The authors report the findings from a field study of purchasing agents negotiating rebuy purchases of component parts. The negotiating stance adopted by industrial buyers is characterized by their reliance on three basic negotiation strategies: problem solving, manipulating perceptions about competition, and tough tactics. A structural model relating the purchasing agent's use of each of these strategies to six characteristics of the purchase context (material cost sensitivity of the buying firm, supplier competition, uniqueness of the buying firm's specifications, buyer's cooperative orientation, having information, and formal planning) is developed and empirically tested with data collected in a national survey of more than 300 purchasing agents. The results demonstrate the ability of the contextual variables to predict the emphasis purchasing agents will place on each of the individual strategies in any particular set of negotiations.

Purchasing Agents' Use of Negotiation Strategies

Negotiation, the decision-making process through which a buyer and a seller establish the terms of a purchase agreement (Dobler, Lee, and Burt 1984, p. 212), is a fundamental phenomenon in interfirm exchange behavior in industrial markets. Alderson (1957, p. 133) refers to negotiation as the "crowning process of business effort," and Bonoma and Johnston (1978, p. 218) suggest that industrial purchases are best viewed as "negotiated settlements." As such, negotiation is commonly a major component of comprehensive models of industrial buyer-seller relationships (cf. Bonoma and Johnston 1978; Kutschker 1985). Furthermore, the importance of negotiation in industrial exchange appears to be increasing. Recently, more transactions have been taking place in voluntary, long-term relationships governed by negotiated agreements (Dwyer, Schurr, and Oh 1987). These close buying firm-selling firm relationships appear to be one mechanism for coping with recent material shortages, inflation, and worldwide competition (Barlow and Eisen 1983).

Much of the research on negotiation in marketing has involved laboratory experiments designed to investigate the causal effects of such factors as trust, the participants' relative power, the size of the bargaining units, and how negotiating performance is monitored and rewarded. The most prominent criterion variables include the participants' negotiating behavior (e.g., use of threats, how demanding the initial bid was, amount of yielding) and the payoffs achieved by both sides (cf. Clopton 1984; Dwyer and Walker 1981; McAlister, Bazerman, and Fader 1986; McFillen, Reck, and Benton 1983; Schurr and Ozanne 1985). Though experiments have contributed greatly to our understanding of negotiations, they should be supplemented with field studies. As Bouchard (1976, p. 364) observes, "Field settings, on the other hand, allow us to explore boundary conditions in ways which may serve to enhance or delimit laboratory findings and thereby increase our understanding of the various lawful processes under investigation by both types of researchers."

Only two field studies investigating aspects of industrial buyer-seller negotiations have focused explicitly on purchasing agents' preferences for specific negotiating styles (Day, Michaels, and Perdue 1988; Perdue, Day, and Michaels 1986). A major finding of these two studies, which were based on Thomas's (1976) variant of the

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The authors thank the National Association of Purchasing Management for its assistance in conducting the study. The many valuable suggestions of Scott MacKenzie, Philip Podsakoff, Rosann Spiro, and the three anonymous *JMR* reviewers also are appreciated.
"dual concerns" model, was that a majority of purchasing agents identified with the collaborative style (attempting to satisfy both parties fully) when negotiating with salespersons, whereas relatively few endorsed the competitive style (attempting to satisfy oneself fully at the other's expense) and the sharing style (compromising). Their results further suggested that the accommodative style (attempting to satisfy oneself at the expense of oneself) and the avoidant style (withdrawing from the interaction) have little, if any, relevance to industrial purchasing negotiations. Overall, these studies suggest that Thomas's conceptual framework for managing conflict in organizations has only limited applicability to the behavior of purchasing agents in their negotiations with sellers, and they illustrate the hazards associated with generalizing conceptualizations and/or results from other negotiation contexts (e.g., superior-subordinate, labor-management, consumer-retailer).

We report the results of a field study of purchasing agents that was designed to investigate selected variables expected to affect the stance these buyers adopt in negotiations for the rebuy of component parts. Because buying firms typically rely on purchasing agents as principal negotiators, understanding and anticipating those buyers' negotiation behavior should help marketers to develop their own negotiating stance.

**CONCEPTUAL FRAMEWORK**

Our conceptual framework is the product of a series of depth interviews with 17 purchasing agents in 12 different manufacturing firms in three midwestern cities as well as a review of the literature on negotiations in purchasing, marketing, labor relations, organizational behavior, and social psychology. The depth interviews were used to identify and modify, as required, negotiation strategies developed in other disciplines that appear to be meaningful in an industrial marketing setting and to specify contextual variables that might affect the buyer's negotiating stance for a particular purchase. The resulting conceptual model specifying the expected relationships among the negotiation strategies and the contextual variables is presented in Figure 1.

**Buyers' Negotiation Strategies**

Problem solving and aggressive bargaining, the two basic negotiation strategies that purchasing agents appear to pursue, have different roles in the purchase process. Problem solving primarily involves discovering ways to increase the benefits available in the buyer-seller relationship, whereas aggressive bargaining addresses the issue of how the available benefits are to be distributed between the two parties. More specifically, problem solving is the extent to which purchasing agents actively encourage sellers to work with their buying firms to develop and evaluate alternative purchasing arrangements that have the potential for reducing costs and/or increasing performance. This strategy is very similar to what Walton and McKersie (1965, 1966) refer to both as "integrative bargaining" and as "problem solving." Their problem-solving (integrative-bargaining) strategy involves "the search for alternative courses of action and the joint assessment of all of the consequences that would follow from each alternative" (1966, p. 374). Alternative purchasing arrangements might entail using different materials and/or otherwise redesigning a component or its packaging in a way that will reduce costs with no decrease in performance, or they could involve different inventory and/or delivery provisions that will result in better service at no increase in cost.

In any buyer-seller negotiation, the available benefits must be divided whether or not the buyer actively attempts to involve the seller in problem-solving activities intended to increase the magnitude of the rewards to be shared. In our context, aggressive bargaining is the extent to which purchasing agents stand firm in their positions and use tactics designed to elicit concessions from sellers. It is analogous to Walton and McKersie's (1965, 1966) "hard distributive bargaining" and Newman's (1966) "hard-line approach." Aggressive bargaining is characterized by the use of such tactics as communicating implicit or explicit threats and making excessive demands.

