THE ‘DELAY-OF-GAME’ EFFECT: THE SELF-IMPOSED COSTS OF IMPATIENT RESPONSES TO NEGOTIATION SLOWDOWNS

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INTRODUCTION

This paper studies the impact of negotiation slowdowns; i.e., unwanted delays; on negotiation processes and outcomes. We begin by introducing the construct of a negotiator's pacing preferences, which we suggest reflects the negotiator's hopes and desires regarding the pace at which the interaction will be resolved. Second, we introduce our comparative pace model, which proposes that the relevant construct for studying time in dyadic negotiations is the degree to which individual negotiators' pacing preferences are aligned versus misaligned during interaction. Third, we review the results of two laboratory studies examining the delay-of-game effect, which occurs when negotiators over-react behaviorally to unwanted slowdowns; i.e., they sacrifice too much surplus in a negotiation.

THEORETICAL FRAMEWORK

Pacing Preferences

Our work begins with the assumption that people value not only specific material outcomes, but also when in time these outcomes are realized; i.e., people have preferences for how long getting and doing things takes (Blount & Janicik, 2000). For example, it has been shown that people often prefer to space out good outcomes over time (Loewenstein, 1987; Loewenstein & Prelec, 1992) and dispense with bad outcomes quickly (Varey & Kahneman, 1993). In bargaining contexts, this means that people have preferences for the pace of a negotiation. People anticipate a certain rate of progression in how a negotiation evolves.

To maintain one’s sense of pace in a negotiation, a person may need a certain length of time to elapse in order to think before responding to an offer. Alternatively, he or she may desire that a certain amount of “back and forth” occur before a final settlement is reached. In our work, we refer to such preferences as an individual’s pacing preferences. In negotiations, outcomes associated with pacing preferences can take many forms. For example, one may be awaiting an offer, a final settlement or simply the oral acknowledgement of the legitimacy of one’s own point of view. In each case, the individual has a preference regarding both the nature of the outcome and when in time it is received.
Comparative Pace Model

In developing the comparative pace model, we begin by taking the perspective of the individual negotiator involved in a dyadic negotiation setting. We suggest that this negotiator may encounter one of three types of perceptual pace situations. She may find that her pacing preferences are aligned with her opponent's. Thus, she will be feeling in-pace: both negotiators desire to resolve the negotiation at the same temporal rate. Alternatively, the negotiator may find that her pacing preferences are misaligned with her opponent's. This can happen either because she wants the interaction to go faster than her opponent does, or to go slower than her opponent does. In the former case, the negotiator will find herself feeling delayed by her partner. In the latter case, the negotiator will find herself feeling rushed.

In this paper, we compare what happens in negotiations when both negotiators feel in-pace versus when one feels in-pace and the other feels delayed. Note that this conceptual approach frames the relevant temporal construct as the perception of how one’s own desired pace compares to that of the other party. Two important points emerge from this approach. First, our definition of feeling “in-pace” results when negotiators perceive that their own pacing goals match those of the other party. It is our sense that people like to feel “in-pace” with those around them. It feels fluid and good. When pace is matched, neither party encounters the frustration associated with experiencing delay nor the anxiety associated with feeling rushed. Second, this approach assumes that feeling rushed or delayed by another party’s pace is different from feeling rushed or delayed by external constraints. For example, we can imagine a situation in which two negotiators face a shared, fast-turnaround deadline. Here, even though they may both feel rushed relative to the short deadline, they may still feel in-pace with each other. The framework of this paper holds external pacing constraints constant to focus only on intra-dyadic pace comparisons.

Empirical Approach

The studies presented in this paper were designed to create a delay-of-game situation; i.e., a negotiation slowdown for comparatively fast-paced negotiators. Our goal was to examine (a) how delayed negotiators respond cognitively and emotionally and (b) how these responses affect performance. To do this, we created a two-party negotiation between a buyer and seller, in which parties were supposed to complete a number of transactions via networked computers within a specified time frame (35 minutes). Participants were paid real money based on their performance. The negotiation simulated the sale of a specialized part from a manufacturing company to a toy company. The substance of each transaction involved reaching agreement on one integrative issue (color) and one distributive issue (price).

