitimizes taking pleasure in outperforming him or her. In contrast, self-evaluations may suffer when the disappointed opponent is a member of the negotiator's own social group. One way to restore a positive view of the self in such situations is to engage in compensatory behavior in subsequent negotiations.

We wanted to test our hypotheses in a natural intergroup situation—one that involved real in-group and out-group relations. Yet, we also wanted to maintain reasonable similarity in the subject populations among the experiments in the investigation. For these reasons, we used graduate management students enrolled in a 2-year business program. The graduate MBA program fosters an extremely strong sense of school identity, creating natural in-groups, and breeds strong competitive relations with students enrolled in MBA programs at other universities, creating natural out-groups. In this experiment, MBA students were told they would negotiate with someone who was either a member of their own school, the in-group, or a member of a rival school, the out-group.

After making a final offer to the other party, each negotiator learns of the opponent's reaction to the settlement outcome. As in Experiment 1, negotiators then are asked how successful they feel and to evaluate themselves on several interpersonal qualities. Our prediction is that feelings of success will increase more when negotiators perceive an out-group opponent to be disappointed than when an in-group opponent is disappointed, and that self-evaluations will be more influenced by the opponent's reaction when the negotiation involves an in-group rather than an out-group member.

After this evaluation, we give negotiators an opportunity to allocate valuable resources to themselves and the other party. We reason that negotiators may use this opportunity to "compensate" a disappointed opponent. By doing so, they can assuage to some degree their unfavorable self-evaluation (i.e., they can have an image of being both successful and generous). Once again the in-group versus out-group status of the opponent may moderate this relationship. In particular, we argue the desire to compensate one's opponent and assuage one's image will be stronger when one's opponent is an in-group member rather than an out-group member. Research on social identity suggests that, all else equal, individuals care more about the feelings and reactions of an in-group member than those of an out-group member (see, e.g., Hogg & Abrams, 1988, for a recent review of such evidence). Thus, we predict that, in the subsequent allocation task, negotiators will allocate more re-
sources to the disappointed opponent when he or she is a member of their own group than when he or she is a member of another group.

Method

Subjects

A total of 86 second-year MBA students participated as part of a graduate management course in negotiations. The students participated in the exercise during the latter half of the course; thus, they were experienced in negotiation and had sophisticated understanding of negotiation skills. The subjects were well-acquainted with one another and had had numerous interactions with one another both in classes and in informal, social activities throughout the year. Because the study was conducted during a class meeting, potential demand characteristics might have affected students' behavior in ways particular to the class, but not representative of realistic negotiation situations. Two key aspects of the study suggest that the dominant demand characteristic in this study was one that is representative of most real life negotiation situations; subjects were told to try to do as well as they could for themselves in the negotiation, but they were also told that both parties must agree for any settlement to occur. The mixed-motive nature of negotiation was pointed out several times during lectures and readings in the course.

Procedures and Manipulations

The general instructions and procedures for the negotiation task were similar to those used in our first two studies. Subjects were told they would negotiate with either an anonymous fellow student in another class in their own MBA program (in-group), or an anonymous student at another, named university (out-group). They were told that neither party's identity would be revealed at any time. In reality, there was no other party; all responses from the "other party" were part of the manipulations, as described below.

Unlike Experiment 1, subjects in Experiment 2 never actually met or interacted with the opponent. We wanted to hold the nature of the interaction with in- and out-group members constant so that any differences between in- and out-group negotiations on subsequent perceptions and judgments would reflect categorization, rather than personal experience. Subjects in both the in-group and out-group conditions were given identical information about the negotiation. They were given information about the history of a negotiation between themselves (employer) and a job candidate; they were told that the negotiation had been going on for a number of weeks. They were told the opening offer of the other party ($79,000 salary, 4 weeks of vacation, 10% annual raise, May 1 starting date, 90% medical coverage, and the east region), their own counteroffer ($67,000 salary, 2 weeks vacation, 2% annual raise, May 1 starting date, 10% medical coverage, and the east region), and the most recent offer extended by the other party ($79,000 salary, 3½ weeks of vacation, 10% annual raise, May 1 starting date, 50% medical coverage, and east region). The history of the negotiation was provided so that subjects would make a realistic final offer based upon meaningful information, rather than merely asking for the obvious, most preferable outcome for themselves. Their instructions stated that they should present a final offer that covered all of the issues, and that the other party would decide whether to accept or reject the final offer. Subjects were told that if their offer was not accepted by the other party, they would be forced to begin negotiations with another, less-preferred candidate. The value of such negotiations was left ambiguous, as is the case in real-life bargaining situations.

