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The Effects of Argument Preparation and Timing of First Offer on Negotiators' Cognitions and Performance

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Abstract

We investigate how argument preparation (self-only, self/counter) and the timing of the first offer (immediate, delayed) combine to affect negotiation performance. Subjects participated in a dyadic negotiation concerning the out-of-court settlement of a lawsuit. Subjects prepared by generating a list of arguments in support of their case (self-only), or by generating a list of arguments in support of their case *accompanied* by a list of counterarguments that they might expect from their opponent (self/counter). In the Immediate Offer condition, subjects began the negotiation with an exchange of written settlement offers. In the Delayed Offer condition, subjects began the negotiation with a discussion of the qualitative negotiation issues. It was proposed that negotiators who prepared both their own and counterarguments would be more flexible and that this effect would be increased by delaying the first offer. The results indicate that the effects of these variables are more complex than originally proposed, and reveal significant interactions with the negotiator's role in the conflict.

How negotiators plan and prepare is a key feature of negotiation. The importance of planning is discussed in the majority of the textbooks on negotiation (Fisher and Ury 1981; Raiffa 1982; Lewicki and Litterer 1985; Bazerman and Neale 1991). Despite this prescriptive advice there is relatively little research on the relationship of planning to negotiator cognitions and outcomes (Bass 1966; Druckman 1967; Morley 1982). Recent work has, however, addressed the impact of several independent variables (such as aspiration level and integrative potential) on the *content* of the plans themselves—thus treating planning as the dependent rather than the independent variable (cf. Roloff and Jordan 1991). Plans include several elements, such as goals (Wilson and Putnam 1990), strategies and tactics (Wall 1985), arguments and counters to the opponent (Lewicki and Litterer 1985), and contingency plans (Roloff and Jordan 1991).

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In this article, we focus on one specific aspect of planning—argument and counterargument preparation. Argument and counterargument preparation play a central role in *distributive* negotiation. The primary strategy available to participants in distributive negotiation is persuasion, and underlying persuasion is the planning and preparation of arguments (Lewicki and Litterer 1985; Raiffa 1981; Bacharach and Lawler 1981; Neale and Northcraft 1991). While persuasion rests on the preparation of arguments supporting one's own position, many people argue that persuasion may be enhanced when one also understands the arguments of the opponent. Research on the effectiveness of one- versus two-sided messages has shown that when initial disagreement exists, two-sided messages tend to be more effective persuaders than one-sided messages. Two-sided messages are also more effective with better educated audiences who understand the opposing point of view, which is often the case in a conflict situation (Bettinghaus 1980; Zimbardo, Ebbesen, and Maslach 1977; Cialdini 1985). However, Festinger and Maccoby (1964) have found that those who are aware of the other side's position may also be better able to defend their beliefs and resist counterarguments (see also McGuire 1964).

Another way that arguments and counterarguments have been studied is through role reversal (Johnson 1971; Walcott, Hopmann, and King 1977). Role reversal is believed to produce greater understanding of the opponent's position. A similar phenomenon to role reversal is "perspective taking ability." Negotiation researchers have argued that a greater ability to take the opponent's perspective can result in a greater likelihood of integrative agreements, although experimental results have been mixed (Thompson 1991). In addition, when the disputants' positions are essentially compatible, understanding the opponent's position may produce cognitive and attitudinal change; however, when their positions are basically incompatible, it may simply sharpen the perceptions of incompatibility and prohibit positive attitude change (Lewicki and Litterer 1985). Thus, in disputes that have an underlying integrative structure, role reversal or perspective taking ability may be advantageous, but in distributive disputes such techniques may simply highlight the incompatibility of the disputants' positions.

