

LINKING FRAMES IN NEGOTIATIONS: GAINS, LOSSES AND CONFLICT FRAME ADOPTION

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Two distinct literatures have investigated the impact of negotiator frames. Both literatures demonstrate that negotiator frames significantly influence both bargaining behavior and negotiated outcomes. These two literatures, however, offer completely different conceptualizations of what negotiator frames actually are. In this article we classify these two conceptualizations as reference frames, the referent-dependent perception of outcomes, and conflict frames, a multi-dimensional orientation toward conflict. We report results from an experiment that links these two types of frames. We find that loss-framed negotiators adopt conflict frames that are more win-oriented and task-oriented than the conflict frames gain-framed negotiators adopt. Our results offer insight into the frame adoption process and have implications for dispute resolution and negotiation practice.

Perceptions of conflict have important implications for dispute resolution. Negotiator frames, the way in which disputants perceive conflict, influence behavior in predictable ways. Prior work has demonstrated that frames influence preferences (Tversky & Kahneman, 1981), the bargaining process (Pinkley & Northcraft, 1994), and negotiated outcomes (Bazerman, Maglioni, & Neale, 1985). Importantly, the frames individuals adopt are subject to manipulation, and participants in a dispute may be able to cue particular frames to influence the behavior of others to resolve or exacerbate conflict (Neale & Bazerman, 1992).

The literature on framing disputes has developed in two primary directions. One body of literature has defined frames in terms of reference point adoption (e.g., Bottom & Studt, 1993). We label this approach *reference framing*. A second

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body of literature has defined negotiator frames as a multidimensional construct that characterizes how disputants perceive, define, and orient themselves with respect to a particular conflict (e.g., Pinkley & Northcraft, 1994). We label this second approach *conflict framing*. Although both literatures use common terminology (i.e., "framing") the two conceptualizations of negotiator frames are very different and have developed in complete isolation of each other. In this article we connect these literatures and establish a link between reference frames and multidimensional conflict frames. In particular, we demonstrate that conflict frames can be influenced prior to a negotiation by manipulating reference point adoption.

Reference Frames

Tversky and Kahneman (1981) introduced the concept of reference framing. Relative to a particular reference point, potential outcomes are coded as either gains or losses. Though normatively equivalent, gain and loss frames can produce very different responses. Tversky and Kahneman (1981) explain framing effects in terms of the prospect theory value function (Kahneman & Tversky, 1979). The value function is reference dependent, with different functional forms over the domains of gains and losses. Specifically, the value function is concave in gains and convex in losses (implying a risk shift from risk averse preferences in gains to risk seeking preferences in losses), and the value function is steeper in the domain of losses than it is in the domain of gains (implying loss aversion—losses are valued more than equivalent gains).

Reference Frames in Negotiations

Both loss aversion and the risk shift influence negotiator behavior, and several studies have found that loss-framed negotiators bargain more contentiously. In prior studies loss-framed negotiators set higher aspirations, made fewer concessions, were less cooperative, and were more likely to reach an impasse (Neale & Bazerman, 1985; Bottom & Studt, 1993; McCusker & Carenevale, 1995). In other types of cases, loss-framed negotiators exerted more effort and reached more integrative agreements (Bottom, 1990).

A few studies have investigated the influence of framing in a negotiation context with opportunities for multiple transactions. In these studies, loss-framed negotiators consistently completed fewer transactions (Bazerman et al., 1985), though they claimed a larger share of the surplus from the transactions they completed (Neale, Huber, & Northcraft, 1987; Neale & Northcraft, 1986).

Drawing on these findings, Neale and Bazerman (1992) suggested that managers may be able to facilitate agreement by describing alternatives to others in ways that cue the adoption of a gain-frame. Consistent with this recommendation, subsequent work has demonstrated that frame adoption can be manipulated by communication. For example, DeDreu, Carnevale, Emans, and van de Vliert (1994) conducted an experiment that paired participants with a computer program that generated statements to communicate a gain or a loss frame (e.g., "I cannot accept small gains and profits" or "I cannot accept big losses and expenses"). They found that these statements influenced the frame adoption process. In a related

study, Lim and Carnevale (1995) found that the solutions mediators proposed were influenced by the way in which disputants, who were actually modeled by a computer program, framed information. Mediators proposed outcomes that favored loss-framed disputants over gain-framed disputants, and proposed more efficient agreements when both disputants communicated a loss frame than when both disputants communicated a gain frame.