* Because second-year MBAs have significant first-hand knowledge of such negotiations, the alternatives for salary were changed to reflect levels common for their own job negotiations ($67,000 to $79,000). In this way, the negotiation exercise was especially realistic for them. All of the other issues remained the same as in the previous studies.
After making a final offer, subjects rated themselves, the "typical student" in their own MBA program and the "typical student" in the rival MBA program on 14 measures relevant to negotiation behavior: intelligent, sincere, friendly, greedy, competent, generous, hostile, cooperative, competitive, fair, honest, manipulative, stubborn, and likable. They were also provided with a "Personal Reaction Form," asking how they felt about the outcome of the negotiation and whether they would be willing to share this information with the other party after the negotiation. The students were instructed to take this with them and bring it back for the next class, when they would receive their opponents response to their final offers. Giving this form to them early was meant to familiarize them with it and increase the likelihood that they would consider the response from their opponent legitimate.

One week after making their final offers, subjects were given "the other party’s response" to their offers. All the responses and additional information were in envelopes, coded by students’ identification numbers. Students were instructed to come to the front of the room and find the package that corresponded with their code number. To make the out-group manipulation convincing, the responses supposedly coming from the rival MBA program were brought to the class in an express mail package. All subjects received a response in which they were told the opponent accepted their offer.

Each subject also received a "Personal Reaction Form" from the other party, indicating that he or she had agreed to share his or her reactions to the negotiation outcome. The reaction form allegedly completed by the other party provided the opponent response manipulation identical to that used in Experiment 1. As in Experiment 1, subjects randomly received one of three prepared responses corresponding to the three experimental conditions: "Happy opponent," "Disappointed opponent," or "Neutral opponent."

After reading their opponents’ responses and personal reactions, subjects indicated their feelings of success, and rated themselves on the self-evaluation measures. After completing these measures, each subject was informed there were 100 shares of valuable stock options they could distribute between themselves and the employee they just hired. They were told the allocation decision was entirely up to them and not negotiable with the other party, who would be informed of their decision, but would have no way to influence or change the allocation. They were asked to decide how many of the 100 shares of the stock option they would give to the other party.

Following the collection of all measures, an extensive debriefing session was conducted to assess suspicion concerning the out-group and the written reactions of the opponent. Not a single student expressed suspicion or concern that the procedures or materials were not genuine.

Dependent Measures

Feelings of success. Subjects completed 7-point Likert scales indicating their feelings of success as in Experiment 1, as well as two additional measures of their perceptions of the outcome: "I am happy with this outcome" and "I feel good about this outcome."

Self-evaluations. Subjects rated themselves on the same attributes as in Experiment 1 (intelligent, sincere, friendly, competent, generous, cooperative, fair, honest, manipulative, likable), plus four other qualities (greedy, stubborn, competitive, hostile).

Allocation behavior. The allocation measure was the number of shares of stock subjects chose to allocate to the other party, subsequent to receiving feedback about the other party’s response to the earlier negotiation.

Experimental Design

The experimental design was a 3 x 2 factorial, with Opponent Response (happy, neutral, disappointed) and Group Affiliation (in-group or out-group member) as between-subject variables.
Results

Manipulation Checks

Subjects who received the happy response judged their opponent to be happier ($M = 6.57a$, $SD = .50$), than subjects who received the neutral statement ($M = 5.5b$, $SD = .96$), with subjects who received the disappointed statement judging their opponent to be the least happy ($M = 2.0c$, $SD = .94$), $F(2, 78) = 240.97$, $p < .0002$. There were no main effects or interactions for in/out-group on this measure, $F$s < 2.8, $p$ < .1. Subjects who received the happy statement judged their opponent to feel more successful ($M = 6.18a$, $SD = .90$), than subjects who received the neutral statement ($M = 5.5b$, $SD = .75$), with subjects who received the disappointed statement judging the opponent to feel the least successful ($M = 3.5c$, $SD = 1.64$), $F(2, 78) = 41.26$, $p < .0005$. Again, there were no main effects or interactions for in/out-group, $F$s < 2.48, $p$ < .1.

