

## Relational accommodation in negotiation: Effects of egalitarianism and gender on economic efficiency and relational capital

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Received 2 July 2004; accepted 15 February 2008

Available online 8 April 2008

Accepted by Dave Harrison

### Abstract

Highly relational contexts can have costs as well as benefits. Researchers theorize that negotiating dyads in which both parties hold highly relational goals or views of themselves are prone to *relational accommodation*, a dynamic resulting in inefficient economic outcomes yet high levels of relational capital. Previous research has provided only indirect empirical support for this theory. The present study fills this gap by demonstrating the divergent effects of egalitarianism on economic efficiency and relational capital in negotiation. Dyads engaged in a simulated employment negotiation among strangers within a company that was described as either egalitarian or hierarchical. As hypothesized, dyads assigned to the egalitarian condition reached less efficient economic outcomes yet had higher relational capital than dyads assigned to the hierarchical condition. Negotiations occurring between females resulted in lower joint economic outcomes than negotiations occurring between males. Results are consistent with the theory of relational self-construal in negotiation.

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**Keywords:** Negotiation; Egalitarianism; Hierarchy; Power distance; Gender; Relational self-construal; Relational satisficing; Organizational culture; Relational capital; Economic outcomes; Joint value

O. Henry's (1905) classic Christmas story, *The Gift of the Magi*, recounts the tale of a young couple facing hard times. Although the couple is extremely poor, the husband (Jim) and the wife (Della) each boasts a prized possession: Della prizes her long flowing hair, and Jim prizes the gold watch handed down to him by his father and grandfather. The day before Christmas, upon realizing that she has little money to purchase a present for Jim, Della decides to sell her beautiful long hair to buy a platinum chain for Jim's cherished watch. Meanwhile, the equally impoverished Jim sells his watch to buy Della a set of tortoise shell combs she had long coveted for her (now fully sheared) hair. On Christmas Eve,

Della and Jim exchange their gifts, only to realize the irony of their sacrifices.

From a purely instrumental perspective, the exchange between Della and Jim was "inefficient." Indeed, negotiation theorists Fisher, Ury, and Patton (1991) described the story's outcome as "tragic." If a similar exchange had occurred between two merchants, an economist might say that each party had forfeited something of great value, only to receive something that had no immediate value at all. Indeed, one of the most frequently cited studies on relationships in negotiation entertains the provocative notion that "lovers lose" when it comes to reaching efficient outcomes in negotiation (Fry, Firestone, & Williams, 1983). Nevertheless, O. Henry (1905) left no doubt that Della and Jim gained more than they lost from this Christmas exchange.

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The author's concluding words to his readers celebrated rather than ridiculed the wisdom of the two young people, with the clear suggestion that the relational outcome was of greater enduring value than anything that might have been achieved by a more efficient exchange involving less extravagant gifts. In this respect, O. Henry's (1905) romantic story emphasizes the importance of relational outcomes and demonstrates their independence from economic efficiency.

This paper explores economic efficiency and relational outcomes, not in the context of a romantic relationship, but in the context of a simulated business negotiation among strangers. Historically, the negotiation field has been dominated by a focus on economic outcomes (Mestdagh & Buelens, 2003), defined as the explicit terms of an agreement (Thompson, 1990), yet a growing body of research argues for the importance of social psychological outcomes, such as relational capital among negotiating parties (Curhan, Elfenbein, & Xu, 2006; Gelfand, Major, Raver, Nishi, & O'Brien, 2006).<sup>1</sup> Relational capital is similar to the construct of social capital, which refers to the accumulation of goodwill among a social network of relational ties (Adler & Kwon, 2002; Granovetter, 1985), except that relational capital typically entails mutual liking, trust, and the quality of a *dyadic* relationship as opposed to a network of relationships among many individuals (De Clercq & Sapienza, 2006; Gelfand et al., 2006).

Our thesis is that highly relational contexts can lead to a phenomenon we call "relational accommodation," whereby negotiators forfeit joint economic outcomes, either consciously or nonconsciously, in deference to the pursuit of relational goals and/or the adherence to relational norms. However, those same highly relational contexts that undermine economic efficiency can also foster greater relational capital.

By relational contexts, we mean contexts in which individuals hold a cognitive representation of themselves as being fundamentally interdependent or interconnected with other individuals, a construct psychologists refer to as *relational self-construal* (RSC; Cross & Madson, 1997; Kashima et al., 1995). Researchers in social psychology have devoted increasing attention to the role of self-schemas or self-construals (Fiske & Taylor, 1991; Markus, 1977), which are conscious and/or nonconscious representations of the self that guide the processing of information relevant to the self and exert a dynamic impact on behavior. Many studies suggest that individuals typically hold multiple self-construals

(Markus & Wurf, 1987) that affect various domains of personal concern. Brewer and Gardner (1996) argued that there are three different kinds of self-construal—(1) the individual (or personal) self-construal refers to a sense of oneself as having a unique identity that is individuated from others; (2) the RSC (mentioned above) refers to a sense of oneself as being inherently connected to significant others; and (3) the collective self-construal refers to a sense of oneself as having a social identity with a group. The construct of RSC is similar to the notion of interdependent self-construal in that both focus on the importance of interpersonal relationships, yet RSC (also known as "relational interdependence" or the "Western version" of interdependence) refers primarily to the importance of close dyadic relationships whereas interdependence refers to both dyadic relationships and relationships with larger groups (Cross, Gore, & Morris, 2003).

Like other kinds of self-construal, RSC may vary in its accessibility over time and across individuals. *Accessibility* refers to the level of readiness with which a particular construct can be applied to a stimulus or social situation (Bruner, 1957; Higgins & King, 1981). When constructs are more accessible, they can have a greater influence on information processing. Thus, RSC accessibility refers to the degree to which individuals are cued or prone to focus on the importance of dyadic relationships.

Although there are many factors that might increase RSC accessibility, situational contexts (temporary accessibility) and individual differences (chronic accessibility) are two broad classes of variables implicated in previous research (Bargh, Bond, Lomabardi, & Tota, 1986; Higgins, 1989; Kihlstrom & Cantor, 1984). In this investigation, we explore egalitarianism (a situational context) and gender (an individual difference) because of the importance of these factors in modern day organizational life. Previous research (summarized below) suggests that egalitarianism and gender each should be associated with greater RSC accessibility.

