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Value from Control: Subjective Valuations of Negotiations by Principals and Agents

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Abstract

The use of agents in negotiations is ubiquitous. Little is known, however, about the divergent psychological experiences of agents and principals in negotiations and their potential downstream consequences. The current research investigated how one's role in a negotiation (as a principal or an agent) affects feelings of control, and how these feelings determine subjective value. In Studies 1 and 2, participants were randomly assigned to role-play principals or agents in deal-making negotiations. In both studies, agents reported feeling more control than principals, and control positively predicted the subjective value derived from the negotiation. In Studies 3 and 4, experimentally enhancing feelings of control influenced subjective value for principals. These findings point to the potential psychological costs of using agents. The findings advance research on subjective value in negotiations and highlight the critical role of control in principal–agent relationships.

Agents are commonly used in deal-making negotiations in business, politics, and litigation, as well as in numerous other transactions in sports, entertainment, real-estate, and more. Agents act as salespeople, as advisors, as brokers, and as the focal contact persons for their clients' business, legal, and sometimes even personal needs. Employing agents in negotiations comes with clear benefits (Rubin & Sander, 1988). Agents have domain-specific expertise (e.g., tax attorneys); possess special connections via their networks (e.g., Capitol Hill lobbyists); provide principals with tactical flexibility (e.g., sports agents); and allow principals to preserve relationships and save face while taking a hard line (e.g., by transferring responsibility to attorneys). However, employing agents in negotiations also comes with undeniable costs. Agents may have goals that conflict with those of their principals (Aaldering, Greer, Van Kleef, & De Dreu, 2013; Eisenhardt, 1989); they are often reluctant to admit their biases (Northcraft & Neale, 1987); and they tend to be swayed by competitive directions more than by cooperative directions (Atanasov & Kunreuther, 2015; Steinel, De Dreu, Ouwehand, & Ramirez-Marin, 2009).

Although principals often delegate responsibility for the negotiation process to agents who represent them at the bargaining table, little is known about the divergent perspectives and experiences of principals and agents in negotiations. While past research has utilized agency theory to understand the economic risks experienced by principals, research on the corresponding psychological risks is scarce. The current paper takes a first step toward filling this gap by investigating differences in feelings of control between principals and agents, as well as the influence of these divergent experiences on subjective valuations of negotiations.

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The Fundamental Difference in Experienced Control Between Principals and Agents

Control is a fundamental human need. Indeed, control is so essential to our understanding of human cognition, affect, and behavior that psychological research has come up with over a hundred constructs to address its various manifestations (Skinner, 1996). Having or lacking control underlies many important intra- and interpersonal processes (Fast, Gruenfeld, Sivanathan, & Galinsky, 2009; Inesi, Botti, Dubois, Rucker, & Galinsky, 2011; Keltner, Gruenfeld, & Anderson, 2003). For instance, fulfillment of the need for autonomy enhances intrinsic motivation (Ryan & Deci, 2000); illusions of control support individual adjustment and well-being (Taylor & Brown, 1988); perceived outcome control influences managerial risk-taking (Forlani, 2002); and social control in the form of power activates goal pursuit (Galinsky, Gruenfeld, & Magee, 2003), boosts optimism and positive emotions (Anderson & Galinsky, 2006; Anderson & Thompson, 2004; Kifer, Heller, Perunovic, & Galinsky, 2013), and liberates individuals to act on their thoughts and feelings (Fiske, 2010). The psychological importance of feelings of control is also evident from the range of compensatory strategies used by individuals to restore feelings of control when these are lacking (Landau, Kay, & Whitson, 2015).

Whenever principals delegate responsibility for the negotiation process to an agent, they inevitably relinquish (at least some of) their feeling of control over the negotiation. By empowering agents to strategize and negotiate, principals distance themselves in some way from the decision-making process. It is important to note that objectively, the principals retain control in key respects—they willingly choose to employ the agent, define what the agent may or may not do, are the owners of the negotiated resources, and have the power to ratify (or not) any agreement proposed by the agent. However, during the negotiation the principals find themselves taking a back seat, nursing their expectations while the agent actively navigates and drives the negotiation process. Hence, to some extent at least, employing an agent changes principals' role from active decision makers in the negotiation to de-facto observers evaluating the negotiation.

Past research provides ample evidence that experiences of control elevate individuals' positive feelings. Voice and process control boost perceptions of fairness and procedural justice (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Lind, Kanfer, & Earley, 1990). Active participation in decision-making augments job satisfaction (Jackson, 1983). The decision-making literature provides further indirect support for the role of control, by showing that putting individuals in roles that provide them with responsibility for decision-making versus roles that merely require them to react to others' decisions produces very different patterns of thinking and action (Monin, Pizarro, & Beer, 2007). For example, putting individuals in a role that requires them to judge resource-allocation decisions produces strong negative reactions to disadvantageous inequality, whereas giving them control over such decisions makes individuals more lenient and generous to others (Choshen-Hillel & Yaniv, 2011). These findings suggest that agents who make decisions, and principals who evaluate agents' decisions, may perceive the same negotiation outcomes differently, in part because the former experience greater control over the negotiation process than the latter.