To assess the effectiveness of the in/out-group manipulation, we used a method developed by researchers for measuring in-group bias (cf. Crocker, Thompson, McGraw, & Ingerman, 1987). In this method, a composite score is first created for each target group (in-group, out-group) by subtracting the mean scale value of the unfavorable characteristics (greedy, hostile, competitive, manipulative, and stubborn) from the mean scale value of the favorable characteristics (fair, honest, likable, intelligent, sincere, friendly, competent, generous, cooperative). Thus, negative scores reflect overall unfavorable evaluations; positive scores reflect more favorable evaluations. Then, an in-group bias measure is computed by taking the difference between in-group evaluations and out-group evaluations. There was a significant in-group bias effect: subjects rated their own group more favorably ($M = 1.14$, $SD = 1.2$) than the out-group ($M = .90$, $SD = 1.1$), $F(1, 83) = 4.58$, $p < .04$. The in/out-group status of one's opponent did not significantly affect in-group bias, $F(1, 84) = 3.4$, $p < .07$.

Final Offers

Although the value of the final offers to the self were in the expected direction for negotiations with in- and out-group members ($M = 542.7$ versus $M = 559$ for the in-group versus out-group opponent conditions respectively), this difference was not significant, $F < 1$.

Feelings of Success

There was a significant effect for Opponent Response on feelings of success, $F(2, 78) = 7.75$, $p < .001$. Subjects who believed that their opponent was happy felt significantly less successful ($M = 5.0a$, $SD = 1.31$) than did subjects who thought that their opponent was neutral ($M = 5.77b$, $SD = 1.72$) or disappointed ($M = 5.82b$, $SD = 1.44b$), $F(1, 80) = 4.52$, $p < .05$. This finding replicates the major finding of Experiment 1.
TABLE 3
FEELINGS OF SUCCESS AS DETERMINED BY OPPONENT RESPONSE AND GROUP AFFILIATION
(EXPERIMENT 2)

<table>
<thead>
<tr>
<th>Opponent response</th>
<th>$F$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Happy ($N = 14$)</td>
</tr>
<tr>
<td>In-group</td>
<td>5.50 (1.02)</td>
</tr>
<tr>
<td>Out-group</td>
<td>4.50 (1.40)</td>
</tr>
</tbody>
</table>

Note. Higher scores indicate greater feelings of success. Standard deviations are in parentheses. * Means with different subscripts in a given row differ significantly at $p < .0001$.

As predicted, there was a significant interaction between the opponent’s response and in/out-group status, $F(2, 78) = 5.50, p < .01$. Subjects who negotiated with a member of the out-group felt most successful when the opponent was disappointed ($M = 6.29a, SD = .83$) or neutral ($M = 6.29a, SD = .61$); and least successful when the opponent was happy ($M = 4.5b, SD = 1.4$), $F(2, 39) = 14.8, p < .0001$. In contrast, for subjects who negotiated with a member of the in-group, feelings of success were not affected by the opponent’s response, $F < 1$ (see Table 3).

Nearly identical findings emerged for reports of “feeling happy” and “feeling good.” That is, there were no significant effects for opponent response when the opponent was an in-group member ($Fs < 1$). In contrast, subjects felt happier when the out-group member was disappointed ($M = 5.93a, SD = .83$) or neutral ($M = 6.29a, SD = .83$) than when the opponent was happy ($M = 4.43b, SD = 1.28$), $F(2, 39) = 13.52, p < .0001$. Similarly, subjects felt best about the outcome when the out-group member was neutral ($M = 6.5a, SD = .65$), followed by disappointed ($M = 5.5b, SD = 1.09$), and least good when the out-group member was happy ($M = 4.57c, SD = 1.45$), $F(2, 39) = 10.49, p < .0005$.

Self-Evaluations

Self-evaluations were entered into a multivariate analysis of variance, with Opponent Response and Group Affiliation as independent variables. There was a significant main effect for Opponent Response on subjects’ self-evaluations, omnibus $F(28, 134) = 3.5, p < .0001$. Compared to subjects who believed their opponent was happy, those who believed their opponent was disappointed evaluated themselves to be significantly more greedy, competitive, manipulative, stubborn, intelligent, and competent and less generous, cooperative, and likable (see Table 4). No other main effects nor interactions were significant for this measure, $Fs < 1.55$, ns.
### TABLE 4

