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The Utility of Relationships in Negotiation

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Abstract and Keywords

This article emphasizes the recent developments identifying the importance of the relationship between the bargaining parties as an objective in and of itself, aside from the outcomes that emerge from the interaction. A focus on decision utility stresses that concern for the relationship and associated norms may affect preferences for various outcomes, which can be financially detrimental in the short-term yet economically advantageous in the long-term. Incorporating experienced utility seems to be especially relevant within a negotiation context, given that negotiators are often filled with a range of emotions and affective reactions. Negotiators might be motivated to preserve and improve their own identity through their relationships with their counterparts. Relationships between negotiators may affect preferences for different objective outcomes in the short term due to concerns over preserving the relationship relative to substantive concerns.

Keywords: bargaining parties, decision utility, experienced utility, negotiators, negotiation

Most studies examine the financial outcomes of a bargaining encounter in order to evaluate its success. Ashley D. Brown and Jared R. Curhan argue that the postnegotiation relationships between the bargaining parties is also an important outcome that should be incorporated into their value. This insight helps to explain a wide variety of otherwise puzzling bargaining behavior and opens up new research questions to be answered.

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While decades of research in the behavioral sciences tended to portray negotiation as an economically motivated interaction, negotiation scholars have shown a heightened interest in social psychological factors, including relationships (for a review, see Bazerman, Curhan, and Moore, 2001). This proliferation of research on relationships seems to be only fitting, given that negotiation involves an attempt to reach an agreement between two or more parties with divergent interests (Pruitt, 1981). Scholars have examined relationships from a variety of perspectives, focusing on the type of social tie or connection between negotiation parties, how such relationships influence negotiation processes and outcomes, and how negotiations, in turn, affect relationships (McGinn, 2006). Taking a step back, however, one might reasonably consider why negotiators might be motivated by relationships. How do relationships factor into negotiators' decision making, and what are the different types of utility that relationships provide? In this chapter, we evaluate the role of relationships in negotiation and propose a framework focused on three different concepts of utility, including decision utility, experienced utility, and diagnostic utility. Each of these concepts of utility offers a unique perspective as to why relationships might be powerful motivators, thereby enhancing our ability to explain and predict negotiator behavior.

To provide a brief overview, social context, and, specifically, the relationship between negotiating parties has come to the forefront of negotiation research since the 1990s (De Dreu, Beersma, Steinel, and Van Kleef, 2007; Kramer and Messick, 1995; McGinn, 2006; Valley, Neale, and Mannix, 1995). Researchers have characterized relationships among negotiators by type (i.e., stranger, spouse, friend, or colleague), level of cohesiveness or strength, anticipation of future exchange, and outcome dependence (Thompson, Peterson, and Kray, 1995). These relational factors give rise to norms, expectations, and assumptions, which then affect the negotiation process (McGinn, 2006), including informational exchange, competitive versus cooperative tactics, and concession making (Druckman & Broome, 1991; Thompson & Lowenstein, 2003; Valley et al., 1995). For instance, negotiators who have an existing friendship may engage in more information sharing and also have more accurate interpretations of such information (McGinn and Keros, 2003).

Given the association between relationships and negotiation process, it is not surprising that relationships also affect objective negotiation outcomes (McGinn, 2006; Valley et al., 1995).¹ Yet the strength or closeness of the relationship between parties does not unequivocally help or hinder negotiation outcomes (Fry, Firestone, and Williams, 1983; Greenhalgh and Chapman, 1998; Thompson and DeHarpport, 1998). On the one hand, an increase in information sharing and a decrease in coercive behavior can correspondingly lead to higher joint gains in (p. 140) close dyads (Greenhalgh and Chapman, 1998). On the other hand, negotiators with close relationships are also often willing to sacrifice objective gains to reduce conflict and negative externalities (Barry and Oliver, 1996;

