

## **Getting Less than What You Pay for: Negotiations Harm Post-Agreement Motivation**

Negotiation is a fundamental interpersonal tool and managerial skill (Bazerman & Curhan, 2000; Galinsky & Schweitzer, 2015; Raiffa, 1982). Over the past 40 years, a substantial literature has developed critical insights into how the negotiation process impacts negotiated outcomes (for recent reviews, see De Dreu, Beersma, Steinel, & Van Kleef, 2007; Thompson, Wang, & Gunia, 2010). Recent studies have considered dimensions separate from economic outcome: Studies examine negotiator emotions (Maaravi, Pazy, & Ganzach, 2014; Mislin, Boumgarden, Jang, & Bottom, 2015; O'Connor & Arnold, 2001; White, Tynan, Galinsky, & Thompson, 2004) and satisfaction (Curhan, Elfenbein, & Xu, 2006; Galinsky, Seiden, Kim, & Medvec, 2002; Novemsky & Schweitzer, 2004; Oliver, Balakrishnan, & Barry, 1994). Others examine relational outcomes, such as negotiators' attitudes towards their counterparts (Campagna, Mislin, Kong, & Bottom, 2016; Schweitzer, Brodt, & Croson, 2002; White et al., 2004) and their willingness to negotiate with the same counterpart in the future (Barry & Oliver, 1996; Bowles et al., 2007; Curhan et al., 2006; Maaravi et al., 2014; Novemsky & Schweitzer, 2004; O'Connor & Arnold, 2001; Oliver et al., 1994). Yet, scholars often conceptualize satisfaction and negotiator attitudes as another dimension of negotiation outcomes (Curhan et al., 2006; Thompson, 1990). Even negotiation studies involving services have largely failed to consider the potential post-negotiation influence of the negotiation process (e.g., Bowles & Babcock, 2012; Chambers & De Dreu, 2014; Curhan, Neale, Ross, & Rosencranz-Engelmann, 2008). Surprisingly, prior work has failed to investigate how the presence of negotiations might influence post-agreement motivation and productivity. In this study, we challenge the implicit assumption that negotiated agreements reflect the full impact of the negotiation process. We fill the critical gap in our understanding, and demonstrate that engaging in negotiations can greatly influence how productive individuals are after reaching an agreement.

In three studies, we directly test how the *mere presence* of a negotiation influences perceptions of conflict and the negotiators' behavior following the negotiation. A handful of recent studies have considered repeated negotiations and studied what happens post-negotiated agreement (Bottom, Holloway, Miller, Mislin, & Whitford, 2006; Campagna et al., 2016; Kuang & Moser, 2011; Mislin, Campagna, & Bottom, 2011). However, there was always the opportunity for joint gain, which confounds the parties' intrinsic and extrinsic motivation (Gagne & Deci, 2005; Kanfer & Chen, 2016). We examine people's intrinsic motivation to exert effort in favor of their interaction counterpart, independent of extrinsic motivation.

Motivation depends not only on wage, but on organizational structures and employer-employee relationships, such as employer appreciation (Grant & Gino, 2010; Wiley, 1997), leadership patterns and interpersonal processes (Grant & Parker, 2009; Kanfer & Chen, 2016), specifically interpersonal conflict (Kanfer & Chen, 2016). Negotiations often induce perceptions of conflict and of misaligned –even opposing– interests and preferences ("Incompatibility Error", Thompson & Hastie, 1990). Negotiators who perceive their counterparts as more competitive reach less agreements and lower profits (Schweitzer, DeChurch, & Gibson, 2005; Tinsley et al., 2002; White et al., 2004). We thus expect negotiations to affect not only the agreement (employment) terms, but also the parties' relationship. We expect that negotiations will create a subjective perception of conflict, which will undermine employees' motivation to exert effort for the employers' benefit.

Across three studies, we show that negotiations harm post-agreement motivation, and decrease pro-social effort – compared to receiving an equal, non-negotiated wage. We further show that negotiators' perceptions of interpersonal conflict mediate the effect of negotiation on motivation.

### **Study 1**

Two hundred and eleven participants from a university lab pool (124 female;  $M_{\text{age}}=25$ ), assigned the role of employee ("Player B"), were matched with confederate-employers ("Player A") with whom they chatted via computer. We randomly assigned participants to the Negotiation or Control conditions. In the *Negotiation* condition, participants discussed the wage in a computerized chat. In the *Control* condition, the confederate communicated the final (non-negotiable) wage in the first chat message. After the wage decision, participants performed a real-effort task (counting letters) for as long as they wished, up to 7 minutes. Their performance in the task could increase the employer's payment; it would not affect participants' own payment.