**SELF-EVALUATION FOLLOWING OPPONENT'S RESPONSE (EXPERIMENT 2)**

<table>
<thead>
<tr>
<th>Opponent response</th>
<th>Happy (N = 14)</th>
<th>Neutral (N = 15)</th>
<th>Disappointed (N = 14)</th>
<th>F value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Int.</td>
<td>4.71&lt;sub&gt;a&lt;/sub&gt;</td>
<td>5.27&lt;sub&gt;ab&lt;/sub&gt;</td>
<td>5.89&lt;sub&gt;b&lt;/sub&gt;</td>
<td>5.70**</td>
</tr>
<tr>
<td></td>
<td>(1.33)</td>
<td>(1.62)</td>
<td>(1.03)</td>
<td></td>
</tr>
<tr>
<td>Greedy</td>
<td>2.39&lt;sub&gt;a&lt;/sub&gt;</td>
<td>2.83&lt;sub&gt;b&lt;/sub&gt;</td>
<td>3.79&lt;sub&gt;c&lt;/sub&gt;</td>
<td>8.52***</td>
</tr>
<tr>
<td></td>
<td>(1.17)</td>
<td>(1.56)</td>
<td>(1.10)</td>
<td></td>
</tr>
<tr>
<td>Competent</td>
<td>4.36&lt;sub&gt;a&lt;/sub&gt;</td>
<td>5.3&lt;sub&gt;b&lt;/sub&gt;</td>
<td>5.86&lt;sub&gt;b&lt;/sub&gt;</td>
<td>10.00***</td>
</tr>
<tr>
<td></td>
<td>(1.42)</td>
<td>(1.64)</td>
<td>(1.52)</td>
<td></td>
</tr>
<tr>
<td>Generous</td>
<td>5.32&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.67&lt;sub&gt;ab&lt;/sub&gt;</td>
<td>4.32&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.05*</td>
</tr>
<tr>
<td></td>
<td>(1.36)</td>
<td>(1.56)</td>
<td>(0.98)</td>
<td></td>
</tr>
<tr>
<td>Cooperative</td>
<td>5.46&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.77&lt;sub&gt;ab&lt;/sub&gt;</td>
<td>4.68&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.85*</td>
</tr>
<tr>
<td></td>
<td>(1.23)</td>
<td>(1.55)</td>
<td>(1.25)</td>
<td></td>
</tr>
<tr>
<td>Competitive</td>
<td>3.68&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.13&lt;sub&gt;b&lt;/sub&gt;</td>
<td>5.18&lt;sub&gt;c&lt;/sub&gt;</td>
<td>8.17***</td>
</tr>
<tr>
<td></td>
<td>(1.52)</td>
<td>(1.81)</td>
<td>(0.95)</td>
<td></td>
</tr>
<tr>
<td>Manipulative</td>
<td>2.43&lt;sub&gt;a&lt;/sub&gt;</td>
<td>2.33&lt;sub&gt;b&lt;/sub&gt;</td>
<td>3.32&lt;sub&gt;c&lt;/sub&gt;</td>
<td>4.34*</td>
</tr>
<tr>
<td></td>
<td>(1.43)</td>
<td>(1.35)</td>
<td>(1.47)</td>
<td></td>
</tr>
<tr>
<td>Stubborn</td>
<td>2.43&lt;sub&gt;a&lt;/sub&gt;</td>
<td>2.77&lt;sub&gt;b&lt;/sub&gt;</td>
<td>4.11&lt;sub&gt;c&lt;/sub&gt;</td>
<td>10.34***</td>
</tr>
<tr>
<td></td>
<td>(1.26)</td>
<td>(1.59)</td>
<td>(1.55)</td>
<td></td>
</tr>
<tr>
<td>Likable</td>
<td>5.00&lt;sub&gt;a&lt;/sub&gt;</td>
<td>4.50&lt;sub&gt;ab&lt;/sub&gt;</td>
<td>4.21&lt;sub&gt;b&lt;/sub&gt;</td>
<td>5.08*</td>
</tr>
<tr>
<td></td>
<td>(1.47)</td>
<td>(1.53)</td>
<td>(0.83)</td>
<td></td>
</tr>
<tr>
<td>Sincere</td>
<td>5.43</td>
<td>5.27</td>
<td>5.57</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>(1.23)</td>
<td>(1.68)</td>
<td>(0.74)</td>
<td></td>
</tr>
<tr>
<td>Friendly</td>
<td>5.46</td>
<td>5.03</td>
<td>5.04</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>(1.43)</td>
<td>(1.69)</td>
<td>(0.79)</td>
<td></td>
</tr>
<tr>
<td>Hostile</td>
<td>1.96</td>
<td>1.77</td>
<td>2.46</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>(1.23)</td>
<td>(1.01)</td>
<td>(1.20)</td>
<td></td>
</tr>
<tr>
<td>Fair</td>
<td>4.93</td>
<td>5.07</td>
<td>5.11</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>(1.25)</td>
<td>(1.62)</td>
<td>(1.03)</td>
<td></td>
</tr>
<tr>
<td>Honest</td>
<td>5.32</td>
<td>5.07</td>
<td>5.89</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>(1.31)</td>
<td>(1.64)</td>
<td>(1.07)</td>
<td></td>
</tr>
</tbody>
</table>