Generally, understanding both one's own and the opponent's arguments is thought to make it easier for negotiators to find and choose appropriate tactics, be flexible in reaction to the opponents' tactics, and discover the opponent's resistance point and hidden interests. All of these should result in a more advantageous agreement. However, it is not clear whether such advice applies to situations with little or no integrative potential. In a distributive negotiation, if negotiators prepare arguments for their own side, as well as counterarguments, they are likely to identify with their opponent's basic situation, expect that a favorable outcome is not likely, or become overly sympathetic to their opponent's position. This may lead negotiators to have lower confidence and lower aspirations in prenegotiation, less persistence in their goal achievement, and greater willingness to make concessions in the negotiation process. Negotiators who prepare only their own arguments may be objectively less prepared, but ironically

they may actually feel more confidence in their power, persuasiveness, and preparation, because they are unaware of what they do not know, thereby having a higher level of aspiration. Based on the above discussion we offer hypotheses related to the subjects' prenegotiation cognitions:

H1: Negotiators who prepare arguments supporting only their own position (self-only) will be more confident in both their own power and the strength of their claim than negotiators who prepare both their own arguments and counterarguments (self/counter).

H2: Negotiators who prepare arguments supporting only their own position (self-only) will feel more prepared than negotiators who prepare both their own arguments and counterarguments (self/counter).

H3: Negotiators who prepare arguments supporting only their own position (self-only) will set higher profit goals than negotiators who prepare both their own arguments and counterarguments (self/counter).

Once the parties have prepared their arguments, they must interact and negotiate. One of the key issues that negotiators must face is when and how the initial offer will be made. Research on the initial settlement offer in negotiation research is most often concerned with either the magnitude of the offer (Chertkoff and Conley 1967; Komorita and Brenner 1968; Hinton, Hamner, and Pohlen 1974; Lewicki and Litterer 1985) or the rate of concession from the offer (Komorita, Sheposh, and Braver 1968; Chertkoff and Conley 1967). However, the *timing* of the initial offer within the context of the entire negotiation has not been so scrutinized. Timing in negotiation has been examined vis-à-vis deadlines (Yukl, Malone, Hayslip, and Pamin 1976; Carnevale and Lawler 1986), and work on eleventh hour agreements (Roth, Murnighan, and Schoumaker 1988). Yet, the placement of the offer within the full time frame is also an important element of negotiation and is likely to affect negotiator behavior as well as outcomes (Fisher and Ury 1981). When negotiators make an initial settlement offer, they are revealing information about their feelings and position. The timing of this revelation has been studied in a context somewhat different from, but related to negotiation—jury decision making.

Juries and jury decision making have been studied extensively (Hans and Vidmar 1986; Hastie, Penrod, and Pennington 1983; Kerr and Bray 1982). Like jurors, negotiators are often at odds about the "facts" of a conflict, and must choose some method to construct an agreed-upon narrative story. Of course, a major difference between jury decision making and negotiation is the level of self-interest. Jury decision makers can be characterized as having an interest in supporting a verdict that they believe is fair or just. However, they may also have a less noble interest in being right, or winning their positions. Negotiators are also subject to these interests, but are also the recipients of the verdict, which jury members are not. Negotiators are making decisions and judgments for themselves, not for another party.

One of the largest studies of mock juries, Hastie, Penrod, and Pennington (1983), identified two very different styles of deliberation: evidence-driven and verdict-driven. The evidence-driven juries tended to begin by pooling information about their alternative versions of what happened, attempting to reach consensus on a single group story of what happened. Once an acceptable consensus was reached, the jurors then searched for a match between a verdict and the story. In contrast, the verdict-driven juries made little attempt to develop complete narratives of the evidence. These juries were characterized by an early public ballot and early alignment into factions, using evidence to bolster verdict preferences.

Hastie, et al. (1983) found that the evidence-driven juries deliberated longer, more thoroughly evaluated the evidence, and rated their group members more favorably than verdict-driven juries. They also found that evidence-driven juries tended to conclude with higher agreement rates on the key issues in the case than did verdict-driven juries. By contrast, verdict-driven deliberations put juries in a more adversarial position; they also allowed each jury member to retain his/her own version of the "story," thus reducing agreement rates on the key issues. Interestingly, neither an earlier study by Hawkins (1960) nor Hastie, et al. (1983) found a systematic relationship between deliberation style and conviction rate, yet there was some slight tendency in both studies for the verdict-driven juries to have a higher impasse rate.