In several prior studies of buyer-seller negotiations, integrative and distributive bargaining have been regarded as opposite poles on a continuum (cf. Graham et al. 1988). In contrast, we conceptualize problem solving and aggressive bargaining as two different strategies, both of which might be used to a greater or lesser degree within any particular set of negotiations.

**Variables Hypothesized to Affect Buyers' Negotiating Stance**

**Material cost sensitivity.** Material cost sensitivity is a characteristic of the buying firm and refers to the emphasis it places on reducing the total cost of its purchases. The total cost includes such factors as packaging and transportation costs in addition to the purchase price (Hahn, Kim, and Kim 1986).

Purchasing agents in firms that are highly sensitive to the cost of their purchases can be expected to be under heavy pressure to use all available means to reduce those costs. As both problem solving and aggressive bargaining have the potential for cost reduction, such buyers will tend to use each of those strategies to its full potential. Though the buyer's heavy use of aggressive bargaining could have a negative effect on the relationship (cf. Dwyer and Walker 1981), that issue is likely to be considered subordinate to the viability of the buying firm's cost structure, which is likely to be in doubt for many firms with a high level of cost sensitivity. Hence, our first two hypotheses are:

H<sub>1</sub>: Material cost sensitivity has a positive effect on buyers' use of problem solving.

H<sub>2</sub>: Material cost sensitivity has a positive effect on buyers' use of aggressive bargaining.
Uniqueness of the buying firm’s specifications. Uniqueness of the buying firm’s specifications is a characteristic of the purchase situation and is defined as the extent to which the product is manufactured according to specifications singular to the buying firm. Standard off-the-shelf products that are sold to many different firms in a variety of industries represent the lower anchor of this continuum; at the upper end are components that are designed and manufactured solely for a particular buying firm and require the use of special manufacturing materials, processes, and/or equipment for their production (Corey 1978, p. 92).

Dobler, Lee, and Burt (1984, p. 323) suggest that custom-designed components offer more potential for cost reductions through problem-solving activities than do standardized components. The reason is that, unlike most custom-designed components, standardized off-the-shelf items typically have designs that have been refined by their manufacturers over many years, are likely to reflect manufacturing efficiencies resulting from large production lots, and are produced for stock. Furthermore, the greater uncertainty and increased switching costs involved in purchasing custom components (Campbell 1985; Håkansson and Wootz 1975) seem likely to encourage problem solving with the buying firm’s current supplier. Therefore, our third hypothesis is:

**H₃:** Uniqueness of the buying firm’s specifications has a positive effect on buyers’ use of problem solving.

Supplier competition. Supplier competition is a characteristic of the purchase situation and is defined as the degree to which several qualified vendors have a strong interest in receiving the purchase contract. It is expected to affect the buyer’s use of aggressive bargaining through its impact on the buyer’s power in the negotiations. More specifically, the buyer’s power will increase with supplier competition and, as Bacharach and Lawler (1981, p. 91) observe, “An increase in a party’s bargaining power
increases that party's toughness. . . . " This effect also has been observed in role-playing channels experiments in which the number of potential negotiating partners was varied (cf. Dwyer and Walker 1981). In addition, as supplier competition increases, buyers can be expected to capitalize on the natural rivalry among suppliers to keep prices down and to promote product and service improvements. Furthermore, the buyer's use of aggressive-bargaining tactics, many of which involve implicit or explicit threats (e.g., suggesting that the seller is in danger of losing the contract), should be more credible when several suppliers are interested in the purchase contract. The increased effectiveness of aggressive bargaining associated with high supplier competition should reduce the buyer's need to problem solve with any given supplier or group of suppliers, and the marginal benefits of doing so under these conditions often may not be worth the cost. Consequently, we expect that:

\[ H_1: \text{Supplier competition has a negative effect on buyers' use of problem solving.} \]
\[ H_2: \text{Supplier competition has a positive effect on buyers' use of aggressive bargaining.} \]

**Buyer's cooperative orientation.** The cooperative orientation construct refers to the purchasing agent's motivational orientation toward suppliers and is defined as the degree to which the purchasing agent is concerned about suppliers' welfare and has the goal of maximizing the buying firm's benefits subject to providing suppliers a fair return (versus the goal of unrestricted maximization of the buying firm's benefits irrespective of the effects on suppliers). Our cooperative orientation construct is similar to Deutsch's (1973, p. 182) concept of cooperative orientation (i.e., displaying a positive interest in the welfare of the other party as well as one's own welfare). The depth interviews with purchasing agents and the purchasing literature (cf. Dobler, Lee, and Burt 1984, p. 214) suggest that buyers' interest in their suppliers' welfare stems primarily from a desire to maintain current suppliers as continuing sources of quality products and technical support rather than from personal relationships or altruism. This motivational orientation relates to suppliers in general and, as such, is a characteristic of the buyer rather than of a particular purchase situation or buyer-seller relationship.

Because problem solving, unlike aggressive bargaining, has the potential for increasing the benefits available for distribution to the two parties, it should be a particularly attractive strategy for buyers with a strong cooperative orientation. Furthermore, selling firms should be more agreeable to problem solving with buyers that have a strong cooperative orientation. Therefore, we would expect buyers with a cooperative orientation to concentrate their negotiating efforts on problem solving and to use aggressive-bargaining tactics only to the extent necessary to prevent the seller from making an excessive profit on the purchase contract. Indirect empirical support for these expectations can be found in laboratory studies showing that players with a positive disposition toward the other party make more choices that result in greater mutual gain (Rubin and Brown 1975, p. 202–3). Hence, we propose that:

\[ H_3: \text{Buyers' cooperative orientation has a positive effect on their use of problem solving.} \]
\[ H_4: \text{Buyers' cooperative orientation has a negative effect on their use of aggressive bargaining.} \]

**Buyer's preparedness.** The preparedness construct represents the degree to which the buyer has obtained negotiation-relevant information and has engaged in formal (i.e., systematic and structured) planning activities (Barlow and Eisen 1983, ch. 4). In our context, negotiation-relevant information would include such things as data on prevailing prices, supply conditions, and production costs. Formal planning would involve such activities as determining tradeoffs between negotiating goals and establishing the buyer firm's settlement range on the items to be negotiated. In our study, preparedness is viewed as being specific to a particular set of negotiations rather than as a trait of the buyer.