Participants in the Negotiation condition exerted less effort, completing fewer strings correctly, than participants in the Control condition ( $t(207)=-2.67, p=.008$ ). Negotiations increased perceived conflict among the parties ( $t(209)=5.10, p<.001$ ). Perceived conflict mediated the effect of negotiations on participants' effort ( $b=-4.00, 95\% CI=[-6.86, -1.44]$ ).

### **Study 2**

Two hundred and fifty nine MTurk participants (114 female;  $M_{\text{age}}=33.8$ ) were randomly assigned to the Negotiation or Control conditions. Confederates-employers used the same script and wage as in Study 1. After the wage has been decided, participants completed a real-effort task (moving sliders), for up to 7 minutes.

Negotiations decreased participants' effort-based performance ( $t(217)=-2.06, p=.041$ ). Negotiations again had an indirect effect on effort through perceived conflict ( $b=-12.29, 95\% CI=[-18.21, -7.25]$ ). We also elicited participants' wage expectation; expected wage did not affect participants' effort and performance in the work task ( $t(217)=-1.72, p=.086$ ).

### **Study 3**

We explore whether a negotiated increase in wage compensates for the effect of negotiations on effort and perceived conflict. We used similar materials to those in Studies 1-2, except that the initial, rather than final wage was equal across both conditions; the final wage in the Negotiation condition was thus higher than that in the Control condition.

Two hundred and four participants from a university lab pool (129 female,  $M_{age}=25.8$ ) were randomly assigned to either Negotiation or Control conditions. The objectively better outcome for employees in the negotiation condition offset the detrimental effect of negotiations on effort: There was no difference in participants' effort ( $t(199)=0.31, p=.758$ ). Yet, participants' effort was still negatively correlated with perceived conflict ( $t(198)=-3.98, p<.001$ ).

### **Conclusion**

We demonstrate that engaging in the negotiation process can have a profound influence on post-agreement behavior. The mere presence of negotiations creates subjective perception of conflict among the parties, which diminishes one's motivation to exert effort in favor of one's counterpart. We show the decrease in motivation and effort while holding the objective terms of agreement constant. This research has theoretical and practical contributions. Our studies show the importance of looking beyond the negotiated agreement, and beyond post-negotiation emotion and attitudes, to costly, effortful, behavior. This insight is critically important for negotiations involving services. After negotiating a new employee's salary, employers care not only about how much the revised contract will cost them in term of salary, benefits, and start date, but also about how motivated and productive the employee will be. Our findings imply that people should enter negotiations with caution.

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## **CREATIVE SPARKS: TASK CONFLICT, CULTURAL INTELLIGENCE, AND CREATIVITY**

Creativity as the organization-creation (Hjorth, 2012) is an imperative of many organizational realities, and so is cultural diversity. Given the competitive and uncertain environment in which many organizations are operating, this is no surprise. Practitioners and scholars are well in agreement that creativity as production of novel and useful ideas (Amabile, 1996), is crucial for organizational survival and growth (Shalley, Gilson, & Blum, 2009; Shalley, Zhou, & Oldham, 2004). Thus, we are now all pressed to become more creative and many of us are in a position to interact and collaborate within culturally diverse environments (Shin, Kim, Lee, & Bian, 2012). In such organizational environments (task) conflicts arising from colleagues' cultural differences (e.g., cultural norms, religious values, and behaviors) are salient (Gibson, 1996).

Cultural differences in the work environment do not necessarily lead to conflict; yet usually a culturally diverse environment increases its likelihood (Armstrong & Cole, 2002; Joshi, Labianca, & Caligiuri, 2002). Therefore, the creative potential of cultural diversity in the workplace often goes unrealized (Chua, Morris, & Mor, 2012). The-value-in diversity argument (Anderson, Potočnik, & Zhou, 2014; Williams & O'Reilly, 1998) suggests that cross-cultural interactions may stimulate team members to generate new ideas (Perry-Smith & Shalley, 2003), because individuals are exposed to different thinking styles, and knowledge. The similarity-attraction argument (Pfeffer, 1983), on the other hand, proposes that a diverse environment provokes negative treatment (Shin, et al., 2012), such as conflict situations (Williams & O'Reilly, 1998), and thus inhibits creativity.

