How Employees Negotiate:

Job Autonomy and Negotiation Self-Efficacy Related to Integrative Negotiation and Negotiation Results in Employment Relationships

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Netherlands Organization for Applied Scientific Research

Paper XVI ISA World Congress of Sociology

Durban, South Africa, 23-29 July 2006

Research Committee Sociology of Work (RC 30)

Theme: The Changing Quality of Work in Contemporary Society

Organization: International Sociological Association (ISA) with the South African

Sociological Association

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Abstract¹

To assess whether satisfaction with psychological contract breach does more depend on good negotiation skills or on a well-designed job, we first investigated the effect of negotiation self-efficacy and task autonomy on integrative negotiation with survey data from employees of a telecom company. We developed a measuring instrument for negotiation self-efficacy. Subsequently, we examined the relationship between integrative negotiation with psychological contract breach. Employees negotiate more integratively when they have higher negotiation self-efficacy, compared to employees with more task autonomy. But integratively negotiating employees do not experience the absence of psychological contract breach. However, more negotiation self-efficacy and task autonomy correlates with less psychological contract breach. The fact that both negotiation self-efficacy and task autonomy cohere with this indicator of employment relationship satisfaction has the practical implication that 'good' employment relationships can probably be reached through either enhancing personal negotiation skills or improving the design of jobs. We recommend interdisciplinary research into the employment relationship that integrates variables and concepts from sociology and management science with psychology.

Introduction

Dutch sociologist Ter Hoeven (1972) predicted the coming of the 'post-institutional industrial relations system' ('arbeidsbestel') in the Netherlands in the seventies. The system is characterized by less corporatism, more individualization, a weakened labour movement (unions) and the decentralization of bargaining wages to the level of enterprises (see also Faase, Ott & Vos, 1995). With today's joint, ongoing decentralization of bargaining the terms of employment and individualization, we are interested whether inside organizations individual arrangements on the employment relationship indeed are being made more often between employees and their direct supervisors, as is observed by certain researchers (Huiskamp, 2003; Huiskamp & Kluijtmans, 2003; Huiskamp, De Leede, & Looise, 2002; see also Sparrow & Cooper, 2003). Findings from other research, indicating that such developments indeed are becoming fact, can be derived from the Dutch Monitor on Industrial

Relations and Terms of Employment 2004 ('AVON Monitor 2004') (Van Sloten, Nauta & Oeij, 2005). The Monitor measured an increase in the number of choices between different terms of employment, more arrangements about merit pay, and a raise in arrangements on personal developmental plans. A few case studies on this trend of decentralization prove that there indeed are individualized agreements on working times, personal development and training, but less on matters as wage and output standards (Oeij, Huiskamp, Goudswaard, Kwakkelstein & Nauta, 2005).

One may wonder whether solid agreements on the employment relationship from the viewpoint of employees can best be arrived at through the road of the conditions of employment or through the road of the division of labour. Conditions or terms of employment are, for example, agreements on pay, working times, type of contract, training opportunities, output, i.e. the 'contractual relationship'. This is the road that was given much attention by the supporters of the 'labour process approach'. The other road, via the division of labour, put more accents on topics such as control capacity, job content, learning opportunities, and employability, i.e. the 'operational relationship'. This road is connected with supporters of modern sociotechnology.² In our view, a decentralized process of bargaining on the terms of employment between employees and direct supervisors asks for negotiation skills. Therefore, 'institutional' (labour process approach) or 'design-oriented' (modern sociotechnology) solutions do not suffice. The central issue put forward here is, that psychological aspects will be playing a major role in decentralized and individualized forms of setting the terms of employment. Sociologists and management scientists (labour process and sociotechnology supporters alike) tend to neglect the psychological factor in their research, which is an omission in our eyes. Work and organization psychologist Herriot (2001), for example, compares the employment relationship with personal relationships and says that in both relationships the same psychological factors are of relevance. In both relationships people

interact with other people. These interactions are creating someone's self, which is built out of identity, self-esteem and reflexivity. Herriot argues that conflicts in the employment relationship will arise if managers do not respect the selves of their employees. Therefore, we are stating that such psychological aspects matter when negotiating about the employment relationship.