*Note.* Higher scores indicate higher self-evaluations. Standard deviations are in parentheses.

* Significant at p < .05
** Significant at p < .005
*** Significant at p < .001.

### Allocation Behavior

Negotiators awarded their opponent nearly twice as many stock options when they thought he/she was disappointed (M = 37.5a, SD = 20.71) than when they thought he/she was happy (M = 20.06b, SD = 16.38); subjects who thought that the opponent was neutral awarded 30.9ab, on average (SD = 11.50), F(2, 78) = 7.62, p < .001. There was no main effect for in/out-
group status of one’s opponent, $F(1, 80) = 2.31, p = .13$. Planned comparisons indicated that whereas negotiators did not differ in their allocations to in-group versus out-group members when the opponent was happy, when the opponent was disappointed, negotiators allocated significantly more stock options to in-group members ($M = 44.29, SD = 23.85$) than out-group members ($M = 30.71, SD = 14.92$), $F(1, 80) = 4.6, p < .05$, (see Table 5).

An even split, or equal distribution, of the 100 stock options represents an important focal point in negotiation (Schelling, 1960; Allison, McQueen, & Schaerfl, 1992; Messick, 1993), and one that may be especially salient in negotiations with in-group members. To assess the operation of such equality norms, we developed a binary scoring system in which allocations were scored as “1” if they were 50 or greater; and scored as “0” if they were less than 50. Overall, almost one-third of the negotiators, 32%, allocated equal number of stock options to the opponent when they thought he or she was disappointed, whereas only 10% allocated equal shares when they thought the opponent was neutral or happy\textsuperscript{1} ($\chi^2 = 5.84, p < .06$).

There was a significant interaction between Opponent Response and Group Affiliation on equal distributions of the stock options. When the opponent was a member of the out-group, negotiators’ allocations were not responsive to the opponent’s affect ($\chi^2 = .34, \text{ns}$), with approximately 17% of subjects following an equality norm across conditions. In in-group negotiations, however, 50% of subjects distributed resources equally when the opponent was disappointed, dropping precipitously to 6% when the opponent was neutral, with none of

\textsuperscript{1}In the condition in which the subject believed he or she was negotiating with an in-group member who was unhappy with the outcome of the first negotiation, three subjects allocated over half the stock option to the other party. In all other conditions, 50% was the maximum allocation.
the subjects following an equal division rule when the opponent was happy ($\chi^2 = 13.28, p < .005$).

Discussion

The primary purpose of Experiment 2 was to investigate whether the inverse affect result would occur in negotiations among out-group members but not in-group members. The hypothesis was supported. Further, we found that social comparisons among negotiators affected allocation behavior. When the opponent was happy or neutral, there were no differences in allocations to in- and out-group members; however, when the opponent was disappointed, subjects allocated a larger share of resources to in-group members than out-group members. These results are consistent with other research suggesting that special norms govern negotiation with in-group members (Kramer et al., 1993). The norms prescribe fairness and equal distribution of resources and generally inhibit negotiators from feeling successful in the face of another person's disappointment.

A social identity theory perspective predicts those negotiating with an out-group member will make more self-serving offers than those negotiating with an in-group member, but we found no difference across these conditions in the value of the final offers made to the opponent during the initial negotiation. Subjects in all conditions elected to make realistic final offers—ones likely to be accepted by the other party. The offers made in the negotiation task were risky in the sense that the opponent had to accept the offer—otherwise both earned nothing. In contrast, the behavior in the stock option task was not risky because the opponent had no recourse. Perhaps the contingent nature of the negotiation task places constraints on the expression of intergroup affect, tempering the expression of pure self-interest. An alternative interpretation of the same data suggests that final offers made by both in-group and out-group negotiators were in fact self-serving. Given the null results, we are reluctant to be too speculative about either interpretation, without further data.