Two pacing preferences (fast-paced and slow-paced) were created at the individual-level. To accomplish this, slow-paced participants were told to complete no more than four transactions during the 35-minute negotiating period. If they completed more, participants were docked $1.00 for each additional transaction. Fast-paced participants were told to complete at least eight transactions during the negotiating period. They were docked $1.00 for each transaction below eight that was not completed.
Crossing role (buyer/seller) with pace (fast/slow) resulted in four dyadic conditions: two matched-pace conditions -- fast matched-paced and slow matched-paced; and two mixed-pace conditions -- one in which the buyer was the fast-paced player, and one in which the seller was the fast-paced player. Because we did not allow any communication, other than the exchange of substantive offers, the slow-paced negotiators typically did not know that their opponents wanted to move faster. Thus, slow-paced negotiators matched with fast-paced opponents experienced the interaction in a manner similar to slow-paced negotiators matched with same-paced opponents. Finally, we collected both emotional response and behavioral data.

We predicted that fast matched-pace dyads would complete more rounds (Hypothesis 1) and exchange fewer offers per round (Hypothesis 2) than other dyadic types. We also predicted that dyads with fast-paced negotiators (i.e., those in both fast matched-pace dyads and mixed-pace dyads) would achieve fewer integrative agreements than slow matched-pace dyads (Hypothesis 3). Regarding individual-level phenomena, we predicted that fast-paced negotiators paired with slow-paced partners would report feeling more rushed for time (Hypothesis 4) and exhibit more emotional impatience (Hypothesis 5) than negotiators in the other dyadic pacing conditions. We also predicted that fast-paced negotiators paired with slower-paced partners would exhibit more contentious behavior, and thus reach more impasses, than fast-paced negotiators in matched-pace dyads (Hypothesis 6). Finally, we predicted that fast-paced negotiators in mixed-pace dyads would earn lower profits than all other negotiator types (Hypothesis 7).

**STUDY 1**

**Design and Procedure**

A total of 124 participants (62 dyads) completed the exercise in computer-mediated sessions involving 6-8 participants at a time. Participants were paid a $5 show-up fee, plus an amount equal to one-half of their negotiated profit from one of several completed transactions. This transaction was randomly selected from among all that they had completed. Any penalties based on their temporal performance were deducted before a final payment was made.

Based on the 2x2 factorial design (role x pace), the 62 dyads were assigned to experimental conditions in the following way: 15 fast matched-pace dyads, 14 slow matched-pace dyads; 18 misaligned-pace dyads in which the buyer was fast-paced, and 15 misaligned-pace dyads in which the seller was the fast-paced player. In each round, buyers and sellers took turns sending e-mail offers. The program allowed negotiators to exchange eight total offers per round (four offers each). If no agreement was reached after the eighth offer, whoever had made the first offer was allowed to make a ninth and final offer. The other party could then either accept or reject the final offer. If the offer was rejected, the round was coded as unsuccessful--an impasse, and was not eligible for selection as basis for payment at the end of the exercise. If an offer was accepted at any point, the transaction was coded as successful, and eligible for selection at the end of the exercise.

At the end of each round (whether or not the transaction was successful), the computer directed participants through a brief questionnaire, that solicited participants’ ratings on several emotion and process measures, including how rushed for time they felt and how impatient they felt.
Results

Consistent with Hypotheses 1 and 2, results revealed that fast matched-pace dyads completed more transactions (M=14.87, F=28.22, p<.001) and exchanged fewer offers per transaction (M=4.89, F=23.41, p<.001) than dyads in any other condition. They also enacted impasses at a significantly lower rate than did mixed-pace dyads ($X^2=14.38$, p<.001) and slow matched-pace dyads ($X^2=6.94$, p<.001). Contrary to Hypothesis 3, there were no significant differences in joint surplus across conditions. However, there was some indication that the fast matched-pace dyads reached agreements involving the pareto inferior color (Yellow) with greater frequency than did dyads in the other conditions (i.e., 9% of agreements versus 5% of agreements in all other conditions, n.s.).