The importance of preparedness is widely acknowledged by purchasing experts (cf. Barlow and Eisen 1983). The possession of relevant information and a formal plan for the interactions places the buyer in a strong position to work with the seller in identifying and assessing alternative courses of action and, thus, increases the likelihood that problem-solving efforts will be effective. Indirect support for this expected effect of having information is provided by the results of bargaining experiments conducted by Siegel and Fouraker (1960, p. 33). In addition, having relevant information and a detailed plan for the negotiations increases the buyer's ability to elicit concessions from the seller, which argues for greater use of aggressive bargaining by buyers who are better prepared. Some support for this position can be found in experimental results showing that increasing task-relevant data causes greater bargaining "toughness" (Siegel and Fouraker 1960, p. 94) and in Krapfel's (1985) observation that having more information pertinent to the purchase situation tends to produce an aggressive posture in buying task group discussions. Accordingly, we anticipate that:

\[ H_5: \text{Preparedness has a positive effect on buyers' use of problem solving.} \]
\[ H_6: \text{Preparedness has a positive effect on buyers' use of aggressive bargaining.} \]

**Hypothesized Relationships Among the Contextual Variables**

Our interest in causal relationships among the five contextual variables is motivated primarily by their role in accounting for potential indirect effects on the negotiation strategies (e.g., the indirect effect of material cost sensitivity on problem solving through the former's effect on cooperative orientation).

**Material cost sensitivity's effect on cooperative orientation and preparedness.** When material cost sensitivity is low (e.g., when the buying firm is very prof-
itable and is able to transfer increased costs to its customers), buyers have a “higher propensity to assure the seller a fair return” (Porter 1980, p. 117). However, at very high levels of material cost sensitivity (e.g., when the buying firm is not making a profit and is facing strong price competition in its markets), buyers appear to place more emphasis on their own firms’ immediate well-being in relationships with selling firms (cf. Moskal 1984). As one of our interviewees who was operating under severe cost pressure put it, “I’ve got to get the best contracts possible for my firm; suppliers have got to figure out how to make a profit on the deal.” Though this orientation is likely to have a detrimental effect on long-term relationships (Lewicki and Litterer 1985, p. 133), it may be necessary for the immediate survival of buying firms operating under heavy pressure to reduce their costs.

Central to achieving the maximum possible cost savings on all purchases is buyers’ preparation for negotiations with suppliers (Dobler, Lee, and Burt 1984, p. 220). As Corey (1983, p. 76) contends, “The old adage ‘Knowledge is power’ succinctly expresses the situation when one party in a negotiation has relevant information that the other party does not have.” As a result, we propose that:

- **H10:** Material cost sensitivity has a negative effect on buyers’ cooperative orientation toward their suppliers.
- **H11:** Material cost sensitivity has a positive effect on buyers’ preparedness for the negotiations.

**Uniqueness of specifications’ effect on preparedness.** The purchase of custom-designed components, in “rebuy” as well as “new task” situations, typically involves more perceived risk on the buyer’s part than generally would be associated with standard off-the-shelf components (Håkansson and Wootz 1975). Buyers are expected to react to the greater perceived risk by increasing their preparedness (e.g., collecting detailed manufacturing cost estimates, preparing a written agenda for the negotiations) when negotiating the purchase of custom components. This position is consistent with research by Cardozo and Cagley (1971), who found the number of competitive bids solicited to be correlated positively with perceived purchase risk. Given this rationale, our final hypothesis is:

- **H12:** Uniqueness of the buying firm’s specifications has a positive effect on buyers’ preparedness for the negotiations.

**Expected negative covariance between uniqueness of specifications and supplier competition.** In addition to the hypothesized causal paths, Figure 1 shows an expected negative covariance between uniqueness of the buying firm’s specifications and the intensity of competition among suppliers, two exogenous variables. We do not treat this covariance linkage as another hypothesis to be tested. Rather, we include it only to represent the tendency for fewer suppliers to be competing for a purchase order whenever the specifications for the component to be purchased are unique to the buying firm. Several factors could account for this tendency, including the possibility that “unique” components usually are newer and/or more complex and therefore fewer suppliers are qualified to produce them.

**METHOD**

The data used to test the model were collected in a 1986 national mail survey of purchasing agents in manufacturing firms in four broad SIC industry groups that tend to be heavy purchasers of component parts (two-digit codes 35, 36, 37, and 38). Respondents were asked to report on the most recent major purchase of a current component part for which they were the **sole negotiator or led the negotiations for their firms**. The rebuy of component parts was selected as the context for the study because it is one in which purchasing is likely to dominate the buying process (Naumann, Lincoln, and McWilliams 1984). Major purchases were specified because it is only when the dollar volume of a contract is high that buyers and sellers can afford to devote much time and effort to the negotiations (Dobler, Lee, and Burt 1984, p. 212).

**Sample**

The survey involved four mailings: (1) an advance-notice letter introducing the study, with a “reply postcard” enclosed, (2) the initial mailing of the questionnaire, with cover letter enclosed, (3) a reminder letter, and (4) a second mailing of the questionnaire to initial nonrespondents. A computerized mailing list provided by the National Association of Purchasing Management was used to identify purchasing managers in the targeted industries. Only one purchasing manager was contacted for any given company location—the individual with the highest rank. Depending on their rank, these managers were sent either two or three questionnaires, one for them to complete and the others to be completed by qualified purchasing agents reporting to them.

Of the 583 managers contacted (one for each firm), 41 indicated they did not purchase component parts. An average of 1.4 usable questionnaires were received from 240 (44%) of the remaining 542 firms (a total of 335 questionnaires). On the basis of Armstrong and Overton’s (1977) suggestion that second-wave respondents are likely to be similar to nonrespondents, nonresponse bias was assessed by testing for differences between the two waves on the construct measures (both the means and the covariance matrices were compared) and five demographic variables. The only significant difference (p < .05) was a tendency for first-wave respondents to have more formal education.

**Measures**

**Scale development and pretests.** Though scales for constructs similar to some of those in our model were available—for example, scales for styles of handling conflict (cf. Rahim 1983)—none seemed to reflect adequately the domains of any of our constructs. Hence, a multiple-item scale was developed for each of the con-
 structs in our model. Consistent with their conceptual definitions, material cost sensitivity was measured as a characteristic of the buying firm, cooperative orientation was measured as a trait of the buyer relating to suppliers in general, and the remaining constructs were assessed in reference to the focal purchase.