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Curhan, Neale, Ross, and Rosencranz-Engelmann, 2008; Halpern, 1994; Polzer, Neale, and Glenn, 1993; Tyler, 1989). In an attempt to reconcile these discrepancies, Valley et al. (1995) proposed a curvilinear model to describe the association between relationship closeness and joint gains, where strangers (i.e., not close) and lovers (i.e., very close) fare worse than friends and colleagues (i.e., moderately close). More recently, Gelfand, Major, Raver, Nishii, and O'Brien (2006) developed a theory of relationality in negotiation with the construct of relational self-construal (RSC) at its core. In their model, RSC accessibility is determined from both temporary sources (e.g., situational conditions such as negotiating with a spouse) and chronic sources (e.g., individual and group differences such as personality or national culture), and the overall strength of RSC is related to a host of psychological states as well as negotiation tactics and outcomes. A central prediction of Gelfand et al.'s (2006) model is that RSC will have a curvilinear effect on negotiation outcomes, whereby moderate RSC accessibility is associated with high economic capital as compared with very high or very low RSC accessibility. These examples highlight that significant advancements have been made with respect to how social ties between negotiating parties might be conceptualized and operationalized as well as the impact that relationships have on negotiation processes and outcomes.

Yet this emerging focus on relational factors raises the question of why negotiators might be influenced and motivated by relationships. What are the different types of utility that negotiators derive from relationships? Utility is a central driving force of human behavior (Ariely and Norton, 2007), and economists, psychologists, and philosophers have debated its meaning and definition. While Jeremy Bentham (1789) originally defined utility in terms of pleasure and pain, over the years, this hedonic view of utility was replaced by a more narrow account focused on objective outcomes (Kahneman and Thaler, 2006; Kahneman, Wakker, and Sarin, 1997; Loewenstein, 1999). However, the tide is shifting once again, and there has been a growing body of both behavioral economics and social psychology research suggesting that people's actual preferences tend to be influenced by factors other than objective gains (e.g., Kahneman et al., 1997; Loewenstein, 1999; Thompson and Loewenstein, 2003; Valley et al., 1995). Despite the fact that economists and psychologists often have substantially different views in regard to the specific nature of utility (Ariely and Norton, 2007), there has been an expanding appreciation for a diverse set of determinants of utility (Loewenstein, 1999). Some of these refinements include the incorporation of relative payoffs and fairness (Bolton, 1991; Bolton & Ockenfels, 2000; Fehr and Schmidt, 1999; Rabin, 1993), self-identity (Akerlof and Kranton, 2000), and self-esteem (Benabou and Tirole, 2009) into utility functions.

Drawing on this growing body of research on the diverse determinants of utility, we propose that relationships between negotiation parties may enter into a negotiator's combined utility function in three different ways. First, relationships (p. 141) may influence negotiators' preferences for different kinds of outcomes (Bolton, 1991; Bolton and Ockenfels, 2000; Fehr and Schmidt, 1999; Greenhalgh and Chapman, 1995; McGinn, 2006; Rabin, 1993; Valley et al., 1995), which relates to the concept of decision utility. For example, negotiators might be inclined to sacrifice objective outcomes in the short term to preserve a relationship (Curhan et al., 2008; Gelfand et al., 2006; Greenhalgh & and

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Chapman, 1995), and this decision to forgo objective gain in the immediate negotiation could be financially rewarding over the long term via more negotiation opportunities and social capital (Curhan, Elfenbein, and Eisenkraft, 2010; Mannix, Tinsley, and Bazerman, 1995; Valley et al., 1995). Second, relationships may have intrinsic value, in that they may influence how pleasurable the negotiation experience is aside from any financial impact. These affective responses more closely approximate Bentham's original conception of utility, which has been revived by Kahneman and his colleagues and referred to as experienced utility (Kahneman et al., 1997). Finally, negotiators may learn about their own dispositions via how they treat others in a negotiation. Are they charitable, compassionate, and sympathetic? Or are they malicious, dishonest, and calculating? Negotiators might choose certain behaviors in order to reinforce or enhance their personal identity, which is similar to the concept of diagnostic utility (Akerlof and Kranton, 2000; Benabou and Tirole, 2009; Bodner and Prelec, 2001; Prelec and Bodner, 2003). By incorporating these different concepts of utility into one framework, a more comprehensive picture and account of why negotiators are motivated by relationships begins to unfold.