The extent to which reference framing effects in negotiations are caused by loss aversion or the risk shift remains an open question. Several studies have explained framing effects in terms of the risk shift. For example, Bottom and Studt (1993) claim that "framing effects are generated by changes in risk attitude" (p. 461), and Neale and Bazerman (1992) explain that "the way in which information is framed (in terms of either potential gains or potential losses) to the negotiator can have a significant impact on his or her preference for risk" (p. 45). Others, however, have argued that loss aversion offers a more parsimonious explanation of framing effects (DeDreu, Carnevale, Emans, & van de Vliert, 1994), and Kahneman (1992) noted that evidence for the risk aversion hypothesis is sparse. More recently, Bottom (1998) conducted two experiments designed to disentangle the competing explanations of loss aversion and the risk shift. Results from his work are consistent with the risk shift explanation, and he concludes that loss aversion alone cannot account for framing effects.

Framing effects are also moderated by contextual and individual factors. For example, the relationship between loss-frames and contentious bargaining is sensitive to whether the negotiated outcomes or the impasse outcome are deterministic. When the impasse alternative is certain (e.g., the negotiator earns a fixed amount of money if the negotiation results in a "no agreement") and the negotiated payoffs are nondeterministic (e.g., the parties negotiate over chances to win money), gain-framed negotiators, who are likely to be more risk averse, will actually negotiate more aggressively than loss-framed negotiators (Schurr, 1987; Bottom, 1998). Framing effects are also partially mediated by risk perception (Sitkin & Weingart, 1995) and moderated by social motives (DeDreu & McCusker, 1997).

Conflict Frames

A second literature on framing in negotiations has defined negotiator frames in terms of how disputants perceive and relate to conflict. We review some of this literature and devote particular attention to the conflict frames defined by Pinkley (1990) and employed by Pinkley and Northcraft (1994).

Like schema, conflict frames influence the way individuals organize and interpret information (Tannen, 1979; Gray, 1997; Tannen, 1999). Schema represent knowledge structures grounded in beliefs and experience that provide meaning for social interaction and enable individuals to interpret social behavior (Fiske, 1995; Fiske & Taylor, 1991; Ross & Nisbett, 1991). Conflict frames, however, are more specialized than schema and describe disputants' orientation toward conflict (Putnam & Holmer, 1992). Conflict frames are influenced by both individual and contextual factors and have been characterized across multiple dimensions. For instance, Donnellon and Gray's (1997) definition of framing includes dimensions

for the underlying perception of the conflict, process expectations, and outcome expectations. In related work on framing of environmental disputes Gray (1997) defined framing along five dimensions including risk, interpretation of rights, values, identity and fairness. Gray argues that these negotiator frames directly influence the tractability of a dispute.

Pinkley (1990) analyzed a broad set of conflict descriptions and identified three orthogonal dimensions of conflict frames. The relationship/task dimension describes the extent to which negotiators care about the ongoing relationship versus money or profits. The emotional/intellectual dimension describes the extent to which negotiators care about feelings (e.g., anger) versus facts and actions. The cooperate/win dimension describes the extent to which negotiators perceive the negotiation as an opportunity for joint as opposed to solely individual gains.

Pinkley and Northcraft (1994) used Pinkley's (1990) conflict dimensions to examine conflict frames in a negotiation simulation. Pinkley and Northcraft measured conflict frames both before and after participants completed a two-party negotiation. They found that participants' conflict frames converged during the course of negotiations and influenced their negotiated outcomes.

Aspects of Pinkley's (1990) conflict frames have also been used to characterize conflict. For example, Jehn (1997) developed a comprehensive typology of conflict that extended the distinctions Pinkley identified to include relationship, task, and process components of conflict.

