

C H A P T E R T W O

*Reactive Devaluation in  
Negotiation and  
Conflict Resolution*

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**A**dversaries seeking to settle conflict through negotiation face the familiar problem of achieving “gains in trade.” The parties stand ready to make concessions, such as forfeiting valued resources or opportunities, provided that they can receive concessions that they value even more. Thus, by exploiting differences in needs, values, or preferences it generally should be possible for the adversaries themselves (or third parties interceding on their behalf) to propose a trade of concessions offering both sides an improvement over the status quo. (See Homans 1961; Pruitt 1981; Raiffa 1982). Only when the contending parties have *already* achieved all potential gains of trade, and one party can improve its position only at the expense of the other—i.e., only when the status quo already represents a *Pareto-efficient* state—should a conflict logically become “intractable.” Otherwise, the failure of the parties to negotiate mutually acceptable terms reflects a kind of market inefficiency—in much the same sense as there is an inefficiency when a motivated buyer and a motivated seller are unable to consummate a deal under conditions where the buyer privately is willing to pay a greater amount for the relevant goods or services than the seller privately is willing to accept.

Sometimes, of course, the interests of parties involved in conflict are so dramatically opposed—or at least appear to be in the eyes of the disputants—that the difficulty of achieving success in negotiation seems not only explicable but inevitable. Israel and Syria both may have long recognized the perils of their continuing deadlock; and Syria fervently wished to regain the Golan Heights from Israel, while Israel was equally fervent in its desire for a Syrian pledge of nonaggression. But no conflict-reducing trade of concessions was likely to be negotiated as long as Israel valued the Heights more than the pledge and Syria deemed the pledge too high a price for the Heights. Enmity and distrust may even reach the point where the specifics

of the concessions sought or proposed cease to matter. The disputants may view their struggle as a “zero-sum” game, one in which any gain achieved by the other side is perceived to be a loss, of equal magnitude, to their own side—so that the very idea of a mutually advantageous trade of concessions becomes a psychological, if not a logical, impossibility (see Pruitt and Rubin 1986). But many if not most disputes are at least somewhat tractable; and gains of trade through mutual concession making seem readily achievable provided that the parties are willing to bargain in good faith and patiently explore possibilities for mutual advantage.

One need only pick up the morning newspaper, however, to see that negotiations frequently fail and deadlocks persist even in conflicts where preservation of the status quo clearly seems to be against the best interest of the relevant parties. To some extent, the problem can be traced to barriers—strategic, psychological, or situational—that make it difficult to formulate, and/or get on the table, a proposal that both parties, given their different interests and views and their conflicting strategic goals, deem preferable, at least temporarily, to perpetuation of the status quo. (See Chapter 1.) But even when such a “mutually-acceptable-in-principle” proposal *can* be formulated, there may be an additional barrier to be overcome, one that arises, at least in large part, from the dynamics of the negotiation process. This barrier has been termed *reactive devaluation* (Ross and Stillingner 1991; Ross and Ward 1995; Stillingner, Epelbaum, Keltner, and Ross 1990). It refers to the fact that the very offer of a particular proposal or concession—especially if the offer comes from an *adversary*—may diminish its apparent value or attractiveness in the eyes of the recipient.

The same newspaper articles that describe failed negotiations and prolonged deadlocks generally provide anecdotal evidence of the parties’ negative characterizations of each others proposals. It is easy to dismiss such uncharitable responses as tactical posturing rather than authentic reflections of the parties’ private perceptions and evaluations. Labor has obvious incentives to denigrate the wage concessions that management proposes at the outset of contract negotiations. Parties in legal or political disputes similarly have ample reason to characterize the other side’s current offer as ungenerous and inadequate. In so doing the negotiators simultaneously demonstrate their toughness to their constituencies, make a bid for the sympathy of interested third parties, and perhaps even convince the other side to up the ante. However, in such cases the question remains whether devaluation occurs in the proposal recipients’ *private* evaluations—or at least in the evaluations they express when they have no strategic motives for misrepresenting their actual sentiments.

Ideally, one would like to answer such a question by gaining access to the candid evaluations, or rather to the *changes* in evaluation, that occur in the context of a broad sample of face-to-face negotiations. But the researcher

rarely enjoys such access—certainly not under circumstances where suitable experimental control and measurement are possible and where sample sizes are adequate for purposes of statistical inference. However, a variety of survey and experimental techniques have been employed to furnish evidence of genuine, as opposed to strategically feigned, devaluation. That is, in the research to be described, recipients seem inclined to devalue concessionary proposals even when they know that their ratings will never come to the attention of the party offering the proposal, or for that matter to the attention of anyone they might have reasons to deceive about their actual feelings and assessments.