Decision utility

Relationships may influence negotiator behavior by altering preferences for various outcomes, which is related to the concept of decision utility. Decision utility is typically defined in terms of the anticipated consequences or outcomes of people's actions and is inferred from the choices that people make. More specifically, people's choices and decisions are a reflection of their preferences for various outcomes, and utility is assumed to be maximized provided that one's preferences are satisfied; as such, all necessary information associated with utility is revealed through people's choices.

Applied to the negotiation context, decision utility implies that people's choices and decisions reveal their utility for different outcomes, and such utility is likely to depend on any number of factors including the relationship between negotiating parties. When negotiators have a positive relationship with each other, they may be willing to forgo economic gain out of concern and respect for the other party as well as associated social norms. Moreover, relationships by definition imply ongoing interaction, and while economic gain may be forfeited in any given negotiation, relationships may be associated with greater objective outcomes over time. Such (p. 142) anticipation of future negotiations and potential reciprocity may further influence the utility associated with particular outcomes within a single negotiation.

Negotiators' preferences for various processes and objective outcomes may vary as a function of the relationship and surrounding norms, and as a consequence, economic gain may be sacrificed at least in the short term (Greenhalgh and Chapman, 1995; Thompson and Loewenstein, 2003; Tyler, 1989; Valley et al., 1995). In their classic study, Fry et al. (1983) found that romantic partners achieved lower joint gains than did pairings of strangers. Although the romantic partners were more cooperative with each other, they also set lower aspiration values for their objective outcomes and engaged in less trial and error, which in turn reduced their value creation. Similarly, close relationships can harm value creation when negotiators engage in a process that has been called relational satisficing or relational accommodation, which refers to the sacrifice of instrumental gains for the sake of fostering or maintaining a relationship (Curhan et al., 2008; Gelfand et al., 2006). Negotiators are often more motivated by having good relationships or being respected than by the substance of what is being negotiated (Gelfand et al., 2006; Lax and Sebenius, 1986; Miller and Ratner, 1998; Tyler and Blader, 2003). Relationships may also alter the allocation or distribution norms, including equality, equity, or need, which then subsequently affect preferences for various outcomes (Bolton, 1991; Bolton and Ockenfels, 2000; Fehr and Schmidt, 1999; Loewenstein, Thompson, and Bazerman, 1989; Messick, 1993; Valley et al., 1995). Furthermore, the attractiveness of a negotiated outcome may depend on its social utility—or the evaluation of one's own outcome relative to the outcome obtained by one's counterpart (Loewenstein et al., 1989; Thompson, Valley, and Kramer, 1995).

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The effect of relationships on decision utility may seem pernicious from the standpoint of one's short-term objective outcome. Yet looking beyond the scope of a single negotiation, a preference for outcomes that are more in accordance with relational norms may actually be economically advantageous in that relationships may be associated with future objective value (Curhan et al., 2010; Mannix et al., 1995; Valley et al., 1995). For example, Mannix et al. (1995) found that negotiators who expected to work with each other again were more likely to make concessions with the expectation of future reciprocity, and Drolet and Morris (2000) found that rapport developed in one negotiation can lead to greater information sharing in subsequent negotiations, resulting in increased joint gains. Similarly, in a multiround negotiation, Curhan et al. (2010) found that negotiators experiencing greater subjective value—that is social, perceptual, and emotional outcomes from a negotiation (Curhan, Elfenbein, and Xu, 2006)—at Time 1 achieved greater individual and joint objective outcomes at Time 2, even after controlling for Time 1 objective performance. Those negotiators who reported developing closer relationships in the first negotiation were able to create more objective value together in the second round, representing the tangible value of relational capital (Curhan et al., 2010).