The idea that reacting leads to more negative evaluations than acting is consistent with psychological reactance theory (Brehm, 1966). In the context of negotiations, research on reactive devaluation as a barrier to conflict resolution highlights the importance of having a sense of ownership over the proposed settlement (De Dreu & van Knippenberg, 2005; Maoz, Ward, Katz, & Ross, 2002). Specifically, this line of research shows that negotiators are more likely to dismiss offers that are mutually acceptable in principle if the source of the proposal is the other party, rather than oneself (Curhan, Neale, & Ross, 2004; Ross & Ward, 1995). Integrating these findings with the robust psychological benefits of feeling in control (and complementarily, the robust

psychological detriments of lacking control; e.g., Whitson & Galinsky, 2008) suggests that principals' lower sense of control relative to that of agents may result in lower subjective valuations of the negotiation.

Subjective Valuations of Negotiations

Surveying expert negotiators, negotiation researchers, and lay people, Curhan and colleagues (Curhan, Elfenbein, & Xu, 2006) identified that subjective valuations of negotiations incorporate four basic domains—feelings about instrumental outcomes, feelings about oneself, feelings about the process, and feelings about the relationships. Subjective valuations have important social and material consequences (Albin & Druckman, 2014). There is evidence that high subjective value boosts willingness to negotiate in the future with the same counterpart and even leads to better performance in subsequent negotiations with the same counterpart (Curhan, Elfenbein, & Eisenkraft, 2010; Oliver, Balakrishnan, & Barry, 1994). Curhan, Elfenbein and Kilduff (2009) found that subjective valuations of employment negotiations with new recruits were predictive of workplace attitudes a year later; notably, feelings about the negotiated employment contract positively predicted job satisfaction and negatively predicted turnover intentions better than the contract's objective economic value. Clearly, the subjective value individuals' extract from a negotiation plays an important role in shaping their subsequent interactions and outcomes.

Little is known about the personal and situational antecedents of subjective value in negotiations (Galinsky, Seiden, Kim, & Medvec, 2002; Halevy, 2008; Sharma, Bottom, & Elfenbein, 2013) and, more importantly, about how the perspectives and experiences of principals versus agents influence subjective value. This is especially startling, as a mismatch between the agent's and principal's satisfaction has broad potential consequences: straining principal–agent relationships; reducing the principal's buy-in to the final agreement (and thereby the likelihood of ratification and voluntary implementation of the contract terms); putting to waste the time, effort, and money invested in the negotiation; and potentially also jeopardizing the reputations of the parties involved, the relationship between them, and the viability of future deals.

The current research explores how individuals' experiences as principals or agents, and specifically their feelings of control in the negotiation, influence the subjective value they derive from agent-led negotiations. In four studies, I show that agents not only experience more control in negotiations than principals, but that these feelings of control positively influence subjective value. Formally, I address the following hypotheses:

Hypothesis 1. Principles Feel Less Control over The Negotiation Than Agents

Hypothesis 2. Feelings of control positively contribute to subjective value from the negotiation

Hypothesis 3. The role in the negotiation (i.e., agent or principal) influences subjective value indirectly via feelings of control

Study 1

In Study 1, a real-estate deal-making negotiation exercise involving multiple issues related to the sale of a historical mansion to a hotel developer provided the setting to test the expected differences between principals and agents.

Method

Participants, Design, and Procedure

Seventy-five MBA students at a large private university in the United States, who were enrolled in an elective negotiation class, participated in Study 1 during one of their regular class sessions.[1] The participants took part in a role-playing exercise involving a deal-making negotiation between a hotel group (the buyer) and the owners of a residential property (the seller). The Bullard Houses exercise (Karp et al., 2008) is based on an actual case involving a historic mansion in Manhattan that developers purchased and turned into the New York Palace Hotel (http://dlib.nyu.edu/findingaids/html/nyhs/villardhouse/bioghist.html).

Participants were randomly assigned to one of four conditions in a 2 × 2 between-subjects design that crossed their *identity* as buyers or sellers with their *role* as principals or agents. A total of 22 negotiating teams took part in the role-playing exercise. Seventy-five of the participants completed and submitted their postnegotiation questionnaires (with roughly equal proportions of buyers/sellers and principals/agents), with an average response rate of 3.4 participants per team. Principals were instructed to prepare their agents before the negotiation (for approximately 30 minutes) and were allowed to communicate with their agents during the negotiation, away from the negotiation table. Principals were not allowed to be physically present at the negotiations, which were conducted entirely by the agents and took approximately one hour to complete. When a negotiation concluded, the principals had to sign the final agreement form for the agreement to be binding. At the end of the role-playing exercise, each participant independently completed a short postnegotiation questionnaire assessing feelings of control and subjective value derived from the negotiation.

Measures

Control

Participants rated their feelings of control using a single 7-point item ("How much did you control the negotiation?" 1 = "Not at all", 7 = "Very much").

Subjective Value

As the study was conducted during class sessions, a short, 8-item scale was used to assess the subjective value derived by participants from the negotiations. The items were taken from the original 16-item subjective value inventory (Curhan, Elfenbein, & Xu, 2006). To maintain similar representation for all four dimensions, two items were chosen to represent each factor (items 1, 2, 5, 6, 10, 12, 14, and 16 from the original scale; see table 2 in Curhan et al., 2006).

The participants rated the items on a 7-point scale ranging from 1 = "Not at all" to 7 = "Very much." All responses were then averaged into a single general subjective value measure ($\alpha = .71$). The intercorrelations between the two items measuring each dimension were low, but significant: feelings about the instrumental outcomes, $r(75) = .274$, $p = .018$; feelings about the self, $r(75) = .285$, $p = .013$; feelings about the process, $r(75) = .362$, $p = .001$; and feelings about the relationship, $r(75) = .804$, $p < .001$.