With respect to profit levels, a 2x2 ANOVA examining the effects of individual pace (fast vs. slow) and dyad type (matched-pace vs. mixed-pace) showed a significant main effect for pace (F=38.42, p<.001) and a significant interaction effect (F=37.78, p<.001). Slow-paced negotiators tended to acquire more profit than fast-paced negotiators. This effect was largely driven by the mixed-pace condition where slow negotiators averaged just over $2.50 better than their fast-paced counterparts (M_{slow}=11.54, M_{fast}=8.99, t=-9.20, p<.001). Hence, the evidence supports Hypothesis 7.

The process data also supports our interpretation that impatience emerges in the mixed-pace conditions and leads to behavioral over-reactions and subsequently lower profits. Thus, Hypotheses 4, 5, and 6 did bear out. Fast-paced participants in mixed-pace dyads reported feeling significantly more rushed for time and more impatient than any other negotiator types (ANOVA with REGW-F test: $F_{rushed}=35.01$, p<.001; $F_{imp}=16.26$, p<.001). More importantly, in a regression model predicting negotiator profit, emotional impatience was a significant ($t=-2.40$, p<.05) predictor of individual within-round profits. Individuals who responded to delay with impatience tended to give away more of the surplus. In addition, as predicted by Hypothesis 6, fast-paced individuals in the mixed-pace conditions rejected final offers at twice the rate of individuals in the fast matched-pace condition (24% vs. 12%, $X^2=8.769$, p<.001).

Discussion

Although the negative emotional response of impatience appears to drive our findings in this study, we recognize that there are alternative explanations. Consistent with explanations of bargaining behavior from experimental economics (Roth, 1995), it could be that fast-paced participants accepted lower outcomes to rationally trade-off within-round profits for an increase in the number of rounds completed. Similarly, it could be that the higher impasse rates were intended as a bargaining signal by the fast-paced negotiators. Under this scenario, forcing an impasse is a strategy for improving profits, not necessarily a contentious way of expressing one’s impatience with the delay (Brams, 1996).

By manipulating the dollar cost of the time penalties for fast-paced negotiators in Study 2, we can try to discriminate between our psychological explanations and these competing economic explanations. Namely, if the costs of delay are substantially reduced for fast-paced
negotiators in mixed-pace dyads, an economic explanation would predict improved value-claiming performance, and possibly even an increased rate of impasse as a surplus-gaining tactic (because the costs of impasse have declined). Therefore, consistent with economic predictions, one can predict that reducing temporal penalties will result in an increase in the number of impasses enacted by fast-paced players in mixed-pace dyads (Hypothesis 8). Alternatively, consistent with our psychological predictions of the delay-of-game effect, impasses represent an emotional response, not a strategic one. Thus, we propose the null hypothesis that reducing time penalties will have no effect on impasse behavior for fast-paced negotiators in mixed-pace dyads. This is because delayed negotiators will remain cognitively focused on their emotional response, and not use impasses as a value-claiming tactic.

Similarly, consistent with economic predictions, one can predict that lower penalties for fast-paced negotiators in mixed-pace dyads should result in an increase in within-round performance (Hypothesis 9). This is because these fast-paced negotiators will have less economic incentive to trade off current profits for completing rounds faster. Alternatively, consistent with psychological predictions of the delay-of-game effect, we propose the null hypothesis that significant reductions in time penalties will result in no changes in performance. This is because, once a focus on temporal goals is instigated, it tends to lead to an over-weighting of these goals relative to other goals. Thus, delayed negotiators will continue to over-weight temporal goals, relative to other substantive goals, regardless of the true costs of delay.