In this article we focus on Pinkley's (1990) definition of conflict frames for three reasons. First, Pinkley's conflict frames epitomize the multidimensional conflict orientation approach to framing. Second, these conflict frame dimensions have been validated and used in multiple studies, and third, Pinkley (1990) developed a direct approach to measure conflict frames.

Although both the reference frame and conflict frame literatures use common terminology, they conceptualize negotiator frames very differently. These literatures have developed separately, and no prior work has linked reference frames with conflict frames. In this article we establish a link between these two types of frames and offer insight into the conflict frame adoption process.

Hypotheses

Although both conflict and reference frames could influence each other, in this article we focus on the influence of reference framing on conflict frame adoption. In our first hypothesis we propose that reference framing significantly influences the conflict frame adoption process. In our second and third hypotheses we make specific predictions regarding the influence of reference frames on the adoption of cooperate/win and relationship/task conflict frame dimensions.

Prior work has demonstrated that reference frames cue the adoption of different reference points and influence the evaluation of alternatives (Kahneman & Tversky, 1979). Specifically, negotiators who adopt a loss frame are influenced by loss aversion and the risk shift. Loss-framed negotiators attach greater value to changes in outcomes and are more willing to risk an impasse in negotiations. As a

result, we expect reference frames to influence negotiators' schematic representations of conflict. This rationale underlies our first hypothesis.

Hypothesis 1: Reference framing will influence conflict frame adoption.

In particular, we expect loss-framed negotiators to be more likely to adopt a win-orientation. Unlike cooperatively-oriented negotiators, win-oriented negotiators focus more attention on maximizing their own profit and care less about the concerns of other negotiators (Pinkley & Northcraft, 1994). We expect loss-framed negotiators to be more likely to adopt a win-orientation than gain-framed negotiators. Loss-frames cue loss aversion, and hence loss-framed negotiators are likely to value changes in their own outcomes more than gain-framed negotiators. This change can lead loss-framed negotiators to be less cooperative. In fact, prior work has demonstrated that loss frames decrease cooperation in a resource dilemma. McCusker and Carnevale (1995) found that participants were less likely to cooperate when the dilemma was framed as a loss than when the same dilemma was framed as a gain. Several other studies have found that loss-framed negotiators are reluctant to make concessions, and often miss opportunities to cooperate and reach mutually beneficial outcomes (Carnevale & Pruitt, 1992; Kahneman, 1992; Bazerman et al., 1985; Neale & Bazerman, 1985). Kahneman and Tversky (1979) described this phenomenon as concession aversion. Consequently, we expect loss-framed negotiators to care more about their own profit and less about the concerns of others than gain-framed negotiators. This leads to our second hypothesis.

Hypothesis 2: Loss-framed negotiators will be more likely to adopt a win frame than will gain-framed negotiators.

We next consider the link between reference framing and the relationship/task conflict frame dimension. Unlike relationship-oriented negotiators, task-oriented negotiators focus more attention on material outcomes and devote less attention to other aspects of the negotiation, such as developing and maintaining relationships. We expect loss-framed negotiators to be more likely to adopt a task-orientation than gain-framed negotiators. Loss-framed negotiators are likely to value changes in outcomes more than gain-framed negotiators, and as a result, we expect loss-framed negotiators to care relatively more about outcomes than relationships. This prediction is consistent with results from prior work which found that loss-framed participants cared relatively more about their own outcomes than other issues of an interpersonal relationship. Specifically, DeDreu, Lualhati, and McCusker (1994) found that loss-framed participants were less concerned about advantageous inequity (an unequal division of resources that favors oneself) than were gain-framed participants. This suggests that loss-framed negotiators are likely to care more about material aspects of the negotiation than relationships. As a result, we propose Hypothesis 3.

Hypothesis 3: Loss-framed negotiators will be more likely to adopt a task-orientation than gain-framed negotiators.