[1]While all the students enrolled in the course participated in the reported negotiation exercise, only 75 students (representing all 22 negotiation units) submitted their questionnaires at the end of the class. The analyses therefore relate only to data from these 75 students. Demographic information was not included in the questionnaire. However, admissions information about the overall demographic profile of the relevant MBA cohort suggests that it is culturally diverse (representing 54 countries), predominantly male (over 60%), with an average work experience of over four years in various professions and industries (including consulting, private equity, consumer products, government, financial services, technology, and health).

Results and Discussion

Table 1 presents the means and standard deviations of feelings of control and subjective value. Because individuals were nested within four-person negotiation units, hierarchical linear modeling (MIXED in SPSS 22.0) was used to investigate the effects of negotiators' identities (buyer vs. seller) and roles (principal vs. agent) on feelings of control and subjective value. Twelve of the 22 negotiations ended in an impasse (a correct result from the exercise, as there is no zone of potential agreement [ZOPA] between the buyer and the seller in this role-play exercise). The outcome of the negotiation (impasse or agreement) was entered as a control in the statistical model.

Table 2 reports the results of the multilevel analyses. The first multilevel analysis yielded a significant negative effect of role on feelings of control, $\gamma = -1.023$, $SE = .348$, $t(70) = -2.944$, $p = .004$, confirming that agents experience more control than principals (H1). An unexpected significant positive effect of seller identity emerged, $\gamma = .726$, $SE = .345$, $t(70) = 2.088$, $p = .040$. Since this effect did not emerge in our subsequent studies, it may reflect power differences between the roles in this specific simulation, or possibly mere chance. There was no expectation, nor evidence, for an identity × role interaction, $\gamma = .719$, $SE = .510$, $t(70) = 1.411$, $p = .163$. Impasse had no significant effect on feelings of control, $\gamma = -.237$, $SE = .254$, $t(70) = -.931$, $p = .355$. A second multilevel analysis that used negotiators' identities, roles, and feelings of control to predict subjective value found a significant effect only of feelings of control, $\gamma = .287$, $SE = .074$, $t(63.522) = 3.906$, $p < .001$, fully confirming H2. The main effect of seller identity, principal role, and their interaction did not reach accepted levels of significance in this analysis. Impasse significantly reduced subjective value, $\gamma = -.694$, $SE = .199$, $t(19.747) = -3.488$, $p = .002$. Testing for the effect of feelings of control on each of the four dimensions of subjective value separately confirmed the overwhelming effect of control on feelings about the instrumental outcomes, the self, the process, and the relationship (see Table 2).

Next, a multilevel mediation model predicting subjective value from role (principal vs. agent) was run, controlling for negotiators' identity as buyer or seller. Feelings of control were entered as a mediator at the first level and negotiated outcome (impasse or not) as a covariant at the second level. This analysis employed the 2017 beta version of the MLMED macro for SPSS (Rockwood & Hayes, 2017) with fixed mediator intercepts and no between-group effects for the predictor and mediators. The indirect effect of role (principal vs. agent) on subjective value was significantly mediated by feelings of control ($\gamma = .160$, $SE = .096$, $Z = 1.665$, $p_{\text{one-tail}} = .048$, MCLL = .004, MCUL = .378), confirming H3.

Study 2

Study 1 confirmed that principals experienced significantly lower levels of control than agents in the negotiation and that experiences of control positively predicted subjective value. Study 2 was designed to

Table 1
Means and Standard Deviations of Feelings of Control and Subjective Value as a Function of Identity (Buyer/Seller) and Role (Principal/Agent); Study 1

	Buyer	Seller
	Feelings of control	
Agent	4.29 (0.90)	5.00 (1.11)
Principal	3.26 (1.28)	4.69 (1.08)
	Subjective value	
Agent	4.85 (0.85)	4.80 (0.74)
Principal	4.74 (0.97)	4.71 (0.97)

Table 2
Multilevel Modeling of the Effects of Negotiator Identity (Buyer/Seller) and Role (Principal/Agent) on Feelings of Control and Subjective Value Derived from the Negotiation, Controlling for the Negotiated Outcome (Impasse or Agreement) in Study 1

Model	Outcome	Predictor	γ (*SE*)	*t*-Value
1	Feelings of control	Buyer identity	.726 (.345)	2.088*
		Principal role	**−1.023 (.348)**	**−2.944***
		Identity × role	.719 (.510)	1.411
		Impasse	−.237 (.245)	−0.931
2	Subjective value (total)	Buyer identity	−.179 (.215)	−0.834
		Principal role	.201 (.222)	0.907
		Identity × role	−.183 (.310)	−0.592
		Feelings of control	**.287 (.074)**	**3.906****
		Impasse	−.694 (.199)	−3.488*
2a	Feelings about instrumental outcomes	Buyer identity	.185 (.265)	0.699
		Principal role	.588 (.273)	2.149*
		Identity × role	−.267 (.382)	−0.699
		Feelings of control	**.401 (.090)**	**4.448****
		Impasse	−.745 (.230)	−3.244*
2b	Feelings about the self	Buyer identity	−.304 (.356)	−0.855
		Principal role	.421 (.366)	1.153
		Identity × role	.078 (.513)	0.152
		Feelings of control	**.266 (.119)**	**2.245***
		Impasse	−.004 (.254)	−0.017
2c	Feelings about the process	Buyer identity	−.256 (.323)	−0.793
		Principal role	.044 (.333)	0.133
		Identity × role	−.318 (.466)	−0.689
		Feelings of control	**.328 (.109)**	**3.016***
		Impasse	−.987 (.251)	−3.933**
2d	Feelings about the relationship	Buyer identity	−.421 (.429)	−0.982
		Principal role	−.217 (.443)	−0.489
		Identity × role	−.287 (.618)	−0.465
		Feelings of control	**.221 (.149)**	**1.485**
		Impasse	−1.024 (.476)	−2.150*