### Egalitarianism as a relational context

According to Van Maanen and Schein's (1979) theory of organizational socialization, one of the functions of an organizational culture (defined as a set of shared artifacts, values, and assumptions held by a given group; Schein, 1990) is to enhance or replace aspects of the self-identity. This socialization process begins for new organizational members at the point of entry into the firm, and stems from anxiety coupled with the functional requirements and social context of new roles and tasks. Our investigation begins with the assertion that the organizational culture of egalitarianism can trigger a relational self-identity.

<sup>1</sup> For a more detailed taxonomy of economic and social psychological outcomes in negotiation, see Curhan et al. (2006). In the language of Foa's (1971) classification system for interpersonal and economic resources, social psychological outcomes tend to be higher than economic outcomes on the dimension of particularism but lower than economic outcomes on the dimension of concreteness.

Although studies of the well-known individualism–collectivism distinction (Hofstede, 1980, 1991) have informed existing knowledge of how negotiation behavior varies systematically across cultural contexts, other dimensions of cultural variability have received relatively less attention from conflict and negotiation researchers (Bazerman, Curhan, Moore, & Valley, 2000; Leung, 1998). Pertaining to the current investigation, Hofstede (1980) found that groups of individuals from different societies varied systematically in the degree to which they perceive inequality, power differences, and status differences as being acceptable or even desirable. Hofstede (1980) labeled this dimension *power distance*, and Schwartz (1994) subsequently called it *hierarchy* versus *egalitarian commitment*.

Linking the power distance dimension with the individualism–collectivism dimension, Triandis and Gelfand (1998) asserted that, both within the United States (Singelis, Triandis, Bhawuk, & Gelfand, 1995) and in non-Western contexts (Triandis & Gelfand, 1998), individualism and collectivism each exist in two importantly different forms—a vertical form (emphasizing hierarchy) and a horizontal form (emphasizing egalitarianism). Of particular relevance to the current investigation, Triandis and Gelfand found that the egalitarian forms of individualism and collectivism each were more highly associated with levels of relational interconnectedness (as measured by the interdependence subscale of Singelis et al., 1995) than were the hierarchical forms of individualism and collectivism. At the country level, egalitarianism is one of the most important defining features of those national cultures characterized by harmony and nurturance (Basabe & Valencia, 2007; Fischer & Smith, 2003).

At the organizational level, a culture of egalitarianism promotes a similar sense of interconnectedness (Fletcher, 1999). Sagiv and Schwartz (2000) characterize egalitarianism as follows:

[E]galitarianism seeks to induce people to recognize one another as moral equals who share basic interests as human beings. It emphasizes transcendence of self-interests in favor of voluntary behavior that promotes the welfare of others... People [exposed to egalitarianism] are socialized to internalize a commitment to voluntary cooperation with others and to feel concern for everyone's welfare (p. 420).

Deutsch (1990) describes a correlation between the dimensions of cooperation–competition and egalitarianism–hierarchy whereby “cooperative systems tend to be egalitarian and competitive systems tend to be hierarchical” (p. 161; also see Van Lange, 1999). Moreover, in Deutsch's laboratory research, participants randomly assigned to egalitarian groups tended to develop “friendlier” interpersonal relationships (Deutsch, 1991, p. 196).

Based on this research, we hypothesized that an egalitarian organizational context would foster a tendency

to construe oneself as being inherently connected with significant others.

**Hypothesis 1.** Egalitarianism will be positively correlated with RSC accessibility.

### Gender as a relational context

A long history of research on gender differences in the United States suggests that females and males tend to have different orientations toward interpersonal relationships. Bakan (1966) characterized females as more communal and males as more agentic. Gilligan (1982) characterized females as more affiliative and males as more independent. More recently, however, researchers have argued that gender differences between females and males are attributable to differences in how they construe themselves in relation to others (Cross & Madson, 1997). According to this current perspective, females tend to see themselves as being inherently interdependent or connected to others whereas males tend to see themselves independently or autonomously from others (cf. Markus & Kitayama, 1991).

Although it is tempting to equate gender differences with differences in national culture, this analogy does not hold up empirically (Kashima et al., 1995). Returning to Brewer and Gardner's (1996) three kinds of self-construal, gender differences are most pronounced on the dimension of RSC whereas cultural differences are most pronounced in terms of individual self-construal or collective self-construal (Kashima et al., 1995).

Based on this research, we hypothesized that females would be more likely than males to construe themselves as being inherently connected with significant others.

**Hypothesis 2.** Females will be higher than males on the dimension of RSC accessibility.

Our argument is that there are situational and dispositional precursors of RSC accessibility that will have an effect on dyadic negotiations. To provide evidence of this psychological process, we begin by presenting results of a pre-test of the relationship between the precursors—i.e., egalitarianism and gender—and RSC. Later, we explore the role of egalitarianism and gender as predictors of economic outcomes and relational capital in negotiation.

### Pre-test

A preliminary investigation was undertaken to test the two hypotheses proposed above. A total of 125 participants (79 females and 46 males), responded to a university-based survey for pay and were randomly assigned to experimental conditions in which they were

instructed to imagine themselves as a Middle Manager (MM) or Vice President (VP) in an organization that was purportedly egalitarian or hierarchical. The description of the organization was experimentally manipulated as indicated in the italicized parts of the two sets of instructions below. Participants assigned to the egalitarian organizational culture condition read the following description of the company:

Imagine that you are a Middle Manager [Vice President] at Business International, a company known for having an *extremely egalitarian corporate culture*. Inequalities between each level of management are *minimized*. For example, there is a *narrow salary range* between the top and bottom of the organization. Lower-level employees *frequently* associate with middle-level management and middle-level management *frequently* associates with senior-level management. *All members of the company*, from the most senior to the lowest-status employee, *eat side-by-side in the same cafeteria*. In general, *lower-status employees expect to be consulted* by higher-status employees before decisions are made. *Low-status employees have a fair amount of independence* when it comes to decisions about their own resources. Consequently, lower-status employees *seldom are afraid to express disagreement* with their managers and managers tend to use a *democratic or consultative style* with their employees [italics added].

By contrast, participants assigned to the hierarchical organizational culture condition read the following description of the company:

Imagine that you are a Middle Manager [Vice President] at Business International, a company known for having an *extremely hierarchical corporate culture*. Inequalities between each level of management are *both expected and desired*. For example, there is a *wide salary range* between the top and bottom of the organization. Lower-level employees *rarely* associate with middle-level management and middle-level management *rarely* associates with senior-level management. There are *three different cafeterias* in the company—one for lower management, one for middle management, and one for senior management. In general, *lower-status employees expect to be told what to do* by higher-status employees and are *dependent on the higher-status employees* for resources. Consequently, lower-status employees often are *afraid to express disagreement* with their managers and managers tend to use an *autocratic or paternalistic style* with their employees [italics added].