Whereas the opponent’s response and group membership determined feelings of success, with negotiators feeling most successful when the out-group opponent expressed disappointment, only opponent reaction (not group membership) determined negotiators’ self-evaluations. Overall, negotiators felt more greedy, more competitive, more manipulative, less generous, and less cooperative when the opponent was disappointed—regardless of the opponent’s group membership.

GENERAL DISCUSSION

We began our investigation with an analysis of social perception processes in interdependent decision making. Our findings strongly support the perspective that people's perceptions are powerfully influenced by social information. An inverse relationship exists between a negotiator's perception of the oppo-
nent’s performance and how successful the negotiator feels. A disappointed opponent increases a negotiator’s feelings of success, while a happy opponent detracts from them.

There are a number of implications stemming from the inverse affect results. First, we believe the inverse affect derives from the fixed-pie perception. However, because most negotiations are not fixed-sum (contrary to most negotiators’ beliefs), outcomes are not necessarily inversely related. Instead, it is possible for both negotiators to gain and, consequently, for both to feel successful in negotiations. One approach then, may be to reformulate the way individuals think about interdependence. To the extent that fixed-pie perceptions are activated when individuals perceive interdependent situations as “negotiations” or “bargaining” situations, it is possible that perceiving the same situations as mutual “problem-solving” enterprises may minimize the inverse affect and bittersweet effects.

One concern with our formulation is the nature of the inverse affect result. The issue is whether the effect is located in knowledge of the opponent’s affective state or the confirmation of an expectation. That is, the opponent’s response in our studies contained information about his/her affective state (happy, disappointed, neutral) and information about his/her goals (got more/less/same points as expected). Thus, it is unclear whether the affective or informational component of the response produces the inverse affect and bittersweet effects. We were able to address this question somewhat in Experiment 1, in which we asked subjects to evaluate their opponent’s affect as well as expectations and goals. The opponent’s response affected subjects’ evaluations of opponent affect but not their perceptions of the opponent’s goals or expectations. Thus, we believe that the inverse result is most likely determined by affective information. However, it is clear that further research is necessary to definitively address this issue.

The social relationship among negotiators influences feelings of success and subsequent behavior. Whereas those who negotiate with a member of an out-group feel more successful when the opponent is disappointed, feelings of success are not affected by the opponent’s response when the opponent is an in-group member. We interpret this as evidence of a strong norm for fairness and equality of outcomes among members of in-groups. Although it is permissible, and sometimes even encouraged, for individuals to take advantage of others in negotiation and bargaining contexts, when negotiating with friends or members of their own group, people prefer to distribute resources equally.

Of course, other explanations for the group effect are equally plausible. For example, it is possible that negative affect displayed by an in-group member threatens the individual’s relationships or membership within the group. This suggests that an important criterion for maintaining membership in an in-group is to not upset, disappoint, or threaten the welfare of
other group members. This explanation focuses on the affect displayed by in-group targets, whereas the equality norm explanation discussed above focuses on specific norms guiding the allocations of outcomes. To empirically distinguish between these explanations, it is necessary to separate cues that convey information about outcomes from those that convey information about affect.

Other social factors may also mediate inverse affect results. Messick and McClintock’s (1968) theory of social motivation argues that people differ in terms of their preferences for various kinds of outcomes. These preferences may affect perceptions in negotiations. For example, inverse affect may be strongest in people classified as competitors (those who prefer outcomes that maximize relative gain between self and other). Competitors presumably feel most successful when they have “beat” the other party and thus should be particularly sensitive to (and happy about) signals that the other person is unhappy. In contrast, cooperators (those who prefer to maximize joint gain) might be less likely to experience inverse affect, because they presumably experience doing much better than the other person as an aversive state.

We see some evidence that positive self-evaluation may be a compensatory reaction to threats to self-esteem. That is, negotiators who feel less successful (as a result of their opponent’s elated reaction) attempt to maintain or enhance their self-regard by viewing themselves as a better person. However, feelings of success are not without their dark side. Negotiators who believe that their opponent is disappointed also regard themselves as less honest, less sincere, less fair, and in short, believe themselves to have less integrity and good will in their negotiations compared to those who feel less successful. Feelings of success in negotiation seem to be at odds with self-evaluations of personal goodness.

