Procedural Frames in Negotiations: The Impact of Offering “My Resources” Vs. Requesting “Your Resources”

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If I were to propose a trade to you, the two statements “My X for your Y” and “Your Y for my X” may appear to be completely equal. However, in a real world negotiation, those two proposals are perceived differently. The two statements refer to an exchange in which each party gives and receives. The substance of the negotiation may be the same, but the procedural frame with which each proposal was made alters how those two proposals are perceived and influences each parties’ expectations and behaviors that follow. In order to better understand the impacts of procedural frames, we set out to observe and analyze how different procedural frames impact negotiators’ perceptions, behaviors, and ultimately the outcomes of their negotiations.

Negotiations revolve around the transfer of resources. Each party in a negotiation has a resource that they are looking to exchange for the other party’s resource in order to complete the transaction. Procedural frames are “different ways of describing actions (as opposed to outcomes) in structurally equivalent allocation procedures” (Larrick and Blount 1997). The procedural frames of a proposal inevitably influence how the two parties view the exchange because the procedural frame cues the reference resource. Even if two proposals describe the same exchange of resources, the recipients and senders will perceive the proposals differently depending upon how the proposals are framed (“my X for your Y” vs. “your Y for my X”). Understanding procedural frames is especially important because frames impact the negotiating parties’ concession aversion, their willingness to concede to the other party’s proposal in the negotiation process (Kahneman 1992).

People perceive relative losses and gains differently depending upon the initial framing. When party A frames a proposal as offering party A’s resource for party B’s resource, the salient reference resource becomes party A’s resource. Because party A’s resource has become the reference resource, party A’s willingness to concede to party B’s proposals is lower than party B’s willingness to concede to party A’s proposals. By framing the proposal as an offer, party A has minimized party B’s concession aversion. Procedural framing also results in frame shifts,
which induces antagonistic effects of the negotiating parties. When a proposal is framed to focus on the sender of the proposal’s resource, the sender will evaluate the transaction as a loss of his own resource and the recipient as a gain of that resource. However, when a proposal accentuates the recipient’s resource, the sender of the proposal perceives a gain and the recipient of the proposal perceives an anticipated loss of his own resource. In negotiations, the greater focus that a proposal places on a party’s resource, the more concession averse the current owner of that resource becomes in the negotiation.

**Exploring Procedural Frames: Research and Results**

Procedural frames occur naturally in negotiations, through the offering, requesting resources, or automatic framing that occurs when the parties are placed in antagonistic positions of gainers and losers. In order to better understand these occurrences, we conducted several experiments to establish the role that procedural frames play in the negotiation process. Through our experiments, we were able to establish that procedural frames impact negotiators’ resistance to concede and ultimately the quality of individual outcomes of negotiations. Procedural frames occur in different forms, but the salient reference resource emerged as a crucial determinant of perceptions and behaviors during a negotiation.

We began by analyzing the senders of proposals and found that senders of proposals experience stronger concession aversion to subsequent negotiations when the reference resource of the negotiation is their own resource. Put another way, when a party sends a proposal that offers their own resource, instead of requesting their counterpart’s resource, the sender focuses on their own resource and is less likely to concede to the other party’s counterproposals. As a result, sellers who frame their proposals as offers suggest higher prices than sellers who frame proposals as requests. Conversely, buyers who frame their proposals as offers tend to suggest lower prices than buyers who frame their proposals as requests.

Senders of proposals are not the only parties who are impacted by procedural frames. Our analysis showed that procedural frames also impact the perceptions of recipients. Parties who receive proposals framed as requests are less willing to concede than parties who receive proposals of identical value that are framed as offers. In other words, recipients of proposals experience greater resistance to concede when the proposal requests the recipient’s resource, as opposed to a proposal that offers the sender’s resource. This impact occurs irrespective of whether the recipient of the proposal is a buyer or a seller.

Just as negotiations can include different roles and resource exchange structures, they can also include disparate negotiation experience and different levels of interaction. Our research led us to explore how negotiation experience alters the impact of procedural frames and whether procedural frames have different influences when the negotiation is conducted face-to-face versus remotely. As predicted, our research confirmed that despite the experience level of the
parties in a negotiation, procedural frames still affect the parties’ concession aversion, which in turn influences the ultimate outcomes of negotiations. Procedural frames play such a basic and fundamental role in negotiations that they impact negotiations no matter the experience level of the parties or the proximity or interaction by which the negotiations are conducted.

Many times during negotiations, parties make concessions based on price dimensions and exchange concessions based upon resources. Therefore, we explored the impact of procedural framing when the seller’s resource, a commodity or property, and the buyer’s resource, money, were manipulated as fixed or flexible resources. Our research showed that fixed commodities lead parties to focus on the buyer’s money as the reference resource. However, fixing the buyer’s resource, money, highlights the seller’s commodity as the salient reference resource of the transaction. Therefore, sellers achieve higher individual profits in commodity negotiations, when the reference resource is the seller’s resource, than in price negotiations, where the reference resource is the buyer’s money. Conversely, buyers gain more in price negotiations than in commodity negotiations. From our findings, we conclude that seller and buyer perceptions of proposals and willingness to concede in the negotiation process are impacted by whether the reference resource is flexible or fixed.

One of the most prominently displayed procedural frames that impacts negotiations occurs when the transaction is framed as either offering one’s own resource or requesting their counterpart’s resource. Regardless of whether the party making a proposal is a buyer or a seller, parties that propose offers make smaller concessions than parties that make requests. Offers influence the outcomes of negotiations because they establish a different reference resource than requests. When money is the salient reference resource, offering buyers make smaller concessions than requesting sellers. Accordingly, when commodities or other property are the salient reference resource, offering sellers make smaller concessions than requesting buyers. Perceptions of the proposals change based on the reference resource of the proposal and whether their own resource is being offered or requested.