It is relevant to gain more insight into its consequences, if there is a trend in decentralisation and individualisation of employment relationships in the Netherlands. One consequence is that making agreements on the terms of employment is shifting from the level of collective bargaining to the level of the relationship between an employee and his direct supervisor. Should employees become better negotiators or should we design better quality jobs? Individualisation of the employment relationship implies a growing importance of negotiation self-efficacy. We paraphrase Bandura, who is stating that self-efficacy demands are enhancing given the rapid pace of informational, social, and technological change: "In the modern workplace, workers have to take charge of their self-development for a variety of positions and careers over the full course of their work life" (Bandura, 2001b: 11). We think that negotiation self-efficacy might be part of this improved employability. We define negotiation self-efficacy as regarding oneself capable to negotiate integratively. Integrative negotiation combines doing justice to one's own goals and to the goals of others as well (cf. Blake & Mouton, 1984; De Dreu 1999). Negotiation self-efficacy combines the domain of successfully striving after one's own goals and to reach a good relation with the other party. Negotiation is about behaviour, whereas negotiation self-efficacy deals with personal skills. Most research on self-efficacy focuses on what Bandura calls 'perceived self-efficacy', which, according to him, is 'concerned with people's beliefs in their capabilities to produce given attainments', or, 'to produce designated levels of performance that exercise influence over events that affect their lives' (Bandura, 1994, 2001a). Research on self-efficacy in relation to

negotiation is scarce (e.g. Gist, Stevens & Bavetta, 1991; O'Connor & Arnold, 2001; submitted; O'Connor, Arnold & Burris, in press; Stevens & Gist, 1997; Sullivan, O'Connor & Burris, 2003; for an overview see Stajkovic & Luthans, 1998), and almost absent in combination with the employment relationship (e.g. Stevens, Bavetta & Gist, 1993). Besides, such research was carried out among student populations and not among employees. For this reason we took the opportunity to design a new domain specific measuring instrument for negotiation self-efficacy (Bandura, 2001a). Because personal skills are basic to negotiation self-efficacy (Bandura, 2001b) these skills can be a relevant condition for the resulted agreements in the employment relationship. Such results, however, do not necessarily stem from personal negotiation skills alone. Job design can also play an important role as a possible condition for the employment relationship.

Labour market theory suggests that people in jobs with high autonomy have a strong labour market position. High job autonomy indicates higher educational training and higher income and an absence of the need to reach worker productivity by management control strategies – contrary to so called commitment strategies (Doeringer & Piore, 1971; Ten Have & Vissers, 1987; Loveridge & Mok, 1979; Ouchi, 1980; Watson, 1995; Williamson, 1981). Employees with high job autonomy may have better opportunities to reach satisfying negotiation agreements because they have more power. Firstly, because employers depend on workers with high qualifications, especially in knowledge oriented industrial sectors. Secondly, autonomy gives employees a certain amount of freedom how to perform tasks and when, in which order they execute tasks and how fast. Job autonomy is the job decision latitude or job discretion (Karasek & Theorell, 1990) with reference to skill variety and allocated autonomy (Ouwerkerk, Meijman & Mulder, 1994). High autonomy indicates that the person on the job is a critical resource to the employer (Van Dijck, 1989). High autonomy jobs are complex jobs with a limited division of labour (De Sitter, Den Hertog & Dankbaar,

1997). Organisations offering such jobs, therefore, are inclined to ensure productivity through 'commitment' instead of 'control', i.e., professional autonomy vs. management autonomy (Fruytier, 1998; Walton & Hackman, 1986). Because job design is the basis for job autonomy we regard it also a condition for the arrived agreements in the employment relationship. Job autonomy implies power to successfully bargain over favourable terms of employment.

The question thus arises if better employment relationships can be arrived at through enhancing (personal) negotiation skills, or (organisational) job design, or both. We therefore need to know first whether job autonomy or negotiation self-efficacy has the strongest effect on negotiation behaviour. Next, we will examine effects of job autonomy and negotiation self-efficacy on psychological contract breach to explore the relation with the satisfaction with agreements within the employment relationship, i.e. negotiation results. Positive evaluations of psychological contract breach are regarded as an indicator of satisfaction with the employment relationship.