One of the distinguishing features of the verdict-driven style is the early public poll. The literature on the psychology of commitment suggests that the early act of polling increases resistance to counterarguments and inflexibility and ego-involvement in one's stated position (Deutsch and Gerard 1955; Freedman and Steinbruner 1964; Pallak, Cook, and Sullivan 1980; Mayer, Duval, and Duval 1980). Kerr and MacCoun (1985) found that an early public poll marginally reduced the likelihood that the jury would reach a unanimous verdict. It may also be that decisions made in this manner are overly simplistic and superficial. Indeed, small group theorists have long suggested that one of the major liabilities in problem solving groups is the tendency for group members to adopt a solution prematurely (Hackman and Morris 1975; Maier 1967; Hoffman 1978).

In many ways, these two deliberation styles can feasibly be mapped onto a conflict resolution process between two or more self-interested negotiators. Generally, negotiators have different versions of an episode or event and of who is responsible (Pinkley 1990). These differing interpretations of the dispute situation create the perceptual context of each negotiator—the lens through which information and cognitions are filtered (Neale and Bazerman 1991). The perceptual context includes the use of available knowledge structures such as stereotypes, categorizations, norms, roles, schema, and scripts (Pennington and Hastie 1985; Fiske and Taylor 1984; Bazerman and Carroll 1987; Neale and Bazerman 1991). Negotiators are likely to spend much of their time using the evidence to support their own positions, rather than making any attempt to fully understand the evidence or their opponent's position in an unbiased manner.

To make any predictions concerning the effects of timing of initial offer, it is necessary to reconsider the effects of argument preparation. Negotiators who prepare both supporting and counterarguments should understand the evidence for their opponent's position in a less biased manner. Therefore, negotiators who prepare both supporting and counterarguments have a greater chance of estimating correctly the opponent's resistance point, hidden interests, and tactics than negotiators who prepare arguments supporting their own position only. Delaying the first offer and beginning the negotiation with qualitative issues gives such negotiators more opportunity to understand the whole story, to adjust their goals and expectations to the perceived reality, and to appropriately revise their plans and tactics, as compared to negotiators who begin by exchanging offers immediately. On the other hand, for negotiators who prepare arguments supporting only their own position, a delay in the exchange of offers simply gives the negotiators more opportunity to become even more firmly entrenched in their partial story and initial positions. Based on the above discussion, we propose that the argument preparation and the timing of the initial offer will interact, affecting the subjects' mid-negotiation outcomes and cognitions, such that:

H4: (a) For negotiators who prepare only their own arguments (self-only), a delay in the exchange of offers will encourage more extreme offers; (b) for negotiators who prepare both their own and counterarguments (self/counter), a delay will encourage less extreme offers.

H5: (a) For negotiators who prepare only their own arguments (self-only), a delay in the exchange of offers will result in less satisfaction with the opponent's offer; (b) for negotiators who prepare both their own and counterarguments (self/counter), a delay will result in more satisfaction with the opponent's offer.

Finally, we offer the following hypotheses related to the subjects' post-negotiation outcomes and cognitions:

H6: (a) For negotiators who prepare only their own arguments (self-only), a delay in the exchange of offers will result in a higher impasse rate; (b) for negotiators who prepare both their own and counterarguments (self/counter), a delay will result in a lower impasse rate.

H7: (a) For negotiators who prepare only their own arguments (self-only), a delay in the exchange of offers will result in a perception of a more competitive and less fair opponent; (b) for negotiators who prepare both their own and counterarguments (self/counter), a delay will result in a perception of a less competitive and more fair opponent.

H8: (a) For negotiators who prepare only their own arguments (self-only), a delay in the exchange of offers will result in a perception of a less fair outcome; (b) for negotiators who prepare both their own and counter-

arguments (self/counter), a delay will result in a perception of a more fair outcome.