After reading one of these organization descriptions, participants responded to Selenta and Lord's (2005; also see Johnson, Selenta, and Lord, 2006) levels of self-con-

cept scale (LSCS), which consists of 32 Likert-style items measuring all three self-construals proposed by Brewer and Gardner (1996). LSCS items were adapted to apply to organizational cultures. Reliability was acceptable for the 13 items measuring self-construal at the individual level ( $\alpha = .82$ ), for the 9 items measuring self-construal at the relational level ( $\alpha = .83$ ), and for the 10 items measuring self-construal at the collective level ( $\alpha = .80$ ). These three subscales were not only internally consistent, but also different from one another, as evidenced by moderate to low inter-factor correlations among the subscales, all  $r_s < .52$ .

To test Hypotheses 1 and 2, we subjected each type of self-construal to an ANOVA with organizational culture (egalitarianism vs. hierarchy), sex (female vs. male), and role (MM vs. VP) as independent factors. In support of Hypothesis 1, the ANOVA applied to RSC showed a highly significant main effect for organization culture,  $F(1, 117) = 21.15$ ,  $p < .001$ ,  $\eta_p^2 = .153$ , such that RSC was higher for those who had been assigned to the egalitarian condition ( $M = 3.88$ ,  $SD = 0.53$ ) than for those who had been assigned to the hierarchical condition ( $M = 3.40$ ,  $SD = 0.76$ ). In support of Hypothesis 2, the ANOVA applied to RSC also showed a significant main effect for sex,  $F(1, 117) = 6.12$ ,  $p < .05$ ,  $\eta_p^2 = .050$ , such that RSC accessibility was higher for females ( $M = 3.74$ ,  $SD = 0.64$ ) than for males ( $M = 3.46$ ,  $SD = 0.75$ ). These main effects were qualified by a significant two-way interaction between organizational culture and sex,  $F(1, 117) = 4.00$ ,  $p < .05$ ,  $\eta_p^2 = .033$ , indicating that the organizational culture manipulation had a greater effect for males than for females. Females had only slightly lower RSC accessibility in the hierarchical condition ( $M = 3.59$ ,  $SD = 0.71$ ) than in the egalitarian condition ( $M = 3.90$ ,  $SD = 0.52$ ), whereas males had considerably lower RSC accessibility in the hierarchical condition ( $M = 3.05$ ,  $SD = 0.73$ ) than in the egalitarian condition ( $M = 3.84$ ,  $SD = 0.55$ ). There was no significant main effect for role or interactions involving other variables.

Although both of our hypotheses pertained only to RSC, we also examined results for the other two types of self-construal measured by the LSCS, and found effects to be similar although weaker. The ANOVA applied to individual self-construal (i.e., defining oneself as unique and individuated from others) showed a significant main effect for organizational culture,  $F(1, 117) = 8.21$ ,  $p < .01$ ,  $\eta_p^2 = .066$ , such that individual self-construal was lower for those who had been assigned to the egalitarian condition ( $M = 3.28$ ,  $SD = 0.65$ ) than for those who had been assigned to the hierarchical condition ( $M = 3.59$ ,  $SD = 0.55$ ), and a significant main effect for sex,  $F(1, 117) = 4.80$ ,  $p < .05$ ,  $\eta_p^2 = .039$ , such that individual self-construal was lower for females ( $M = 3.36$ ,  $SD = 0.61$ ) than for males ( $M = 3.57$ ,  $SD = 0.61$ ). The ANOVA applied to

collective self-construal (i.e., defining oneself as having a social identity with a group) showed a significant main effect for organizational culture,  $F(1,117) = 3.98$ ,  $p < .05$ ,  $\eta_p^2 = .033$ , such that collective self-construal was higher for those who had been assigned to the egalitarian condition ( $M = 3.56$ ,  $SD = 0.54$ ) than for those who had been assigned to the hierarchical condition ( $M = 3.41$ ,  $SD = 0.67$ ), and a significant main effect for sex,  $F(1,117) = 5.72$ ,  $p < .05$ ,  $\eta_p^2 = .047$ , such that collective self-construal was higher for females ( $M = 3.57$ ,  $SD = 0.60$ ) than for males ( $M = 3.32$ ,  $SD = 0.60$ ). No other main effects or interactions were significant.

In summary, both hypotheses were supported. By far the strongest effect was that participants who had been assigned to the egalitarian condition had higher RSC accessibility than did participants who had been assigned to the hierarchical condition. According to Cohen's (1988) rule of thumb for judging effect sizes, the association between organizational culture and RSC accessibility ( $\eta_p^2 = .153$ ) was "large" whereas all other associations were either "small" or "medium." Consistent with previous research (Cross & Madson, 1997; Kashima et al., 1995), females were higher than males on RSC accessibility, and this effect was larger than sex effects for other types of self-construal. The interaction between organizational culture and sex, which was significant only on the dimension of RSC, suggests that our manipulation of organizational culture was stronger for males than for females, a finding consistent with research demonstrating that females and males have different models and associations with hierarchy (Schmid Mast, 2001, 2002). Put differently, females in our pre-test were chronically high on RSC accessibility, whereas males were high on RSC accessibility only when exposed to egalitarianism. This two-way interaction foreshadows results from Studies 1 and 2.

### Relational accommodation in negotiation

According to the dual concern model (Pruitt & Rubin, 1986), negotiators have two types of concerns—concern for their own outcomes and concern for the outcomes of others. When both of these concerns are moderately high, negotiators are likely to engage in problem solving (i.e., attempts to integrate the interests of both sides). However, if negotiators become disproportionately concerned about the welfare of others, to the extent of undermining their own personal aspirations, this can result in mutual yielding or premature compromise on sub-optimal agreements (Ben-Yoav & Pruitt, 1984; De Dreu, Weingart, & Kwon, 2000). Kilmann and Thomas (1977) called this process "accommodation."

