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ASPIRATIONS IN NEGOTIATION

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I. INTRODUCTION

*You can't always get what you want,
But if you try sometimes,
You just might find,
You get what you need.¹*

Negotiation teachers spend a lot of time teaching students how to determine their BATNA,² and assess their interests,³ but often may not spend enough time focusing on aspirations. And, as even the Rolling Stones know, unless negotiators actually set a specific goal and try to reach it, they will undoubtedly fall short. Social science research confirms that negotiators with higher aspirations tend to achieve better bargaining results. Yet, once negotiators start to focus more on aspirations, they also need to deal with the complexities of the subject such as how aspirations should be set, how they are distinguished from a BATNA or the bottom-line, how negotiators can err in setting overly optimistic aspirations, and why negotiators may avoid setting aspirations altogether. This essay outlines the important concepts on aspirations that should be taught as part of a negotiations course.

Aspirations are the specific goals in a negotiation that a negotiator wishes to achieve as part of an agreement. Aspirations can be monetary, as in, "He doesn't want to pay more than \$50,000 to settle this case," or "She'd like to receive \$300,000 for this house." Aspirations can also be non-monetary as in "He'd like to feel fairly treated" or "She wants the painting over the fireplace

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1. Rolling Stones, *You Can't Always Get What You Want*, but see *I Can't Get No Satisfaction* about unmet aspirations!

2. Best Alternative to a Negotiated Agreement. ROGER FISHER ET AL., *GETTING TO YES: NEGOTIATING AGREEMENT WITHOUT GIVING IN* (2d ed. 1991).

3. The introduction to this symposium outlines those subjects such as alternatives and bottom lines, which are already considered part of the universal negotiation canon. Christopher Honeyman & Andrea Kupfer Schneider, *Catching up with the Major-General: The Need for a "Canon of Negotiation,"* 87 MARQ. L. REV. 637 (2004).

from her grandmother's estate," and they can often be a combination of monetary and non-monetary goals such as "He'd like to receive an apology and \$75,000 to cover medical expenses plus pain and suffering." Aspirations are based on the underlying needs and interests of the negotiator, and they are conceptually independent of the negotiator's bottom line. For example, a negotiator might be willing to sell her house for \$150,000 if that is the best offer she can solicit, while aspiring to receive a sale price of \$300,000.

Again, most negotiation courses will teach specific prescriptive advice about how to determine BATNAs and bottom lines. Since aspirations are a separate concept from bottom lines, this essay also addresses prescriptive advice on how negotiators should determine their aspirations. Richard Shell counsels that aspirations should be optimistic, specific, and justifiable.⁴ All of these criteria are important.

II. OPTIMISTIC ASPIRATIONS

Negotiators should establish optimistic aspirations because empirical evidence has shown that negotiators with higher aspirations tend to achieve better bargaining results. The classic study demonstrating this proposition was run by psychologists Sidney Siegel and Lawrence Fouraker in 1960.⁵ One set of negotiators were given a modest goal of \$2.10 profit in a buy-sell negotiation and the other set were given the "high aspirations" of \$6.10. Both sets were told that they could keep any profits they made and could qualify for a second, "double-their-money" round if they met or exceeded their specified bargaining goals. The negotiators with the more ambitious \$6.10 goal achieved a mean profit of \$6.25, far outperforming the median profit of \$3.35 achieved by those with the modest \$2.10 goal. More recently, Sally Blount White and Margaret Neale set up an experiment in house buying where buyers and sellers were each given reservation prices in addition to aspirational goals for the house price.⁶ Again, those buyers with high aspirations (to buy the house at a low price) did better than those buyers with low aspirations (as did the sellers with high aspirations).

There are different explanations for this effect. First, a negotiator's aspirations help to determine the outer limit of what she will request.⁷

4. G. RICHARD SHELL, BARGAINING FOR ADVANTAGE: NEGOTIATION STRATEGIES FOR REASONABLE PEOPLE 30-34 (1999).

5. See SIDNEY SIEGEL & LAWRENCE E. FOURAKER, BARGAINING AND GROUP DECISION MAKING 64 (1960).

6. See Sally Blount White & Margaret A. Neale, *The Role of Negotiator Aspirations and Settlement Expectancies in Bargaining Outcomes*, 57 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 303, 304-05 (1994).

7. SHELL, *supra* note 4, at 26. While Shell argues that aspirations actually set the outer limit, it

Because a negotiator will almost never achieve more than what she asks for, setting relatively high goals is important so that the negotiator makes suitably aggressive demands.