1. Method

1.1 Subjects, task, and procedure

Subjects were 68 MBA students who participated in the study as a negotiation classroom exercise. The means and analyses for all data analyses reflect some missing responses from 1 to 3 subjects, due to illegible or incompletely filled-out questionnaires. The exercise took place in week 4 of a negotiation course, so all the subjects had some experience with negotiation concepts and principles. There were two independent variables: argument preparation (self-only, self/counter) and the timing of the initial offer (immediate, delayed). Subjects participated in an exercise called "Sudden Impact." One week prior to the negotiation, all subjects received the case instructions and were randomly assigned to play either the defendant, "Elmo," or the plaintiff, "Rick." The case materials were identical regardless of the role assignment. At that time, they were also given the argument preparation instructions.

The Sudden Impact case is derived from an actual court case involving an accident between an automobile (driven by the defendant) and a motorcycle (driven by the plaintiff). A lawsuit of $100,000 has been filed by the motorcycle owner, Rick, against the driver of the car that hit him, Elmo. The case materials include: 1) Rick's petition to the court describing a lawsuit against Elmo, 2) Elmo's countersuit, 3) transcripts of the oral deposition of Rick, Elmo, and several witnesses to the accident, 4) the sheriff's report, and 5) the driving records of both Rick and Elmo. The case contains many contradictory statements regarding the intentions and actions of both drivers, and evidence which could be interpreted to support either the plaintiff's or the defendant's case. Some of the issues involved include: 1) whether Rick was stopped or moving when he was hit, 2) what lane Rick was in, 3) how fast Elmo was driving, 4) whether Elmo had been drinking, and 5) how badly Rick was hurt. One of the interesting features of this case is that although all subjects receive identical case packets, they tend to view the incident very differently depending on the role that they are assigned. Thus, the case leads to a great deal of lively argument regarding what actually happened and who was at fault.

The following week, subjects arrived in the classroom and were randomly assigned to a negotiation partner. They were told that their task was to try to settle the lawsuit out of court. Each subject completed a Pre-negotiation Questionnaire regarding their negotiation outcome expectations, as well as their perceived power and preparation level. Subjects then received an instruction sheet regarding the timing of their initial offer, along with an offer form and an Offer Reaction Questionnaire. This questionnaire again addressed negotiation outcome expectations,

as well as issues of fairness and satisfaction with the opponent's initial offer. Subjects were given 45 minutes to reach an agreement.

1.2 Experimental manipulations

1.2.1 Argument preparation. The argument preparation (self-only, self/counter) was manipulated as a between-subjects variable. One week prior to the negotiation subjects were given argument preparation instructions along with the case materials. In the "self-only" argument condition, subjects were given a form to fill out and bring to class, which instructed them to list all the arguments that they could devise (up to 12) *supporting* their case. In addition, they were asked to rate their perceptions of the strength of each argument on a five-item scale of "very weak" to "very strong."

In the "self/counter" argument condition, subjects were given similar instructions, but were also asked for every argument to describe a counterargument which they might expect from their opponent. This counterargument was to be specifically related to their previous argument. Thus, these subjects devised up to 12 arguments and up to 12 counterarguments. All subjects devised from 10 to 12 arguments (and counterarguments in the self/counter condition), with the majority of subjects listing 12.

1.2.2 Timing of initial offer. Subjects were given 45 minutes to negotiate. In the "Immediate Offer" condition, subjects were instructed that they *must* begin negotiations by exchanging written settlement offers with their opponent. They then filled out the Offer Reaction Questionnaire. Once they completed both these tasks, they were permitted to begin the negotiation discussion.

In the "Delayed Offer" condition, subjects were instructed that they *must* begin their negotiation with a 20-minute discussion of the qualitative negotiation issues. During that time, they were not permitted to discuss any dollar figures, nor were they permitted to make or exchange settlement offers. At the end of 20 minutes, they were instructed to stop discussion and exchange written settlement offers and fill out the Offer Reaction Questionnaire. Once these tasks were completed they were permitted to resume the negotiation discussion.