Negotiation in the context of the employment relationship – with regard to working times, leave, development and training, wage and output - can be regarded as a decision making process in which parties may try to bridge opposed interests by means of communication (Pruitt, 1981). Looking for compromises and solutions that benefit both parties (win-win) is integrative negotiation, while the opposite, striving after one's self interest (win-lose) is distributive negotiation (e.g. De Dreu, 1999; Deutsch, 1973; Walton & McKersie, 1965). It is likely that integrative negotiation occurs with high job autonomy and high negotiation self-efficacy. High autonomy with a strong labour market position will make distributive negotiation redundant. Employers will treat these employees well by investing in these human resources with good terms of employment. To replace such workers is expensive due to losing returns on investment in training and recruitment costs. Therefore, employees like these will not often have to exert power. For being provided with relatively much

autonomy, employees are expected to propagate the company's rules to other workers in return. In other words high autonomy jobs are in a way designed to prevent costly conflicts. High negotiation self-efficacy, with the intention to also take care of others' interests, will result in a preference for an integrative style. We think that such employees are very likely to avoid a distributive negotiation style, because they are not selfish.

We have suggested that both high job autonomy and high negotiation self-efficacy positively effect integrative negotiation. Hence:

Hypothesis 1a: Among high job autonomy employees, more integrative negotiation will be performed, compared to low job autonomy employees;

Hypothesis 1b: Among high negotiation self-efficacy employees, more integrative negotiation will be performed, compared to low negotiation self-efficacy employees.

Job autonomy and negotiation self-efficacy differ in the sense that the first is a job characteristic and the second a behavioural characteristic, or, in other words, situational and personal respectively (Bandura, 1986; Lewin, 1935). Since we assume that the coherence between behavioural characteristics and behaviour is stronger than between job characteristics and behaviour, we expect a stronger correlation between negotiation self-efficacy and integrative negotiation than between job autonomy and integrative negotiation. In other words, the main effect of negotiation self-efficacy will be larger than the main effect of job autonomy. Therefore:

Hypothesis 1c: the correlation between negotiation self-efficacy and integrative negotiation is stronger than the correlation between job autonomy and integrative negotiation.

We think that integrative negotiating styles helps avoiding psychological contract breach in reaching agreements in the employment relationship. Psychological contract breach is an indicator for satisfaction with the negotiated results, i.e. employment relationship satisfaction. We define evaluations on psychological contract breach as the degree to which employees feel that the employer fulfills expectations and promises made about the job.

Several studies suggest high levels of job autonomy stemming from a high quality of work shows a relationship with high levels of job satisfaction (Hackman & Oldham, 1975; Karasek & Theorell, 1990; Loher, Noe, Moeller & Fitzgerald, 1985; Van Der Parre, 1996: 111-132).

We therefore assume that high job autonomy employees, compared to those with low job autonomy, will experience less psychological contract breach. Bandura's social-cognitive theory (1986, 1997) predicts a contribution of high self-efficacy to effective behaviour resulting in higher satisfaction with the outcomes of such behaviour. Applied to our topic this would imply that high self-efficacy employees would realise better negotiation outcomes.

Consequently, this will result in the absence of psychological contract breach. From these statements on job characteristics (job autonomy) and behavioural characteristics (negotiation self-efficacy) follow the next hypotheses:

Hypothesis 2a: High job autonomy employees evaluate psychological contract breach to a more positive degree compared to low job autonomy employees.

Hypothesis 2b: High negotiation self-efficacy employees evaluate psychological contract breach to a more positive degree compared to low negotiation self-efficacy employees.

Employees as distributive negotiators might be less satisfied with their employment relationship, compared to integrative negotiators. Therefore, we will investigate the relation between integrative negotiation with evaluations of psychological contract breach.

Consequently:

Hypothesis 2c: High integratively negotiating employees have positive evaluations of psychological contract breach to a higher degree compared to low integrative negotiating employees.