Second, optimistic aspirations can cause negotiators to work harder at bargaining than they otherwise might, increasing the likelihood of achieving a desirable outcome. Professor Jennifer Brown hypothesizes that when negotiators set an aspiration level, they gain more utility as offers increase toward that level versus the utility gained as offers proceed beyond that level.⁸ In other words, the marginal utility associated with each improvement beyond one's aspirations is less than the marginal utility associated with movement toward the aspirations. This theory implies that negotiators will care relatively more about achieving their aspirations than exceeding them.

Professor Russell Korobkin writes that one effect of negotiators working harder is that negotiators with high aspirations will also exhibit more patience at the bargaining table than those with low aspirations.⁹ Rather than getting frustrated and either walking away or giving in, the negotiator with high aspirations will be more willing to tolerate a longer give-and-take in order to reach her aspirations. As more patient negotiators achieve a greater share of the gains of negotiation than less patient negotiators,¹⁰ high aspirations can lead to better outcomes.

III. SPECIFIC ASPIRATIONS

Aspirations should be specific. A general goal of "doing well" or "let's see what they say" is insufficient to trigger the positive behavioral benefits of setting aspirations discussed earlier.¹¹ Much in the same way that negotiators learn to define their BATNA and then use it to determine their bottom line, negotiators should take vague aspirations and turn them into specific goals for the negotiation—either monetary or actions or both.

In addition, specific goals for the negotiation can keep the negotiator more focused on his or her interests than on the game of negotiation. If a negotiator enters the negotiation with an ambiguous "let's see what happens" agenda, it is far easier to become entangled in debilitating negotiation mistakes such as getting anchored on the counterpart's numbers, assuming a fixed pie, or

is also quite possible that negotiators will make an opening demand beyond their aspirations knowing that the initial offer will likely come down.

8. Jennifer Gerarda Brown, *The Role of Hope in Negotiation*, 44 *UCLA L. REV.* 1661 (1997).

9. Russell Korobkin, *Aspirations and Settlement*, 88 *CORNELL L. REV.* 1, 44-48 (2002).

10. See, e.g., RUSSELL KOROBKIN, *NEGOTIATION THEORY AND STRATEGY* 171-73 (2002).

11. SHELL, *supra* note 4, at 33.

getting one's ego trapped in a game of chicken.¹²

IV. JUSTIFIABLE ASPIRATIONS

While negotiators should set relatively aggressive aspirations, those aspirations should be reasonable enough to be justifiable for several important reasons. First, aspirations should be consistent with other aspects of effective negotiation behavior. Assuming that demands are based on aspirations, negotiators will be more likely to succeed in convincing their adversary to reach an agreement based on their aspiration level if they can argue that such an outcome is derived from objective criteria. These objective criteria include what a court would decide—as in \$50,000 for this injury is fair based on case law in that jurisdiction for injury and appropriate multipliers—standard business practice, fair market value, or other legitimate criteria, such as the painting that someone wants from her grandmother's estate is one she helped pick out at the gallery.

The availability of objective criteria makes it easier for the negotiator to justify a refusal to make concessions. Demands that are not objectively grounded are harder to hold onto during the bargaining process. Imagine a scenario where a seller would like to get \$500,000 for her house because it is a nice round number and she could use it to buy another house, versus a scenario in which the seller lists her house for \$500,000, based on the fair market value of the house in comparison to other houses in the neighborhood. In the latter case, the seller has fair and convincing arguments for why she will not accept less.

Demands that lack an objective justification also encourage the opposing negotiator to make unprincipled counter demands. If financial desire is the justification for the seller's list price, then the buyer could just as easily respond with their financial capacity of the \$100,000 in their bank account. The seller's justifiable list price of \$500,000 instead should lead to the more appropriate counteroffer of \$450,000 based on the objective criteria that the roof needs to be replaced or that the kitchen should be updated.

An additional reason that aspirations should be modest enough to be justifiable is that overly aggressive aspirations can lead to negotiation impasse when mutually beneficial agreements are possible. Korobkin argues that aspirations can act as an "anchor" that skews a negotiator's bottom line.¹³ In circumstances in which determining where to set one's bottom line is especially difficult, aggressive aspirations are likely to cause a negotiator to

12. See, e.g., MAX BAZERMAN & MARGARET NEALE, *NEGOTIATING RATIONALLY* (1992) (discussing common mistakes in negotiation).

