



Egocentrism drives misunderstanding in conflict and negotiation [☆]



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HIGHLIGHTS

- We examined the consequences of egocentrism in negotiations.
- In mock negotiations, we independently manipulated each party's issue priorities.
- After negotiating, parties judged the other party's interests.
- Perceptions were more related to own interests than other party's actual interests.
- Parties overestimated/underestimated the other parties' interests based on their own.

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ABSTRACT

A key barrier to conflict resolution is that parties exaggerate the degree to which the other side's interests oppose their own side's interests. Here we examine egocentrism as a fundamental source of such biased conflict perceptions. We propose that parties rely on their own interests and priorities when estimating those of the other side, and ignore the other side's true interests and priorities. Three experiments involving multi-issue negotiations provide strong evidence of such egocentric misperception. Participants judged their own important issues to be more important to their negotiation opponent, regardless of their opponent's actual interests (Experiment 1). Furthermore, accuracy increased when attention was experimentally focused on the opponent's interests rather than their own (Experiment 2), and perceptions of opponent's interests were more closely related to own interests than to the opponent's actual interests (Experiment 3). In the discussion, we highlight the broader implications of the egocentrism account for other areas of conflict.

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Introduction

Social life is replete with examples of conflict. In everything from quarrels between lovers, negotiations between competing business factions, political debates, to wars between rival ethnic, religious, and national groups, individuals and groups often have conflicting interests or must compete over scarce resources. Although conflict can inspire creativity and strengthen social bonds, it more often creates narrow-mindedness, anger and resentment, and escalates into exceedingly hostile exchanges (De Dreu, 2010). Why this is the case, however, remains poorly understood. Why does communication break down and negotiators impasse rather than reach mutually satisfying agreements? Why do parties in a conflict develop increasingly negative perceptions of each other, overlook opportunities to achieve agreement, and

become pessimistic about their ability to resolve their disputes? Although the exact mechanisms underlying conflict escalation are not well understood, much is known about social psychological processes (e.g., egocentrism, perspective-taking errors) that may contribute to the misperceptions that promote and sustain conflict. In the present work, we examine egocentrism (i.e., excessive self-focused attention) as a fundamental source of these misperceptions.

One key barrier to constructive negotiation and effective dispute resolution stems from the fact that conflict parties have, develop, and hold on to inaccurate beliefs about what is and is not important to themselves and to those on the other side (De Dreu & Carnevale, 2003; Jervis, 1976; Ross & Ward, 1995; Thompson & Hrebec, 1996). Indeed, even when the conflict allows ample opportunity to reconcile, combine, and integrate parties' interests, individuals in negotiations suffer from a "fixed-pie belief," the assumption that gains by one side must come at the expense of losses by the other side (Bazerman & Neale, 1983). For example, in negotiations, people generally exaggerate incompatibility between the opposing parties' interests, especially when they are partisan to one of the parties and are psychologically "involved" in the proceedings (Thompson, 1995). Other work has uncovered a "false polarization effect": Partisans on opposite sides of contentious social

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debates tend to exaggerate the gap in their attitude positions (Keltner & Robinson, 1993). For example, Robinson, Keltner, Ward, and Ross (1995) had partisans on both sides of the abortion debate read a case of a young woman who became pregnant as a result of a casual affair and was considering abortion. Pro-choice partisans imagined pro-life partisans were far less sympathetic, and pro-life partisans imagined pro-choice partisans were far more sympathetic, than they actually were. If conflict parties see more conflict than truly exists, and hold on to their fixed-pie beliefs, they develop negative interpersonal attitudes (e.g., Chambers & Melnyk, 2006), engage in exceedingly hostile exchanges (e.g., Kennedy & Pronin, 2008), and conduct competitive negotiation ending in suboptimal rather than mutually beneficial agreements (e.g., De Dreu, Koole, & Steinel, 2000; De Dreu & Van Knippenberg, 2005; Keltner & Robinson, 1993; Pinkley, Griffith, & Northcraft, 1995; Thompson & Hastie, 1990; Thompson & Hrebec, 1996).