Note. Hypothesized effects in bold.
*$p < .05$.
**$p < .001$.

explore the robustness of the effects by replicating and extending Study 1's findings with a different negotiation context, greater experimental control, and using a multiitem rather than a single-item measure of feelings of control. For this purpose, a deal-making distributive negotiation involving interorganizational bargaining over the sale/purchase of a biotechnology plant was chosen.

Methods

Participants, Design, and Procedure

Ninety-six students were recruited at a large private university in the United States (47% male, age: $M = 21$ $SD = 3$). Participants arrived at the laboratory in groups of four. Within each experimental session, each participant was randomly assigned to one of four possible conditions in a 2 (identity: Buyer vs. Seller) × 2 (role: Principal vs. Agent), between-subjects design. The participants took part in the Biopharm Seltek role-play exercise (Gunia, Swaab, Sivanathan, & Galinsky, 2013) and adapted to include

the principal/agent roles. The principal was described as the CEO of the company buying/selling the plant; the agent was described as the CEO's representative in the negotiation.

Each participant was initially seated in a private room and given detailed information to read in preparation for the negotiation. Principal–agent dyads were then allowed to prepare together face-to-face for 15 minutes. Following the joint preparation, everyone returned to their separate rooms and completed a short prenegotiation questionnaire, including practice questions to ensure they understood the study material (i.e., their target price and the red-line price).[2] The two agents were then escorted to a new room where they could negotiate for a maximum of 20 minutes. The two principals remained in their respective rooms and worked on a separate task, waiting to be asked to ratify the agreement.

At the conclusion of the negotiation, each agent was escorted back to a separate room. The experimenter then distributed photocopies of the agreement created by the agents to the two principals and two agents. Using the photocopies for reference, each of the four participants responded independently to a postnegotiation questionnaire measuring subjective value and feelings of control.[3]

Measures

Feelings of Control

Feelings of control were measured with three items: "How much did you control the negotiation?", "How much did you influence the process and outcome of this negotiation?", and "How much were you able to direct this negotiation?" Participants rated their feelings of control on 7-point scales ranging from 1 = "Not at all" to 7 = "Very much." The responses to the three questions were averaged to create a single index of feelings of control for each participant ($\alpha = .88$).

Subjective Value

The same 8-item measure used in Study 1 was administered. The items were averaged to create a single index of subjective value for each participant ($\alpha = .86$). The intercorrelations between the two items measuring each dimension were medium–high and significant: feelings about the instrumental outcomes, $r(95) = .782$, $p < .001$; the self, $r(95) = .459$, $p < .001$; the process, $r(95) = .360$, $p < .001$; and the relationship, $r(95) = .774$, $p < .001$.

Results and Discussion

Table 3 presents the means and standard deviations of feelings of control and subjective value. As in Study 1, individual participants were nested within four-person negotiation units, requiring the use of multilevel analyses to investigate the effects of negotiators' identities (buyer vs. seller) and roles (principal vs. agent) on feelings of control and subjective value, while controlling for the agreed selling price (one group failed to reach an agreement and were removed from this analysis). Table 4 reports the results of

[2]The prenegotiation questionnaire also included measures for an independent study by another investigator concerning perceptions of feasibility and desirability toward various tasks unrelated to the negotiation.

[3]The postnegotiation questionnaire included two additional measures: overall perceptions of the outcome and pay for the representative. Overall perceptions of the outcome were assessed using five newly introduced items (e.g., "Overall, I am very satisfied with this agreement"; "I am confident that my company will ratify this agreement;" $\alpha = .814$). This scale was highly correlated with the previously validated subjective value scale ($r = .655$, $p < .001$) and exhibited similar results. Hence, it is not reported in full here to reduce redundant information (full details available from the author upon request). The second measure, pay for the representative, was operationalized by giving agents \$6 to divide between themselves and their agent based on how they evaluated the agent's performance. Of the 48 principals in the study, 26 offered their representative half the payment (\$3), and 75% offered \$2–\$4. This distribution variable was not correlated with subjective value ($r = -.046$, *ns*), nor with overall perceptions of the outcome ($r = -.090$, *ns*). As such, it appears this operationalization was too narrow and insufficiently designed to capture considerations related to the negotiation (as opposed to simply notions of fairness).

Table 3
Means and Standard Deviations of Feelings of Control and Subjective Value as a Function of Identity (Buyer/Seller) and Role (Principal/Agent); Study 2

	Buyer	Seller
	Feelings of control	
Agent	5.21 (1.12)	5.06 (1.18)
Principal	4.19 (1.45)	4.19 (1.45)
	Subjective value	
Agent	5.66 (1.00)	5.43 (1.01)
Principal	5.83 (0.86)	5.44 (0.98)

the multilevel analyses. As Table 4 shows, being in a principal role significantly diminished feelings of control, $\gamma = -.884$, $SE = .361$, $t(66) = -2.451$, $p = .017$; see Model 1. Feelings of control, in turn, positively predicted the subjective value individuals derived from the negotiation, $\gamma = .407$, $SE = .071$, $t(85.837) = 5.718$, $p < .001$; see Model 2. The agreed selling price had no significant effect on feelings of control or on subjective value. Testing for the effect of feelings of control on each of the four dimensions of subjective value separately confirmed the overwhelming effect of control on each one: feelings about the instrumental outcomes, the self, the process, and the relationship (see Table 4).