Additionally, relationships may enable a negotiator to work on a greater number of deals over time, which can yield higher total value if more transactions are (p. 143) completed (Curhan et al., 2010). Positive relationships, trust, and satisfaction with one's outcome may result in a favorable reputation (Croson and Glick, 2001; Fortgang, Lax, and Sebenius, 2003; Tinsley, O'Connor, and Sullivan, 2002) as well as a greater desire to negotiate again (Lawler and Yoon, 1993, 1996; Naquin and Paulson, 2003; Oliver, Balakrishnan, and Barry, 1994). Both of these outcomes can be viewed as forms of social capital in that they increase a negotiator's bargaining power to the extent that a wider range of alternative agreements are made available (Giebels, De Dreu, and Van de Vliert, 2000; Pinkley, 1995). An important caveat, however, is that a reliance on prior relationships can result in suboptimal agreements to the extent that they limit search activity for other counterparts who might have more compatible interests (Tenbrunsel, Wade-Benzoni, Moag, and Bazerman, 1999). In sum, a focus on decision utility emphasizes that concern for the relationship and associated norms may influence preferences for various outcomes, which can be financially detrimental in the short-term yet economically advantageous in the long-term.

Experienced utility

While relationships alter preferences for outcomes, relationships may also influence real time affective responses experienced throughout the exchange or the degree to which the negotiation itself is experienced as pleasurable or painful. Negotiation practitioners and scholars often discuss the tendency of negotiators to take things personally, get offended, become upset, or have negative affective responses during a negotiation (White, Tynan,

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Galinsky, and Thompson, 2004), which may be more or less exacerbated by the type of relationship among the negotiators. As such, positive and negative feelings have intrinsic value aside from any potential impact on objective outcomes, which is similar to the concept of experienced utility (Kahneman et al., 1997).

While decision utility is commonly referred to as the “wantability” of an outcome and is inferred from the choices that people make (Kahneman and Thaler, 2006), experienced utility is referred to as “likeability” and incorporates the hedonic experience or affective valuation of the experience (Schreiber and Kahneman, 2000). Experienced utility is based on the theory or belief that there is a measurable good that is separable from the choices that people make, which is in contrast to decision utility, which assumes that the choices that people make reveal the necessary information associated with utility. Whereas decision utility is determined through people's choices, experienced utility can be based on either moment utility² or remembered utility. The former is the basic building block of experienced utility and can be measured via immediate reports of one's subjective experience or physiological indices, and the latter is a global evaluation based on retrospective reports of total pleasure or displeasure associated with past outcomes (Kahneman et al., 1997; Schreiber and Kahneman, 2000). Drawing on the distinction between (p. 144) decision and experienced utility, negotiators are experiencing utility (defined, for example, as pleasure or pain) at every moment, and these affective reactions (or moment utility) are not necessarily fully captured by a focus on relationships as a means to an end.

In terms of pleasure, negotiators may derive positive experienced utility from interacting with counterparts with whom they share close relationships.³ For example, friendships or strong working relationships may result in less conflict or disagreement about procedures, roles, and coordination (Shah and Jehn, 1993). Negotiators who expect to have ongoing relationships with their counterparts or have close relationships tend to be more cooperative and flexible (Ben-Yoav and Pruitt, 1984; De Dreu et al., 2007; Tinsley et al., 2002), be more open in their discussions about interests and priorities (De Dreu, Weingart, and Kwon, 2000; Druckman and Broome, 1991; Fry et al., 1983; Valley, Moag, and Bazerman, 1998; Valley et al., 1995), interpret ambiguous behavior in a more favorable light (Tinsley et al., 2002), and reach agreements more quickly (Schoeninger and Wood, 1969). Druckman and Broome (1991) argue that a primary reason existing relationships are valuable in negotiations is the reduction in uncertainty. While these behaviors are often associated with creating value in a negotiation, thereby influencing decision utility, they are also likely to generate positive experienced utility.