When both parties are highly concerned about building or maintaining relationships, a similar process may unfold—a process we call "relational accommodation." Gelfand et al. (2006) theorized that negotiating parties who are both very high in RSC accessibility should be (1) less effective at creating high joint economic outcomes (i.e., "enlarging the pie") yet (2) more effective at fostering relational capital.<sup>2</sup> Gelfand et al.'s first proposition, that focusing on relationships reduces bargaining efficiency, is consistent with dual concern theory (Pruitt & Rubin, 1986) and supported by results of several previous studies comparing negotiations among parties who have or lack close person ties (e.g., Fry et al., 1983; Shoeninger & Wood, 1969; for reviews see Bazerman, Curhan, & Moore, 2001; Valley, Neale, & Mannix, 1995). However, their second proposition, concerning the accumulation of relational capital, has never been demonstrated empirically (at least to our knowledge). Moreover, no previous study has demonstrated either effect in response to organizational culture and/or gender.

### Study 1

In Study 1, we sought to demonstrate the divergent effects of a highly relational negotiation context on economic efficiency and relational outcomes of transactional negotiations between strangers. This study featured a simulated employment negotiation occurring within a company that was described as either "egalitarian" or "hierarchical." Relational capital was measured immediately following the negotiation. Based on RSC theory and the results of our pre-test, we hypothesized that negotiations within an egalitarian organizational context (as opposed to a hierarchical one) would result in relational accommodation, as indicated by the dyad's lower joint economic outcomes yet higher relational capital.

**Hypothesis 3a.** Negotiations occurring within an egalitarian organizational context will result in lower joint economic outcomes than those occurring within a hierarchical organizational context.

<sup>2</sup> Gelfand et al. referred to this dynamic as "relational satisficing" (2006, p. 439). However, the term "satisficing" (as coined by Simon, 1957) would mean that negotiators are *settling* for a sub-optimal economic outcome. An alternative possibility is that the negotiators are *optimizing* a weighted utility function that incorporates both the economic outcome and a desire for a good relationship. (We thank an anonymous reviewer for this observation.) Because the current investigation does not distinguish between these two potential interpretations, we use the term "relational accommodation," which is agnostic as to whether negotiators are satisficing versus optimizing.

**Hypothesis 3b.** Negotiations occurring within an egalitarian organizational context will result in higher relational capital than those occurring within a hierarchical organizational context.

### Method

#### Participants

Participants were 78 undergraduate and graduate students who attended a workshop on negotiation in response to announcements posted online, and who had volunteered to participate in an experiment conducted at the beginning of the workshop, before any negotiation training had been provided.<sup>3</sup> The 31 female and 47 male participants composed 39 dyads, 5 of which were all female, 12 of which were all male, and 21 of which were mixed sex. (No effort was made in Study 1 to control the gender composition of dyads.)

#### Procedure

Upon arrival, each participant received a set of written confidential instructions describing his or her role, the relevant issues to be negotiated, and point totals reflecting the priority he or she should attach to each issue. During the negotiation, participants were free to offer verbally whatever information, arguments, and proposals they wished to offer, but they were prohibited from exchanging their written confidential instructions. Dyads were given 45 min to negotiate. The negotiation concluded when both parties reached a mutual agreement or when the full 45 min had elapsed. Immediately after their negotiations, participants received a confidential post-negotiation questionnaire concerning liking and trust that was designed to measure relational capital (see details in the *Post-negotiation Questionnaire* section below).

#### Negotiation task

The participants' task was based on a standard negotiation exercise called "The New Recruit" (Pinkley, Neale, & Bennett, 1994), an eight-issue employment negotiation between a candidate and a recruiter concerning the candidate's compensation package. To make the relevant manipulation of organizational culture equally applicable to both parties, we rewrote the case such that the candidate and recruiter were from different branches of the same multinational company (see also Curhan & Pentland, 2007). In both experimental conditions, the job candidate was referred to as a Middle Manager (hereafter MM) seeking a transfer from one

branch to another, and the recruiter was referred to as a Vice President (hereafter VP) of the candidate's targeted branch.

Each of the eight issues offered five possible options for resolution, and each of those options was associated with a specific number of points (see Table 1). Two of the eight issues (starting date and salary) were *distributive* or fixed-sum issues, such that the parties' interests were diametrically opposed. Two of the issues (job assignment and company car) were *compatible* issues, such that both parties received the same number of points for a given option and thus were best served by the same option (Thompson & Hrebec, 1996). The remaining four issues (signing bonus, vacation days, moving expense reimbursement, and insurance provider) were *integrative* or potential logrolling issues, such that the differences in point totals among options for a given issue enabled potential trade-offs across issues that would increase the joint value of the agreement for both parties (Froman & Cohen, 1970; Pruitt, 1983).

All participants were instructed that their goal was to maximize their own personal gain—that is, to "reach an agreement with the other person on all eight issues that is best for you. The more points you earn, the better for you." To provide an incentive for performance, all participants were informed that one dyad would be selected at random to receive a real monetary payment in accord with the individual point totals each negotiator had earned (one US dollar for every 200 points earned).

#### Manipulation

The experimental manipulation of organizational culture was the same as that described in the pre-test. The focal company was described as either egalitarian or hierarchical. Both parties (VP and MM) always received the same description of the focal company.

#### Post-negotiation questionnaire

Recall that the definition of relational capital is the amount of goodwill present in a dyadic relationship. The post-negotiation questionnaire included three items intended to measure participants' relational capital on 7-point scales (1 = *not at all*, 7 = *a great deal*): "How much did negotiating with your negotiation partner make you like him or her?" "How much do you trust your negotiation partner?" and "How much do you think your negotiation partner likes you?" These three items yielded acceptable internal consistency ( $\alpha = .76$ ) and were averaged to create a relational capital score.

### Results

#### Negotiated outcomes

We created two dependent variables to assess negotiation outcomes. The principal dependent variable, joint

<sup>3</sup> The workshop was announced primarily through an electronic mailing list of recent alumni who were currently living in the local area. Participants were offered the opportunity to learn negotiation skills while participating in research.