Egocentric “projection” as a source of conflict misperception

Both fixed-pie beliefs and false polarization have been attributed to the fact that individuals operate as naïve realists—the tendency to assume that oneself is a rational perceiver, that the world is as one sees it, and that other rational perceivers should see it in similar terms. When others appear to see the world differently, this is attributed to the other being less rational, less well-informed, or operating some hidden agenda. Put differently, any discrepancy between others' perceptions and one's own is taken as an indication that the other, rather than oneself, is biased and unreasonable (De Dreu, 2010; Pronin, Gilovich, & Ross, 2004; Ross & Ward, 1995). For example, Kennedy and Pronin (2008) showed that people perceive those who disagree with them as biased, and this perception of bias in turn triggers conflict-escalating approaches towards those others. Finally, their research revealed that such conflict-escalating approaches prompt those others to see the actor as more biased and less worthy of cooperative gestures (see also Reeder, Pryor, Wohl, & Griswell, 2005). Naïve realism thus triggers conflict-escalation through a self-fulfilling and self-sustaining spiral of perceptual distortions and conflict-ridden behaviors.

Work on naïve realism traces disagreement and conflict escalation to distorted views of the opposing party, and focuses on how disagreement and escalating conflict further fuel such distorted views. Here we suggest that such conflict misperceptions emerge at least in part because of an egocentric tendency to assume that what is (un)important to oneself must be (un)important to those on the other side, that is, to ignore the other side's actual interests and priorities and instead to estimate them based on one's own. In operational terms, we thus conjecture that in conflicts with multiple issues of different importance to both sides, people's judgments of the other side's interests and priorities will be weakly related to the other side's *actual* interests and priorities and more strongly related to *their own*. This main prediction was tested in the three experiments reported here.

Showing that people think egocentrically in social conflict situations—focusing primarily on their own side's interests and priorities even though they *should* be considering those of both sides—would make a novel contribution to the literature on conflict misperceptions, and would complement existing work on the naïve realism account. Second, such evidence would be consistent with classic and contemporary research on the egocentric nature of social judgments, in particular, the false consensus effect (Epley, Keysar, Van Boven, & Gilovich, 2004; Ross, Greene, & House, 1977), above- and below-average effects (Chambers, Windschitl, & Suls, 2003; Kruger, 1999), the spotlight effect and illusion of transparency (Gilovich & Savitsky, 1999) and overclaiming effects (Ross & Sicoly, 1979). Third, it would fit with initial work showing that political partisans (e.g., Republicans vs. Democrats) exaggerate differences between their own and the

opposing party's attitudes, especially on issues that are important to their own side (Chambers, Baron, & Inman, 2006; Chambers & Melnyk, 2006). Of course, because these partisans probably had socially-shared stereotypes about both political groups (e.g., that Democrats are generally more pacifistic than Republicans and therefore probably oppose a strong national defense), the biased conflict perceptions revealed in these studies may reflect the content of these stereotypes rather than the outcome of egocentrically-biased reasoning processes. To prevent these and related inferential problems, we tested the egocentrism account in an experimental paradigm free of those confounds.

Finally, evidence for egocentrism as a source of conflict misperceptions would fit with earlier work on fixed-pie beliefs (e.g., Thompson & Hastie, 1990). Fixed-pie beliefs are commonly understood as a manifestation of naïve realism, such that negotiators assume that what matters to them matters to others and because others are opponents rather than allies, preferences and priorities must be diametrically opposed (De Dreu & Carnevale, 2003; Ross & Ward, 1995). The egocentrism account, however, offers a different explanation of fixed-pie beliefs: People think primarily about the issues that are more (vs. less) important to their own side—that they have the strongest vested interest in defending, protecting, or promoting—and give little thought to how important those issues are to the other party. Because the other party is on the opposite side in the conflict (and therefore expected not to share one's interests), they are assumed to have opposing interests, *particularly* on issues deemed highly important to one's own side. This implies that (1) when an issue is of high importance to perceivers but relatively low importance to the other side, perceivers will tend to overestimate its importance to the other side, and (2) when an issue is of low importance to perceivers but high importance to the other side, perceivers may actually *underestimate* its importance to the other side. These tendencies fuel if not create the perception that own and other's interests and priorities are diametrically opposed and that there is more conflict than actually exists. As such, egocentric misperception would provide a novel explanatory basis for the well-established fixed-pie beliefs that hamper constructive negotiation.