In terms of pain, or negative experienced utility, contentious and disruptive negotiation behaviors are often associated with the absence of a relationship or the presence of a poor relationship (Druckman and Broome, 1991; Fry et al., 1983; Greenhalgh and Chapman, 1998; Tinsley et al., 2002). Greenhalgh and Chapman (1998) found that a lack of relationship cohesion was positively correlated with the use of coercive tactics, and these tactics were, in turn, positively associated with negative affect or emotion. While the detrimental impact of coercive tactics on joint gains was not significant (Greenhalgh

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and Chapman, 1998), the increased use of such tactics in essence resulted in negative experienced utility. Furthermore, negotiators with critical or pessimistic perceptions of their counterparts have been found to rely on rigid and defensive behaviors to protect themselves against selfish and opportunistic actions (Tinsley et al., 2002). Negotiators have also been found to adopt competitive perspectives when anticipating a negotiation with a difficult counterpart, which can create a self-fulfilling prophecy (O'Connor and Arnold, 2001). Negotiations among those with poor relationships thus tend to be characterized by contentious, rigid behaviors and distributive tactics and, consequently, greater negative affect or unfavorable feelings throughout the negotiation. As such, these strategies and tactics may not only result in lower outcomes but also result in negative experienced utility or less pleasurable negotiation experiences.

The discussion of experienced utility has so far included examples in which decision and experienced utility coincide with each other. People often make choices or decisions within a negotiation that maximize not only the utility derived from their outcomes but also their real time experienced utility. However, experienced utility can be reported either moment by moment or retrospectively, and a disassociation between decision and experienced utility can arise when the real (p. 145) time affective valuations of an experience are not accurately recalled. In such cases, decision utility and preferences for one outcome versus another may not always coincide with experienced utility as measured in real time. Kahneman et al. (1997) have found that peak moments of affective intensity and ending moments tend to be most influential in determining remembered utility, which has been termed the peak-end rule. Within the negotiation context, negotiators may make systematic errors in the evaluation of past decisions if their recall is biased toward moments of peak intensity or ending moments. As a hypothetical example, a negotiator may be faced with the choice of negotiating with one of two prior counterparts again in the future. If memories are disproportionately influenced by peak and end moments, then the negotiator may choose to negotiate again with the counterpart with whom total experienced utility was lower—in which case utility should not necessarily be inferred from the choices made because decision and experienced utility do not coincide.⁴ Given the potential disconnect between decision and experienced utility, future research might evaluate the role of such biases and disassociations within the negotiation context, in which relationships may impact both types of utility.

Incorporating experienced utility seems to be especially relevant within a negotiation context, given that negotiators are often filled with a range of emotions and affective reactions. Moreover, many of the behaviors and negotiation processes that influence affective reactions have consistently been linked empirically with the presence or absence of close relational ties. However, it is important to note that positive relationships will not inevitably result in positive experienced utility and vice versa for negative relationships; rather, close, healthy relationships may result in all feelings being intensified or exacerbated, whether positively or negatively. The critical point is that relationships may have intrinsic value because the presence or absence of a close

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relationship between negotiators may result in the negotiation itself being more or less pleasurable.

In a similar vein, Curhan et al. (2006) have argued that subjective value may be a good in itself. Negotiators may value feelings of satisfaction, pride, and connection separate from any associated objective outcomes (Lax and Sebenius, 1986; Miller, 1999; Mills, 1940). Lawler and Yoon (1995) argue that people feel good as a result of accomplishing joint tasks with other people such that positive feelings are generated beyond those associated with instrumental rewards. Similarly, Tenbrunsel et al. (1999) found that negotiators place value on negotiating with a close personal tie due to fairness, trust, exchange of information, and ease of transaction. While these criteria did not pay off monetarily in terms of objective outcomes because negotiators were more modest in their reservation prices and aspiration levels (Tenbrunsel et al., 1999), negotiators may value these factors to the extent that they result in more pleasurable negotiation experiences. Although these examples do not measure experienced utility per se, they underscore the potential importance of accounting for different types of utility when considering why and how negotiators might be motivated by relationships.