### **SUMMARY OF EMPIRICAL RESEARCH**

Initial evidence for the reactive devaluation barrier was provided in a 1986 sidewalk survey of opinions regarding possible arms reductions by the U.S. and the U.S.S.R. (Stillinger et al. 1991). Respondents were asked to evaluate the terms of a simple but sweeping nuclear disarmament proposal—one calling for an immediate 50 percent reduction of long-range strategic weapons, to be followed over the next decade and a half by further reduction in both strategic and short-range tactical weapons until, very early in the next century, all such weapons would have disappeared from the two nations' arsenals. As a matter of history, this proposal had actually been made slightly earlier, with little fanfare or impact, by the Soviet leader Gorbachev. In the Stillinger et al. survey, however, the proposal's putative source was *manipulated*—that is, depending on experimental condition, it was ascribed by the survey instrument either to the Soviet leader, to President Reagan, or to a group of unknown strategy analysts—and only the responses of subjects who claimed to be hearing of the proposal for the first time were included in subsequent analyses.

The results of this survey showed, as predicted, that the proposal's putative authorship determined its attractiveness. When the proposal was attributed to the U.S. leader, 90 percent of respondents thought it either favorable to the U.S. or evenhanded; and when it was attributed to the (presumably neutral) third party, 80 percent thought it either favorable to the U.S. or evenhanded; but when the same proposal was attributed to the Soviet leader, only 44 percent of respondents expressed a similarly positive reaction.

While such results, and related ones reported a generation ago by Stuart Oskamp (1965), are unlikely to violate the reader's intuitions and experience, there is a point about research methodology or strategy that is worth emphasizing. It would be relatively easy for any competent experimenter to illustrate that the perceived valence of a proposal can be influenced by the

perceived valence of its source. All the experimenter would have to do is frame a fictional proposal and contrive a negotiation context that featured lots of ambiguity or uncertainty—for example, ambiguity about what the parties would do and receive, or about the conditions under which they could exercise an “escape clause,” or about the consequences they would face for not living up to the proposal’s terms. But it should be noted that in the case of the proposal offered by Gorbachev, the framer’s interest presumably lay not in *producing* such reactive devaluation but in *preventing* it (to which end, presumably, he was obliged to formulate terms that either would be clear and forthcoming or else ambiguous in ways specifically designed to win a positive rather than a negative reaction from the intended audience). Accordingly, the Stillinger et al. demonstration cannot be dismissed as a hothouse product of the psychological laboratory, one irrelevant to the real world. Nor could the cool reception that Stillinger et al.’s subjects afforded the Gorbachev proposal relative to the Reagan or third-party proposal be attributed to some strategic goal. For, unlike players on the real-world diplomatic stage, these subjects obviously were not trying to coax further concessions from the other side or to win the hearts and minds of partisan constituents or third parties.

Although this initial reactive devaluation study provided positive results, the findings are unlikely to seem particularly surprising or provocative to negotiation theorists or practitioners. The reason for this is clear. While the tendency to devalue the adversary’s concessions and proposals undeniably is a barrier to dispute resolution, such a tendency can readily be defended on normative grounds. Certainly there is nothing counternormative about treating a proposal’s authorship as informative with respect to the balance of advantages and disadvantages that would accrue to its author. (“They wouldn’t have offered those terms if those terms didn’t advance their interests.”) And, where the author in question is presumed to be a foe who seeks to dominate the proposal’s recipients, there may be nothing counternormative about also treating such authorship as potentially informative about the proposal’s prospects for the recipient. (“They wouldn’t have offered those terms if those terms strengthened our position relative to theirs.”)

It was such normative considerations, at least in part, that dictated the design and procedural details of the next set of reactive devaluation studies conducted by Stillinger et al. In these studies the responses contrasted were not ones made to proposals from hostile versus nonhostile sources. In fact, the responses examined were made in reaction to compromise measures offered by a source who was perceived by most recipients as not opposed to their own interests, but merely acting in that source’s interests. The context of this research was a campus-wide controversy at Stanford about the university’s investment policy. Students generally favored a policy calling for total and immediate divestment by the university of all stock holdings in compa-

nies doing business in South Africa. The university, claiming to share the students' opposition to apartheid, but to be constrained by its responsibilities to maximize the value of its portfolio and earnings, set up a committee to study the problem and devise a divestment policy that would be both financially prudent and socially responsible. Once again using a real-world issue, and once again relying upon the use of an experimental manipulation within the context of a survey, Stilling et al. seized this opportunity to study further the phenomenon of reactive devaluation.