Method

Sample and procedure

Survey data were used among an a-select sample of employees from a Dutch telecom company. Participants were approached through the intranet system of the company. Among a total of 294 participants questionnaires were distributed via electronic mail, of which 136 completed questionnaires were returned via electronic mail, a response rate of 46.3%. Sample characteristics are 73% men and 27% women. Average age is 41.2 years (*SD*: 8.18, range 27-58 years). Average length of employment is 9.3 years (*SD*: 8.30, range 1-39 years). The average weekly working hours is 35.9 (*SD*: 5.65), 81.8% works full time (36 hours or more weekly). The distribution of educational level is 2.9% lower vocational, 52.2% middle vocational, 30.9% higher vocational and 11.8% university degree; 2.2% has an education of a different kind.

Measures

Negotiation behaviour. The DUtch Test of Conflict Handling (DUTCH) (De Dreu et al., 2001) was used to assess negotiation behaviour, which comprises five styles, 'yielding', 'problem solving', 'avoiding', 'forcing', and 'compromising' (15 items, 3 items per style, five point scale). We reduced the DUTCH with factor analysis into two dimensions 'integrative negotiation' and 'distributive negotiation' of which only the first dimension was used in further analyses which we labelled 'negotiation behaviour' (Cronbach's α .81). High scores are interpreted as integrative negotiation and low scores as non-integrative negotiation. Negotiation behaviour was measured using critical incidents, namely, whether a person experienced a problem or dissatisfaction in the employment relationship that urged the employee or the supervisor to modify the employment relationship in terms of working times, leave, wage, training opportunities, and output. We first asked if the employee experienced

such a problem during the last two years. If so, we next asked if the employee could remember discussing this problem with his or her direct supervisor. For more than a third (36%) of the respondents who experienced such problems we could examine their negotiation style.

Job autonomy. We measured job autonomy with the scale 'autonomy' (5 items, five point scale) taken from the validated NOVA WEBA questionnaire (Dhondt & Houtman, 1992; Kraan, Dhondt, Houtman, Nelemans & De Vroome, 2000). NOVA WEBA is built on the Job Content Questionnaire (Karasek & Theorell, 1990), and the concept of 'control capacity' from modern sociotechnology (De Sitter et al., 1997). Cronbach's α was .86.

Negotiation self-efficacy. Based on Bandura's (2001a) guide for constructing self-efficacy scales the newly developed five point scale integrates two dimensions (Oeij, 2005, 2006). Three items concern 'successfully pursuing one's goals' ("I am confident to reach the negotiation goal I have set in advance", "I will succeed to push through the changes that I wish", "I am well capable to defend my own interests") and three items refer to "bring about a good relationship with the direct supervisor" ("I will succeed in creating a pleasant atmosphere during the assessment interview", "I am capable of winning my direct supervisor over to my cause", "I am capable of convincing my direct supervisor about my worth for the job"). High scores mean that the respondent perceives himself as being capable to simultaneously looking after his own interests and a good relationship with the direct supervisor, which enables him to perform integrative negotiation. Cronbach's α was .84.

Psychological contract breach. Psychological contract breach was measured by the degree to which employees feel that their employer fulfils expectations and promises made during the application or an earlier assessment interview. For this purpose we adapted questions developed by Robinson (1996) and Robinson & Morrison (2000) into a six-item

five-point scale. High scores show the experience of psychological contract breach. Cronbach's α was .67.

Results

Table 1 strikingly shows that job autonomy does not significantly correlate with integrative negotiation, and, besides, into another direction than we expected. Most other correlations are significant and into the expected direction. Negotiation self-efficacy correlates moderately to strongly with integrative negotiation, job autonomy and psychological contract breach. There is, however, no connection between integrative negotiation and psychological contract breach.

Table 1.

Descriptive statistics (means, standard deviations, and correlations) (n maximum=136)

Va	riable	N	M	SD	1	2	3
1.	Job autonomy	136	3.79	.67			
2.	Negotiation self-efficacy	135	3.53	.60	.35**		
3.	Integrative negotiation	49	3.13	.84	13	.43**	
4.	Psychological contract breach	136	2.35	.62	37**	28**	.01

^{**} p < .01 (two-sided)

For the most complete presentation of results in Table 2, we both use the unstandardised partial regression coefficient (B) - to show the absolute effect of the concerned independent variable on the dependent variable, held constant for the influence of other independent variables - as well as the standardised regression coefficients (beta) - which compute the relative importance of each independent variable in explaining the dependent variable. It cannot be corroborated that high autonomy employees perform more integrative negotiation than low autonomy employees (hypothesis 1a), as model 1 does not show a significant partial coefficient of correlation (B = -.30). The direction of the correlation is opposite to our expectation: more job autonomy stimulates non-integrative negotiation.