Table 1  
Points schedule for the negotiation simulation

Issues and potential options	Points		Issues and potential options	Points	
	Vice President (Recruiter)	Middle Manager (Candidate)		Vice President (Recruiter)	Middle Manager (Candidate)
<i>Signing bonus</i>			<i>Moving expenses reimb.</i>		
10%	0	4000	100%	0	3200
8%	400	3000	90%	200	2400
6%	800	2000	80%	400	1600
4%	1200	1000	70%	600	800
2%	1600	0	60%	800	0
<i>Job assignment</i>			<i>Insurance provider</i>		
Division A	0	0	Allen Ins.	0	800
Division B	-600	-600	ABC Ins.	800	600
Division C	-1200	-1200	Good Health	1600	400
Division D	-1800	-1800	Best Ins. Co.	2400	200
Division E	-2400	-2400	Insure Alba	3200	0
<i>Vacation days</i>			<i>Salary</i>		
30 days	0	1600	\$90,000	-6000	0
25 days	1000	1200	\$88,000	-4500	-1500
20 days	2000	800	\$86,000	-3000	-3000
15 days	3000	400	\$84,000	-1500	-4500
10 days	4000	0	\$82,000	0	-6000
<i>Starting date</i>			<i>Company car</i>		
June 1	0	2400	LUX EX2	1200	1200
June 15	600	1800	MOD 250	900	900
July 1	1200	1200	RAND XTR	600	600
July 15	1800	600	DE PAS 450	300	300
Aug 1	2400	0	PALO LSR	0	0

Note. Participants saw only their own points schedule. Reimb., reimbursement; Ins., insurance.

points, summed the points earned by the MM candidate and the VP recruiter, thereby providing an overall measure of the success of the two participants in efficiently capturing the value creation opportunities afforded by compatible and integrative issues. A secondary dependent measure, points differential, examined the difference in the number of points achieved by the two participants (VP's points minus MM's points), thereby providing an indirect measure of the weight given by participants to the norm of equality (cf. Kray, Thompson, & Galinsky, 2001). Joint points and points differential proved to be statistically independent from one another ( $r = .03$ , *ns*). All analyses involving these two measures used the dyad as the unit of analysis.

The mean number of joint points achieved in each experimental condition is displayed in Fig. 1a.<sup>4</sup> Confirming Hypothesis 3a, dyads in the egalitarian condition achieved fewer joint points ( $M = 9,553$  out of a possible total of 13,200 points,  $SD = 2,040$ ) than dyads in the hierarchical condition ( $M = 10,926$ ,  $SD = 1,380$ ). A one-way ANOVA applied to the joint points variable

with organizational culture (egalitarian vs. hierarchical) as the independent variable yielded a significant result,  $F(1, 34) = 5.71$ ,  $p < .05$ ,  $\eta_p^2 = .144$ .

Examination of how points were distributed between recruiters and candidates revealed another interesting difference between the two experimental conditions. Whereas dyads in the hierarchical condition reached outcomes that were relatively balanced in terms of the points achieved by MM candidates and VP recruiters (VPs earned an average of 42 points less than MMs,  $SD_{diff} = 4,540$ ), dyads in the egalitarian condition reached outcomes that greatly favored the MM candidates (MMs earned an average of 3,506 more points than VPs,  $SD_{diff} = 4,236$ ). A one-way ANOVA on the point differential variable (i.e., VP's points minus MM's points), yielded a significant main effect of condition,  $F(1, 34) = 5.56$ ,  $p < .05$ ,  $\eta_p^2 = .141$ . In the language of Kilmann and Thomas (1977), participants in the high-status role (i.e., VPs) apparently responded to the highly relational egalitarian condition by "accommodating" rather than using their authority to contend or to engage in problem solving. This result is consistent with Gelfand et al.'s (2006) assertion that the relational accommodation dynamic is characterized by heavy concession-making.

Consistent with the results of our pre-test, another finding emerged when we considered the sex composi-

<sup>4</sup> Three dyads (one from the hierarchical condition and two from the egalitarian condition) failed to reach agreement within the specified time period and, accordingly, were excluded from any analyses involving negotiation outcomes (cf. Barry & Friedman, 1998; Kray et al., 2001).

tion of dyads as a factor in our analyses. All-male and mixed-sex dyads earned fewer joint points in the egalitarian condition ( $M = 9,320$ ,  $SD = 2,064$ ) than in the hierarchical condition ( $M = 11,138$ ,  $SD = 1,368$ ). By contrast, all-female dyads actually earned *more* joint points in the egalitarian condition ( $M = 11,300$ ,  $SD = 141$ ) than in the hierarchical condition ( $M = 9,800$ ,  $SD = 917$ ). Although the small number of all-female dyads ( $n = 5$ ) did not permit reliable significance testing, the relevant interaction was marginally significant,  $F(1, 32) = 4.09$ ,  $p = .05$ ,  $\eta_p^2 = .113$ . This finding was provocative enough to merit further, more systematic attention in the design of Study 2, and to a certain extent foreshadows its results.

### Relational capital

To assess whether the egalitarian condition fostered greater relational capital, we subjected negotiators' individual relational capital scores to a two-way ANOVA with organizational culture (egalitarian vs. hierarchical) and role (MM vs. VP) as independent factors. As can be seen in Fig. 1b, the results confirmed Hypothesis 3b. That is, participants assigned to the egalitarian condition showed higher relational capital ( $M = 4.81$ ,  $SD = 1.08$ ) than did those assigned to the hierarchical condition ( $M = 3.98$ ,  $SD = 1.11$ ),  $F(1, 74) = 11.1$ ,  $p < .001$ ,  $\eta_p^2 = .130$ . (Neither the main effect of role nor

the interaction between role and organizational culture approached statistical significance.)

### Discussion

Results of this experiment provide empirical support for both components of the relational accommodation dynamic—namely, reduced economic efficiency and increased relational capital resulting from a highly relational context—i.e., egalitarianism. In support of the first component, those who negotiated within the egalitarian condition created less joint economic value (i.e., forfeiting 60% more joint points) than did those who negotiated within the hierarchical condition. In support of the second component, negotiators in the egalitarian condition trusted their counterparts more, liked their counterparts more, and believed that their counterparts liked them more than did negotiators in the hierarchical condition.

The hint of gender differences in response to our main manipulation is consistent with our pre-test finding that males and females have different levels of RSC accessibility and react differently to our manipulation of organizational culture. In Study 2, we focus more explicitly on the possibility of such gender differences with an experimental design that sampled a larger number of all-male and all-female dyads.

### Study 2

Based on the results of the pre-test and Study 1, as well as past research suggesting that males and females have different associations with hierarchy (Schmid Mast, 2001, 2002), Study 2 examines both organizational culture and sex differences. The design is similar to the one employed in Study 1 except that we deliberately create same-sex dyads to focus more specifically on the gender differences noted in the pre-test and in Study 1. Additionally, the description of organizational culture is further reinforced by features of the negotiation setting.