(p. 146) **Diagnostic utility**

Finally, negotiators might also be motivated by the opportunity to enhance their own identity through how they treat others, which is closely linked to the relationship between negotiating parties. Negotiators may feel better about themselves when they show others respect, for example, and when others respect them. While concepts of utility have been diversified, most concepts of utility involve a broadly construed notion of consumption (Loewenstein, 1999). One exception to this is a growing body of literature incorporating the desire to enhance one's identity and impress oneself through self-signaling behavior (Akerlof and Kranton, 2000; Benabou and Tirole, 2004, 2006, 2009; Bodner and Prelec, 1996, 2001; Prelec and Bodner, 2003). The notion that negotiators might derive utility through how they feel about themselves as a function of the relationship and its effect on negotiation processes is not adequately captured through decision or experienced utility. Rather, *diagnostic utility*—a term used by Bodner and Prelec (1996)—encompasses the idea that when people make choices they are also revealing information (to themselves and to others) about their personal dispositions and character (Akerlof and Kranton, 2000; Benabou and Tirole, 2004, 2009; Bodner and Prelec, 1996, 2001; Prelec and Bodner, 2003).

According to diagnostic utility, actions and choices can be a source of satisfaction or dissatisfaction depending on whether they leave a person impressed or disappointed with his or her choice. Self-perception theory proposed the idea that people make inferences about themselves from their own behavior and was developed based on ample evidence from psychology experiments that people are often uncertain about their own dispositions (Bem, 1972). People attempt to signal to themselves and others that they have desirable qualities by taking actions that they believe are consistent with those attributes (Ariely and Norton, 2007; Benabou and Tirole, 2004). For example, in an experiment by Quattrone and Tversky (1984), participants were told that tolerance for a certain kind of pain (i.e., keeping one's hand in very cold water) was either diagnostic of a good or bad heart condition. Participants, subsequently, responded by either extending or shortening the amount of time that they withstood the pain in order to be consistent with the favorable image as determined by their assigned experimental condition. Such actions or self-signaling behaviors can be applied to a range of dispositions, including willpower, compassion, altruism, self-esteem, and shame, and have been incorporated into economic models of utility maximization (Bodner and Prelec, 1996, 2001).

Consistent with this notion of diagnostic utility, negotiators might choose behaviors or prioritize relationships that enhance their personal identity. For instance, allocation decisions can be an opportunity to signal desirable traits to both oneself and to others and may improve one's view of the self. Schwinger (1980) considered several studies showing that dyad members sometimes choose to give themselves lower allocations of resources, irrespective of performance contributions. In trying to explain this behavior, Schwinger (1980) argued that (p. 147) it is the result of a “politeness ritual,” whereby

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people use allocation decisions as opportunities to demonstrate modesty, politeness, and unselfishness. Moreover, the relationship between negotiating parties may affect the specific behaviors, norms, and allocation decisions that help to favorably reinforce one's view of the self. Polzer et al. (1993) found that both a politeness ritual and reciprocity norm often override self-interest in negotiations involving friends, resulting in an outcome close to an equal division of resources. While these allocation decisions may influence decision and experienced utility, separate value or reward may stem from the feelings associated with maintaining and enhancing one's own self-concept. The degree to which a negotiator is motivated to signal such qualities or find signaling to be meaningful and diagnostic may depend upon the relationship and social tie between parties.