As in Study 1, a multilevel mediation model predicting subjective value from role (principal vs. agent) was run, controlling for negotiators' identity as buyer or seller. Feelings of control were entered as a mediator at the first level and the agreed selling price as a covariant at the second level. Again, this analysis used the 2017 beta version of the MLMED macro for SPSS (Rockwood & Hayes, 2017), with fixed mediator intercepts and no between-group effects for the predictor and mediator. The indirect effect of role (principal vs. agent) on subjective value was significantly mediated by feelings of control ($\gamma = .355$, $SE = .126$, $Z = 2.807$, $p = .005$, MCLL = .138, MCUL = .623).

The findings of Study 2 join those of Study 1 in confirming the expected effects. Across both studies, using different role-playing exercises, samples, and measures of feelings of control, random assignment to the roles of principal versus agent resulted in significantly lower feelings of control for principals as compared with agents (H1), demonstrating a causal effect of agency on subjective experiences of control during a negotiation. Feelings of control, in turn, positively predicted subjective valuations of the negotiation (H2). Finally, the role of participants (principal vs. agent) indirectly influenced subjective value via feelings of control (H3).

Study 3

Notably, in Studies 1 and 2 feelings of control were measured, rather than experimentally manipulated. Study 3 experimentally manipulated principals' feelings of control in agent-led negotiations to allow causal inferences concerning the impact of control on principals' subjective value. Consistent with the findings of Studies 1 and 2, stronger feelings of control are expected to increase principals' subjective value.

Method

Participants and Design

Eighty-seven MBA students enrolled in an elective negotiation class participated in this study.[4] The study was administered in class, as part of students' preparation for a discussion on the role of agents in

[4]The attributes of Study 3's participants closely resemble those of Study 1's. Studies 1 and 3 involved different cohorts of MBA students at the same large private university; thus, there is no overlap between participants in the two studies.

Table 4
Multilevel Modeling of the Effects of Negotiator Identity (Buyer/Seller) and Role (Principal/Agent) on Feelings of Control and Subjective Value Derived from the Negotiation while Controlling for the Negotiated Outcome (Selling Price) in Study 2

Model	Outcome	Predictor	γ (*SE*)	*t*-Value
1	Feelings of control	Buyer identity	.188 (.361)	0.522
		Principal role	**−.884 (.361)**	**−2.451***
		Identity × role	−.101 (.510)	−0.199
		Selling price	–	−0.244
2	Subjective value (total)	Buyer identity	.050 (.243)	0.206
		Principal role	.332 (.250)	1.328
		Identity × role	.252 (.343)	0.734
		Feelings of control	**.407 (.071)**	**5.718****
		Selling price	–	−0.071
2a	Feelings about instrumental outcomes	Buyer identity	.247 (.288)	0.858
		Principal role	.524 (.297)	1.764
		Identity × role	.000 (.406)	−0.002
		Feelings of control	**.421 (.086)**	**4.869****
		Selling price	–	0.139
2b	Feelings about the self	Buyer identity	.079 (.338)	0.234
		Principal role	.525 (.349)	0.469
		Identity × role	.223 (.477)	0.469
		Feelings of control	**.274 (.102)**	**2.694***
		Selling price	–	−0.389
2c	Feelings about the process	Buyer identity	.146 (.312)	0.469
		Principal role	.116 (.322)	0.361
		Identity × role	.169 (.440)	0.383
		Feelings of control	**.377 (.093)**	**4.050****
		Selling price	–	−0.153
2d	Feelings about the relationship	Buyer identity	−.211 (.341)	−0.619
		Principal role	.154 (.315)	0.439
		Identity × role	.555 (.482)	1.153
		Feelings of control	**.543 (.098)**	**5.564****
		Selling price	–	0.123

Note. Hypothesized effects in bold.
*$p < .05$.
**$p < .001$.

negotiations. The participants were presented with a scenario that placed them in the role of principals in the context of a real-estate negotiation, a common context in which principals negotiate via agents. The participants were randomly assigned to read either that they had high control over the negotiation process or that they had low control over the negotiation process.[5] In all conditions, the participants were informed that at the end of the negotiation, the terms of the contract were not exactly what they had wished for, but definitely feasible from their perspective. The participants then reported their feelings of control and the subjective value they derived from the negotiation.

[5]This study included a third experimental condition, in which the participants read that they themselves negotiated with the other party rather than acted as principals who negotiated via agents. Because the focus of Study 3 is principals' subjective value in agent-led negotiations, the findings of this condition are briefly reported in this footnote below to avoid sidetracking readers.

Experimental Materials and Measures

Control Manipulation

All participants were asked to imagine that they were in the market for a condo and that after searching for several weeks they had finally found one that they really liked. They were advised to send an agent to represent them in the negotiation with the seller. The agent indeed negotiated on their behalf for several days and was able to reach a deal. In the high-control condition, the scenario then read: "Throughout the negotiation you felt you were fully in control of the process. You felt you were fully informed of what was going on. Your input was considered seriously and made a big difference in the process." In the low-control condition, these lines read: "Throughout the negotiation you felt you had no control over the process. You felt you were not fully informed of what was going on. Your input was not considered seriously and did not make any difference in the process."