Contrary to our expectations a power position may result in a forcing negotiation style. However, results confirm that high negotiation self-efficacy employees perform more integrative negotiation (B = .74, p < .01) (hypothesis 1b). Finally, negotiation self-efficacy appears to correlate more strongly with integrative negotiation than job autonomy (Table 1), which supports hypothesis 1c. Although job autonomy and negotiation self-efficacy correlate moderately (r = .35, p < .01), we did not find a significant interaction effect (using the procedure of Aiken & West, 1991), for example that among low job autonomy employees the effect of high negotiation self-efficacy on integrative negotiation would be larger than by high autonomy employees. Results indicate that both low and high autonomy employees perform more integrative negotiation as they have higher negotiation self-efficacy.

Finally, we investigated how job autonomy, negotiation self-efficacy and integrative negotiation related to evaluations of psychological contract breach (hypotheses 2a, b, and c). Model 2 (Table 2) shows that possessing job autonomy is a predictor for psychological contract breach to remain absent (B = -.36, p < .05). Remarkably, negotiation self-efficacy and integrative negotiation do not predict psychological contract breach.

Table 2. Multiple regression with integrative negotiation and psychological contract breach as dependent variables.

		integrative negotiation		
	B	β	В	β
model 1		•		
job autonomy	30	24		
negotiation self-efficacy	.74**	.49**		
Constant	1.68*			
R^2	.24			
F (2, 48)	7.32**			
N	49			
model 2				
job autonomy			36*	35*
negotiation self-efficacy			19	15
integrative negotiation			.02	.03
constant			4.38**	
R^2			.17	
F (3, 48)			3.10*	
N			49	

^{*} *p* < .05, ** *p* < .01

Discussion

Does high job autonomy lead to distributive negotiation because employees hold strong bargaining positions? We found no positive effects from integrative negotiation on psychological contract breach. Therefore, does integrative negotiation support 'good' employment relations leading to more negotiation outcome satisfaction? The relevance of such questions is related to the ongoing decentralization of bargaining on the terms of employment, at least in the Netherlands (Huiskamp, 2004). Is this decentralization not drawing too heavily on the personal skills of today's individualized employees? Has this individualisation resulted in more employee empowerment so that employees can cope with individual bargaining? And, if not, is there not a major risk for conflicts in the workplace since the employment relationship is violated as a human relationship? (Herriot, 2001;

Rousseau, 2004; Oeij et al., 2005). The present study suggests that negotiation self-efficacy strongly supports integrative negotiation behaviour and, at least bivariate, positive evaluations of negotiated results in the employment relationship. Contrary to this finding, job autonomy is no guarantee for integrative negotiation. Job autonomy does, however, contribute to not experiencing psychological contract breach. Given the positive relation between job autonomy and negotiation self-efficacy, it is plausible that high job autonomy enhances a person's bargaining position or that good negotiation skills create job autonomy. In the first case, more negotiation self-efficacy can lead to integrative negotiation and positive evaluations of negotiation outcomes. In the second case, more job autonomy might result in distributive negotiation behaviour without experiencing psychological contract breach. Are there two separate roads to employment relationship satisfaction? It is at least interesting to see that job autonomy and negotiation self-efficacy leads to a positive correlation with the indicator of job satisfaction, namely less psychological contract breach. The societal and practical relevance for work and organisation practitioners is twofold. First, it might be plausible to state that developing negotiation skills of employees, in order to enhance positive evaluations of negotiation outcomes, stimulates integrative negotiation behaviour. However, we only examined negotiation self-efficacy and not negotiation behaviour. Although we observed that integrative negotiation behaviour is not of prime interest to high autonomy employees, we suppose that integrative negotiation styles are beneficial from an employer's perspective as well. Second, the risk for experiencing psychological contract breach can be reduced by designing jobs with high autonomy. We finally stipulate that enhanced job autonomy may contribute to high negotiation self-efficacy, and thus, at least indirectly, create more opportunities for integrative negotiation.

