

## NEGOTIATOR PERSONALITY AND CONCESSION PERCEPTIONS IN SHIPPER - MOTOR CARRIER NEGOTIATIONS

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### Abstract

Negotiator personalities are commonly believed to be a major influence on their activities during bargaining. However, this notion which is enforced in the popular literature on negotiations is not supported by current research. This study, using data collected from shippers and motor carriers which have completed negotiations over motor carrier contract terms, supports previous negotiation research findings. These findings question the influence of personality factors on the perceived number of concessions made by the other party.

### Introduction

Negotiation is the process leading to a mutually acceptable agreement between two or more parties on some course of action (Morley and Stephenson 1977). Negotiation research has traditionally focused upon conflict resolution, particularly in the international sphere, or upon management - labor relations. More recently, the study of negotiation has been viewed in the context of buyer - seller relationships (Bagozzi 1975, Evans and Beltramini 1987, Perdue 1985). This paper specifically investigates this buyer - seller relationship within the context of motor carrier contract negotiations and attempts to answer the question whether personality characteristics have an impact on such negotiations. If, as it is traditionally assumed, the personality characteristics of the negotiators impact the results of the negotiations (Cohen 1980, Fisher and Ury 1983, Karrass 1970), it would be recommended that logistics management assign individuals with specified personality characteristics to the task of motor carrier negotiation.

### Theory Development In Negotiation

A review of the literature identifies three characteristics of negotiation that are relevant when researching negotiations in the shipper - motor carrier context. First, one must consider the pattern of activities that are required to complete the negotiation process. Second, the requirements relative to the organizational needs must be considered. The final characteristic considers the framing of each individual participating in the negotiations. The following sections briefly review how these characteristics are believed to impact the outcome of negotiations.

### Pattern of Activities

Regardless of the application, negotiation tends to follow a similar pattern of activities (Rinehart, Cadotte and Langley 1988). First, each party must assess the situation and environments to understand its own needs and the needs of the other party. Second, each party must identify their objectives for the negotiation situation based upon actual needs and perceived potential gains. Third, each bargainer must assess the expected demands of the other party as well as the other party's willingness to make concessions. Fourth, the parties interact and attempt to alter each other's perceptions of demands and concessions (Shellenburg 1982). Last, the parties reach agreement when the cost of not agreeing is greater than the cost of agreeing (Kennedy, Berson and McMillan 1982). Consequently, each negotiator's actions are influenced by his perceptions of each party's actions during the bargaining activities. In order for an organization to obtain the most benefit in a negotiating situation, it is important for it to determine whether the personality characteristics of the individuals

taking part in the negotiations can influence their performance during the bargaining activities.

### Organizational Needs Requirements

The study of bargaining has often focused upon organizational needs. Within the organization, it is important to consider how each party views the negotiation situation. In a distributive bargaining situation, each party focuses upon the costs of the negotiated outcome. In this case, the shipper is primarily concerned with the cost of the service, while the carrier is concerned with the costs of providing the service as well as the opportunity cost of not being able to offer the service to another customer. As a result, distributive bargaining is a zero sum game that leads to greater resistance to demands. On the other hand, an integrative bargaining approach focuses on the gains that each party can derive from negotiations, resulting in the potential for greater cooperation between the parties (Morley and Stephenson 1977). In this context, both the shipper and the carrier realize that agreement will result in the completion of the sale which should result in increased profits for both.

More recently, studies have considered the role of the individual negotiator in influencing the negotiation process. The toughness, frame of mind, and personality of the individual negotiator have been found to have a significant effect upon the chain of negotiation activities, such as the amount of time spent in issue discussion, the number of issues discussed, and the number of issue concessions made by the parties. The following section reviews the literature from the perspective of the impact of individual framing on negotiations.

### Individual Framing

Initial demands and subsequent concessions depend upon each party's perception of their own toughness and the toughness of the other party (Morley and Stephenson 1977). In general, there are three combinations which could exist. These are: 1) Tough-tough; 2) Tough-soft; and 3) Soft-soft. Past research has suggested that the type of combination impacts the probable outcome. Bargaining situations in which both parties maintain tough positions lead to few concessions and few agreements. Such situations illustrate distributive bargaining. Situations where one party is tough and the other is not lead to increased gains by the tough party if agreement is reached. In situations where both negotiators take soft positions, there is a higher likelihood of increased concessions and agreement (Schurr and Ozanne 1985).