Subjective Value

A 7-item scale with items adapted from Curhan et al.'s (2006) measure was used to assess participants' subjective value.[6] Participants reported their feelings about the four dimensions of subjective value derived from the negotiation (i.e., outcomes, self, process, and relationship) using 7-point scales ranging from 1 ("Not at all") to 7 ("Very much"). A single index of subjective value was computed for each participant by averaging participants' responses to the seven items ($\alpha = .70$).

Feelings of Control

Two items were used to assess feelings of control: "I had considerable influence over the process and outcome of the negotiation" and "I would have liked to have more control over the negotiation" (reverse-scored; $\alpha = .72$). The participants rated their agreement with these two statements on 7-point scales ranging from 1 ("Not at all") to 7 ("Very much").

Results and Discussion

Feelings of control were significantly stronger in the high-control condition ($M = 3.43$, $SD = 1.15$) than in the low-control condition ($M = 2.10$, $SD = 0.83$), $t(56) = -5.05$, $p < .001$, indicating that the experimental manipulation of control was effective. Lending support to Hypothesis 2, subjective value was significantly higher in the high-control condition ($M = 3.67$, $SD = 0.88$) than in the low-control condition ($M = 2.76$, $SD = 0.69$), $t(56) = -4.37$, $p < .001$.[7]

The findings of Study 3 confirm that experimentally manipulating principals' feelings of control enables causal inferences about the impact of control on the subjective value that principals derive from negotiations. These findings point to the potential importance of strategies and interventions that enhance principals' feeling of control.

Study 4

Study 4 examines how the presence or absence of control-enhancing measures affects principals in negotiations. Using a simulated computer-based principal–agent negotiation, the degree to which principals were provided with the opportunity for expression (voice) as a means of enhancing their sense of control

[6]Due to an oversight, one of the eight items used to assess subjective value in Studies 1 and 2 was omitted from the scale used in Study 3.

[7]In the condition where participants read that they negotiated on their own behalf, feelings of control ($M = 3.81$, $SD = 1.22$) and subjective value ($M = 3.77$, $SD = 0.80$) were as high as in the high-control condition in the agent-led negotiation and significantly higher than in the low-control condition.

was manipulated. In a recent review of research on justice and negotiation, voice is repeatedly mentioned as an important determinant of evaluations of fairness (Druckman & Wagner, 2016), with the effect of voice partially explained by its influence on perceptions of control (Lind, Kanfer, & Earley, 1990). Thus, consistent with the findings of Studies 1–3, providing principals with control in the form of voice is expected to increase their subjective value. In addition, Studies 1–3 focused on examining subjective value experienced by principals (in all three studies) and agents (in Studies 1 and 2). The current (preregistered, https://aspredicted.org/gn7v7.pdf) study looks further at effects of control on evaluations that are specific to agent-led negotiations: satisfaction with the agent and inclination to ratify the agreement.

Method

Participants and Design

One hundred Israeli students were recruited via an online panel (M_{age} = 27.55, SD = 4.98, 63% female). The participants were asked to imagine their car was damaged in an accident, and they had to hire a lawyer to negotiate a compensation settlement with the lawyer representing the offending driver. To encourage participants to consider an integrative rather than distributive approach to the negotiation, the participants were told that they needed to fix their car urgently but were currently unable to provide the necessary down payment. The negotiation thus involved two issues: the amount of compensation (with the offender offering to pay 2,000 NIS while the cost of fixing the car was estimated at 20,000 NIS) and the time within which the agreed sum would be received.

The participants were randomly assigned to one of two conditions. One group received updates from their agent (the lawyer) and were able to voice their own opinion (high control or voice condition), while the other group received the updates without an opportunity to voice their opinion (low-control or no-voice condition). The participants then indicated their satisfaction with the agent, their feelings of control, their inclination to ratify the agreement presented by the agent, and the subjective value they derived from the negotiation. Three participants correctly guessed the goal of the study when asked at the end of the questionnaire. Excluding them from the analysis did not change the results.

Experimental Materials and Measures

Experimental Manipulation

Upon reading the scenario, the participants were allegedly connected with their agent (the lawyer) through a secure texting service. The texting service had a similar design to a popular existing service (WhatsApp). This phase began with a text from the lawyer informing the participant that he was currently meeting with the other party and getting ready to finalize things. In the high-control (voice) condition, the lawyer asked the participant to text back if there was anything of importance they wanted him to pay attention to. Participants could then type in an open text box and press the "send" button, whereupon their text appeared beneath the lawyer's text on the computer screen, as it would with an actual messaging service. At that point, participants in both conditions received an update that the situation was complex. In the low-control condition, the agent wrote that he was deliberating whether to take a hard stand or employ a more cooperative mode, promising he would do his best. In the high-control (voice) condition, participants were asked to indicate which course of action they would prefer, a hard stand or cooperative mode. The exchange ended with a final text from the lawyer informing the participant of the agreement reached. All participants received the same agreement, offering compensation of 11,500 NIS (above the midpoint value, but well below the estimated actual cost of 20,000) at a reasonable time delay of one month.