Multiple items were developed for each construct on the basis of the previously conducted exploratory research with purchasing agents and a review of the relevant literature. Pretesting of these items began with personal interviews with purchasing agents, who were asked to comment on the content validity of the item sets and to identify "problem" items. Next, a formal pretest of the questionnaire was conducted by mail with a sample of 24 purchasing agents. The statistical examination of these data included exploratory factor analyses as well as the calculation of means, variances, correlation matrices, adjusted item-to-total correlations, and coefficient alpha.

The factor analyses suggested that the aggressive-bargaining and preparedness measures each might comprise two dimensions. Inspection of the aggressive-bargaining results suggested a dimension that appeared to represent the concept of "manipulating perceptions about competition" and another that could be labeled "tough tactics." The preparedness items divided into a set related to "having information relevant to the negotiations" and another that suggested "having a formal plan for the negotiations," the two basic components of the preparedness concept as it originally was conceived. Because both dimensions of each of these item sets appeared to be relevant to our original conceptual framework, we decided to edit the original conceptualization of these constructs and tentatively to consider each of them as consisting of two related constructs.

Items considered questionable on the basis of these statistical analyses were candidates for elimination or revision. The content validity of each of the multiple-item measures also was considered in deciding whether to discard or reword a particular item. After making the indicated revisions, we conducted a second formal pretest, using the same procedures as in the first, with a separate sample of 23 purchasing agents.

**Final purification of the measures.** Because of the small samples in the two formal pretests, measurement purification analyses paralleling those used in the pretests were performed on the data collected in the major survey. As a result, a few additional questionable items were dropped from their respective scales. The exploratory factor analyses indicated that the aggressive-bargaining and preparedness measures each comprised two dimensions—those identified in the pretests—and that all of the other measures were reasonably unidimensional (i.e., a single eigenvalue greater than one).

** LISREL VI (Jöreskog and Sörbom 1986)** was used to perform confirmatory factor analysis on each of the item sets as a second check on the dimensionality of the proposed measures. The results provide additional support for the approximate unidimensionality of the scales for material cost sensitivity, cooperative orientation, problem solving, supplier competition, and uniqueness of specifications. The goodness-of-fit indices for these five analyses ranged from .96 for cooperative orientation to .99 for material cost sensitivity and supplier competition, and all of the hypothesized item loadings were statistically significant ($p < .05$).

As suggested by the exploratory factor analysis results, aggressive bargaining was modeled as involving two dimensions (manipulating perceptions about competition and tough tactics) and preparedness was represented by two factors (having information and formal planning). The goodness-of-fit index was .96 for aggressive bargaining and .94 for preparedness, and all of the hypothesized loadings were statistically significant ($p < .05$). Furthermore, the moderate correlations observed between the two factors representing each of these original constructs (.34 for having information and formal planning; .44 for manipulating perceptions about competition and tough tactics) suggested that each dimension of these original constructs should be treated as a separate variable in the model, having the same hypothesized linkages with the other variables as its "parent construct."

The items retained for each of the nine scales are listed in Table 1 along with coefficient alpha, which ranged from .63 for the 3-item scale representing manipulating perceptions about competition and the 4-item scale reflecting material cost sensitivity to .86 for the 6-item scale representing formal planning.

To examine the extent to which these item sets measured distinct constructs, maximum likelihood exploratory factor analysis (with oblique rotation) and confirmatory factor analysis were performed on the total set of measurement items. The results of this exploratory factor analysis were consistent with the original assignment of the 42 items to the nine scales. Each item loaded highest on the factor (construct) it was designed to represent; all but six of these expected loadings were greater than .40. Only five of the cross-loadings were greater than .25 and none exceeded .32. The sole item for which a cross-loading (−.31 on the factor "lack of manipulating perceptions about competition") approached the size of the loading on its intended construct (−.37 on "lack of supplier competition") was SC1 ("several qualified vendors made a strong effort to obtain this contract").

Consistent with the five cross-loadings greater than .25

1Though all seven of the goodness-of-fit indices were acceptable, five of the chi square tests for overall fit (all but those for material cost sensitivity and supplier competition) were statistically significant ($p < .05$), in part because of the large sample size used in these analyses ($N = 335$).