To get a better grip on the relations between negotiation skills, well-designed jobs and harmonious employment relationships we suggest further research in at least two directions.

First, it would help to relate negotiation behaviour to concepts of personality, to see if that explains differences (Barrick & Mount, 1991). For example the question how personality (e.g., extrovertedness, emotional stability, friendliness) relates to integrative negotiation styles. Second, it is relevant to take into account situational variables such as the labour market situation in different industrial sector for various professions. Generally speaking, a shrinking economy puts bargaining power into the hands of management, and an expanding economy into those of employees, which affects job satisfaction (Gallie, White, Cheng & Tomlinson, 1998). How does that affect negotiation behaviour?

A few limitations of our findings should be mentioned. Firstly, based on the present research no causal inferences can be made on the basis of the cross-sectional data. Secondly, in using self-report questionnaires we cannot exclude biases in the respondents' evaluations. A third limitation may be that the data were collected in a single organization, which does not allow generalization to, for example, professions and sector, implying that findings should be ascribed to particular characteristics of this organization. Arguments against these limitations are that we were testing theoretical insights and had no ambition for making sweeping statements that ought to be representative for larger populations of any kind.

The scientific relevance of this study is more insight in how employees negotiate in the employment relationship. It seems that behavioural characteristics, like negotiation self-efficacy, have a strong positive effect on integrative negotiations. These results have the practical implication that solid and sound employment relationships can be realized in two ways: first, by enhancing personal negotiation skills, and second, by designing jobs with substantial job autonomy. We are convinced this stresses the usefulness of psychological and sociological/management science variables and concepts in a single study design, although one can argue about the theoretical and methodological quality of the data available. Pungent with regard to the sociological tendency to neglect psychological mechanisms is the finding

that personal behavioural characteristics (here: negotiation skills) have a stronger effect on integrative negotiation behaviour than situational characteristics (here: task autonomy). Our findings underline Bandura's statement (2001b) on the importance of personal efficacy in reaching success, here applied to employment relations. An important contribution of this research, therefore, is the newly developed measuring scale for negotiation self-efficacy, which proves to be reliable i.e. internally valid.

We therefore plead our case for more interdisciplinary research into the employment relationship by applying sociological/management science and psychological variables. We think this helps to better determine whether we should design the employment relationship by using design interventions or behavioural interventions, or both. If designed properly, decentralized negotiation offers opportunities to really improve the quality of work via the emancipation and empowerment of workers and the further democratization inside work organizations.⁴

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Endnotes

¹ I thank Anneke Goudswaard, Rien Huiskamp, Karolus Kraan, Aukje Nauta, Ernest de Vroome (TNO), Matthee Reijnders and Peter Verboon (Open University Netherlands) for their helpful comments.

² See the Dutch debate on the labour process approach and modern sociotechnology (Huijgen & Pot, 1995) and various contributions in the Journal of Labour Issues (in Dutch) in the years 1989-1990. In our view employment relationships deal both with contractual and operational agreements. Such agreements are a basic principle of organization. We tried to reconcile both views in our approach of designing employment relationships (Oeij, Miedema & Goudswaard, 2002: 105-116).

³ Job autonomy and negotiation self-efficacy are presented as indicators for sociological and psychological aspects of power positions and personal skills, instead of directly measuring them. Besides, we did not control for other variables that effect such positions and skills. Therefore, these results must be seen as a step to stimulate research with a better thought-out study design.

⁴ Another sociologically relevant issue may be how to arrive at 'good' employment relationships now collective bargaining is losing ground. Individual bargaining may contain risks for both individual employees (making bad deals) and employers (getting no return on investments in the employment relationship). New forms of risk management and risk sharing may be necessary (Schmid, 2006). Covenants could be one way to institutionalize new forms of governance of industrial relations that counters such severe and costly inequality risks (Korver & Oeij, 2005).