In the first such study, students simply were asked to read a booklet describing the divestment controversy, then to evaluate two potential compromise proposals. One of these proposals, which was termed the "Specific Divestment" plan, entailed immediate divestment from corporations doing business with the South African military or police. The other alternative, termed the "Deadline" plan, proposed to create a committee of students and trustees to monitor "investment responsibility," with the promise of total divestment two years down the road if the committee was not satisfied with the rate of progress shown in dismantling the apartheid system in South Africa. Subjects were randomly assigned to three experimental conditions, identical in all respects except for the particular program that the university was purported to be on the verge of enacting. One group read that the university planned to undertake Specific Divestment; another group read that the university planned to undertake the Deadline plan; and the remainder were given no reason to believe that the university was considering the immediate adoption of either alternative. The experimental hypothesis, of course, was simply that the "offered" concession plan would be devalued relative to the "non-offered" one.

The results obtained in this study seemed once again to offer straightforward evidence for the predicted reactive devaluation phenomenon. That is, students tended to rate whichever of the two proposals the trustees had ostensibly offered as a smaller and less significant compromise than the alternative, non-offered, proposal. Thus, when Stanford purportedly was ready to implement the Deadline plan, 85 percent of the respondents ranked Specific Divestment as a bigger concession than the Deadline. By contrast, when the university purportedly was ready to pursue Specific Divestment, only 40 percent rated Specific Divestment as the more consequential of the two compromise plans. Not surprisingly, when neither concession plan was purported to be imminent, the percentage of students rating Specific Divestment as a bigger and more significant concession than the Deadline plan was between the extremes in the two experimental conditions—i.e., 69 percent. Clearly, the "offered" versus "non-offered" status of the relevant divestment plans influenced the student respondents' evaluation of their apparent significance and attractiveness.

The same basic result was replicated in a follow-up laboratory experiment,

in which students selected specifically on the basis of their strong and active support for immediate and total divestment negotiated with a middle-aged man (actually a confederate of the experimenter) who expressed a willingness to defend the university's interests and current policies. To prepare the students for their forthcoming negotiation session, a packet of information materials calling for their careful examination was mailed to them beforehand, detailing the university's holdings in firms doing business in South Africa and indicating the record of those firms with respect to fair employment and affirmative action policies. The packet also included a list of the most common arguments offered by opponents and supporters of divestment.

During the negotiation itself, which often proved to be quite heated (despite the participants' awareness that any "agreements" they reached would have no impact on actual university policy), the confederate for a time stubbornly but articulately defended the university's current "nonpolitical" investment policy. In two experimental conditions, however, he ultimately made a proposal that offered his student adversary a concession—either the Specific Divestment plan (the same one used in our survey study) or a rather surprising and peculiar "Reward for Disinvestment" plan (whereby the university would not divest itself of anything but would channel \$20 million in additional investments into companies, such as General Motors, which had already withdrawn from all business activities in South Africa). The experimental design also included a control condition in which the confederate offered no concession at all.

Subsequently, the subjects rated the attractiveness and significance of a number of different proposals, including, of course, the ones that had been offered in their negotiation session. And, as predicted, these ratings again reflected the "offered" versus "non-offered" status of the relevant proposals. Specifically, the familiar Specific Divestment plan received a more positive rating than the peculiar Reward for Disinvestment plan, both when no concession was offered and (even more so) when the confederate offered the Reward for Disinvestment plan. Only when Specific Divestment was the compromise plan explicitly offered did its ratings dip below those of the Reward for Disinvestment plan.

The magnitude of the differences obtained in this laboratory experiment, however, was not particularly impressive, and the investigators set out to design a follow-up experiment that they thought would yield more conclusive results. But this plan was thwarted by a new development in the unfolding divestment drama at Stanford. As the academic year was drawing to a close, the university at last reached a decision and prepared to announce the enactment of its divestment plan—one, not coincidentally, that closely resembled the Specific Divestment plan that had been employed in the two earlier Stillinger et al. studies. This turn of events precluded further labora-

tory or field experiments. At the same time, however, it presented the investigators with a golden opportunity to do one final study—this time looking at evaluations of an actual compromise measure before and after it had been publicly proposed in the context of an ongoing political struggle.