However, previous research indicated that some level of conflict can be beneficial for creative performance (De Dreu, 2006; Fairchild & Hunter, 2014; Farh, Lee, & Farh, 2010). Task conflict can increase individual and group creativity because it triggers the group's engagement in deep, task-relevant information exchanges and status quo reevaluation (Hülsheger, et al., 2009). Yet too much task conflict can lead to frustrated employees; lost sight of collective goals; and reduced capacity to perceive, process, and evaluate information that is crucial for creative work tasks (De Dreu, 2006). For example, a meta-analysis by Hülsheger et al. (2009) indicated that there is no positive relationship between task conflict and creativity. On the other hand, recent research from Fairchild (2014) reveals that task conflict can enhance team creativity, yet only when teams perceived high safety. Therefore, several scholars (De Dreu, 2008; Hülsheger, et al., 2009) have called for more detailed investigation of the specific circumstances in which task conflict can be beneficial for individual and team creativity.

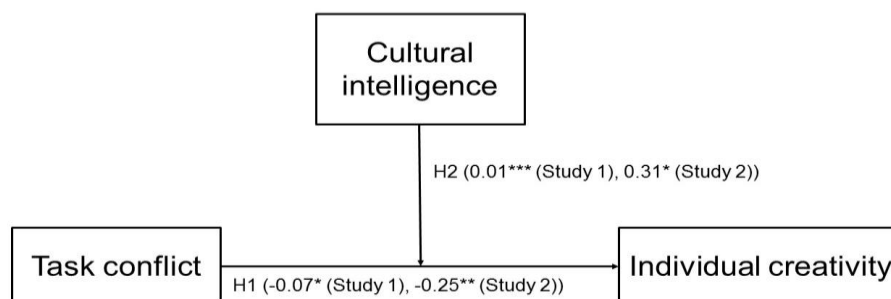
The objective of this paper is to explain and resolve the inconsistent relationship between task conflict and creativity, and do so in a culturally-diverse environment. We need new theoretical perspectives and empirical investigations to deepen knowledge of the task conflicts and cultural differences that drive creativity (Anderson, De Dreu, & Nijstad, 2004; Anderson, et al., 2014). As such, we first investigate into the task conflict – creativity relationship. In line with Farah et al. (2010) we predict that task conflict has curvilinear effect on creativity such that creativity is highest at moderate conflict levels also at the individual level in a culturally diverse environment. Second, drawing on social categorization theory

(Tajfel & Turner, 1979), we posit that task conflict occurs between culturally diverse co-workers, because individuals are used to categorizing themselves and others into in-group and out-group members based on cultural similarities and differences. If conflicts can impede creativity, organizations and managers in culturally diverse working environments need to know how to mitigate task conflict in organizations (Farh, et al., 2010).

We take a step forward and propose that cultural intelligence shifts the perspective of “us against them” to a mutual broadening of “us”, and thus has a moderating effect on the relationship between task conflict and creativity while cultural intelligence is defined as an individual’s capability of functioning effectively in a culturally diverse environment (Ang & Van Dyne, 2008). Cultural intelligence enhances individual cooperative motives in a culturally diverse environment and therefore can reduce in-group/out-group individual perception in a culturally diverse environment (Imai & Gelfand, 2010). Thus, we propose that cultural intelligence has a moderating role in the relationship between task conflict and creativity in a culturally diverse work environment at individual level.

Our conceptual model (Figure 1) was tested in two studies: a field study among of 787 employees nested within 73 groups from 20 diverse, innovative SMEs, and an experimental study among 121 undergraduate students in a European university. The field Study 1 supported our Hypothesis 1 that task conflict is negatively related to creativity at the individual level in a curvilinear (inverted-U-shaped) manner, as such that creativity is the highest when task conflict is at moderate level. Furthermore, results also supported our Hypothesis 2 that cultural intelligence moderates the curvilinear relationship between task conflict square and creativity. In the experimental Study 2, we manipulated individuals’ task conflict (i.e., low, medium, high) and used participants’ perceptions of cultural intelligence as a moderator. Results are consistent with the Study 1. Moreover, cultural intelligence has a moderating effect on the curvilinear relationship between task conflict and creativity at individual level in a culturally diverse environment. Especially, when task conflict is either low or high, high levels of cultural intelligence result in higher levels of creativity.