**STUDY 2**

**Design and Procedures**

In Study 2, we looked at only one cell from Study 1, a fast-paced buyer negotiating with a slow-paced seller. We then manipulated the size of the time penalty across two conditions (low/high). In the low-penalty condition (13 dyads), the size of the per-round time penalty was $0.25 for both roles. In the high-penalty condition (12 dyads), the per-round penalty was $1.00, the same as in Study 1. All materials and measures were consistent with those utilized in Study 1 except that we increased the number of rounds that each pace type was encouraged to complete. The fast-paced buyers were penalized for every transaction below ten not completed. The slow-paced sellers were penalized for completing more than five rounds.

**Results and Discussion**

As expected from Study 1, fast-paced negotiators in these mixed-pace dyads reported feeling significantly more impatient and rushed for time during negotiations than did their slow-paced partners ($F_{\text{impatience}}=79.44, p<.001; F_{\text{rushed}}=143.50, p<.001$). Consistent with our psychological predictions, but inconsistent with the economic predictions of Hypotheses 8 and 9, impasse rates and value-claiming were unaffected by differences in time penalties. There were no differences in impasse rates ($X^2=0.30$, n.s.) or mean within-round surplus gained ($F=0.38$, n.s.) for fast-paced negotiators across penalty conditions. Means for fast-paced negotiators stayed at roughly $9.14$ per round across conditions compared to a mean of $11.56$ per round for slow-paced negotiators.
This finding is particularly striking in the low-penalty condition where time costs were only one-quarter the size of those in the high-penalty condition, and not attaining them resulted in comparatively negligible losses. If five rounds were completed (which was typically the case), the total time penalty was only $1.25. Even if only one round had been completed, the total loss would have been only $2.25 in the low-penalty condition. Thus, giving away an average of $2.42 per round cannot be explained by economic considerations. In our mind, it is this result that is most compelling in providing support for the delay-of-game effect.

GENERAL DISCUSSION

The goal of this paper was to study the emotional and behavioral responses associated with negotiation slowdowns. We began by introducing the construct of a negotiator's pacing preferences, which we suggest reflects the negotiator's hopes and desires regarding the pace at which the interaction will be resolved. Next, we introduced the comparative pace model, and asserted that the degree of alignment across individual negotiators' pacing preferences represents a core construct for studying time in negotiations. We further suggested that negotiation slowdowns are one byproduct of pace misalignment in negotiations, which has important implications for negotiation processes and outcomes. Accordingly, we predicted that negotiators who encounter unwanted slowdowns may be prone to negative emotional and behavioral responses. Finally, we reviewed the results of two laboratory studies documenting this delay-of-game effect.

Study 1 found that fast-paced negotiators who encountered slowdowns experienced more negative emotions during the bargaining process than did other negotiator types. Further, they were more prone to impasse, and performed less effectively at value-claiming. Study 2 showed that these over-reactions were unaffected by reducing the cost of the delay penalties. Thus, we ruled out an economic explanation for this effect. Together these results support our proposition that impatient responses to delay can lead to self-handicapping behaviors, including increased contentiousness and sub-optimal value-claiming tactics.

Beyond identifying the delay-of-game effect, we suggest that this paper provides two important contributions to the bargaining literature. First, it is one of the first papers to systematically integrate the study of cognitive appraisal, emotion and bargaining behavior. Second, through the comparative pace model, this paper broadens the study of time in negotiations beyond the examination of asymmetric deadline effects. At a broad level, our research suggests that perceptions of pace alignment or misalignment and one’s subsequent responses to those perceptions may comprise a key element in the experience of negotiation interactions – cognitively, emotionally, and behaviorally. While relatively little research has studied pace within an analytical framework, the results of this paper suggest that the construct is real, and has important emotional and behavioral consequences.

REFERENCES

References available from the authors.