Having learned of the details of the university's still unannounced plan (by which it would divest itself of shares in ten companies, for a total of about \$3 million), Stillinger et al. quickly prepared a new survey asking students to evaluate a number of possible compromise plans, including, of course, the university's soon-to-be-announced Specific Divestment plan. This survey was administered to a sample of Stanford students on two occasions—once *before* the university made its new divestment plan public (with all proposed compromise plans, including the university's actual plan, described as merely "hypothetical") and once shortly *after* the university's well-publicized announcements (this time accurately characterizing the university's plan as "about to be enacted," while again characterizing the alternative plans merely as other hypothetical alternatives).

Participants' responses in these two surveys provided the basis for a simple before/after comparison to test for reactive devaluation. And the results of this comparison were clear-cut, albeit no doubt disappointing to the university. On the key measure involving apparent magnitude and significance of concessions, the students' mean ratings of Specific Divestment declined after its planned enactment had been announced by the university. By contrast, none of the other merely "hypothetical" plans showed any such decline in ratings. Indeed, slight increases in ratings were more typical for these "non-offered" plans. In other words, it was only the *offered* compromise plan, not compromise plans in general, that came to be seen as less significant by the students over the critical three-week period following the university's announcement. Thus, consistent with the results of Stillinger et al.'s previous study, the change in the students' assessment of the relevant compromise plan appeared to be a direct consequence of, and a reaction to, the fact that the plan actually had been initiated.

To the extent that adversaries devalue the compromises and concessions put on the table by the other side, they exacerbate an already difficult dilemma: that of forging an agreement that the relevant parties, with their differing views of history and their differing perceptions of entitlement, will perceive to be better than the status quo and not offensive to their sense of equity. Beyond alerting us to this dilemma, the Stillinger et al. studies raise two important, ultimately related, questions. First, what processes or mechanisms might cause the offer of a concession or compromise proposal to decrease its attractiveness in the eyes of the recipient? Second, what steps might be taken, either by the adversaries themselves or by third-party mediators, to overcome this barrier?

## MECHANISMS UNDERLYING REACTIVE DEVALUATION

Research on reactive devaluation initially was undertaken to show that biased construal of an adversary's concession or compromise proposal could lead to devaluation—and hence could launch a downward spiral of misunderstanding and mistrust, whereby dismissal and lack of reciprocation by the recipient of a proposal discouraged further initiatives. As that research program evolved, however, it became increasingly clear that a number of different psychological processes might underlie reactive devaluation—processes that differ considerably both in their normative status and in their implications for negotiation theory and practice. Two specific processes, or rather *types* of processes, merit consideration in more depth.

One set of underlying processes involves changes in *perception, interpretation, or inference*, either about individual elements in a proposal or about the overall valence of that proposal. To the extent that the other side's initiative seems inconsistent with our understanding of their interests and/or past negotiation behavior, we are apt, perhaps even logically obliged, to scrutinize their offer rather carefully. That is, we are inclined to look for ambiguities, omissions, or “fine print” that might render the terms of that proposal more advantageous to the other side, and perhaps less advantageous to our side, than we had assumed them to be (or would have assumed them to be, had the question been asked) prior to their being offered. The results of such skeptical scrutiny—especially if the terms in question are unclear, complex, or imperfectly specified, and especially if trust vis-à-vis implementation of these terms is called for—are apt to be a revised assessment of what we stand to gain, both in absolute terms and relative to what we believe the other side stands to gain, from acceptance of the relevant proposal.

This process of inference and deduction as psychologists would be quick to note, could be even simpler and less cognitively demanding. Several theories of psychological consistency (e.g., Osgood and Tannenbaum 1955; also Abelson and Rosenberg 1958; Festinger 1957; and Heider 1958) hold that any relevant object of judgment (including, presumably, a concession offer or a negotiation proposal) will be evaluated more negatively as a consequence of its linkage to a negative source (including, presumably, an enemy or adversary). In other words, no reinterpretation in fact no consideration of content at all, need take place for devaluation to occur. One might simply reason that if “they” are offering a proposal it must be good for them; and if it is good for them (especially if “they” are adversaries who wish us harm) it must be bad for “us.” Once again, although it is difficult to criticize such inferential leaps on purely normative grounds, the danger should be obvious. One can be led to conclude that any proposal offered by the “other side”—especially if that other side has long been perceived as an enemy—*must* be

to our side's disadvantage, or else it would not have been offered. Such an inferential process, however, assumes a perfect opposition of interests, or in other words, a true "zero-Sum" game, when such is rarely the case in real-world negotiations between parties whose needs, goals, and opportunities are inevitably complex and varied.