Concerns over respect may also be incorporated into diagnostic utility to the extent that respect is intertwined with a positive sense of identity. Tyler and Blader's (2003) group engagement model posits that a need for both respect and positive social identity drive many of the effects observed in the procedural justice literature—highlighting that people are often motivated to reinforce particular identities through how they treat others. Specific to negotiation, Blount and Larrick (2000) showed that concerns for respect predicted negotiators' preferences over and above instrumental concerns. Similarly, Curhan et al. (2006) found in an inductive study involving diverse samples of negotiation practitioners, negotiation theorists, and lay people that feelings about oneself (e.g., feeling a sense of pride and maintaining a favorable self-image) was one of several primary drivers of negotiator satisfaction. As such, negotiators may derive utility and even prioritize negotiating with one party over another because they are able to maintain a positive sense of self.

Related to the self is the notion of losing face in a negotiation. Face concerns, or concerns over social image, public image, and reputation vis-à-vis other people in an interaction (Goffman, 1967), have been found to influence negotiation processes and outcomes (Brown, 1968; Deutsch, 1961; Wilson, 1992). For instance, face threats generate negative affect and emotion (Goffman, 1967; Pearson, Andersson, and Porath, 2000), which may then harm the relationship between negotiation parties. Negotiators may, consequently, derive utility by interacting with counterparts in such a way that allows both parties to maintain face. White et al. (2004) explored individual differences in face threat sensitivity, or the likelihood that an individual will have a negative affective reaction to a face threat, and found that negotiators who were especially sensitive to issues of face saving and face threat were more likely to reach impasses. These examples not only highlight the conditions under which negative affect may be more likely to be experienced in response to face threats but also how different types of utility can feed back into one another, where unfavorable feelings about the self can then lead to worse outcomes as well.

In short, negotiators might be motivated to preserve and enhance their own identity through their relationships with their counterparts. Negotiations often represent a context in which there are opportunities to exert and signal either (p. 148) to oneself or to others that one is ethical, charitable, cooperative, or altruistic, to name only a few characteristics. To that end, models of negotiation behavior ought to account for the fact

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that negotiators may be motivated to maintain or improve their sense of self in social interactions and through their relationships with other parties (Curhan et al., 2006). Negotiators may steer their choices toward actions diagnostic of preferred dispositions, which then constitute value in a utility function (Bodner and Prelec, 1996).

Future directions and conclusion

Negotiators may be motivated to take relationships into account from a variety of perspectives. This chapter identifies three different types of utility, including decision utility, experienced utility, and diagnostic utility, that negotiators might derive from relationships. This perspective, in effect, treats relational and subjective factors as additional outputs of the negotiation to be considered alongside objective outcomes. Whereas the vast majority of negotiation research has focused on how existing relationships going into a negotiation influence objective outcomes, our framework highlights and echoes the call for research to consider relational factors as outputs of the negotiation (Curhan et al., 2006; Kurtzberg and Medvec, 1999; Sacks, Reichert, and Proffitt, 1999).

A perspective that appreciates and acknowledges that negotiators may be driven by relational factors and, moreover, that relationships may, in turn, evolve with the negotiation process would contribute to a greater understanding of negotiator motives and behavior. For example, utility maximization is typically thought of as a primary goal or driver of behavior, and people are assumed to make choices that will, on average, make them as well off as possible (Kahneman and Thaler, 2006). To evaluate whether or not this goal has been achieved, the full range of factors that enter into a utility function in the first place needs to be identified. A consideration of these various concepts of utility and relational factors as valued outcomes creates the opportunity to evaluate more accurately if negotiators are indeed maximizing their own utility.

If relationships and subjective considerations are recognized as important drivers of negotiator behavior, then the examination of predictors of these outcomes becomes crucial as well. Future research might evaluate the specific personal attributes, situational characteristics, and behaviors that lead to or are associated with each of the three forms of utility described in this chapter. For instance, situational characteristics might make the negotiation process itself more or less pleasurable. One hypothesis may be that the medium of communication by which a negotiation takes place influences experienced utility such that face-to-face negotiations typically result in greater moment utility than negotiations conducted via e-mail or telephone. Predictors of diagnostic utility could also be investigated, drawing on (p. 149) existing research as a starting point. For example, Robinson, Lewicki, and Donahue (2000) developed the self-reported inappropriate negotiation strategies (SINS) scale to discriminate between tactics perceived as highly appropriate or ethical versus those perceived as highly inappropriate or unethical. Traditional competitive bargaining tactics such as pretending to have outside alternatives are considered to be relatively appropriate, whereas lying, making false promises, and misrepresenting information tend to be viewed as less appropriate. These latter examples may be associated with lower diagnostic utility, given the discomfort associated with using such tactics.