**Figure 1: Conceptual Model with Hypothesis**



With this research, we make two distinct theoretical contributions to the literature. First, we contribute to creativity literature in culturally-diverse work environments as a salient contingency. In line with social categorization point of view we show that culturally-diverse environment leads to task conflict and hinders creativity. We introduce cultural intelligence (Kim & Van Dyne, 2012) as an important moderator of the task conflict-creativity relationship

in a culturally diverse environment to build upon the value-in-diversity perspective to creativity. This theoretical point of view and empirical findings explain that cultural intelligence is important for creativity when task conflict occurs in a culturally diverse work environment. Second, with this research we contribute to the task conflict literature by providing a more in-depth insight into which level of task conflict can be the most beneficial for creativity in a culturally diverse environment at individual level. Our findings also offer practical guidelines on how managers can stimulate creativity by developing cultural intelligence of team members with various cultural backgrounds.

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## **Is there a ‘problematic’ amount of diversity? The impact of faultlines on design thinking teams’ outcomes and task conflicts**

In a rapidly changing world, an organization’s capability to adapt quickly and generate solutions when confronted with new demands is crucial for its success (Amabile, Hadley, & Kramer, 2002). As external challenges become more and more complex, organizations realize that new ideas are not generated by a lone genius, but rather require teamwork to integrate stakeholders’ perspectives and knowledge (Buchanan, 1992). In this regard, design thinking, a user-centered approach towards innovation, rests on the premise that the best solutions are generated by teams whose members have a heterogenous background (Brown, 2008). Given this call for diverse working teams and the increasing application of the design thinking approach within organizations, there is a need to examine whether diverse teams do indeed have a better working process and produce superior outcomes.

### **Diversity’s Impact on Team Outcomes and Task Conflict**

A growing number of scholars argue that team diversity attributes should be understood in conjunction rather than separately (Lau & Murnighan, 1998; van Knippenberg, Dawson, West, & Homan, 2011). The concept of faultlines – hypothetical dividing lines that split a group into homogeneous subgroups (Meyer & Glenz, 2013b) – accounts for this alignment of multiple attributes within a team. As faultline research primarily focuses on demographic attributes, other aspects like team members’ personality are commonly neglected, although these traits can accentuate dissimilarities between team members (Molleman, 2005; Thatcher & Patel, 2012). Thus, there is a need to examine the impact of personality faultlines more thoroughly, especially within innovation teams.

The primarily negative effects of faultlines on team outcomes are typically explained by the resulting subgroup formation and social categorization processes (Kurtzberg & Amabile, 2001; Schölmerich, Schermuly, & Deller, 2016). However, the relationship between faultlines and team outcomes might be more complex, e.g., curvilinear, instead of linear (van Knippenberg & Schippers, 2007). Accordingly, faultline strength has recently been connected to team performance in an inverted u-shaped way (Chen, Wang, Zhou, Chen, & Wu, 2017). These authors argue that due to the crosscutting of faultlines (i.e., attributes are not perfectly aligned), team members are more likely to cooperate with members from different subgroups.

*Hypothesis 1a:* There is a curvilinear (inverted u-shaped) relationship between demographic faultline strength and team outcomes.

*Hypothesis 1b:* There is a curvilinear (inverted u-shaped) relationship between personality faultline strength and team outcomes.

To expand the understanding beyond team outcomes, we also focus on task conflicts. Building on the arguments above, we propose that teams with moderate separation into subgroups experience less task conflict than teams with weak faultlines (i.e., very diverse or very homogeneous teams) and teams with strong faultlines.

*Hypothesis 2a:* There is a curvilinear (u-shaped) relationship between demographic faultline strength and task conflicts.

*Hypothesis 2b:* There is a curvilinear (u-shaped) relationship between personality faultline strength and task conflicts.

### **Tolerance for Ambiguity as a Moderator between Faultlines and Team Outcomes**

Hoever, van Knippenberg, van Ginkel, and Barkema (2012) have shown that team diversity can be a positive factor for team innovation, if team members show some sort of cognitive flexibility. Building on these findings, we propose that team members' tolerance for ambiguity might buffer the negative effects of faultlines on team outcomes.

*Hypothesis 3a:* Team members' tolerance for ambiguity moderates the relationship between demographic faultline strength and team outcomes.

*Hypothesis 3b:* Team members' tolerance for ambiguity moderates the relationship between personality faultline strength and team outcomes.