This finding appears to contradict a large body of social psychological research suggesting that individuals are generally self-serving and self-enhancing in their self-perceptions (Taylor & Brown, 1988). In response, we raise two points that shed light on this puzzle. First, the effect of the opponent’s reaction on negotiator’s self-regard was different in Experiments 1 and 2. That is, in Experiment 1, those who believed the opponent to be disappointed evaluated themselves less favorably in terms of “personal warmth” (e.g., sincere, friendly, generous, cooperative, fair). In contrast, in Experiment 2, there were few differences in personal warmth dimensions (only generous and cooperative). Rather, subjects who believed that their opponent was disappointed evaluated themselves to be more intelligent and competent, as well as more competitive, greedy, manipulative, and stubborn. Thus, the other’s disappointment is accompanied by a self-deprecation effect in Experiment 1 but a self-enhancement effect in Experiment 2. A critical difference between Experiments 1 and 2 was the social interaction between negotiators. In Experiment 1, individuals negotiated face-to-face in a mutual interchange; in Experiment 2, individuals never met; they merely made a “final offer” via mail to the other party. Face-to-
face social interaction is a context in which personal warmth might be expected to play a large role. In contrast, the impersonal nature of parties’ interaction in Experiment 2 highlights strategic thinking and intellectual skills and leaves little or no room for social interaction or personal warmth to emerge.

The second point concerns the relativity of the effect: even negotiators who interacted with a disappointed opponent evaluated themselves well above the midpoint on the scales assessing interpersonal warmth and goodness. Thus, it cannot be concluded that these negotiators have a "poor" evaluation of themselves—only that self-evaluations suffer when the other is disappointed.

The control condition, in which the opponent’s reaction was largely neutral, also sheds some light on the nature of the self-perception process in negotiation. There are two noteworthy patterns that characterize the self-perception process for "neutral" reactions. First, in terms of feelings of success, the effect of a "neutral" opponent reaction is similar to that of a disappointed opponent, suggesting that inverse affect is primarily driven by positive reactions from an opponent rather than negative reactions. However, the story is different for self-evaluations, where negotiators who interact with the neutral opponent evaluate themselves much like those exposed to the happy opponent. Taken together, these different patterns of reactions spell good news for the negotiator’s self-regard. In the neutral case, the negotiator can feel both successful and good about him or herself. Only when the other party expresses obvious delight does the negotiator's feeling of success suffer; only when the other party expresses obvious disappointment does the negotiator's sense of personal integrity suffer.

Although the key findings of our research were demonstrated with three differing samples of subjects, limitations on the generalizability of the effects nevertheless remain. We used an employment task scenario. This has external validity in the sense that most people are involved in such negotiations numerous times in their lives, but it may nevertheless be special in some sense, limiting the generalizability of the findings. It will be important to examine the effect in other negotiation contexts and task situations. Second, the manipulation of opponent affect always occurred following the interaction and was communicated in writing. Though we have no reason to believe that the effect would differ substantially if the reaction was communicated verbally or before settlement was reached, it may be argued that self-perceptions may be affected by different communication channels and temporal contexts.

The objective of our research was to examine self-perception processes in interdependent decision making situations. At a practical level, what implications do these findings have for the negotiator? It may be useful to address this question from two standpoints: from the negotiator as sender and from the negotiator as recipient of affective reactions. From the transmittal standpoint,
it may behoove the negotiator to express disappointment with a settlement outcome in the hope of receiving future rewards. As we have seen, this may be more effective in the intra-group context than inter-group context. From the reception standpoint, the negotiator may want to reflect upon his/her self-evaluations before learning of the other’s reaction, so as to minimize the capricious influence of opponent responses on self-perceptions.

We view our results as contributing to an accumulating body of evidence regarding the importance of social comparison information in shaping individuals’ self-evaluation and affective responses to outcomes (Brickman & Janoff-Bulman, 1977; Tesser, et al., 1988). As our results show, individuals are not indifferent to information regarding their relative performance. As Elster (1989) noted, “… When we attempt to take stock of ourselves, the first impulse is to look at others. The serenity of mind that allows us to determine whether we are happy without comparing ourselves to others is rare” (p. 39).

### APPENDIX

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<th>Vacation time</th>
<th>Annual raise</th>
<th>Start date</th>
<th>Medical coverage</th>
<th>Region</th>
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<td>90% (80)</td>
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### REFERENCES