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While identification of the precursors of different concepts of utility may contribute to a more nuanced understanding of negotiator motives, it also complicates matters. Specifically, an incorporation of these different types of utility into a combined utility function unveils a complex relationship, given that some individual differences, situational features, and behavioral strategies may enhance objective outcomes while simultaneously undermining relational factors and vice versa. Curhan and Brown (2012) developed a framework that highlights this duality of negotiation outcomes, and they identified a set of illustrative predictors that have parallel effects, benefiting both objective and subjective outcomes in tandem, and another set that tends to have divergent effects on objective and subjective outcomes. Similarly, factors that undermine one form of utility may enhance another form, which may result in a tradeoff or an additional decision to be confronted by the negotiator.

Future research is also needed to unpack how decision, experience, and diagnostic utility interact with one another or are intertwined. For example, the extent to which a negotiator finds the interaction process to be enjoyable—a form of experienced utility—may influence the objective outcomes and associated decision utility. Eisenkraft, Curhan, and Brown (2010) found that negotiators who expected to enjoy negotiating with a particular counterpart (that is, those who anticipated high experienced utility), actually performed better economically (suggesting higher decision utility) with that counterpart. Similarly, Brown and Curhan (2010) found that some people look forward to the process of negotiation (anticipating high experienced utility), whereas others dread it (anticipating low experienced utility), and that these prior associations interact with physiological arousal to predict subjective and objective outcomes (decision utility). While additional empirical research would be required to confirm these associations, the examples presented here suggest that different forms of utility may be interconnected.

While the role of relationships in negotiation has extensively been examined, this chapter proposes that new insights might be gained by also focusing on why negotiators are motivated to take relationships into account. Consistent with extant literature, relationships between negotiators may influence preferences for different objective outcomes in the short term due to concerns over preserving the relationship relative to substantive concerns. Such short-term sacrifices can be economically advantageous over the long term in that relationships may be associated with future objective value. Aside from implications for objective (p. 150) outcomes, relationships are likely to influence affective reactions—either positive or negative—experienced during the negotiation itself. Finally, relationships may also provide the opportunity for negotiators to enhance their sense of self.

One goal of this chapter has been to advance the idea that negotiators might be motivated by the intrinsic, inherent value of relationships in addition to the impact on objective outcomes. At first glance, negotiators may not always appear to be maximizing utility if utility is defined narrowly with a focus on objective gains. As Loewenstein (1999) puts forth, perhaps psychology's most compelling recent contribution to economics has been an enriched concept of utility. This enhancement certainly adds value when applied

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to the negotiation context, given that a framework comprised of different concepts of utility may allow negotiation scholars to better understand and predict negotiator behavior.

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Notes:

(1.) Throughout this chapter, we use the term *objective outcomes* to refer to substantive outcomes or terms of the deal—what Thompson (1990) called the “economic outcome.”

(2.) Moment utility is also sometimes referred to as instant utility (e.g., Kahneman et al., 1997).

(3.) Of course, there is also a danger of becoming too focused on pleasure. For example, romantic partners and friendships formed outside the negotiation context may lead to an overemphasis or prioritization of pleasantness and equality (Mannix et al., 1995).

(4.) Likewise, people often make systematic errors in predicting the future experience of outcomes (Gilbert and Ebert, 2002; Wilson and Gilbert, 2005)—in which case, choices may fail to maximize predicted utility (Kahneman and Thaler, 2006).

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