2The availability of multiple respondents from 69 firms allowed the calculation of the interrespondent correlation for material cost sensitivity ($r = .41$), the only characteristic of the buying firm measured.
<table>
<thead>
<tr>
<th>Construct Measures</th>
<th>Sample mean</th>
<th>Standard deviation</th>
<th>Adjusted item-to-total correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem-solving scale (α = .69): 7-point response scale with endpoints “did not seek seller’s ideas and suggestions” and “aggressively sought seller’s ideas and suggestions”</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS1 The manufacturing process used to make the component (e.g., assembly, tooling, etc.)</td>
<td>4.43</td>
<td>2.22</td>
<td>.50</td>
</tr>
<tr>
<td>PS2 Shipping method/packing or labeling methods</td>
<td>4.17</td>
<td>2.08</td>
<td>.38</td>
</tr>
<tr>
<td>PS3 Specified tolerances/finishes for the component</td>
<td>4.37</td>
<td>2.12</td>
<td>.57</td>
</tr>
<tr>
<td>PS4 Inventory-holding arrangements</td>
<td>4.91</td>
<td>1.98</td>
<td>.29</td>
</tr>
<tr>
<td>PS5 The design of the component</td>
<td>4.00</td>
<td>2.24</td>
<td>.51</td>
</tr>
<tr>
<td><strong>Aggressive bargaining—manipulating perceptions about competition dimension (α = .63): 7-point Likert response scale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MPC1 I implied that the selling firm was in danger of losing the contract</td>
<td>4.01</td>
<td>2.02</td>
<td>.39</td>
</tr>
<tr>
<td>MPC2 I suggested that a competitor was offering a significantly better deal</td>
<td>3.82</td>
<td>2.04</td>
<td>.54</td>
</tr>
<tr>
<td>MPC3 I tried to create the impression that there were other vendors aggressively competing for this contract</td>
<td>5.35</td>
<td>1.63</td>
<td>.40</td>
</tr>
<tr>
<td><strong>Uniqueness of buying firm’s specifications scale (α = .78): 7-point Likert response scale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US1 This component was very much custom-built for my firm</td>
<td>4.71</td>
<td>2.48</td>
<td>.66</td>
</tr>
<tr>
<td>US2 The specifications for this component were substantially different from those of any other product that this selling firm makes</td>
<td>2.57</td>
<td>1.83</td>
<td>.39</td>
</tr>
<tr>
<td>US3 This selling firm makes basically the same component for many of its other customers (reverse scaled)</td>
<td>3.13</td>
<td>2.09</td>
<td>.59</td>
</tr>
<tr>
<td>US4 This component was pretty much of an “off-the-shelf” item (reverse scaled)</td>
<td>4.95</td>
<td>2.22</td>
<td>.72</td>
</tr>
<tr>
<td><strong>Supplier competition scale (α = .85): 7-point Likert response scale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC1 Several qualified vendors made a strong effort to obtain this contract</td>
<td>5.10</td>
<td>1.97</td>
<td>.38</td>
</tr>
<tr>
<td>SC2 The market conditions surrounding this purchase favored suppliers more than customers (reverse scaled)</td>
<td>4.58</td>
<td>1.82</td>
<td>.43</td>
</tr>
<tr>
<td>SC3 Most of the suppliers in the selling firm’s industry were badly in need of additional business</td>
<td>4.63</td>
<td>1.66</td>
<td>.40</td>
</tr>
<tr>
<td>SC4 This purchase was made in essentially a “buyer’s market”</td>
<td>4.58</td>
<td>1.63</td>
<td>.52</td>
</tr>
<tr>
<td><strong>Cooperative orientation scale (α = .74): 7-point Likert response scale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO1 I can’t afford to worry about suppliers’ profits if my firm is to remain competitive in its own markets (reverse scaled)</td>
<td>4.78</td>
<td>1.65</td>
<td>.61</td>
</tr>
<tr>
<td>CO2 I look out for my firm; suppliers have to look out for themselves (reverse scaled)</td>
<td>4.42</td>
<td>1.65</td>
<td>.54</td>
</tr>
<tr>
<td>CO3 I try to consider the supplier’s point of view and the impact that any proposed contract would have on its profitability</td>
<td>4.59</td>
<td>1.35</td>
<td>.40</td>
</tr>
<tr>
<td>CO4 My job is to obtain the lowest possible total cost to my firm whether or not the supplier will be able to make a profit on the deal (reverse scaled)</td>
<td>4.60</td>
<td>1.78</td>
<td>.54</td>
</tr>
<tr>
<td>CO5 I try to make certain that suppliers make a reasonable return on my firm’s business</td>
<td>4.04</td>
<td>1.42</td>
<td>.42</td>
</tr>
<tr>
<td><strong>Preparedness—having information dimension (α = .75): 7-point response scale with endpoints “no information” and “substantial information”</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HI1 Specifications about what other firms were paying for this or similar components</td>
<td>3.62</td>
<td>2.08</td>
<td>.38</td>
</tr>
<tr>
<td>HI2 Supply conditions (i.e., to what extent suppliers in this industry were working at full capacity)</td>
<td>4.94</td>
<td>1.67</td>
<td>.61</td>
</tr>
<tr>
<td>HI3 Detailed estimates of suppliers’ costs to manufacture this component</td>
<td>3.42</td>
<td>1.80</td>
<td>.48</td>
</tr>
<tr>
<td>HI4 Likely future price trends on components of this type</td>
<td>4.67</td>
<td>1.57</td>
<td>.59</td>
</tr>
<tr>
<td>HI5 Specifications on conditions in the selling firm’s industry (e.g., the availability of raw materials, labor rates, government regulations, etc.)</td>
<td>4.65</td>
<td>1.73</td>
<td>.57</td>
</tr>
<tr>
<td>HI6 Detailed forecasts of future requirements for the component</td>
<td>5.36</td>
<td>1.57</td>
<td>.38</td>
</tr>
</tbody>
</table>
observed in our exploratory factor analysis, the overall fit of our 9-factor confirmatory factor analysis was somewhat disappointing (the goodness-of-fit index was .83). Of the 861 pairwise correlations between the measurement items, 70 (8.1%) in comparison with 5.0% expected by chance alone) had normalized residuals greater than 2.0. These residuals had a pattern similar to that of the cross-loadings in the exploratory analysis (i.e., the largest normalized residuals tended to be associated with correlations involving SC1, PS1, CO1, CO4, and/or MPC3—the items with cross-loadings greater than .25 in the exploratory factor analysis).

All of the estimated correlations among the nine constructs were less than .45, providing a measure of support for the discriminant validity of our measures (see Table 2). Finally, because the meaning of each of the items identified as "questionable" in the exploratory and confirmatory factor analyses of all 42 items appeared to be highly consistent with the construct it was designed to measure, all five were retained in the interest of content validity.

Investigating potential response-set bias. Because several of the measures were of the self-descriptive type and/or employed response scales with multiple levels of endorsement, we examined the extent to which these measures were correlated with external measures of two response sets, the tendency to give socially desirable answers and acquiescence (Campbell 1960). A 10-item short form of Crowne and Marlowe's (1964) social desirability scale was included in the questionnaire along with Couch and Keniston's (1960) 15-item measure of acquiescence. All nine of the correlations between the social desirability scores and the previously developed measures were nonsignificant ($p > .05$). However, though all of the correlations between acquiescence and the measures were small (i.e., none exceeded .15), three proved to be statistically significant ($p < .05$): .13 for tough tactics, .15 for material cost sensitivity, and -.11 for uniqueness of the buying firm's specifications. The significant negative correlation between acquiescence and uniqueness of specifications seems likely to be due to chance because the uniqueness measure, which used a 7-point Likert response scale, contained equal numbers of positive and negative items.

Nomological validity. Because material cost sensitivity had such a critical role in our model (i.e., it was hypothesized to have a causal effect on all six of the endogenous variables), we made a special effort to examine the nomological validity of its measure. More specifically, measures for five variables external to our model that were expected to contribute to a firm's material cost sensitivity were included in the questionnaire: (1) the extent to which the firm is operating below full capacity (Moyer and Boewadt 1971), (2) its purchases-
to-sales ratio (Corey 1983, p. 65), (3) the tendency of its customers to buy on the basis of price (Porter 1980, p. 117), (4) the extent to which the firm does not compete on the basis of quality and technical superiority (Porter 1980, p. 116), and (5) the degree to which its profits are declining (Porter 1980, p. 117). Regressing the material cost sensitivity measure on these five explanatory variables produced additional support for its validity. These variables were able to explain 24% of the variance in our material cost sensitivity measure and all of the regression coefficients had their hypothesized signs, though two were not statistically significant at the .05 level (purchases-to-sales ratio, \( p = .06 \); not competing on the basis of quality and technical superiority, \( p = .24 \)).