Toughness results from the inability of the negotiator to back away from his demands as well as from the frame of mind of the negotiator. The frame of mind, referred to as framing, is the mental attitude that the negotiator carries into the bargaining situation. Positive framing focuses upon the potential gains from the negotiations, and leads to integrative bargaining through cooperation. Negative framing stresses the potential losses which leads to negotiator toughness and distributive bargaining (Neale and Bazerman 1985). Framing determines how the problem is initially defined (demand creation) and how it is resolved through subsequent negotiator behavior (concessions) (Bazerman and Lewicki 1981). As an example, a traffic manager who negotiated a less than optimal contract with a particular motor carrier may enter the next negotiations with a more demanding bargaining position and may be less

inclined to concede. However, if the motor carrier's sales representative includes his vice president in the discussions, then the vice president may try to intimidate the traffic manager and influence the traffic manager's framing during the bargaining sessions.

Framing depends upon organization needs as well as the personality of the negotiator. Each negotiator has a self image as well as an image of the other party (Lockhart 1979). This image is based upon personality traits such as aggressiveness, dominance, cooperation, and need for control (Zartman and Berman 1982) as well as the need for achievement and the risk taking propensity of the negotiator (Hughes, Juhasz and Contini 1973).

Greenhalgh, Neslin and Gilkey (1985) have identified three aspects of framing: 1) Preference structure; 2) Situational power; and 3) Personality. The individual preference structure determines the initial demands which must be achieved. Situational power is the ability of one party to force the other into a less than maximum outcome. This power is evidenced through control of the resources. Personality involves a wide variety of personality traits (i.e., control, esteem, achievement) which effect the use of situational power. Greenhalgh et al. (1985) concluded that the underlying preference structure of both the individual and the organization are the dominant factors in determining concessions and agreement. While preference structure, situational power and personality contribute to the needs and abilities of the organization and the individual, negotiator personality has the least effect on negotiation outcome. The resulting conclusion is that the negotiation results are primarily affected by the strategy developed by the negotiators, and that there is limited need for emphasis on the characteristics of the individual negotiator's personality.

#### Conclusion - Negotiation Theory

While the previous studies have concluded that negotiator personality is a minor factor in determining concessions and agreement, it is not clear whether the negotiator personality factors can explain negotiator perceptions of negotiation activities at the outcome of the negotiations. If negotiator personality can be used to explain some of their perceptions, then personality factors could be useful during the negotiation process to evaluate perceptions of likely outcomes. For example, if the negotiator tends to take tough positions and report that he is doing well in negotiations with another "like minded" individual, then that manager might be facing a very lengthy distributive bargaining encounter which might reduce the likelihood of agreement or which might substantially expand the length of time required for the negotiations which might be too costly for his organization when compared with the benefits gained from the outcome. In another situation, the mild mannered soft spoken negotiator may find himself at a disadvantage when facing an aggressive/dominant counterpart using a distributive bargaining strategy because the other party attempts to control the negotiation situation through his dominance of the discussions. Understanding these personality factors may help negotiators develop appropriate bargaining strategies for each individual situation.

#### Methodology

This study attempts to further investigate whether personality factors can explain negotiator perceptions of bargaining activity at the outcome of the negotiations. In contrast to much negotiation research which uses student subjects in contrived negotiation environments, this study surveyed shipper and motor carrier negotiators at the point of completion of a motor carrier contract negotiation situation. While this approach to research design eliminates

negotiation situations in which the parties were not able to reach agreement, it uses actual logistical negotiators that extends its external validity. Specifically, four hypotheses are proposed regarding shipper and motor carrier perceptions:

- H1: Shipper's perceptions of their own personalities can discriminate between their perceived levels of carrier concessions;
- H2: Shipper's perception of the carrier negotiator's personality can discriminate between their perceived levels of carrier concessions;
- H3: Carrier negotiator perceptions of their own personalities can discriminate between their perceived levels of shipper concessions;
- H4: Carrier negotiator perception of the shipper's personality can discriminate between their perceived levels of shipper concessions.

In addition, two general hypotheses are proposed which aggregate shippers and motor carriers and assess their self-perceptions against their perceptions of the other party.

- H5: Negotiator perceptions of their own personality can discriminate between their perceived levels of concessions by the other party.
- H6: Negotiator perceptions of the other party's personality can discriminate between their perceived levels of concessions by the other party.