The present research: hypotheses and overview

Distorted views of the other side's interests and priorities may stem from the fact that one sees the other as irrational, biased, and operating on a hidden agenda (per naïve realism), and from the fact that one “imposes” onto the other one's own interests and priorities (per egocentrism). Naïve realism and egocentrism both create misperceptions of conflict and may give rise to overestimation of conflict, but for different reasons. Furthermore, whereas naïve realism would have difficulty explaining when and why parties *underestimate* the amount of conflict, egocentrism would straightforwardly predict *overestimation* of conflict on issues important to oneself, and *underestimation* of conflict on issues unimportant to oneself.

Here we provide the first experimental tests of the egocentrism account. We adapted a dyadic negotiation task that is commonly used in the conflict literature to study negotiation (e.g., De Dreu, Koole, et al., 2000; De Dreu, Weingart, et al., 2000; Pruitt & Lewis, 1975; for a review and discussion see De Dreu & Carnevale, 2003). In this task, participants represent one of two roles (union or management) in the negotiation of a new labor contract, for which there are multiple issues under dispute (number of paid vacation days, rate of annual salary raises, etc.). Prior to negotiating, participants in each role receive a “payoff schedule” listing the various alternatives for each issue (e.g., annual raises could range between 3% and 15% of base salary) and the number of points they earn for each alternative.

A key feature of the present research that distinguishes it from prior studies employing the same paradigm is that the relative importance of the issues for each party was manipulated independently.¹ This was accomplished by varying their relative payoff structures for two key issues (paid vacation and annual raises), such that one issue was valued more, less or the same as the other issue by one or both parties. After negotiating with another participant representing the opposing role, participants were given a blank payoff schedule and asked to estimate their negotiation partner's payoffs for each issue and alternative. By comparing these estimates to their partner's actual (listed) payoffs, we could test how accurately participants judged their partner's interests on each issue.

In Experiment 1, we examined whether own interests bias people's judgments of the other party's interests. In particular, we tested whether people misjudge their negotiation partner's issue priorities because they egocentrically focus on their own issue priorities. The egocentrism account was tested more directly in Experiment 2 by manipulating whether participants focused on their own or on their partner's interests prior to the negotiation. In Experiment 3, we tested whether participants who have no vested interests in an issue are able to judge their partner's interests more accurately, and whether having vested interests leads them to see their partner's interests as incompatible, or conflicting, with their own (even when their partner's interests are actually compatible).

Experiment 1

Experiment 1 was designed to answer several important questions. First, can people accurately judge their partner's interests and issue priorities (i.e., able to distinguish which issues are more versus less important to their partner), or are they egocentrically biased by their own interests? And second, does this egocentrism lead to predictable and opposing judgment outcomes—overestimating the other party's interests on one's own important issues and underestimating the other party's interests on one's own less important issues?

To address these questions, we had pairs of participants engage in a mock negotiation game (described above) and then judge their partner's interests for two key issues. Their interests in these issues were manipulated orthogonally such that each person within the pair valued one issue more than, less than, or the same as a second issue, by varying their relative point payoffs. We predicted that judgments of the partner's interests will be related to own interests but not to the partner's actual interests, and as a consequence, the partner's interests will be overestimated and underestimated for one's own most and least important issues, respectively.

Method

Participants. Thirty-three pairs of University of Florida students ($N = 66$) enrolled in an elementary psychology course received research exposure credit for participating in this study.

Procedure and design. In preliminary instructions, participants learned that they would engage in a mock negotiation with a fellow participant. The instructions explained that "Acme Corporation" was involved in negotiations over a new labor contract, that the company management was on one side and the labor union was on the other, and that the

negotiation involved 5 issues: number of sick days allowed, number of paid vacation days, overtime pay rate, health care benefits, and annual raises. Participants were further informed that management, representing the company's stockholders and investors, sought to maintain profitability by minimizing labor costs, and therefore their goal in the negotiation was to decrease the number of paid vacation days, health care benefits and so forth, and that the union, representing the company's employees, sought to protect the employees' welfare, and therefore their goal was to increase these things. Participants learned that their objective was to negotiate a settlement that was most advantageous to the side they represented, and that each alternative settlement had a designated "point" payoff associated with it. As an incentive to perform well, the player within each pair who accumulated more points would be entered into a lottery for \$50 cash to be awarded at the end of the semester. Participants also learned that if they and their partner failed to reach an agreement for all issues within the allotted 10 minute negotiation time period, no winner would be declared.