The second type of underlying process or mechanism, suggested by demonstrations of the devaluation phenomenon in the Stanford divestment studies in which the source of the devalued proposal was not really an enemy of the recipient, is very different. This mechanism involves neither mindful nor mindless changes in interpretation but rather changes in underlying *preferences*. Human beings, at least in some circumstances, may be inclined to reject or devalue whatever is freely available to them, and to covet and strive for whatever is denied them. Moreover, they may be inclined to do so even when no hostility is perceived on the part of the individual or institution determining what will or will not be made available. (See Brehm 1966; Brehm and Brehm 1981; also Wicklund 1974, for theoretical accounts of such "psychological reactance"). The familiar aphorism that "the grass is always greener on the other side of the fence" captures this source of human unhappiness and frustration very well, and it is easy to think of anecdotal examples in which children or adults, rather than "counting their blessings," seem to place inordinately high value on whatever commodity or opportunity is denied them.

A simple role-play study by Lepper, Ross, Tsai, and Ward (1994) documents this "change of preference" process quite clearly. At the same time, this study provides further evidence that the reactive devaluation phenomenon depends neither on an adversarial relationship nor on ambiguity in proposed terms. The subjects in the study, all social science majors, were asked to imagine that they had undertaken a summer job with a distinguished professor, one which entailed low pay and unrewarding and difficult library research. They further were asked to imagine that they later discovered that the professor was on the verge of publishing, and receiving a hefty royalty for, a chapter based heavily on their work. The fictional professor, however, offered them neither additional money nor a coauthorship in recognition of their efforts (two rewards that had been vaguely alluded to as "further possibilities" if the student's efforts led to a publishable article). Next, they were asked to imagine that, after writing a polite but firm note to the professor complaining about the lack of fair recognition or compensation and reminding the professor of the vague assurances offered them at the outset of the project, they had received one of two possible concessions—either a "third authorship" (with their name following that of a second author who to their knowledge had contributed little to the project) or a sum of \$750. Finally the students were asked to assess, among other things, the attrac-

tiveness and value of the two relevant concessions—the one that they had been granted by the professor and the alternative concession that had not been granted.

Reactive devaluation was found, just as predicted. That is, it was the students who had been granted the money who found the third authorship to be the most attractive and of greater interest to them, and the students who had been offered the third authorship who found the money most attractive and valuable. These students, it is worth noting, gave no evidence of having reinterpreted the meaning or reassessed the objective worth of the two relatively unambiguous compromises in question. They simply expressed preferences and values that seemed to be tilted in the direction of whichever one of the two compromises had proven “unavailable” or been “withheld.”

A second study reported in the same paper by Lepper et al. extended these findings and clarified two parameters that may influence the magnitude of reactive devaluation. In this follow-up study, students again evaluated a “cash settlement” (this time \$900 instead of \$750) versus a “third authorship” compromise granted by the professor. This time, however, two factors were explicitly manipulated. These factors were the *reputational status* of the professor and the exact nature of the promises that heightened the students’ sense of *entitlement* to the concessions in question (both of which deliberately had been left somewhat vague in the initial study). Thus, half the students in the following study were told that the professor had been cold and harsh in dealings with them, and exploitative in past dealings with other prior research assistants, while half were given no such negative information about the professor’s reputation or past dealings. At the same time, half of the students within each “reputation” condition were told that the professor had explicitly promised that publication would lead to additional rewards in the form of money and/or authorship, while half were given no information suggesting any prior assurances or other basis for heightened feelings of entitlement.

The results of this follow-up study by Lepper et al. again were clear-cut. Both the presence of a negative relationship and reputation based on past dealings and the presence of prior assurances promoting a sense of entitlement seemed to enhance the magnitude of the reactive devaluation phenomenon. But neither factor proved *necessary* to produce the phenomenon. That is, the fictional professor’s action in granting one particular concession rather than another seemed to shift the recipient’s assessments and underlying preferences even when there was neither an existing negative relationship or reputation with respect to the source nor a strong basis for feelings of denied expectation or prior entitlement on the part of the recipient.