We do not make a prediction linking gain or loss frames with an emotional or intellectual orientation. Although Landman (1987) found that losses evoked stronger emotional reactions than gains, other work suggests that the relationship

between framing and emotions is complicated. For example, Roney, Higgins, and Shah (1995) found that negative frames exerted more influence on some emotions, such as nervousness, and less influence on other emotions, such as dissatisfaction, than positive frames. In other work, Nygren (1998) examined the influence of affect and reference framing manipulations on risk taking behavior. Nygren found that both affect and framing influence preferences, and developed an integrated affective-cognitive model of pre-choice framing. Drawing on this work, we posit that the relationship between reference framing and emotions is likely to be moderated by contextual factors and depend upon the types of emotions investigated. Exploring this relationship, however, is beyond the scope of this article.

Method

We recruited 231 undergraduate students to complete one of two versions of a survey. In both versions of the survey participants read a description of a workplace conflict involving a subordinate who had been promised a raise by an untrustworthy supervisor. The supervisor was now proposing a smaller raise. The scenario was designed to include issues that were relevant to the participant population and that afforded interpretation along all three conflict dimensions. The following background information was common to both versions:

Max, a chemical engineer, has worked for a large petroleum and chemical company, Royal Petrol (RP, Inc.), for the past 8 years. He has traveled extensively for RP, and has gained significant experience in the oil production and refining business. He enjoys his work a great deal, but feels as if he has not advanced as quickly in the company as he should have. He suspects that part of the problem is his supervisor, Sam.

Sam is the director of the chemical engineering department and in charge of staffing decisions. Max knows that Sam, while politically savvy, lacks technical expertise. On two occasions, Max had actually observed Sam take credit for work someone else had done. Max has gotten along with Sam, but never completely trusted him. Max is currently heading a very successful offshore project, and he knows that he is very valuable to the company. Sam, however, seems to value loyalty to him more than job performance.

Six months ago, Sam had promised Max a \$10,000 raise. Since that time, however, the company began to experience serious financial trouble. There were even rumors that the company would institute a wage freeze.

Last week, Sam set up a performance review meeting with Max to "discuss a raise in the \$4,000 range." Max began to think about the \$4,000 relative to . . .

The scenario included one of two reference point treatment conditions. In the gain condition, the proposed \$4,000 raise was described with respect to the potential company wage freeze (\$0 raise). In the loss condition, the proposed \$4,000 raise was described relative to the promised \$10,000 raise. Both conditions contained common information about the two referents, the wage freeze and the promise, but differed with respect to referent emphasis.

The survey concluded with three open-ended questions adapted from Pinkley (1990) and Pinkley and Northcraft (1994). Participants were asked to respond to

these questions as if they were preparing for the negotiation, "(1) Briefly tell me what you think this negotiation is really about? (2) What do you think is at the heart of this negotiation? (3) What would you want to come out of this negotiation?"

Measures

Coding. We coded participants' responses to the open-ended questions to measure conflict frames. The raters evaluated the text of the participants' responses using an approach adapted from Pinkley and Northcraft (1994). Two raters, who were blind to the treatment conditions, the study's purpose, and the hypotheses, each independently rated all of the responses. Raters first read a participant's response to all three questions, and then evaluated each participant's conflict frame orientation using three 7-point scales ranging from 1 = Entirely relationship to 7 = Entirely task; 1 = Entirely emotional to 7 = Entirely intellectual; and 1 = Entirely cooperative to 7 = Entirely win. Each rater followed this procedure for all of the responses. Next, we assessed rater agreement by computing within-group interrater agreement (r_{wg}) coefficients (James, Demaree, & Wolf, 1984) for each pair of ratings. For the cooperate/win, relationship/task, and emotional/intellectual dimensions, the mean r_{wg} coefficients were .81, .86, and .81, respectively. These coefficients indicate that raters' evaluations had sufficient agreement to justify aggregating measures across raters. Consequently, for each conflict dimension we averaged the two rater evaluations and used the resulting composite measures in the main analyses.

Manipulation Check. We conducted a pilot study to measure the effectiveness of our reference framing manipulation. Participants in this study did not complete the open-ended questions. In the pilot study we presented a non-overlapping population of 40 participants with this same case (20 in the gain frame and 20 in the loss frame) and asked them to evaluate an outcome of \$4,000 along a 7-point scale ranging from 1 = Entirely a loss to 7 = Entirely a gain. As expected, the reference point treatment condition significantly influenced gain/loss frame adoption. The average rating for participants in the gain condition was significantly higher than the average rating for participants in the loss condition, 4.18 versus 3.00, $t_{38} = 3.64$, $p < .001$. Because this question focused attention on the monetary component of the negotiation, however, we did not include it in the main study.