Next, participants received a payoff schedule listing their role assignment (union or management) as well as the alternative settlements and corresponding point payoffs for each of the 5 issues. As Table 1 shows, paid vacation was more important than annual raises to participants in Payoff Condition A (up to 400 and 200 points, respectively), less important to those in Payoff Condition B (up to 200 and 400 points, respectively), and both issues were of equal and low importance to those in Payoff Condition C (up to 200 points for both). Point payoffs for the remaining three issues were held constant across the payoff conditions. Assignment to role and payoff condition was random.

After studying their payoff schedules for a few minutes, both participants were brought into a lab room and seated at opposite ends of a table. They were briefly reminded of the rules of the game and told that they could negotiate the issues in whatever order they chose with the only stipulation that they should not disclose information about their payoffs to their negotiation partner. They were then given 10 min to negotiate, during which the experimenter listened and recorded their final settlements (but was present mainly to provide assistance if participants needed it and to ensure they followed the rules). When 10 min had elapsed, or when they had reached an agreement for all 5 issues, participants were separated into different lab rooms and asked to fill out the dependent measures questionnaire. They were allowed to keep their payoff schedules with them to assist in making these judgments. In sum, the design of this experiment was a 2 (role) \times 3 (own payoff condition) \times 3 (partner's payoff condition) \times 2 (issue) mixed factorial, with issue as the only within-subjects factor.

Dependent measures. The questionnaire contained a blank payoff schedule listing all issues and alternative settlements, except no point values were listed. Participants were asked to guess their partner's payoff schedule by filling in the point values that they thought their partner earned for each issue and alternative settlement. Instructions emphasized that the partner's payoff structure might be very different from their own and that they should not simply copy their own point payoffs. The only hint they received was that their partner's payoffs ranged from 0 to 400 points, like their own.

The main dependent measures assessed perceptions of the partner's interests for the two key issues, paid vacation and annual raises. For each issue, we subtracted estimated payoffs for the partner's least preferred alternative from those for the partner's most preferred alternative. Higher scores indicate that the partner was perceived to have a higher vested interest in that issue. For example, a management participant who estimated his union partner earned 0 and 200 points for 7 and 15 vacation days, respectively, would have an index score of 200 for this issue. Similarly, a union participant who estimated her management partner earned 0 and 400 points for a 15% and 3% annual raise rate, respectively, would have an index score of 400 for this issue.

¹ Readers familiar with the literature on integrative negotiation may note that past studies on fixed-pie beliefs employed a similar methodology. In this past work, because perceptions on important and unimportant issues were summed and aggregated both within and across dyad members, deviations from perceptual accuracy may stem from overestimation of conflict on all issues, from overestimation on important issues only, underestimation of conflict on unimportant issues, or some combination. Unlike prior studies, in the current studies both parties' issue priorities were manipulated orthogonally and important and unimportant issues were analyzed separately, revealing new and powerful insights into conflict misperceptions.

Table 1
Payoff schedules in Experiment 1.

Sick days allowed		Paid vacation days		Overtime pay rate		Health care (% paid by company)		Annual raises (% base salary)	
Settlement	Points	Settlement	Points	Settlement	Points	Settlement	Points	Settlement	Points
<i>Union payoffs</i>									
2 days	0	7 days	0 [0]	100%	0	10%	0	3%	0 [0]
4 days	40	9 days	100 [50]	120%	50	30%	60	6%	50 [100]
6 days	80	11 days	200 [100]	140%	100	50%	120	9%	100 [200]
8 days	120	13 days	300 [150]	160%	150	70%	180	12%	150 [300]
10 days	160	15 days	400 [200]	180%	200	90%	240	15%	200 [400]
<i>Management payoffs</i>									
2 days	160	7 days	400 [200]	100%	200	10%	240	3%	200 [400]
4 days	120	9 days	300 [150]	120%	150	30%	180	6%	150 [300]
6 days	80	11 days	200 [100]	140%	100	50%	120	9%	100 [200]
8 days	40	13 days	100 [50]	160%	50	70%	60	12%	50 [100]
10 days	0	15 days	0 [0]	180%	0	90%	0	15%	0 [0]

Note: Point values in Payoff Condition A (B) are outside (inside) of brackets. Point values in Payoff Condition C are identical to those for Conditions A and B, except that the maximum possible payoff was 200 points for both paid vacation days and annual raises.