A number of other psychological processes and mechanisms which may also contribute to reactive devaluation merit at least brief mention even

though they have not yet been pursued explicitly in the context of reactive devaluation research. For instance, a seemingly equitable proposal for a trade of concessions can become unattractive and inequitable in the eyes of the recipient because of a judgment bias that Daniel Kahneman and Amos Tversky (1984) have termed *loss aversion* (see also Chapter 3 in this volume). What these investigators have documented is the fact that the aversiveness of a given loss tends to be greater than the attractiveness of a gain of the same objective magnitude. Thus, the very act of framing a proposal in a manner that invites the other side to give up some things it values in order to receive some other things it also values may leave the recipients of the proposal convinced that the loss in question will not be commensurate with the gain—even when a prior elicitation of the recipients’ values might have led one to anticipate that the proposed trade of concessions would be welcomed quite eagerly.

The receipt of a specific concession or conciliatory proposal also can alter the recipients’ *aspiration* or *comparison level*. The mere fact that one’s adversary is willing to offer a concession can change one’s assessment of that adversary’s flexibility and eagerness to deal. Accordingly, there is apt to be an altered perception of the gains that might be achievable through further toughness in bargaining, and also a new standard for comparison and a higher level of aspiration. Such changes may thus broaden the gap between what is sought and what is on the table—leading the recipient to rate the concession less positively than it would have been rated beforehand, when it was merely hypothetical. Indeed, it is this consequence that the practice of “strategic intransigence,” discussed as a barrier to conflict resolution in Chapter 1 of this volume, is designed to avoid; for early displays of intransigence can serve to lower the adversary’s expectations and aspirations and perhaps encourage that adversary to show more flexibility.

Still another possible mechanism may involve the “polarizing” effect of *mere attention* or *heightened scrutiny*. Abraham Tesser (1978) has provided evidence that instructions or procedures that “lead” experimental subjects to consider various objects of judgment more deeply, or even simply for a longer period of time, increase the positive or negative valence of those objects. That is, favorable evaluations become even more favorable and, more to the point, negative evaluations (including, presumably, negative evaluations of concessionary proposals or compromises that inevitably offer less than the recipient seeks and feels entitled to receive) become more negative.

Furthermore, *interpersonal* processes can play a role in encouraging critical scrutiny and resulting devaluation. When a compromise is proposed in the context of a social or political struggle, it inevitably becomes the object of pointed debate and propagandizing. As the aftermath of the Stanford divest-

ment conflict showed, “hard-liners” search for and find shortcomings, or at least ambiguities, in the proposed terms; and they are apt to put their objections forward forcefully, both in informal discussion and in their comments to the media. This process subjects the less militant members of the group to persuasion and social pressure alike—both of which exert a force in the direction of public devaluation of the other side’s proposal, and perhaps private devaluation as well.

The preceding list of potential underlying mechanisms is by no means intended to be exhaustive. Nor is it likely that all of these mechanisms were operating in the reactive devaluation studies reviewed in this chapter. (Indeed, the designs and measures employed by the investigators precluded the operation of at least some of these mechanisms, showing that they are not necessary to produce the phenomenon). But the list should be sufficient to illustrate that the reactive devaluation phenomenon is likely to reflect the operation of different types of processes in different contexts. Some of these processes may seem more defensible on normative grounds than others, and some may more commonly play an important role in producing the phenomenon. But all of them potentially may contribute to the difficulty of achieving conflict reduction through compromise and negotiation in the social, political, economic, and ideological deadlocks that seem so pervasive a feature of contemporary life.

#### **IMPLICATIONS: OVERCOMING REACTIVE DEVALUATION**

The preceding discussion of the reactive devaluation phenomenon, and of the various processes that might underlie it, has some implications for those who seek to resolve disputes. Foremost, of course, is the likelihood that compromise proposals or concessions designed to demonstrate goodwill and prompt reciprocation will fail in their objectives. All too often, they will be dismissed as trivial and token, or received with coolness and expressions of distrust that serve to thwart the goal of negotiated agreement and to weaken rather than strengthen the hand of those who urge conciliation. Furthermore, such public dismissals or cool receptions are themselves apt to be misattributed—to be seen as the product of calculated strategy rather than genuine sentiment, or to be taken as evidence of a lack of good faith and seriousness in the pursuit of agreement. Anticipating disappointing pitfalls in the negotiation process, and correctly attributing them when they occur, is important. But the research and analysis reviewed in this chapter also point to some specific strategies that could prove helpful in overcoming reactive devaluation and facilitating dispute resolution; and it is to these applied concerns that the last section of this chapter will be directed (see also Ross and Stillingner 1991)