2. Results

2.1 Pre-questionnaire

Before being given any instruction on the timing of their initial offers, subjects were given a pre-questionnaire which asked them to indicate on a 5-point scale how much power they believed that they would have in the negotiation, the extent to which their opponent was in the wrong (strength of claim), and how well pre-

pared they were. Hypothesis 1 predicted that negotiators in the self-only condition would be more confident in both their own power and the strength of their claim than negotiators in the self/counter condition. A MANOVA including all questions revealed a significant overall effect for role (F (4, 60) = 2.83, $p < .05$), as well as a Role X Argument Preparation interaction (F (4, 60) = 2.56, $p < .05$). For power, the univariate test was not significant (F (1, 63) = 3.01, ns). As to how much subjects felt that their opponent was in the wrong, there was a significant role-by-argument preparation interaction (F (1, 63) = 5.18, $p < .05$). The means indicate that defendants were somewhat more likely to feel that their opponent was in the wrong under self-only argument preparation (M = 3.94, sd = .85) than under self/counter preparation (M = 3.82, sd = .73). Plaintiffs, on the other hand, were more likely to feel that their opponent was in the wrong under self/counter preparation (M = 4.12, sd = .70) than under self-only preparation (M = 3.29, sd = 1.05). Thus, Hypothesis 1 received mixed support.

Hypothesis 2 predicted that negotiators in the self-only condition would feel more prepared than negotiators in the self/counter condition. The univariate results from the MANOVA again revealed a significant role-by-argument preparation interaction (F (1, 63) = 4.39, $p < .05$). The means indicate that the defendants believed themselves to be better prepared under the self-only condition (M = 4.19, sd = .75), as compared with the self/counter condition (M = 3.88, sd = .70), while the plaintiffs believed themselves to be better prepared under the self/counter condition (M = 3.88, sd = .78) when compared with the self-only condition (M = 3.35, sd = .99).

In the pre-questionnaire, subjects were also asked to assess their reservation price and target price, and their most realistic outcome expectation. Hypothesis 3 predicted that subjects in the self-only condition would set higher profit goals than negotiators in the self/counter condition. This hypothesis was not supported; MANOVA examining the effects of role and argument preparation on reservation price, target, and realistic price revealed a significant overall effect for role only (F (3, 61) = 63.30, $p < .0001$). The means for these measures are provided in table 1.

Finally, subjects were asked to report how much time they spent on preparation. There was no difference in reported preparation time by argument preparation or timing of initial offer (F (3, 63) = 1.67, ns, with a mean of 2 hours and 14.8 minutes reported). This reduces the likelihood of a confound on the argument preparation variable, as it may have been expected that subjects in the self/counter condition spent more time preparing the case than subjects in the self-only condition.

2.2 Initial offer and Offer Reaction Questionnaire

Hypothesis 4 proposed that for negotiators in the self-only argument preparation condition, a delay in the exchange of offers would encourage more extreme offers;

Table 1. Reservation price, target price and realistic price as a function of role and argument preparation*

	Reservation price	Target price	Realistic price
Plaintiff (Rick)			
Self-Only	$16,411.76	$84,058.70	$35,588.24
	(12,604.85)	(26,531.67)	(15,149.50)
Self/Counter	$19,326.47	$86,470.58	$39,823.53
	(16,444.11)	(27,881.71)	(24,569.38)
Defendant (Elmo)			
Self-Only	$12,438.12	$ 7,343.67	$10,689.06
	(17,988.31)	(24,768.49)	(15,484.19)
Self/Counter	$29,647.00	$ 6,382.35	$16,000.00
	(28,191.22)	(9,095.89)	(16,863.42)

*Note: Standard deviations are in parentheses

for negotiators in the self/counter condition, a delay would encourage less extreme offers. An ANOVA was conducted examining the effects of role, argument preparation, and timing on the magnitude of the initial offer. (Each negotiator's reported reservation price was included as covariate as it seemed likely that since the subjects were students in a negotiation class, and were familiar with the importance of reservation prices, that they would use them to determine their initial offer. In fact, the analysis did show a significant effect for the reservation price covariate, $F(1, 57) = 4.74$, $p < .05$). As predicted, a significant main effect was found for role ($F(1, 57) = 169.20$, $p < .0001$). The defendant's mean initial offer was $5,407.57 (sd = 7,489.16), while the plaintiff's mean initial offer was $68,939.39 (sd = 29,979.10), as shown in table 2.