13. Korobkin, *supra* note 9, at 32-33.

set his bottom line higher than an objective analysis of his alternatives to reaching a negotiated agreement would indicate is appropriate. Thus, aspirations that are too high can indirectly lead the negotiator to reject proposed agreements that are actually within an objectively acceptable range. Korobkin also contends that aspirations can anchor negotiators' views of what agreement is objectively fair: the higher the aspirations, the higher the negotiator's perception of what fairness demands.¹⁴ This additional fairness effect of aspirations can cause negotiators to reject acceptable proposals to the extent that negotiators frequently reject proposed agreements that they perceive as unfair even if the agreement would be superior to their bottom line.¹⁵

V. WHY DON'T NEGOTIATORS DO THIS?

Negotiators often fail to follow the "optimistic but justifiable" approach to setting aspirations, instead setting vague goals such as "achieving a good deal" or aspiring to relatively low, easy-to-achieve results. Why? One reason is that specific, optimistic aspirations can result in disappointment when they are not achieved. Setting low or non-specific goals—what Shell calls a "wimp-win" approach¹⁶—maximizes the likelihood of success and protects self-esteem. If a negotiator sets his goals low, as in a car buyer who is willing to pay up to list price for a car, this "low aspirations" negotiator is more likely to accomplish his goals. After all, it is a rare car dealer who is not happy to accept list price! On the other hand, if a negotiator sets his goal high, as in a car buyer who is aiming to pay up to \$500 over the dealer's invoice for a particular car, that "high aspirations" negotiator may be disappointed in himself when he can only negotiate a deal at \$1000 over the dealer's invoice—\$500 over his original goal. The "high aspirations" car buyer may well have paid \$2000 less than the "low aspirations" car buyer, but he may be more focused on his perceived aspirations-based loss of \$500. In order to avoid this disappointment, negotiators often set low goals. A related risk is that this disappointment from one negotiation can lead negotiators to set lower goals in future negotiations, again in a self-protective response.

Another circumstance in which negotiators set low aspirations is when the negotiator feels that she lacks enough information about the other side's interests and bottom line to confidently predict what results are possible. A negotiator may assume that she needs the deal more than her counterpart or may not understand why reaching a settlement is important to the other side.

14. *Id.* at 41-44.

15. Nancy A. Welsh, *Perceptions of Fairness in Negotiation*, 87 MARQ. L. REV. 753 (2004).

16. SHELL, *supra* note 4, at 32.

Without this information, she may set her goals lower than the goals should be from an objective perspective. For example, if a house seller receives an offer that is \$20,000 below the listed price after the house has been on the market for several weeks without any interest, the seller's response depends, to a great extent, on the information the seller has about the buyer. Without any information, the seller might be so excited to get an offer that she accepts the offer immediately. On the other hand, if the seller learns that the buyer needs to move next month or has told his realtor that this was his favorite house, the seller may be more willing to hold onto high aspirations. Just as setting aspirations takes preparation and the appropriate criteria, it also requires preparation about the other side.

Finally, a negotiator may set low goals when she is relatively uninterested in the result or wants to avoid conflict with another person who seems more concerned than she is about the money, power, or other issues at stake. These low goals may be appropriate as long as the negotiator makes a rational decision about this.

VI. CONCLUSION

This essay has briefly argued the importance of setting aspirations in negotiation and thinking as carefully about our goals as negotiators think about their bottom lines. First, this essay discussed why aspirations should be set and should be optimistic. Studies show that negotiators with higher goals accomplish more. This is based on a number of factors including how hard people negotiate, how patient negotiators are, and how negotiators view a fair settlement, among others. Second, this essay examined why aspirations should be specific in order to trigger the positive behavioral benefits of setting aspirations and to keep negotiators focused. Third, this essay outlined how to set these aspirations based on objective criteria and explained why aspirations must be justifiable. Justifiable aspirations are more persuasive and also help to keep negotiators from making the mistake of setting unrealistic aspirations that cause them to walk away from good agreements. Finally, this essay examined why negotiators fail to set specific goals because they want to avoid disappointment or lack information. In the end, while there are some risks of disappointment and unrealized settlements involved in setting optimistic goals, studies demonstrate that setting specific, optimistic and justifiable aspirations results in negotiations that accomplish more of what the negotiator wants. The role of aspirations and their importance to successful negotiations should become part of the universal concepts taught in every negotiation class.