Two different research questionnaires were sent to samples of shippers and motor carriers. The analysis was completed on a sample of 260 shippers and 104 motor carriers. Each questionnaire requested the sample of shippers and motor carriers to evaluate their own personalities as well as the personalities of the other party. The research design did not allow for measuring personality factors prior to the negotiation. Instead, the personality perceptions of the respondents were obtained at the conclusion of the negotiations. Each negotiator was asked to rate the degree of concessions given by the other party relative to the concessions that were granted. The negotiator personality characteristics were measured on a seven point semantic differential scale using the following measures:

- |                 |   |                          |
|-----------------|---|--------------------------|
| 1. Optimism     | = | Pessimistic/Optimistic   |
| 2. Control      | = | Impulsive/Controlled     |
| 3. Friendliness | = | Hostile/Friendly         |
| 4. Strength     | = | Weak/Strong              |
| 5. Dominance    | = | Submissive/Dominant      |
| 6. Success      | = | Unsuccessful/Successful. |

All of these measures elicited perceptual information from the respondent on his actions and the actions of the other party, during the discussion element of the negotiation process. As an example optimism referred to the negotiator's perception of his level of optimism over the potential agreement with the other party, while success assessed the perception of the success of this actions during the discussions.

It is recognized that these are just a few of the measures that could be used to assess negotiator personality. These particular measures were selected for their perceived applicability to the negotiation environment in addition to the fact that they had previously been tested for reliability and validity in other applications (Friedman, Johnson and Fode 1969). Reliability tests were also conducted with this sample to insure the accuracy of the responses to the personality items (See [Table I](#)).

**TABLE 1  
RELIABILITY ANALYSIS**

| <b>Variable</b>            | <b>Mean</b> | <b>Standard<br/>Deviation</b> | <b>Item to<br/>Total<br/>Correlation</b> | <b>Number<br/>Cases</b> |
|----------------------------|-------------|-------------------------------|--|-------------------------|
| <b>Personality - Self</b>  |             |                               |  |                         |
| Optimism                   | 1.991       | 1.021                         | .4570                                    | 347                     |
| Control                    | 1.930       | 1.000                         | .5980                                    | 347                     |
| Friendliness               | 1.968       | 1.081                         | .5088                                    | 347                     |
| Strength                   | 1.838       | .957                          | .6318                                    | 347                     |
| Dominance                  | 1.230       | 1.063                         | .4577                                    | 347                     |
| Success                    | 2.086       | .927                          | .5947                                    | 347                     |
| Alpha = .7875              |             |                               |  |                         |
| <b>Personality - Other</b> |             |                               |  |                         |
| Optimism                   | 1.8401      | 1.0748                        | .4703                                    | 344                     |
| Control                    | 1.5349      | 1.2165                        | .4387                                    | 344                     |
| Friendliness               | 2.0843      | 1.0196                        | .5078                                    | 344                     |
| Strength                   | 1.4244      | 1.6018                        | .4687                                    | 344                     |
| Dominance                  | .5814       | 1.0632                        | .3953                                    | 344                     |
| Success                    | 1.6424      | 1.0704                        | .6709                                    | 344                     |
| Alpha = .7421              |             |                               |  |                         |

**TABLE 2  
DATA SUMMARY**

| <b>Variable Loadings/<br/>Test Statistics</b> | <b>H1<br/>Shipper<br/>(Self)</b> | <b>H2<br/>Shipper<br/>(Carrier)</b> | <b>H3<br/>Carrier<br/>(Self)</b> | <b>H4<br/>Carrier<br/>(Shipper)</b> | <b>H5<br/>All<br/>(Self)</b> | <b>H6<br/>All<br/>(Other)</b> |
|---|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|------------------------------|-------------------------------|
| Optimism                                      |                                  |                                     |                                  | .62                                 |                              | -.26                          |
| Control                                       |                                  | -.35                                | .13                              |                                     | .26                          |                               |
| Friendliness                                  | .78                              | -.09                                | -.49                             | .32                                 | -.40                         |                               |
| Strength                                      |                                  |                                     |                                  |                                     |                              |                               |
| Dominance                                     | -.50                             |                                     | .21                              | -.62                                | .56                          | .72                           |
| Success                                       |                                  | .72                                 |                                  |                                     | .39                          | .69                           |
| Significance                                  | .07                              | .02                                 | .06                              | .11                                 | .01                          | .01                           |
| Variation<br>Explained                        | 4%                               | 9%                                  | 24%                              | 16%                                 | 14%                          | 7%                            |
| Maximum Chance<br>Sample<br>Holdout           | 71%<br>63%                       | 69%<br>60%                          | 40%<br>30%                       | 41%<br>35%                          | 51%<br>48%                   | 29%<br>44%                    |
| Hit ratio<br>Sample<br>Holdout                | 72%<br>63%                       | 70%<br>63%                          | 63%<br>43%                       | 55%<br>53%                          | 54%<br>56%                   | 55%<br>48%                    |