Procedural frames impact how negotiators perceive proposals and ultimately impact the outcomes of negotiations. Therefore, it is beneficial for individuals who negotiate to understand how their own perceptions are influenced by procedural framing and how they can get the most out of the negotiation by managing their counterpart’s perceptions of proposals. Consciously and
Purposefully shaping procedural frames can allow negotiators to get the best results out of their negotiations.

**Real Estate Perspective**

Real estate agents will benefit from understanding the influence that procedural framing has on real estate negotiations and outcomes. As our research supports, the negotiation’s reference resource becomes an important influence on your counterpart’s willingness to accept your proposals and prevents real estate buyers and sellers from expressing strong feelings of concession aversion. Therefore, real estate agents should be aware of the salient reference resource and the implications that arise from the procedural frames of the proposals that they send and receive. Understanding the influence of procedural frames allows a real estate agent to reframe proposals thereby obtaining a more objective perspective of the proposal.

A real estate agent can reduce her counterpart and counterpart’s client’s concession aversion by framing her proposal as an offer instead of a request. For buying agents, that will mean “we offer $X for your house” as opposed to “we would like to buy your house for $X.” Framing the proposal as an offer places the focus on the buyer’s resource, the money. Alternatively, seller agents should place the focus on the home that they are trying to sell, and not the buyer’s money. A seller agent can accomplish this by the proposal frame “we offer this home for $X.” While making the reference resource the home and not the money may seem awkward at first, given the predominant role that money plays in real estate transactions, real estate agents should make a conscious effort to frame all proposals as offers rather than requests. Furthermore, real estate agents are advised to emphasize positive attributes of the respective homes in order to highlight the homes as reference resource of the transaction. In sum, offer-frames in combination with positive attributes should help to channel the focus on the own resource.

Properly managing procedural frames is not only beneficial for dealing with counterpart agents. The insights gleaned from our procedural-framing studies can also be used by real estate agents to minimize their own clients’ concession aversion. Many times, real estate agents act as the intermediary for proposals between their clients and the opposing party. Therefore, the real estate agent has additional control over the procedural frames in which their clients first receive proposals and counterproposals. Real estate agents can minimize their clients’ concession aversion and the impact of negative procedural frames by reframing proposals received from the other side before presenting the proposal to their clients. Additionally, real estate agents can take the proposals that they have formed with their clients and reframe them before sending the proposal back to the other side of the negotiation.

Procedural frames impact negotiators’ resistance to concede and the quality of the individual outcomes of negotiations, including real estate negotiations. If real estate agents are able to recognize and understand the influences of procedural framing, then they can utilize that
understanding to reframe proposals to their clients and counterparts in order to achieve better results from the negotiation.

**Recommended Reading**


**References**


**About the Authors**

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Roman Trötschel (PhD – University of Konstanz, Germany) is a Full Professor at the Leuphana University Lueneburg, Germany. His research on psychological processes in negotiations deals with cognitive mindsets, motivational mechanisms and self-regulation in the process of conflict resolution. Another line of his research deals with group processes in negotiations (e.g., intergroup negotiations between representatives). In his recent work he has started to investigate the effect of resources and their characteristics on psychological processes in negotiations, such as the influence of monetary versus non-monetary resources (e.g., commodities, real estates) or material versus non-material resources (e.g., information, access to the market). Dr. Trötschel has also worked as consultant in union-management negotiations and has been trained as a mediator. Based on his recent work on the role of resources and psychological processes in negotiations a new training program has been developed (together with Dr. Benjamin Höhne and Valentin Ade) called the *Resource-Oriented Negotiation Approach (RONA)*. This new approach to negotiation provides parties with numerous strategic and psychological tools to achieve beneficial negotiation outcomes based on a systematic investigation of all available resources.

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David D. Loschelder (PhD - University of Trier) works as a Professor of Social Psychology at Saarland University, Germany, and completed research visits at Columbia Business School in
New York City and at INSEAD Business School in Fontainebleau, France. His research on negotiation, anchoring, framing, mediation and self-regulation has been published in Psychological Science, Journal of Personality and Social Psychology, Journal of Applied Psychology and Journal of Economic Psychology. His research has received funding from the German Research Foundation, German Academic Exchange Service and the German National Science Foundation. David is father of two daughters, both of who are more skilled negotiators than him despite a lack of any formalized negotiation training. David holds a Diploma in Psychology from the University of Trier and spent his Master's studies at the University of Cambridge in the UK.

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Benjamin P. Höhne (PhD – Leuphana University) works and lives as a negotiation trainer and coach in Berlin, Germany and conducts research negotiations on shared resources as well as the influence of different communication media in social interaction. Together with Dr. Roman Trötschel and Valentin Ade he developed a new approach to teaching and training negotiations called the Resource-Oriented Negotiation Approach (RONA). This new approach to negotiation provides parties with numerous strategic and psychological tools to achieve beneficial negotiation outcomes based on a systematic investigation of all available resources. Recently, Dr. Benjamin Höhne joined the Institute for Distance Learning at Beuth University to develop and test new methods of blended learning environments for employees in smart factories on the verge of the Industry 4.0. In this consortium project with partners from different industrial sectors (Bayer Pharma, MAN, Hella) funded by the German Federal Ministry of Education and Research, he seeks to integrate his experience from psychological negotiation and communication research into this rapidly developing field of work.

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Johann Majer is a PhD Candidate at the department of Social and Organizational Psychology at Leuphana University, Germany. One line of his research deals with cultural differences in ethically questionable negotiation tactics. Another more recent project specifically focuses on procedural frames in the initial moment at the bargaining table and how they impact the classic first-mover advantage in order to derive implications for using procedural framing in the opening move.