### **The Use of Prior Elicitation and Concession Menus**

Two strategies for reducing reactive devaluation follow rather directly. Both are designed to discourage the recipients of a concession or compromise proposal from reinterpreting its terms or reordering their own preferences in ways that make the proposal seem less advantageous to them. The first strategy involves explicitly eliciting the potential recipients' values and preferences before making any concessionary proposal, and then explicitly linking the content of the subsequent proposal to those expressed values and preferences. An invitation could be offered to exchange lists of concessions each side not only indicating what it seeks and what it might be willing to offer in "trade," but also stipulating the relative importance it attaches to those concessions. Each side could then use the other side's responses to help formulate and justify the specifics of the concessions offered and/or sought in subsequent proposals. Again, the goal of such a strategy is twofold—first to formulate mutually beneficial terms, and second to discourage reactive devaluation by prompting the recipients of such proposals to attribute the specifics of the proposed terms to their own expressed preferences and priorities (rather than to hidden motives or private knowledge on the part of the proposal's initiator). The advantages of candid pre-negotiation exchanges of goals and preferences are rather obvious. But such a strategy is probably realistic only in negotiations characterized by a lack of enmity or distrust, negotiations in which the parties have already embraced the objective of maximizing mutual benefit.

A related strategy (one that offers less temptation for strategic misrepresentation of goals, intentions, opportunities, or priorities) would be for one side simply to offer the other a "menu" of unilateral concessions that it is willing to make as a gesture to initiate a cycle of future *reciprocal* concessions; and then to invite that other side to select the "pump-priming" concession of its choice. It is worth contrasting the "menu of concessions" technique described here with the well-known tension-reduction and agreement-seeking strategy suggested by Osgood (1962). Osgood's proposal called for the initial unilateral concession to be chosen by the *offerer*. Such a choice, however, is apt to be seen as informative about its cost to the offerer and perhaps even its value to the recipient. Furthermore, the recipient's preferences and priorities may change as well, making the offer seem less significant and attractive. In the proposed "menu" strategy, the initial unilateral concession is to be chosen by recipients in accord with *their* preferences, thereby minimizing such perceptions of informativeness or changes in preferences. What we are suggesting here is a dispute resolution principle even simpler than the suggestion to seek gains in trade: Tell your adversaries that you are willing to take the first small step; stipulate or at least outline some possibilities that clarify the magnitude of that step; and ask your adversaries what *they* want

(i.e., which initial, necessarily modest, pump-priming measure *they* would value and deem worthy of reciprocation). Then, insofar as the nature and magnitude of their request is consistent with the “menu” offered, *give them what they ask for*.

### **Process Debriefing and Forewarning**

It is worth exploring the possibility that insight or awareness about reactive devaluation and the mechanisms or processes that underlie it could serve to forestall or weaken such devaluation. In practical terms, the suggestion is that the negotiation agenda include a pointed preliminary discussion of barriers and underlying processes—including not only reactive devaluation but other psychological and strategic barriers as well. It is apparent from previous investigations in the field of judgment and decision making that forewarning or inoculation concerning particular biases and the mechanisms that underlie them sometimes “works” and sometimes does not work (see Fischhoff 1981; Lord, Lepper, and Preston 1984; Ross, Lepper, and Hubbard 1975). Clearly, the usefulness of such educational techniques vis-à-vis reactive devaluation and dispute resolution is an empirical question worthy of investigation. In fact, there are really two questions to be addressed. The first and most obvious question concerns the value of pre-negotiation discussions or briefings about reactive devaluation and the mechanisms that may underlie it. The second, more general, and ultimately more provocative question involves the value of educating fledgling negotiators about the psychological processes that create barriers to dispute resolution and that foster misunderstanding and distrust between parties involved in negotiation.

### **Addressing Attributional Concerns**

As the discussion of mechanisms and potential remedies offered thus far suggests, the psychological barrier of reactive devaluation hinges in part on the assumption that disputants are bound to make attributions about each other’s offers of compromise and concessions. Why is *this* particular compromise being offered? Why is this particular exchange of concessions being proposed? And why is the offer or proposal coming *now*?