Results

A total of 111 participants completed the gain version of the questionnaire, and 120 participants completed the loss version. We report average conflict frame ratings for the gain and loss treatment conditions in Table 1.

Table 1
Average Conflict Frame Ratings by Reference Frame Condition

Reference Dependent Frame	Conflict Frame Dimensions		
	Cooperate/Win	Emotional/Intellectual	Relationship/Task
Loss Frame	5.15 (1.30)	4.23 (1.34)	4.91 (1.41)
Gain Frame	4.46 (1.30)	4.18 (1.28)	4.57 (1.48)

Note: This table reports average conflict frame ratings for each dimension (with standard deviations in parentheses). Raters evaluated conflict orientation along three 7-point scales. Scores of 7 represented entirely win, entirely intellectual, and entirely task orientations, respectively.

To test Hypothesis 1, we used multivariate analysis of variance (MANOVA) to compare overall conflict frame dimensions for gain- and loss-framed individuals. We report results from the MANOVA in Table 2. In the MANOVA model we included cooperate/win, relationship/task and emotional/intellectual ratings as dependent variables and the binary gain/loss frame treatment condition as the independent variable. Supporting Hypothesis 1, the multivariate *F*-test was significant [$F(3, 227) = 5.71, p < .001$], implying that reference framing influenced the adoption of conflict frames.

Table 2
**Results of Multivariate and Univariate Analyses Linking
 Reference Framing with Conflict Frame Adoption**

Variables	Wilks's λ	<i>F</i>	<i>t</i>
Multivariate Model	.93	5.71**	
Univariate <i>t</i> -tests			
Cooperate/win			4.06***
Emotional/intellectual			.31
Relationship/task			1.79*

* $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

We next tested Hypotheses 2 and 3 by comparing average ratings for the cooperate/win and relationship/task dimensions. Consistent with Hypothesis 2, average ratings for the cooperate/win dimension were higher in the loss domain

than the gain domain (5.15 and 4.46, respectively). This difference was statistically significant [$t(229) = 4.06, p < .001$]. That is, participants in the loss condition were significantly more win-oriented than were participants in the gain condition.

We then compared average ratings for the relationship/task dimension. Consistent with Hypothesis 3, average ratings were higher (more task-oriented) in the loss domain than in the gain domain (4.91 and 4.57, respectively), but this difference was only marginally significant, [$t(229) = 1.79, p = .074$].

Finally, we compared average ratings for the emotional/intellectual dimension. Average ratings were slightly higher (more intellectually-oriented) in the loss domain than the gain domain (4.23 and 4.18, respectively), but this difference was not significant, [$t(229) = .031, ns$].

Discussion

Conflict frames influence behavior and negotiated outcomes in important and systematic ways, yet surprisingly little is known about how people adopt frames. Results from this work provide insight into the conflict frame adoption process, and link reference framing with the multidimensional conflict frames identified by Pinkley (1990).

Our results also support the notion that conflict frames are labile. While prior work has demonstrated that both reference frames and conflict frames can change during the course of negotiations (DeDreu et al., 1994; Lim & Carnevale, 1995; Pinkley & Northcraft, 1994), this is the first work to manipulate conflict frame adoption prior to a negotiation and to link reference point framing with conflict frame adoption.

In prior work Pinkley and Northcraft (1994) conjectured that contextual factors influence conflict frame adoption. Our results support this proposition and provide insight into this process. In this experiment the description of outcomes was explicitly manipulated. In many cases, however, the influence of problem description on the negotiation process may be quite subtle. For example, even the assignment of negotiator roles, such as seller or buyer, can cue gain and loss frames (Neale et al., 1987), which in turn can influence conflict frame adoption. While results from this work begin to examine the relationship between contextual factors and frame adoption, further work remains.