**ANALYSIS**

Maximum-likelihood LISREL VI (Jöreskog and Sörbom 1986) was used to examine the overall adequacy of the theoretical framework and to test the hypothesized relationships of interest. When the initial LISREL analysis suggested overidentifying restrictions in the model that were not met (i.e., causal paths erroneously assumed to be null), they were located and the necessary causal paths added. Next, we investigated whether selected variables not included in the model (e.g., buying firm’s number of employees, total contract value) might be affecting the observed relationships (e.g., causing spurious relationships and/or acting as suppressor variables). Finally, we deleted all nonsignificant paths \( p > .05 \), starting with the least statistically significant linkages, to produce a more parsimonious model.

**Initial Test of the Model**

Because previous analyses of the measures had suggested that aggressive bargaining and preparedness each comprise two dimensions, the model to be tested included nine constructs (three exogenous variables and six endogenous variables), each measured with a single, fallible indicator. In analyzing the sample covariance matrix, we set the loading of each indicator on its latent variable at 1.0 and fixed each indicator’s unique factor variance at \((1.0 - \alpha_{scale})\times \sigma_{scale}^2\) as suggested by Jöreskog and Sörbom (1982). Furthermore, the covariance of the structural errors for having information and formal planning (the two dimensions of preparedness) and the covariance of the structural errors for manipulating perceptions about competition and tough tactics (the two dimensions of aggressive bargaining) were estimated. The purpose was to acknowledge the possibility that variables omitted from the model are at least partially responsible for the previously noted correlations between having information and formal planning and between manipulating perceptions and tough tactics.

The results of the initial test of the model were encouraging. Though the chi square test for the overall fit of the model was statistically significant at the .01 level, the goodness-of-fit index was .97. Furthermore, of the 21 hypothesized causal paths, 13 were supported at the .05 level of significance. However, the possible presence of unwarranted overidentifying restrictions and the plausibility that some yet-to-be-identified variables external to the model might be affecting the observed relationships have yet to be addressed. Because further analyses were conducted to address these model specification issues, the findings from this initial test of the model are not discussed further.

**Unmet Overidentifying Restrictions**

Causal paths initially assumed to be null were freed one at a time on the basis of their theoretical plausibility and the magnitude of their modification indices (Jöreskog and Sörbom 1986, p. 1.42). This procedure resulted in the addition of three statistically significant \((p < .05)\) causal paths to the model and a substantially better fit of the model to the data, as evidenced by a goodness-of-fit index of .99 and a Bentler and Bonett (1980) normed fit index of .96. These paths model the positive effects of cooperative orientation on both having information and formal planning, the two dimensions of preparedness, and the positive effect of supplier competition on having information.

The positive effect of cooperative orientation on having information plausibly might be the result of an increased willingness on the part of sellers to share company and industry data with buyers that display a sincere concern for their suppliers’ welfare. Furthermore, buyers with a strong cooperative orientation may need to develop more detailed formal plans for interfirm negotiations in order to arrive at settlements that not only benefit their own firm, but also provide reasonable profits for their suppliers. Finally, when competition among suppliers for a particular purchase contract is high, purchasing agents may be able to acquire considerable information about industry conditions (e.g., prevailing prices, supply conditions, and manufacturing costs) from competitive bids and/or meetings with potential suppliers prior to negotiating a final purchase contract with any particular vendor.

**Examining Potential Third-Variable Interpretations**

Most, if not all, correlational studies in the behavioral sciences entail the possibility that variables omitted from the structural model being estimated could serve as third-variable interpretations for some of the model’s empirically supported relationships (see Cook and Campbell 1979, p. 50–1, for a discussion of third-variable interpretations). For this reason, the five variables considered to be the most likely to have a moderate to strong causal effect on at least two of the nine variables in our model were investigated as plausible third-variable explanations for each of our hypothesized relationships.\(^3\) These

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\(^3\)For a variable to serve as a third-variable interpretation for an observed relationship between two variables, it must have a causal effect on both of the variables comprising the relationship.
five were (1) buying firm's number of employees, (2) total contract value, (3) length of relationship, (4) cost of component, and (5) whether the seller was the current supplier. When added to the model, only "number of employees" demonstrated a potential to serve as a third-variable explanation for any of our hypothesized relationships—it had statistically significant \( p < .05 \) positive effects on having information, formal planning, tough tactics, material cost sensitivity, and uniqueness of specifications. Moreover, a comparison of the LISREL results with and without modeling the effects of number of employees revealed no differences in the statistical significance of the 24 causal paths in the model. Finally, none of the estimates of the standardized path coefficients changed by more than .03, indicating that number of employees did not offer a third-variable interpretation for any of the observed relationships in our conceptual model. Hence, number of employees also was dropped from the model.

**Final Model**

To construct a parsimonious final model, we deleted all nonsignificant paths \( p > .05 \) sequentially, beginning with the path corresponding to the smallest (in magnitude) \( t \)-value. This procedure resulted in the model depicted in Figure 2, which provides an excellent fit to the data. The goodness-of-fit-index is .99 and Bentler and Bonett's (1980) normed fit index is .93 (see Table 3). Furthermore, chi square for the overall fit of the model is 20.38 with 16 degrees of freedom \( p = .20 \).

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**Figure 2**

**ESTIMATED FINAL MODEL OF PURCHASING AGENTS’ USE OF NEGOTIATION STRATEGIES**

(standardized estimates)

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\*Dashed lines represent nonsignificant \( p > .05 \) hypothesized paths.

\*The sign is opposite that hypothesized.