The analysis also indicated a significant main effect for timing of the initial offer ($F(1, 57) = 5.91$, $p < .05$), as well as a marginally significant interaction between timing of initial offer and type of argument preparation ($F(1, 57) = 3.46$, $p < .07$). The means from the interaction indicate that in the self-only preparation condition the average initial offer was slightly higher in the immediate condition than in the delayed condition. By contrast, in the self/counter preparation condition, the average initial offer was much higher in the immediate offer condition. These results show only partial support for Hypothesis 4.

The Offer Reaction Questionnaire asked subjects to rate on a 5-point scale whether: (1) their opponent's offer was too extreme (low or high), (2) they would be satisfied accepting their opponent's offer, or (3) they thought, based on their opponent's offer, that it would be hard to settle. Hypothesis 5 predicted that for negotiators who prepared only their own arguments (self-only), a delay in the exchange of offers would result in less satisfaction with the opponent's offer; for negotiators who prepared both their own and counterarguments (self/counter), a delay would result in more satisfaction with the opponent's offer. A MANOVA

Table 2. Initial offer as a function of role, argument preparation, and timing of initial offer with reservation price as a covariate*

	Immediate offer	Delayed offer
Plaintiff (Rick)		
Self-Only	$68,125.00	$64,777.78
	(28,871.33)	(18,773.50)
Self/Counter	$90,250.00	$53,125.00
	(27,027.76)	(36,246.92)
Defendant (Elmo)		
Self-Only	$5,542.86	$3,527.78
	(6,017.71)	(6,682.30)
Self/Counter	$7,987.50	$4,888.89
	(11,031.18)	(5,925.46)

*Note: Standard deviations are in parentheses

was conducted on the three questionnaire items using role, argument preparation, and timing of initial offer as independent variables. In addition, the absolute difference between the two initial offers was included as a covariate. This analysis revealed significant effects for the covariate (F (3, 53) = 9.62, $p < .0001$), as well as for the argument-preparation-by-timing-of-initial-offer interaction (F (3, 53) = 2.66, $p < .05$). No univariate effects were found for whether subjects thought their opponent's offer was too extreme or whether they thought, based on their opponent's offer, it would be hard to settle. The univariate tests did reveal a significant argument-preparation-by-timing-of-initial-offer interaction on whether subjects reported that they would be satisfied accepting their opponent's offer (F (1, 55) = 7.23, $p < .01$). Subjects in the self/counter condition reported that they would be more satisfied accepting their opponent's offer when it was delayed (M = 2.19, sd = 1.72) than when it was immediate (M = 1.06, sd = 0.25). However, in the self-only condition, subjects reported that they would be more satisfied accepting their opponent's offer when it was immediate (M = 1.93, sd = 1.54) than when it was delayed (M = 1.11, sd = 0.32), indicating some support for Hypothesis 5.

2.3 Final outcome and post-questionnaire

Hypothesis 6 predicted that for negotiators who prepared only their own arguments, a delay in the exchange of offers would result in a higher impasse rate; for negotiators who prepared both their own and counterarguments, a delay would result in a lower impasse rate. Of the 34 dyads, 20 (or 58.82%) reached a settlement, while 14 (or 41.18%) chose to go to court. Under self-only argument preparation, 3 impasses occurred after an immediate exchange of offers, 5 after a delayed exchange of offers. Under self/counter argument preparation, 2 impasses occurred after an immediate exchange of offers, 4 after a delayed exchange. Hypothesis 6 was not supported.

The joint outcomes can be measured as the amount the defendant agreed to pay the plaintiff. When all outcomes (including impasses) are included, the mean settlements are: \$16,125.00 (sd = 18,448.28) under self-only preparation and immediate offers; \$13,827.780 (sd = 20,216.13) under self-only, delayed offers; \$20,875.00 (sd = 21,848.09) under self/counter, immediate offers; and \$11,555.55 (sd = 14,266.31) under self/counter and delayed offers.