When the stakes are high, these questions inevitably are considered. And the answers likely to be deemed most plausible (for example, “they must not value what they are proposing to concede” or “they must know something about the current situation that we don’t” or even “they don’t intend to honor their side of the proposed agreement”) are ones that may serve to encourage devaluation, to discourage reciprocation and to preclude the desired creation of goodwill. Such attributions and consequences seem particularly likely when the relationship between parties is adversarial or hos-

tile, and trust is in short supply. The solution to this attributional dilemma is simple, at least in theory. The side offering the proposal or concession must help the other side to arrive at more *benign* attributions—in particular, by clarifying the forces, constraints, or motives that are prompting it to compromise or offer such attractive terms. At times such candor may have a strategic cost—one may be obliged to acknowledge weaknesses in one's bargaining position, or to reveal goals and plans that one would prefer to keep hidden. But the benefit of such candor—that is, the increased prospects of having one's proposal taken at face value—may outweigh the strategic cost more often than standard bargaining and negotiation lore would suggest.

Beyond pointing to the value of greater candor in the conduct of negotiation, an awareness of attributional issues leads to the suggestion that negotiating parties might benefit from the *creation* of additional external forces compelling compromise and agreement. Setting deadlines (after which some cost or loss of opportunity will be incurred), making plans or commitments contingent on negotiation success, or even staking reputations on the promise of success are all strategies that not only prompt disputants to offer each other concessions but also permit or even encourage them to take such offers at face value.

### **Role of Third Parties**

The “Reagan versus Gorbachev” disarmament proposal study discussed earlier provided some evidence that attributing a given proposal to a neutral third-party source instead of an adversary can reduce or eliminate reactive devaluation. While the possibilities for such deceptive manipulations are very limited in the conduct of real-world bargaining and negotiation, the skilled third-party mediator can assume some responsibility for the framing of proposals, especially proposals that the mediator explicitly links to the parties' expressed goals and priorities. The mediator can also encourage a “problem-solving” orientation (Fisher and Ury 1981) in which the parties seek to create additional value or to capitalize upon differences in the two sides' needs, preferences, and opportunities, rather than merely to accept compromises that apportion dissatisfaction. More generally, third parties can play a useful role in neutralizing the mechanisms that underlie reaction devaluation and its potentially negative consequences. They can alert the parties to the existence of the phenomenon and to its psychological rather than strategic basis, thereby forestalling attributions and responses that might heighten rather than attenuate conflict and mistrust. They can create deadlines, incentives, and other pressures that not only encourage concessions or compromise but also prompt benign attributions when they occur. They can help create trust and goodwill. Most important, they can help the parties to recognize that they are not in a zero-sum struggle; to see that

mutual as well as opposing interests exist, and that the other side's authorship of a proposal is not *necessarily* evidence that their own side's interests would be better served by rejecting that proposal than by accepting it.

### **Negotiation Ideology and Expectation**

The analysis of reactive devaluation and the barriers that underlie it, as well as the more general discussion of negotiation barriers featured in this volume, can leave the reader with unwarranted pessimism about the prospect of successful dispute resolution. It is important, therefore, to remind ourselves that difficult, even seemingly intractable disputes often do reach resolution. In fact, in many potentially difficult negotiations (including the passing of the federal budget, the election of a pope, and many labor-management confrontations) it is success rather than failure that history suggests to be inevitable. In such cases, ideology and expectation seem critical. When pessimism is widespread and rooted in a history of past negotiation failures, the parties will find it difficult to offer meaningful compromises and equally difficult to accept as meaningful any concessions offered in the proposals of their adversaries. But when all parties enter the dispute resolution process with the absolute conviction that their negotiations must and will succeed, especially when such convictions are rooted in a history of consistent past success, the parties are more likely not only to offer concessions but to interpret "charitably" the concession offers they receive—i.e., as genuine compromises dictated by the imperative of reaching an agreement, and not deceptive ploys that conceal private knowledge and hidden motives. Only when failure is somehow "unprecedented" and "unthinkable" can one be relatively certain that reactive devaluation, and the other barriers to dispute resolution discussed throughout this volume, will be overcome. As a result, parties are more likely to reciprocate the compromises they receive, thereby moving the negotiation process closer to resolution.