\*Path was added to satisfy an unmet overidentifying restriction in the original model.
Table 3
ESTIMATES FOR THE FINAL MODEL
(all estimated paths statistically significant at .05 level)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Parameter</th>
<th>Standardized estimate</th>
<th>t-value</th>
</tr>
</thead>
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<td>From</td>
<td>To</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
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<td>US</td>
<td>PS</td>
<td>γ_{43}</td>
<td>.18</td>
</tr>
<tr>
<td>4</td>
<td>SC</td>
<td>PS</td>
<td>γ_{63}</td>
<td>.32</td>
</tr>
<tr>
<td>6</td>
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<tr>
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</tr>
<tr>
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</tr>
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<td>TT</td>
<td>γ_{61}</td>
<td>.26</td>
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<td>TT</td>
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Unmet overidentifying restrictions

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<th>t-value</th>
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<td>γ_{23}</td>
</tr>
<tr>
<td>CO</td>
<td>HI</td>
<td>β_{21}</td>
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<tr>
<td>CO</td>
<td>FP</td>
<td>β_{31}</td>
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</table>

Expected covariances

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</tr>
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<td>HI/FP</td>
<td>ψ_{32}</td>
<td>.21</td>
</tr>
<tr>
<td>MPC/TT</td>
<td>ψ_{63}</td>
<td>.42</td>
</tr>
</tbody>
</table>

Squared multiple correlations for structural equations:

- PS = .26
- MPC = .25
- TT = .24
- CO = .13
- HI = .24
- FP = .07

Total coefficient of determination = .62
Chi square with 16 d.f. = 20.38 (p = .20)
Goodness-of-fit index = .99
Adjusted goodness-of-fit index = .96
Bentler and Bonett (1980) normed fit index = .93

*The estimated coefficient was statistically significant (p < .05), but the sign was opposite that hypothesized.

*Prior to the sequential deletion of any nonsignificant paths, the standardized estimates and related t-values for the seven deleted paths were: HI to PS (.06; .65), CO to MPC (−.11; −1.09), HI to MPC (.15; 1.51), FP to MPC (−.13; −1.67), HI to TT (.13; 1.41), US to HI (.01; .15), and US to FP (.10; 1.54).

A substantial portion of the variance in the buyer's use of each of the three negotiation strategies is explained by the model. The squared multiple correlations of the structural equations for problem solving, manipulating perceptions about competition, and the use of tough tactics are .26, .25, and .24, respectively. Of the 16 hypothesized direct effects on the buyer's use of these strategies, nine are supported, five are nonsignificant (p > .05), and two are significant (p < .05) but the sign is opposite that hypothesized.

Direct Effects on the Negotiation Strategies

Material cost sensitivity had its predicted positive effects on buyers' use of each of the three negotiation
strategies (.22 for problem solving, H_1; .22 for manipulating perceptions, H_{2a}; and .26 for tough tactics, H_{3b}), suggesting that engaging in problem solving does not preclude the use of either of the two aggressive-bargaining strategies (i.e., manipulating perceptions and tough tactics). Rather, purchasing agents under heavy pressure to reduce costs appear to employ both the problem-solving and aggressive-bargaining strategies in the same set of negotiations.

Uniqueness of the buying firm’s specifications also behaved as predicted. It had its hypothesized positive effect on buyers’ use of problem solving (.27, H_3) and did not produce any unanticipated significant effects on either dimension of aggressive bargaining. In contrast, the results for supplier competition are mixed. Supplier competition had the opposite of its hypothesized effects on problem solving (.18, H_4) and tough tactics (-.16, H_5). However, consistent with our expectation that purchasing agents make effective use of references to their supply alternatives in highly competitive markets, supplier competition had its most powerful effect on manipulating perceptions about competition (.45, H_6).

As expected, buyers’ cooperative orientation had a positive effect on their use of problem solving (.32, H_7), the strategy with the potential of benefiting both the buyer and the supplier. Also, buyers with a high cooperative orientation tended to avoid using tough tactics to elicit unilateral concessions from their suppliers (-.24, H_8) as predicted by our theory. However, contrary to our expectations (H_9), cooperative orientation is not related significantly (p > .05) to the other aggressive-bargaining dimension, manipulating perceptions about competition.

Finally, though both dimensions of preparedness, having information and formal planning, were expected to increase the buyer’s use of all three negotiation strategies (H_{10c,d} and H_{10a,b,c,d}), only the positive effects of formal planning on problem solving (.24) and tough tactics (.20) are statistically significant (p < .05).

**Indirect Effects on the Negotiation Strategies**

Material cost sensitivity had its predicted negative effect on cooperative orientation (-.36, H_{12}) and its expected positive effects on the two dimensions of preparedness, having information (.38, H_{13}) and formal planning (.23, H_{14}). Furthermore, cooperative orientation had an unanticipated positive effect on formal planning (.23). These linkages provide for indirect effects of material cost sensitivity on both problem solving and tough tactics. More specifically, the positive direct effect of

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4 All estimated path coefficients listed in the text are standardized estimates. Hypotheses relating to the manipulating-perceptions dimension of aggressive bargaining are subscripted “a” and those relating to the tough-tactics dimension are subscripted “b.” Hypotheses relating to the having-information dimension of preparedness are subscripted “c” and those relating to the formal-planning dimension are subscripted “d.”

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5 The value of an indirect effect is equal to the product of the path coefficients of the relevant causal links. The total effect is equal to the sum of the direct and indirect effects.
hold of tough tactics, which seems likely to make it a strategy of last resort, even when it is likely to be effective. Perhaps when supplier competition is high, buyers feel they can rely on the enhanced effectiveness of the manipulating-perceptions strategy during the distributive bargaining segments of the negotiations. Also neglected in the development of our original hypotheses was the likelihood that potential vendors will be much more receptive to problem solving with buyers when competition is intense, thus encouraging its use.

All but one of the nonsignificant (p > .05) hypothesized effects on the negotiation strategies involve one of the two facets of the buyer’s preparedness. Having information failed to have a significant effect on the buyer’s use of any of the three strategies, and formal planning did not significantly affect manipulating perceptions about competition. Both were expected to have a positive effect on all three strategies through facilitating their effective use. The null results for having information may be, at least in part, a function of the way in which we sampled purchase negotiations. Only re buys of component parts were considered, and they were required to be “major purchases.” In addition, the questionnaires were sent to the top purchasing manager at each plant location for completion and/or distribution as appropriate. Hence, most of our buyers seem likely to have had a substantial amount of negotiation-relevant information available in their files from previous negotiations and/or contract administrations for the component part of interest. Furthermore, one might expect buyers, particularly those likely to be at or near the top of the purchasing department, to acquire a substantial amount of negotiation-relevant information for “major” purchases (the average contract value exceeded $2 million). Consequently, the quantity of information available to most buyers in our sample may have been entirely sufficient for them to make efficient use of all three strategies, and information above that threshold level may not serve to promote further use of the strategies.

That manipulating perceptions about competition would be the sole strategy for which formal planning would fail to have a statistically significant effect (p > .05) appears reasonable. Such a strategy seems less likely than either problem solving or tough tactics to depend on a written plan for its success.