Our pre-test showed two main effects and an interaction effect for RSC accessibility—(1) those exposed to egalitarianism were higher than those exposed to hierarchy, (2) females were chronically higher than males, and (3) the organizational culture effect was greater for males than for females. Our hypotheses in Study 2 parallel these effects, with relational accommodation predicted in Study 2 wherever greater RSC accessibility was seen in the pre-test. Hypotheses 3a and 3b from Study 1 represent the main effect of organizational culture, and are reconsidered here in Study 2 with same-sex dyads. In addition, new Hypotheses 4a and 4b represent the main effect of sex, and new Hypotheses 5a and 5b represent the interaction between sex and organizational culture.

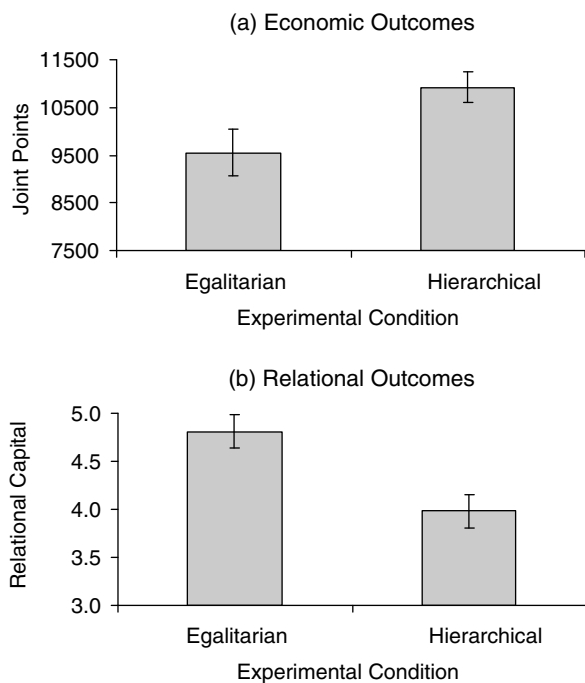


Fig. 1. Mean economic and relational outcomes as a function of organizational culture. Error bars represent  $\pm 1$  standard error of measurement (Study 1).



**Hypothesis 4a.** Negotiations occurring between females will result in lower joint economic outcomes than those occurring between males.

**Hypothesis 4b.** Negotiations occurring between females will result in higher relational capital than those occurring between males.

**Hypothesis 5a.** Negotiations occurring between males will be more likely than negotiations occurring between females to result in lower joint economic outcomes in response to an egalitarian organizational context.

**Hypothesis 5b.** Negotiations occurring between males will be more likely than negotiations occurring between females to result in higher relational capital in response to an egalitarian organizational context.

## Method

### Participants

A total of 90 undergraduates (42 females and 48 males), ranging in age from 17 to 23 ( $M = 18.7$  years) participated in the study in partial fulfillment of an introductory psychology course requirement. A total of 21 all-female and 24 all-male dyads engaged in the negotiation task.

### Design

A  $2 \times 2$  factorial design was employed, with organizational culture (egalitarian vs. hierarchical) and sex of dyad (male–male vs. female–female) as independent factors. Of the 21 female dyads, 11 were randomly assigned to the egalitarian condition and 10 were assigned to the hierarchical condition. Of the 24 male dyads, 12 were randomly assigned to the egalitarian condition and 12 were assigned to the hierarchical condition.<sup>5</sup>

### Procedure

Upon their arrival, participants were provided with an overview of the experiment. Participants were informed that they would be engaging in a role-play negotiation simulation and that each individual would be paid in accordance with the points he or she earned in that negotiation simulation (see details below). Roles were assigned by the flip of a coin and confidential instructions for the negotiation were distributed accordingly. Participants then were escorted into separate

rooms, where they read their confidential instructions and prepared privately for the negotiation.

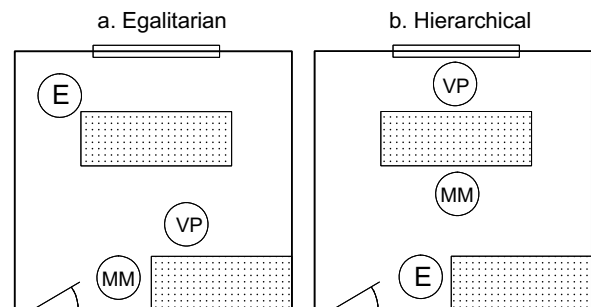
After reading their confidential instructions, participants were escorted from their individual laboratory rooms into a nearby professor's office for their negotiation. The experimenter then sat down inside the room (ostensibly to take notes), and avoided eye contact with the participants during their negotiation. All negotiations were stopped after 30 min, even if no agreement had been reached. At that point, the experimenter administered a post-negotiation questionnaire, paid participants based on the points they had earned, and conducted a debriefing during which participants learned the purpose of the experiment and their questions or concerns were addressed.

### Negotiation task

The negotiation task, as noted, was identical to the simulation used in Study 1, except that instead of using a *potential* financial incentive (i.e., selecting one dyad at random to be paid), *all* participants were paid one US dollar for every 1,000 points they had individually earned during the negotiation (up to a maximum of \$13.20 per person).

### Manipulation

As in Study 2, the manipulation was achieved through the first paragraph of participants' confidential instructions—which described the focal company either as egalitarian or as hierarchical in its orientation and practices. However, in addition to this written manipulation, both to make the situation more realistic and to reinforce the relevant manipulation, the arrangement of the professor's office differed as a function of experimental condition (see Fig. 2). In the egalitarian condition, the office was arranged such that the VP and MM were seated side-by-side at the corner of a table, while in the hierarchical condition the VP was seated with his or her back to the window and behind a large desk while the MM was seated



Note: VP = Vice President; MM = Middle Manager; E = Experimenter.

Fig. 2. Office arrangement as a function of organizational culture (Study 2).

<sup>5</sup> Results from one male dyad in the egalitarian condition were excluded because one of its members said he had experienced this negotiation simulation before. Two female dyads in the egalitarian condition and one male dyad in the hierarchical condition failed to reach agreement, and were excluded from analyses involving negotiation outcomes.

on the other side of the desk. Additionally, while both parties in the egalitarian condition were seated on standard office chairs, their seating arrangements differed in the hierarchical condition. That is, the VP in this condition was seated on a large comfortable executive chair while the MM was seated on a small wooden chair with a half-inch cut off each of the two front legs, forcing a more submissive posture (cf. Chen, Lee-Chai, & Bargh, 2001). Finally, in the egalitarian condition, the MM and VP were led into the office together, whereas in the hierarchical condition, the experimenter brought the VP into the office first and seated him or her in the large chair, and only then led the MM to the office and his or her smaller chair.