## **Method**

### **Participants**

Data ( $N = 129$ , 28 teams) was collected from eleven design thinking workshops. The workshops were offered within the context of a university's soft skill program and participants ( $M_{\text{age}} = 24.94$  years;  $SD_{\text{age}} = 2.81$ ) received course credit for their participation.

### **Measures & Data Analyses**

The *demographic faultline* was calculated based on participants' gender and age. The *personality faultline* was based on the traits extraversion and conscientiousness that were measured with the Ten Item Personality Inventory (Gosling, Rentfrow, & Swann, 2003; German Version; Muck, Hell, & Gosling, 2007). Faultlines were based on the average silhouette width (ASW, see Meyer & Glenz, 2013b) and were calculated using the `asw.cluster` package (Meyer & Glenz, 2013a) for R (R Development Core Team, 2012). *Tolerance for ambiguity* was assessed using an eight-item scale by Dalbert (1999). *Team outcomes* were assessed via expert ratings, who responded on a 10-point scale a) how much a team's idea

appeals to them and b) how feasible they regard the idea's implementation. These two items were merged to generate the team outcome score. *Task conflict* was measured using the German translation of the Jehn (1995) intragroup conflict scale (Lehmann-Willenbrock, Grohmann, & Kauffeld, 2011). For hypotheses testing, we used the curve estimation regression option in SPSS 24.

### **Preliminary Results**

There is no support for an inverted u-shaped relationship between demographic faultlines and team outcomes (hypothesis 1a;  $\beta = -.59$ ;  $p > .05$ ). Contrary to our hypotheses, there is a u-shaped relationship between personality faultlines and team outcomes (hypothesis 1b;  $\beta = 2.12$ ;  $p < .01$ ). Also in contrast to our assumptions, there is an inverted u-shaped relationship between demographic faultlines and task conflicts ( $\beta = -1.38$ ;  $p < .05$ ) as well as between personality faultlines and task conflict ( $\beta = -2.45$ ;  $p < .001$ ).

### **Conclusions & Further Analyses until the IOBC**

Our research builds on the premise that the management of team diversity is a major challenge for an organization's success (Kurtzberg & Amabile, 2001; van Knippenberg & Schippers, 2007). We focus on the outcomes of design thinking teams, since this method gains increasing popularity as a tool toward innovation. As our preliminary results tend to oppose findings of previous studies whose participants are drawn from a broad range of work teams (Chen et al., 2017), we will discuss whether diversity within innovation teams should be understood differently than diversity within 'regular' work teams.

So far, we analyzed the data of  $N = 129$  participants nested in 28 teams. Since we are currently conducting further workshops, the dataset that will be presented at the IOBC will include at least 170 participants within 37 teams. This extended dataset will not only allow testing the hypothesis regarding the moderating effect of tolerance for ambiguity, but also to draw conclusions on a more solid data basis.

# Dual-Earner Couples' Work Hour Arrangements and Preferences for Reduced Work Hours - A Comparative Perspective

## *Abstract:*

Overemployment, or the preference for reduced work hours, are well-known to be associated with various social ramifications, but sociological research on the determinants of workers' preference is scarce. Previous attempts at explaining work hour preferences have thus far focused mainly either on individual characteristics, or on social policies. However, today's "average" worker (female or male) is a member of a dual-earner household (EU, 2014), and therefore "time squeeze" is experienced as a household phenomenon, involving the conjoint circumstances and perceptions of both partners. This study conceptualizes "time squeeze" at the household level from a comparative perspective. I use the life course perspective, the paradigm of the social construction of gender, and scholarship on welfare policy to examine the relationships between dual-earner couples' work hour arrangements and men's and women's own preferences for reduced work hours as well as their desire for their spouses' reduced work hours in 20 countries. Using the 2010 European Social Survey, I document a pervasive preference for reduced work hours, which is common to both men and women. Multilevel models indicate that, regardless of actual work hour arrangements, couples generally report preferences for working hours for themselves and their spouses that conform to a modified male breadwinner-female homemaker template. More specifically, the ideal couple-level working time arrangement comprises a husband who holds a full-time job but does not work long hours and a wife working shorter hours, either in a part-time or full-time job. In comparison to couples in social democratic countries, couples in liberal and conservative countries experience greater "time squeeze". I discuss the implications of these findings on gender inequality, individuals, organizations, and social policy.