Satisfaction with the Agent

Two items were used to assess participants' satisfaction with their agent ("I am satisfied with the lawyer representing me" and "I would have liked someone else to negotiate on my behalf"—reverse-scored) using a 7-point scale from 1 ("Not at all") to 7 ("Very much"). The items were positively correlated ($r = .451$, $p < .001$).

Inclination to Ratify

Two items were used to assess the participants' inclination to ratify the agreement ("I intend to sign the contract" and "I would like to re-discuss the terms with the other side"—reverse-scored) using a 7-point scale from 1 ("Not at all") to 7 ("Very much"). The items were positively correlated ($r = .297$, $p < .001$).

Feelings of Control

The 3-item scale from Study 2 was used to assess feelings of control ($\alpha = .856$).[8]

Subjective Value

The full 16-item scale of Curhan et al. (2006) was used to measure participants' subjective value. Using 7-point scales ranging from 1 ("Not at all") to 7 ("Very much"), the participants reported their feelings about the different aspects of the negotiation with four items for each dimension: feelings about the instrumental outcomes ($\alpha = .798$), the self ($\alpha = .644$), the process ($\alpha = .829$), and the relationship ($\alpha = .870$). An index of overall subjective value was computed for each participant by averaging participants' responses to the 16 items ($\alpha = .915$).

Results and Discussion

The main goal of the current study was to test the effect of manipulated feelings of control on subjective value among principals in agent-based negotiations. Means and standard deviations of the dependent variables as a function of the control condition are presented in Table 5. As expected, the participants felt more in control in the voice ($M = 3.793$, $SD = 1.260$) compared with the no-voice condition ($M = 2.418$, $SD = 1.198$), $t(99) = 5.622$, $p < .001$, supporting the manipulation of voice to examine differing levels of control. More importantly, the participants also expressed higher subjective value in the voice ($M = 3.919$, $SD = 0.914$) compared with the no-voice condition ($M = 3.331$, $SD = 0.774$), $t(99) = 3.485$, $p < .001$. Separate tests confirmed that this effect was evident in three of the four dimensions of subjective value: self, $t(99) = 4.796$, $p < .001$, process, $t(99) = 2.139$, $p = .035$, and relationship, $t(99) = 2.977$, $p = .004$. There is no evidence for the effect of the control manipulation on the dimension of instrumental outcomes, $t(99) = 0.883$, $p = .380$. Interestingly, as can be seen in the means presented in Table 5, manipulated control did not alter participants' inclination to ratify the agreement, $t(99) = 1.559$, $p = .124$, nor their satisfaction with the agent, $t(99) = 0.852$, $p = .396$.[9]

Taken together, the findings suggest that a delicate control intervention of providing voice is sufficient to enhance subjective judgments of the negotiation as measured via subjective value in general, and for the relational, process, and self dimensions in particular. Interestingly, there is no evidence for an effect of providing voice on the instrumental outcome dimension. This lack of effect should be interpreted with caution, however, as the previous studies do show an effect on the instrumental outcome dimension. Notably, the findings suggest that providing voice is not necessarily sufficient to influence valuations of the agent. This may point to a limitation of the study, in that participants were capable of judging the agreement but found it more difficult to judge the agent in an online simulation where contact with the

[8]A fourth, reverse-scored, item reduced the scale's internal reliability from .856 to .677 and was hence omitted.

[9]Due to the low intercorrelation between items of these measures, separate analyses were conducted for each item. No effect was found for control at the item level.

Table 5
Means and Standard Deviations of the Dependent Variables as a Function of Control Conditions (Study 4)

	No control (no voice)	High control (voice)
Feelings of control	2.418 (1.198)	3.793 (1.260)
Subjective value (total)	3.332 (0.774)	3.919 (0.914)
Feelings about instrumental outcomes	3.976 (1.074)	4.190 (1.355)
Feelings about the self	3.265 (0.973)	4.080 (0.713)
Feelings about the process	3.397 (1.107)	3.920 (1.341)
Feelings about the relationship	2.750 (1.110)	3.515 (1.453)
Inclination to ratify	3.657 (1.535)	4.150 (1.658)
Satisfaction with agent	4.039 (1.341)	4.280 (1.495)

agent was artificial and textual. Alternatively, the different findings may point to an actual differentiation between judging the person (i.e., the agent) and judging the situation (i.e., the negotiation).

General Discussion

The current research was motivated by the ubiquity of agent-led negotiations in business, politics, legal proceedings, and many other life domains, on the one hand, and the puzzling scarcity of research on the psychological consequences of using agents in negotiations, on the other hand. Two theoretically and practically important research questions were at the core of investigation: First, how does the use of agents influence principals' experiences of control in negotiations? Second, how do feelings of control shape the subjective value extracted from negotiations for principals and agents? The findings of four experiments designed to address these fundamental questions provide a consistent, compelling view. Studies 1 and 2 used different samples and negotiation contexts to demonstrate that random assignment to the roles of principals and agents in negotiation exercises influences feelings of control. The impact of feelings of control on subjective value was further investigated in Study 3 and especially Study 4, in which experimentally manipulated feelings of control causally influenced the subjective value participants (playing the role of principals) derived from (simulated) agent-led negotiations.

Theoretical Implications

The current investigation contributes to theory and research on negotiation by shedding light on the psychological consequences of using agents in negotiations. Previous research on subjective value from negotiations focused on situations in which principals represented their own interests at the negotiating table (Curhan et al, 2009; Curhan, Elfenbein, & Eisenkraft, 2010). Consistent with organizational perspectives on agency (Bottom, Holloway, Miller, Mislin, & Whitford, 2006; Conlon & Parks, 1990; Eisenhardt, 1989), the studies presented above indicate that principals and agents in negotiations may have quite different experiences.