However, as the result of an impasse is to go to court, it may be inappropriate to code it as a 0 outcome; it deprives the plaintiff of the benefit of the doubt of a court outcome. Including only the resolved cases, dyadic outcomes in the four conditions resulted in the defendant agreeing to: a settlement of \$25,800.00 (sd = 16,830.68) under self-only preparation and immediate offers; \$31,112.50 (sd = 19,308.47) under self-only, delayed offers; \$27,833.33 (sd = 20,877.42) under self/counter, immediate offers; and \$20,800.00 (sd = 12,911.23) under self/counter and delayed offers. As might be expected with the small sample size, no significant effects for experimental condition on joint outcome were found.

In the post-questionnaire, subjects were asked to indicate on a 5-point scale how much power they had in the negotiation, the extent to which their opponent was in the wrong, how competitive their opponent was, how satisfied they were with their outcome, and to what extent they believed that the outcome of the negotiation was fair. An ANOVA was conducted on the first variable which related to power, using role, argument preparation, and timing of initial offer as independent variables. The analysis indicated a significant effect for the role-by-timing-of-initial-offer interaction. The defendants felt that they had slightly more power under the delayed offer condition (M = 3.55, sd = .78) than under the immediate offer condition (M = 3.43, sd = .63). By contrast, the plaintiffs felt that they had substantially more power under the immediate offer condition (M = 3.62, sd = .96) than under the delayed offer condition (M = 2.94, sd = .90).

A MANOVA was conducted on questions 2 and 3 which asked about the opponent. Hypothesis 7 predicted that for negotiators in the self-only condition, a delay in the exchange of offers would result in a perception of a more competitive and less fair opponent; however, for negotiators in the self/counter condition, a delay would result in a perception of a less competitive and more fair opponent. An overall interaction was found between argument preparation and timing of initial offer (F (2, 58) = 4.44, $p < .05$). The univariate tests reveal significant effects on both the extent to which subjects believed that their opponent was in the wrong (F (1, 59) = 3.70, $p < .06$), as well as how competitive their opponent was (F (1, 59) = 7.60, $p < .01$). Subjects in the self/counter condition reported that they believed their opponent was more in the wrong and more competitive under an immediate initial offer (M = 3.87, sd = .81 and M = 3.44, sd = .96) than when the offer was delayed (M = 3.16, sd = .78 and M = 3.05, sd = 1.47). However, in the self-only condition, subjects reported that they believed their opponent was more in the wrong and more competitive under a delayed initial offer (M = 3.58, sd = 1.28; M = 4.06, sd = .96) than when the offer was immediate (M = 3.37, sd = .96; M = 2.81, sd = 1.33). Thus, Hypothesis 7 was supported.

Hypothesis 8 predicted that for negotiators in the self-only condition, a delay in the exchange of offers would result in a perception of a less fair outcome; however, for negotiators in the self/counter condition, a delay would result in a perception of a more fair outcome. A final MANOVA was conducted on questions 4 and 5 which assessed satisfaction and fairness. No significant effects were found, showing no support for Hypothesis 8. Subjects were moderately satisfied with their outcomes, (M = 3.57, sd = 1.20) and believed them to be somewhat fair, (M = 3.43, sd = 1.12).

3. Discussion

Using a dyadic negotiation with little integrative potential, we examined the influences of two levels of interventions: argument preparation at the prenegotiation level and the timing of the first offer during the negotiation process. We proposed that these factors would affect the actual negotiation outcomes, as well as negotiators' mid- and post-negotiation cognitions. The results of this study indicate that the effects of these variables are more complex than originally supposed, and show significant interactions with the negotiator's role in the conflict.

Prior to the negotiation, defendants felt stronger in their claims and better prepared when they had prepared only their own arguments, than when they had also considered their opponent's arguments. Plaintiffs, however, felt stronger in their claims and better prepared when they had considered both their own and their opponent's arguments. This suggests a fundamental difference in the prenegotiation confidence experienced by negotiators in the two roles, although they were both given identical packets of information. That is, consider the preparation of one's own arguments as a baseline condition. Prior to any interaction, the plaintiffs seemed to gain confidence from the added step of considering the opponent's counterarguments. For the defendants, however, the opposite result was found. For them, the consideration of counterarguments decreased their sense of confidence, and increased their feelings of vulnerability. In other words, preparing counterarguments may be viewed as an adjusting mechanism, revising the original confidence level. Some of the results reveal that this proposal is, in hindsight, plausible. Although not statistically significant, aspiration levels (reservation, target, and realistic prices) showed a trend that is consistent with the above confidence levels. It is noteworthy that the magnitude of the first offer under the immediate offer condition, which seems to reflect the prenegotiation confidence and aspiration levels of the negotiators, also shows a similar trend.