The failure to find a statistically significant (p > .05) negative effect of cooperative orientation on manipulating perceptions about competition could be due in part to the fact that the latter’s measure does not clearly distinguish between the buyer’s use of mild threats backed by actual competitive bids and attempts at substantial misrepresentation of the true level of competition for the purchase contract. It seems plausible that the concern purchasing agents have for their suppliers’ welfare does not diminish their determination to capitalize on favorable market forces, but may make them reluctant to mislead their suppliers purposely.

That our model is effective in explaining buyers’ use of negotiation strategies has significant implications for industrial marketers. Correctly predicting the buyer’s approach is an important element in developing one’s own negotiating stance. It enables the salesperson to prepare in advance for the strategies and tactics the buyer is most likely to employ during the negotiations. For example, when the buyer is likely to make heavy use of manipulating perceptions about competition, the salesperson may want to make a special effort to collect accurate data on the actual level of competition for the purchase contract (i.e., which vendors are making a strong bid for the purchase contract and at what price levels), to assess the buyer’s ability to use that competition (e.g., do these potential vendors have an acceptable reputation and can they meet the buying firm’s quality and delivery requirements), and perhaps to take actions that might limit the buyer’s ability to use competition (e.g., developing strong personal relationships with engineering and production people in the buying firm, promoting the adoption of component specifications that will eliminate some potential vendors).

In addition, the salesperson may want to encourage the buyer to engage in problem solving because it may lessen the buyer’s reliance on the aggressive-bargaining strategies and because the buyer’s use of this strategy has been found in previous studies (cf. Graham et al. 1988) to be associated with greater seller profits. This goal might be accomplished by demonstrating an ability and willingness to problem solve early in the negotiations and by developing some specific proposals for consideration (e.g., ideas for the redesign of the product that might reduce its cost with no loss of performance). In some situations it might be appropriate to work with selected engineering and production personnel within the buying firm to develop areas for joint problem solving before negotiations begin. However, the effectiveness of this approach will depend on the extent to which the conditions necessary for successful problem solving (e.g., the selling firm’s faith in its own problem-solving ability, mutual trust in the buyer-seller relationship) already have been established (Lewicki and Litterer 1985, p. 110–11).

Anticipating the buyer’s approach also will enable the salesperson to identify more quickly and accurately the buyer’s use of specific tactics as they occur so that those tactics can be addressed for what they are rather than what they might appear to be on the surface. For example, salespersons should be more likely to recognize the “good guy—bad guy” tactic when they expect buyers to make heavy use of the tough-tactics strategy. Karrass (1974, p. 80) suggests several specific countermeasures for coping with this tactic, including (1) letting the bad guy talk—his own people often will get fed up, (2) blaming him in public, and (3) predicting very early in the talks that the bad guy soon will assume that role.

Though our study provides some interesting insights on the negotiation behavior of industrial buyers, its findings should be cross-validated with a new sample. Three
causal paths were added to the original model in an effort to provide a more accurate specification of the underlying process, and several nonsignificant paths were eliminated to produce a more parsimonious model. Hence, our study involves some exploratory as well as theory-testing features. Because post hoc explanations, even those that appear very plausible, are highly speculative, there is a special need for cross-validating our unexpected results (i.e., those associated with the added and deleted causal paths).

Additional items should be developed for each of our multiple-item scales, particularly those with fewer than five items and/or a coefficient alpha less than .70 (e.g., manipulating perceptions about competition, material cost sensitivity, supplier competition), to improve their reliability and content validity and to provide for a more rigorous assessment of their dimensionality. Five of our scales had an alpha between .63 and .69, and four had four or fewer items. Low reliability values and the inadequate sampling of the domains of the constructs of interest tend to result in the underestimation of the strengths of the relationships of interest. Furthermore, the convergent and discriminant validity of our measures should be examined more fully, perhaps through the use of archival data and the responses of individuals outside the purchasing department (e.g., marketing and production personnel).

Our model also should be tested in other purchase contexts. A logical extension of the current study might involve investigating “new task” purchases of component parts. One might speculate that having information and formal planning are likely to be more important in determining the buyer’s negotiating approach for “new task” purchases. Buyers frequently find negotiation-relevant information to be a scarce commodity in such situations; moreover, they lack a directly relevant previous negotiation experience on which they can pattern their plans for the current negotiations. The investigation of purchases of other types of goods or services would require revisions of our problem-solving, uniqueness-of-specifications, and having-information measures because those scales specifically refer to component parts.

A particularly interesting issue for future research is the sequencing of the three strategies (i.e., problem solving, manipulating perceptions about competition, and tough tactics) within a particular set of negotiations. Do purchasing agents tend to rely on problem solving in the initial phases of the negotiations to establish the potential benefits available in the relationship before using the two aggressive-bargaining strategies to determine how the benefits are to be distributed, or are they typically very aggressive early in the purchase process in narrowing the prospective vendors down to the one or two with whom they then problem solve? Walton and McKersie (1965, p. 163–5) appear to favor the former view of the sequencing issue whereas Pruitt’s (1981, p. 131–5) review of related theories and empirical findings provides more support for the latter position. A related issue is whether buyers are likely to use different strategies for negotiating different aspects of the purchase contract. For example, problem solving may be more likely to be used in deciding on delivery modes or packaging and product design, whereas manipulating perceptions and tough tactics may be the dominant strategies when price is being considered. This notion seems consistent with Pruitt’s (1981, p. 187) suggestion that negotiators be tough on objectives but flexible on the means of achieving them.

Finally, for practical reasons, the scope of our study was restricted to a selected set of characteristics of the buying situation. Omitted are characteristics of the relationship between the buying and selling firms that appear likely to influence the purchasing agent’s negotiating stance (e.g., the extent to which key members of the two firms have developed lasting personal and/or professional relationships, the degree to which the selling firm has been helpful in providing needed technical assistance). Furthermore, the characteristics and behavior of the selling firm and its representatives might be expected to affect the buyer’s negotiating stance. For example, suppliers that are dominant firms in their industries seem likely to elicit a different negotiating stance from purchasing agents than would smaller firms. Obviously, several additional empirical studies are needed to explore the many additional variables that might have the potential for influencing the purchasing agent’s negotiating behavior.

REFERENCES


Cardozo, Richard N. and James W. Cagley (1971), “Experi-