#### Post-negotiation questionnaire

The post-negotiation questionnaire included five items intended to assess relational capital. Three of these items measured mutual liking and trust, as in Study 1. Two new items measured more general impressions regarding the process: i.e., “How comfortable did you feel during the role-play in which you participated?” (1 = *very uncomfortable*, 7 = *very comfortable*), and “Overall, how would you characterize the negotiation in which you just participated?” (1 = *friendly*, 7 = *unfriendly*; reverse-scored). The five items yielded acceptable internal consistency ( $\alpha = .76$ ), and were averaged to create a relational capital score.<sup>6</sup>

#### Results

##### Negotiated outcomes

As in Study 1, both joint points and points differential were considered in our analyses. However the points differential measure revealed no significant main effects or interaction effects involving gender or organizational culture, all  $ps > .3$ . A two-way ANOVA was applied to the joint points variable with organizational culture (egalitarian vs. hierarchical) and sex (male–male vs. female–female) as independent factors. In support of Hypothesis 4a, joint points earned by female dyads ( $M = 8,526$ ,  $SD = 1436$ ) was lower than joint points earned by male dyads ( $M = 10,309$ ,  $SD = 1,663$ ),  $F(1, 37) = 14.02$ ,  $p < .001$ ,  $\eta_p^2 = .275$ . The main effect of organizational culture (Hypothesis 3a) was not significant,  $F(1, 37) = 0.49$ ,  $ns$ ,  $\eta_p^2 = .013$ . However, as can be seen in Fig. 3a, organizational culture affected males and females differently. In support of Hypothesis 5a, there was a significant interaction between organizational culture and sex,  $F(1, 37) =$

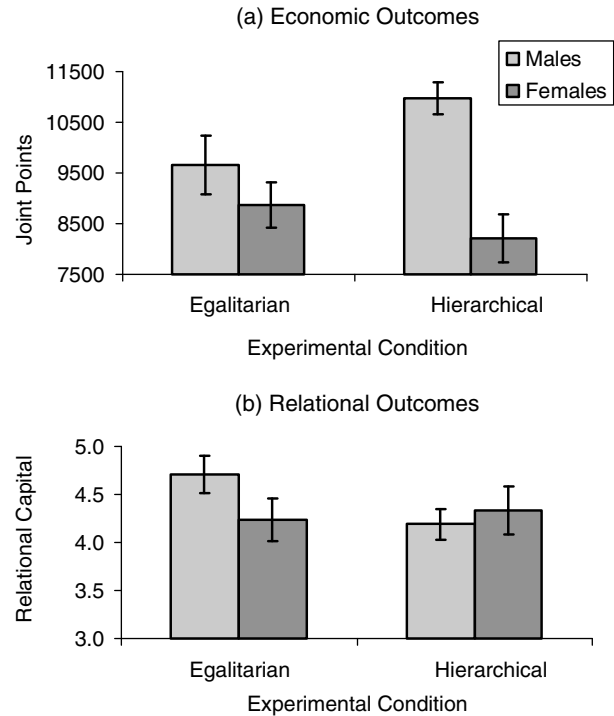


Fig. 3. Mean economic and relational outcomes as a function of organizational culture and gender. Error bars represent  $\pm 1$  SE of measurement (Study 2).

4.30,  $p < .05$ ,  $\eta_p^2 = .104$ . Male dyads, in accord with our relational accommodation prediction, achieved fewer joint points in the egalitarian condition ( $M = 9,654$ ,  $SD = 1,943$ ) than in the hierarchical condition ( $M = 10,964$ ,  $SD = 1,042$ ),  $t(37) = 2.04$ ,  $p < .05$ ,  $d = .840$ , whereas female dyads earned slightly (but not significantly) more points in the egalitarian condition ( $M = 8,867$ ,  $SD = 1,367$ ) than in the hierarchical condition ( $M = 8,220$ ,  $SD = 1,498$ ),  $t(37) = -0.94$ ,  $ns$ ,  $d = -.451$ .

##### Relational capital

When we subjected relational capital scores to an ANOVA, with organizational culture (egalitarian vs. hierarchical), sex (male–male vs. female–female), and role (MM vs. VP) as independent factors, no main effects were significant, all  $ps > .3$ . However, there was a marginally significant interaction between organizational culture and sex on relational capital,  $F(1, 77) = 2.11$ ,  $p < .15$ ,  $\eta_p^2 = .027$ . As can be seen in Fig. 3b, male dyads showed significantly greater relational capital in the egalitarian condition ( $M = 4.71$ ,  $SD = .89$ ) than in the hierarchical condition ( $M = 4.19$ ,  $SD = .77$ ),  $t(38) = 2.02$ ,  $p < .05$ ,  $d = .625$ , whereas female dyads showed no such difference ( $M = 4.24$ ,  $SD = 1.01$ , and  $M = 4.34$ ,  $SD = 1.10$ , respectively),  $t(38) = -0.30$ ,  $ns$ ,  $d = -.095$ . These results lend support to Hypothesis 5b, but do not support Hypothesis 3b or Hypothesis 4b.

<sup>6</sup> The inclusion of these items within a single construct is supported by results of previous research involving confirmatory factor analysis (where the construct was referred to as *rapport*; Curhan et al., 2006). In the current study, the two new items have equally high correlations with the original three items as the original three items have with each other.

## Discussion

The suggestion of sex differences in Study 1 was borne out in Study 2, a study in which each person negotiated with a same-sex counterpart. Male dyads showed results consistent with the relational accommodation dynamic; male dyads in the egalitarian condition left roughly 60% more value on the table than male dyads in the hierarchical condition, yet male dyads in the hierarchical condition had lower relational capital. By contrast, as foreshadowed by results of the pre-test and Study 1, females reacted differently to the manipulation of organizational culture in that they fared slightly better in terms of value creation in the egalitarian condition than in the hierarchical condition. This result is consistent with the implicit stereotype associating females with egalitarianism and males with hierarchy (Schmid Mast, 2004; also see research by Aries, 1976), and helps to explain why the main effect of organizational culture, that was significant in Study 1, failed to reach significance in Study 2, given that female–female dyads comprised half the sample in Study 2 as compared with only 13% of the sample in Study 1.