Past research on agency theory tended to focus on the economic risks that principals face when using agents, due, for example, to interest misalignment between principals and agents (Aaldering et al., 2013), or low effort on the part of agents (Eisenhardt, 1989). Importantly, even in situations where principals' and agents' interests are perfectly aligned, and the risk of agent shirking is very low, the findings show that principals may experience low levels of control when using agents to negotiate on their behalf. Thus, the findings presented above contribute to the literature on agency by addressing an understudied psychological consequence for principals in the principal–agent relationship.

Multiple theoretical perspectives propose that experiencing high levels of control, autonomy, and efficacy supports positive feelings in social and organizational interactions. These include, among others,

self-determination theory (Ryan & Deci, 2000); the approach theory of power (Keltner et al., 2003); psychological reactance theory (Brehm, 1966); and self-efficacy theory (Bandura, 1997). Consistent with the assertions of these conceptual frameworks, the current research provides evidence that feelings of control positively influence the subjective value derived from negotiations.

Finally, this research sheds light on the factors that shape subjective value in negotiation contexts. Past research has shown, for instance, that self-efficacy and self-esteem positively predict subjective value (Sharma et al., 2013); that conflict within negotiating teams decreases the subjective value derived from between-team negotiations (Halevy, 2008); and that acceptance of one's initial offer may diminish satisfaction by causing rumination about how one could have done better (Galinsky et al., 2002). Psychological research on subjective value by Curhan, Elfenbein, and Xu, (2006, 2009) provided important insights into the multifaceted nature of negotiators' goals. The current research goes a step further by demonstrating that feelings of control are critically important in shaping subjective value.

Strengths, Limitations, and Future Directions

The current set of studies made use of different samples (MBAs with different cultural and professional backgrounds, American undergraduate students, and Israeli adults) and used both online scenario-based experiments and face-to-face simulated negotiations in which dyads of principals and agents prepared together for a negotiation, agents conducted the negotiation, and principals were responsible for evaluating and signing the negotiated agreements. Moreover, both experimental manipulations of control and self-report measures of feelings of control were used to demonstrate the pivotal role of control in shaping subjective value. Nonetheless, future research is required to replicate these findings in actual field settings, with varying levels of financial and other types of stakes on the line (e.g., reputation), and with ongoing relationships between the negotiating parties as well as between principals and agents.

This research emphasizes the detrimental psychological effects of lacking control. Individuals who lack control often engage in a range of compensatory strategies aimed at restoring feelings of control (Landau et al., 2015). Future research may investigate how principals who delegate authority over the negotiation process to agents cope with the diminished sense of control (e.g., which compensatory control strategies principals tend to use), and how interventions may be devised to improve principals' sense of control. Future research may also investigate how other situational features, such as the relationship between the parties, negotiators' level of engagement and arousal (Brown & Curhan, 2013), and the use of positive versus negative emotions (Van Kleef, De Dreu, & Manstead, 2004), influence subjective value for principals and agents in negotiations. Mapping additional differences between principals' and agents' experiences in negotiations, such as their level of psychological distance from the negotiation, may also advance knowledge on feelings of control and subjective value in agent-led negotiations. The greater psychological distance of principals from the negotiation may increase their tendency to think abstractly about the negotiation and focus on the desirability of outcomes; in contrast, the psychological proximity of agents to the negotiation may increase their tendency to think concretely about the negotiation and focus on the feasibility of attaining different outcomes (Giacomantonio, De Dreu, & Mannetti, 2010; Henderson, Trope, & Carnevale, 2006).

Finally, it is interesting that the findings of Studies 1 and 2 do not point to significant differences in subjective value between principals and agents. Thus, although agents experienced stronger feelings of control, and feelings of control positively predicted subjective value, there was no significant mean difference in subjective value based on participants' randomly assigned roles. This may be due to the lack of outcome-based incentives. Alternatively, this finding could reflect the complexity of the psychological factors influencing principals' and agents' valuations. One theoretical possibility is that principals' higher power and status relative to that of agents (e.g., in Study 2, principals were told they were company CEOs whereas their agents were merely their representatives in the negotiation) provided those participants playing the role of principals with psychological benefits that

compensated for their low process control relative to that of the agents during the negotiation and allowed them to experience, on average, similar levels of subjective value despite their low levels of process control. This theoretical explanation is consistent with research highlighting the psychological benefits of roles characterized by high levels of power and status (Magee & Galinsky, 2008). Another possibility is that some aspects of agents' role in negotiations—perhaps stress deriving from high performance expectations or accountability pressures—may operate to diminish their subjective value (i.e., to suppress agents' positive feelings accruing from their greater control). More research is required to directly test these theoretical possibilities and uncover the conditions under which the divergent perspectives and experiences of principals and agents translate into different levels of subjective value in negotiation contexts.

Conclusion

The current research sheds light on an overlooked phenomenon—the divergent experiences of principals and agents in negotiations. Four experiments provided evidence that agents experience significantly higher levels of control as compared with principals and that feelings of control positively influence the subjective value derived from negotiations. Given the prevalent use of agents in numerous negotiations across many life domains, one can only hope that the current research will spur further psychological research into the divergent perspectives of agents and principals, and their implications in negotiations.

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