What might account for the different effects of preparing counterarguments on plaintiffs and defendants? Perhaps it has to do with the actual roles of serving as plaintiffs and defendants. In a lawsuit, plaintiffs are usually thought of as facing probabilistic gains, while defendants face probabilistic losses. Thus, in Prospect Theory terms, plaintiffs are gain-framed, while defendants are loss-framed by the context itself (Kahneman and Tversky 1979). Neale and Bazerman (1985) found

that a negotiator's frame and level of confidence exerted significant influence on his/her behavior and outcome. Carnevale and Pruitt (1992) found that loss-framed negotiators were more averse to making concessions than gain-framed negotiators. One possible explanation is that negotiators' context-bounded decision frames are correlated with their (negotiators') confidence and aspiration levels; gain-frames being correlated with lower confidence and aspiration levels, and loss-frames being correlated with higher ones. Then, an interesting question is whether or not the magnitude of higher confidence under a loss-frame would be larger than that of lower confidence under a gain-frame. Prospect Theory states that losses loom larger than gains. Thus, defendants might be more confident than plaintiffs, thereby leading to an asymmetry.

Once the negotiation began, subjects either started the interaction with an immediate exchange of offers (offer-driven) or a discussion of the qualitative issues (issue-driven). The magnitude of the initial offers was affected by an interaction between the timing of the initial offer and argument preparation. In the self-only condition, there was little difference for either player in the magnitude of an immediate or a delayed offer—initiating negotiation with a discussion on qualitative issues did not have an impact on the magnitude of the first offer. However, in the self/counter condition, the offers were much lower in the delayed offer condition for both the plaintiff and the defendant than in the immediate offer condition. In other words, when negotiators prepared both their own and their opponent's arguments, the defendant seemed to be stronger and the plaintiff less demanding after a discussion of the evidence. Thus, plaintiffs increased their confidence and aspiration levels by preparing counterarguments, but qualitative discussions somehow reduced this edge. By contrast, defendants lost some confidence by preparing counterarguments, but recovered it through qualitative discussions. It is interesting that this recovering effect occurred only when negotiators prepared both arguments and counterarguments.

Why might this have occurred? A negotiation process is one in which negotiators are required to walk a "tightrope" between cooperation and competition, trust and distrust, and honesty and misrepresentation (Putnam 1990). Exchanging offers immediately directs the negotiation process more towards justification of the offer, persuasion, and concession making. Preparing counterarguments may increase or decrease the negotiators' confidence and aspiration levels, yet such temporary changes could be washed away through the interdependent nature of the negotiation process. This suggests that increasing or decreasing confidence and aspiration level before actual negotiation might be possible through counterargument preparation, yet maintaining them through the negotiation process might be more difficult.

In this study, argument preparation and timing of the initial offer were manipulated to examine their effects on negotiators' cognitions and performance. In framing this research, we used work and theory from the areas of negotiation, decision making, and jury decision making. The results were quite complex, and indicate the need for future work in this area. For example, in a manner consistent

with Hastie, et al. (1983) and Hawkins (1960), no systematic relationship between timing of initial offer (deliberation style) and final outcome was found (conviction rate). A contributing factor may be the large range of potential agreements ($0 to $100,000), or perhaps, the small sample size. In addition, negotiators with the same preparation style were paired. In future studies, we intend to pair negotiators with different argument preparation styles to determine if there is a competitive advantage to one style or another, and if there are significant relations between decision-frames (gain or loss), aspiration, and confidence of negotiators. It would also be helpful to compare distributive to integrative negotiation contexts. Indeed, it is quite possible that the self/counter argument preparation style, which seems to be potentially detrimental in distributive negotiation, may be advantageous in negotiations with integrative potential.

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