Negotiations occurring between females resulted in lower joint economic outcomes than those occurring between males. Coupled with results from the pre-test and other research suggesting that females are chronically higher than males on RSC accessibility (Cross & Madson, 1997; Kashima et al., 1995), it may be that heightened relational concerns among females undermined their ability to create value. Females often are expected to demonstrate a high degree of concern for others, and may pay a social price when they do *not* do so. For example, Rudman and Glick (1999, 2001) found that females in an organizational job interview setting who behaved agenticly (as opposed to communally) were viewed as less socially skilled than agentic males (see also Babcock & Laschever, 2003). Since value creation in negotiation requires a balance of contending and yielding (Pruitt & Rubin, 1986), behaving too communally can be a liability, not only in terms of one's own economic outcome but also in terms of joint economic efficiency (Amanatullah, Morris, & Curhan, 2008). Future research will be necessary to explore this gender difference, as well as other possible group differences in susceptibility to relational accommodation.<sup>7</sup>

<sup>7</sup> In a similar experiment to the ones presented here, Japanese dyads were found to be less prone to relational accommodation than North American dyads (Curhan, 2001). In fact, Japanese dyads displayed a pattern of results that was almost identical to the female dyads in Study 2—that is, they achieved slightly higher joint points in the egalitarian condition than in the hierarchical condition.

## General discussion

Results of these studies provide support for a relational accommodation dynamic whereby highly relational contexts may induce negotiators to forfeit economic efficiency (at least in the short term). Exposure to an egalitarian organizational context and/or being female seems to be associated with a greater focus on the interests of others. Negotiations occurring within these relational contexts tend to result in lower joint economic outcomes yet, in certain cases, greater relational satisfaction.

Whereas previous studies suggesting evidence of relational accommodation focused primarily on existing social relationships among the negotiating parties (e.g., Fry et al., 1983; Shoeninger & Wood, 1969), findings from Studies 1 and 2, taken together with results of the pre-test, support Gelfand et al.'s (2006) theory that RSC accessibility is the psychological mechanism underlying relational accommodation in negotiation. RSC accessibility is known to be influenced by two broad classes of variables—situational contexts and individual differences (Bargh et al., 1986; Higgins, 1989; Kihlstrom & Cantor, 1984)—and the present investigation explores one variable from each class—namely, organizational culture (a situational context variable) and gender (an individual difference variable). Of course, there are many other variables that could induce relational accommodation. Situational context variables might include the subject matter of the negotiation, expectation of future interaction, and the medium of communication by which the negotiation takes place. Individual difference variables might include gender (examined here) as well as certain personality traits. Here, we should emphasize that RSC is not a disposition in and of itself, but certain dispositional variables may be associated with chronically high RSC accessibility. For example, other research suggests that the personality dimension of “unmitigated communion” (i.e., extreme relational orientation; Fritz & Helgeson, 1998) may also play a role in fostering relational accommodation (Amanatullah et al., 2008). Clearly this area is ripe for additional research to explore other potential pre-cursors of RSC accessibility and their consequences in terms of relational accommodation in negotiation.

## Limitations

One potential shortcoming of the current research is that participants' RSC was not measured in Studies 1 and 2, so it could not be explored as a statistical mediator of relational accommodation. Including a measure of RSC might have helped to support our contention that RSC accessibility resulting from organizational culture and gender was the mechanism

underlying differences in economic outcomes and relational capital. In this context, however, it should be noted that previous efforts to examine individual-level measures of cultural constructs as potential mediators of negotiation behaviors have been largely unsuccessful (Tinsley & Brett, 2001), so it is unlikely that an individual-level measure of RSC accessibility would have had predictive validity in our studies. The fact that high-status parties yielded so much value to their low-status counterparts in the egalitarian condition of Study 1 suggests that heavy concession-making (i.e., giving in without demanding concessions in return) probably occurred, which is a hallmark of relational accommodation (Gelfand et al., 2006). Nevertheless, future research should include process measures to examine specific relational strategies such as yielding, mimicry, or relational tuning (Curhan & Pentland, 2007; Gelfand et al., 2006).

## Conclusion

The present investigation has important implications for the practice of negotiation. Too much focus on building or sustaining relationships, either because of the demands of an organizational culture or because of gender norms, can lead negotiators to overlook and/or underutilize opportunities to create high joint economic outcomes. Conversely, undervaluing the importance of relationships can exact a cost in terms of relational capital which, depending on the situation, might be more important to negotiators than economic outcomes, particularly over the long term (Curhan et al., 2006). For example, research by Curhan, Elfenbein, and Kilduff (2007) suggests that subjective value resulting from an employment negotiation often matters more than the economic outcome of that negotiation in predicting employee job attitudes and turnover intentions one year later (see also Curhan, Elfenbein, & Eisenkraft, 2008). Other examples of organizational negotiations where relational capital can be critical include transactions between buyers and sellers (Weitz & Bradford, 1999), service providers and their clients (Price & Arnould, 1999), and business to business exchange relationships (Dabholkar, Johnston, & Cathey, 1994).

Is it possible to maximize economic outcomes and still promote relational capital? The answer, of course, is yes. Across both studies, there were no significant correlations in either direction between joint points and joint relational capital. All other things being equal, positive economic outcomes should tend to promote positive relationships between the relevant parties, and vice versa. Nevertheless, our findings suggest that highly relational contexts can drive economic and relational outcomes in opposite directions, suggesting that negotiators should attend to both types of outcomes. In some contexts, as

illustrated so eloquently in O. Henry's (1905) classic tale, even an exchange that appears tragically inefficient might yield long-term mutual benefits that more than justify any short-term costs or losses. We therefore adopt O. Henry's closing passage as our own:

And here I have lamely related to you the uneventful chronicle of two foolish children in a flat who most unwisely sacrificed for each other the greatest treasures of their house. But in a last word to the wise of these days let it be said that of all who give gifts these two were of the wisest (O. Henry, 1905, p. 1).

## Acknowledgments

We thank the Editor, David Harrison, and three anonymous reviewers for their critical feedback and encouragement. We also thank Max Bazerman, Paul Berger, Hillary Elfenbein, Michele Gelfand, Mark Lepper, Hazel Markus, Joanne Martin, Bruce Patton, Howard Raiffa, Ed Schein, Harris Sondak, Lara Tiedens, and Philip Zimbardo for their helpful advice and comments. For research assistance, we thank Elliot Berkman, Ted Carstenson, Jaclyn Culleton, Zachary Dillon, Blake Mobley, Heather Omogerie, Michael Lee, and Maziar Yafeh.

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