As the dependent variable for the analysis, both the shippers and carriers were asked to respond to the following statement:

"The other party made more concessions to reach agreement than my company."

The possible responses were provided on a five point Likert scale ranging from "strongly agree" to "strongly disagree", with the midpoint classification of "neither agree or disagree". Since the response variables reflected categorical results, Multiple Discriminant Analysis was used as the approach to determine whether personality variables are good predictors of concession beliefs. The analysis was completed on SPSS-X using the MAHAL method. A split sample was used for all tests to provide an analysis of the discriminant function and a hold-back sample to verify the quality of each function.

### Results

Table 2 shows the results of the discriminant analyses. Only three significant discriminant functions were generated from the hypotheses tested (H2, H5 and H6). These significance levels may have been reached primarily due to the large sample size for the shippers (260 respondents) and the combined group of motor carriers and shippers (364 respondents). The amount of variation explained in the dependent variable (concession perceptions) by the independent personality variables is small (4-14%) indicating that personality has minimal influence on concession perceptions. Finally, each discriminant function does not effectively assign participants to the concession groups better than the maximum chance ratios. The results from this analysis indicate that personality variables are not good discriminators in determining levels of concession perceptions, and therefore the proposed hypotheses must be rejected.

### Conclusion

This research rejects the hypotheses that personality factors have an effect upon negotiation outcomes. This neither supports nor disproves previous findings of Greenhalgh, Neslin and Gilky (1985) that personality plays a lesser role in negotiations. Some similar results should be noted. First, personality factors of dominance, friendliness and success stand out as personality factors which deserve further research on their contribution to the negotiation process. There also seems to be additional need for research which incorporates situational power, and preference structure into the behavioral activities of negotiations as well as personality factors.

Even with the conservative interpretation of the hypotheses tests, the analysis of the significant discriminant functions could indicate that friendliness has a negative impact with respect to the negotiator's perception of his own personality. Therefore, as the negotiator's friendliness increases the more likely the individual will agree that the other party made more concessions. The implication of this is that friendliness on the part of one negotiator could influence his perception of the concessions made by the other party. The friendlier the other negotiator is perceived, the more likely that the negotiator will engage in an integrative bargaining strategy and in turn make concessions.

A positive loading for the success of the other party might indicate that the greater the negotiator perceives the success of the other party, the more the negotiator will disagree that the other made more concessions. Consequently, the more successful the other is perceived, the fewer concessions he is perceived to make. Self success also has a positive loading, although the magnitude is less than that of success of the other. This may indicate that measurement and conceptualization of success needs further refining.

In addition, the success measures may also explain the inconsistency displayed by the dominance variable which has high positive loadings for both self-dominance and the dominance of the other. It would be expected that the negotiator's self perception of dominance would increase the perceived number of concessions made by the other party. However, the positive loading on both of these measures supports the need for further measurement development and purification in a negotiation context.

The results of this study support the need for better measure development of personality measures and other perceptual measures of negotiation activities, as well as development of research designs which allow for data collection of unsuccessful as well as successful outcomes. Perceptual measures of personality and concession behavior contribute to knowledge of negotiations, but the measures used in this study could be refined to improve the understanding of how negotiators view these activities and offer a more robust measure of each party's overall negotiation performance. With improvements in the measures that we use in negotiation research and the attainment of internal and external validity through field studies and laboratory research covering the process in a longitudinal manner to address a wider variety of outcomes, we will develop a better understanding of negotiations and bargaining behavior.

Finally, most of the earlier research on negotiations has used data collected from student subjects in contrived negotiation environments. This research substantiates the lack of clarity which exists over personality issues in negotiations, when using data collected from logistical negotiators. Therefore, additional research of negotiations in field settings and laboratory environments, needs to be conducted to increase the external validity and knowledge of the area.

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