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## Level-of-Aspiration Theory and Initial Stance in Bargaining

Bruce K. MacMurray  
*Northeastern University*

Edward J. Lawler  
*Cornell University, ejl3@cornell.edu*

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## Level-of-Aspiration Theory and Initial Stance in Bargaining

### Abstract

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

### Keywords

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

### Disciplines

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

### Comments

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

Bruce K. Mac Murray, Northeastern University  
Edward J. Lawler, University of Iowa

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

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

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

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The authors are indebted to Keith Brokus for assistance in the data collection. Order of authorship was established randomly and does not reflect differential contributions. Requests for reprints should be sent to: Bruce K. Mac Murray, Department of Sociology/Anthropology, Northeastern University, Boston, MA 02115.

reciprocity in concession making (Esser and Komorita, 1975; Komorita and Esser, 1975), a soft, reinforcement-based approach (Wall, 1977), and a mixed strategy combining tough and soft offers (Lawler and Mac Murray, 1980).

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

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

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

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

opponent's concession behavior. This assumption leads to the hypothesis that a decreasing concession pattern will produce more yielding by the opponent because it conveys greater toughness than an increasing or constant pattern. The reason for this is that actors in bargaining expect yielding at a relatively constant or increasing rate early in the bargaining and that they will be surprised by a decreasing pattern. This relation between impressions of toughness and expectancy violations has been neglected by the bargaining literature.

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

## Method

### *Design and Subjects*

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

### *Procedure*

Subjects were scheduled in same sex groups of four to six persons. Upon arrival, the experimenter randomly assigned subjects to one of two rooms, and to separate cubicles within each room. Written instructions informed subjects that to maintain anonymity, they would be paired at random with one of the persons in the other room. One person would play the buyer (representative) for a nation called Beta, and the other would assume the role of seller for Alpha. In actuality, all subjects assumed the role of Beta's representative (the *buyer* role).

The bargaining issue was the price of iron ore. The instructions explained that two nations had engaged in preliminary discussions on this topic, but found that their offers were far apart. In the initial discussions, Beta (the buyer) had suggested a price of \$5.00 per ton, while Alpha had suggested \$12.00. The task of the buyer (subject) was to negotiate from this starting point and bargain for as low a price as possible. The instructions also contained an outcome list indicating the subject's profit at each of 29 potential agreement points (in 25-cent intervals from \$5.00 to \$12.00). Subject's pay increased in 10-cent intervals from \$1.00 to \$3.80, and was inversely related to the final agreement price. In the event of no agreement, subjects would ostensibly receive \$1.00, the minimum pay on the outcome list. Information on the opponent's payoff was kept deliberately vague.

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

### *Experimental Manipulations*

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

### *Dependent Variables*

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

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

<sup>1</sup>Previous studies have found that "end effects" can create extreme time pressure on the last round and affect subjects' final offer (Benton, Kelley, and Liebling, 1972; Esser and Komorita, 1975).

## LEVEL-OF-ASPIRATION

for the *early phase* of the bargaining. This made possible the examination of impressions after the concession pattern and initial stance manipulations had just gone into effect. The questionnaire contained a series of bipolar adjective pairs. From these evaluations, two impression indices were constructed. The first and most important for level-of-aspiration theory measured "firmness," while a second index provided evaluations of "reasonableness." The "firm" index consisted of the adjective pairs: firm- yielding, strong-weak, dominant-submissive, tough-soft; the "reasonableness" index was composed of sincere-insincere, credible-noncredible, likable-dislikable, reasonable-unreasonable and trustworthy-untrustworthy.

Table 1

*Monetary Concessions for First Four Rounds  
of Experimental Condition*

Treatment group	Round			
	1	2	3	4
Tough (\$1.00)				
Increase	0	0	50	50
Constant	25	25	25	25
Decrease	50	50	0	0
Soft (\$3.00)				
Increase	0	0	150	150
Constant	75	75	75	75
Decrease	150	150	0	0

Table 2

*Overall and Initial Concession Magnitude  
by Experimental Condition*

Initial Stance	Concession Pattern		
	Increase	Constant	Decrease
	<b>Overall concession</b>		
Tough	3.05	2.88	3.05
Soft	1.18	.84	1.30
	<b>Initial concession</b>		
Tough	2.36	2.45	2.64
Soft	1.57	1.59	2.11

## Results

Table 2 reports the mean values for each dependent variable by experimental condition. No interaction effects were found between initial stance and concession pattern on either initial magnitude,  $F(1,72) = 1.173, p = .58$ ; or for overall magnitude,  $F(1,72) = 1.07, p = .36$ .

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

### Concession Pattern

Turning to the *concession pattern*, the planned comparison indicated an effect on *initial* magnitude supporting our major hypothesis that the *decreasing* pattern would yield larger concessions than the other two conditions (constant and increasing) combined,  $t = 2.08, p < .025$ , one-tailed, means were = 1.71 vs. 1.30. It appears, however, that this pattern effect was only temporary (for the early bargaining phase) as no pattern effects were found for overall magnitude, means were = 2.85 vs. 2.69.

### Initial Stance

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

### Impression Measures

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

<sup>2</sup>The regression of overall concession magnitude with "firmness" and "reasonableness" revealed an  $R^2 = .25$  and for initial magnitude,  $R^2 = .08$ .



an overall tough stance. These seemingly contradictory results can be attributed to the fact that concession pattern and levels of concession

The relative importance of "firm" vs. "reasonable" impressions was assessed by a regression of these indices on initial concession magnitude and overall magnitude. The results indicate that impressions of "firmness" have a greater impact on early ( $b^* = .29, p < .01$ ) and overall ( $b^* = .48, p < .001$ ) concessions than impressions of "reasonableness" ( $b^* = .15, n.s.$  and  $.06, n.s.$ , respectively).<sup>2</sup> Consistent with level-of-aspiration theory, these results suggest that impressions of "firmness" are the most crucial in bargaining.

### Discussion

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

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

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

Previous research and the current study indicated that a *tough* strategy will yield larger *overall* concessions in bargaining, although at some risk of not reaching agreement (Hamner, 1974; Lawler and Mac Murray, 1980). For the *early* bargaining phase, the results from the current study do not consistently support level-of-aspiration theory. On the one hand, a *decreasing* concession pattern (i.e., the one perceived as most firm) produces the most yielding; on the other hand, an overall *soft* initial stance produces more early yielding than

magnitude (i.e., toughness) have quite different meanings in the context of bargaining. The tough initial stance may appear overly tough in the early bargaining phase and hence engender intransigence or little concession making from an opponent during the early phase (Benton, et al., 1972; Esser and Komorita, 1975; Hamner, 1974). However, if agreement is to be reached, a tough stance must, by necessity, produce greater yielding overall. The impact of initial toughness is, in part, a function of the pressure to reach agreement which builds as the deadline approaches.

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

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

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

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

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