Both contextual and individual factors are likely to moderate the conflict frame adoption process. Two contextual factors that merit particular attention are negotiation context and perceived future interdependence. First, negotiation context can impact perceptions in several important ways (Schweitzer & Kerr, 2000). Negotiation settings, for example, can facilitate the adoption of a relationship or task orientation. Second, expectations of future interactions influence the way individuals handle conflict (Mannix, Tinsley, & Bazerman, 1995; Shah & Jehn, 1993), and we expect these perceptions to moderate the relationship between reference frames and conflict frame adoption. In particular, we posit that negotiators who perceive high future interdependence will be both less sensitive to reference frames and more likely to adopt a relationship orientation than those who perceive low future interdependence.

Individual factors are also likely to moderate conflict frame adoption. Factors such as risk attitude and social value orientation may moderate the relationship between framing manipulations and conflict frame adoption (Sitkin & Weingart, 1995; DeDreu & McCusker, 1997). For example, people with a high social value orientation may be more likely to adopt a cooperative orientation than people with a low social value orientation.

A related set of factors may also influence the *importance* of reference and conflict frames. Factors such as conflict severity, conflict duration, and conflict complexity may make conflict resolution more difficult, and as a result heighten the importance of conflict frames. For example, when conflict is severe, ongoing, and complex, conflict frames may play a particularly important role in guiding negotiator behavior and facilitating or impeding conflict resolution.

In our study we attempted to control most of these contextual and interpersonal factors. By using a scenario study we were able to isolate the relationship between our reference frame manipulation and participants' subsequent conflict frame adoption. For example, we were careful to hold constant the information participants had in both conditions. In this experiment participants in both conditions knew about the promised raise (\$10,000), the potential wage freeze (\$0), and the actual raise (\$4,000). In this study the gain and loss conditions differed only with respect to referent emphasis. By construction, this approach exposed participants to multiple reference points and an asymmetric gain/loss manipulation. The use of multiple reference points may have diluted the strength of the framing manipulation, and created a larger effect for the loss condition than it did for the gain condition.¹ In general, prior work has found that people can adopt single referents from a set of available options (Schweitzer, 1994), and that multiple reference points are inevitable in negotiations and therefore should be included in framing research (Sullivan & Kida, 1995). In addition, a substantial literature has demonstrated that framing effects themselves are not symmetrical (see, for example, Benartzi & Thaler, 1995). In our study, the gain/loss manipulation check was statistically significant ($p < .001$), but the magnitude of the difference across conditions was small, suggesting that our findings offer a conservative test of framing effects.

Results from our work also identify a new direction for investigating framing effects. While prior work has explained reference framing effects in terms of loss aversion and the risk shift (Neale & Bazerman, 1992; DeDreu et al., 1994; Bottom, 1998), our results suggest that the influence of reference frames are mediated by conflict frame adoption. Since reference and conflict frames are related, future work should examine framing in negotiations as an integrated concept.

Prescriptively, negotiators should recognize that framing effects represent both opportunities and threats. On one hand, negotiators and mediators can use frames to motivate agents working on their behalf or to facilitate agreement (Gray, 1997). On the other hand, negotiators may inadvertently adopt frames that influence their behavior in ways that are inconsistent with their underlying goals.

¹We thank an anonymous reviewer for these insights.

Negotiators should appreciate the importance of frames and the ease with which they can be manipulated both prior to and during a negotiation. Frames have important consequences for the course of negotiations, and negotiators should be trained to recognize different frames and understand the strategic implications their use can have.

This work provides insight into the conflict frame adoption process, but many questions remain. Framing effects are well documented, and prior work has found that reference points can come from a variety of values including the status quo (Gregory, Lichtenstein, & MacGregor, 1993; Schweitzer, 1995; Schweitzer, Hershey, & Asch, 1996), the default (Baron & Ritov, 1994; Ritov & Baron, 1999), goals (Heath, Larrick, & Wu, 1999), targeted performance (Crum, Laughhunn, & Payne, 1981), social norms, expectations, and aspiration levels (Tversky & Kahneman, 1981). Surprisingly little is known, however, about how reference points and frames are adopted (Fischhoff, 1983; Schweitzer, 1995). Further research in this area will have important theoretical and practical implications for understanding and resolving conflict.

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