Results and discussion

Preliminary analyses confirmed that the pattern of results was similar across role assignment and issues, so we present results collapsing across these variables. To facilitate interpretation of the results, and because some cells within the design are functionally equivalent to others (e.g., participants in payoff conditions A and B both had one issue that was more important to them than another issue) and we had no reason on theoretical grounds to treat these conditions separately, we combined them together to focus on 5 critical conditions: instances where the participant's and partner's interests in the two issues were equal (i.e., one issue was more important to both the participant and the partner than the other issue—Condition 1, or both issues were equally important to both the participant and the partner—Condition 5), instances where their interests were inverse (i.e., the participant's important issue was unimportant to their partner and vice versa—Condition 2), and instances where their interests were unequal (i.e., one issue was more important to the participant than the other issue, but both issues were equally important to their partner—Condition 3, or both

issues were equally important to the participant, but one issue was more important to their partner than the other issue—Condition 4). These 5 conditions, with the participant's and partner's corresponding payoffs for each issue, are presented in Fig. 1.

Perceptions of the partner's interests. We first examined whether perceptions of the partner's interests were egocentrically biased. Fig. 1 shows perceptions of the partner's interests for issues A and B across the conditions. As can be seen, perceptions of the partner's interests were driven more by own interests than by the partner's actual interests. That is, participants assumed that issues that were more important to themselves were also more important to their negotiation partner, regardless of their actual importance to the partner. In fact, own interests influenced perceptions to such an extent that judgments of the partner's interests in the two issues were sometimes exactly opposite of the partner's actual interests.

In conditions 1 through 3, for example, issue A was more important to participants than issue B was, and they judged issue A as more important to their partner in all three of these conditions (all paired *t*s ≥ 2.78,

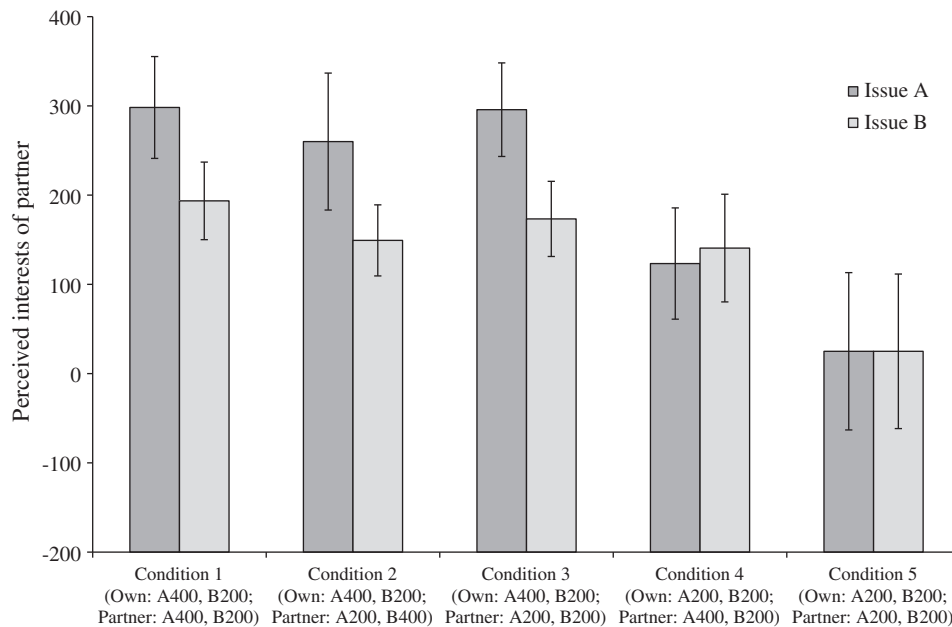


Fig. 1. Perceptions of the partner's interests across conditions (Experiment 1).

respectively, $dfs \geq 13$, $ps \leq .02$), even when issue B was actually more important to their partner (Condition 2) or when both issues were equally important to the partner (Condition 3). Also, in conditions 4 and 5, issues A and B were equally important to the participant, and they judged both issues to be equally important to their partner in these two conditions (paired $ts \leq 1.40$, $dfs \geq 7$, $ps \geq .18$), even when issue A was actually more important to their partner (Condition 4). Perceptions of the partner's interests did not differ either for issue A or for issue B within conditions 1 through 3 (all $ts \leq 1$, $dfs \geq 26$, $ps \geq .46$), nor did they differ within conditions 4 and 5 ($ts \leq 1$, $dfs \geq 21$, $ps \geq .28$), further demonstrating that perceptions of the partner's interests were influenced only by own interests. Despite the fact that their partner's interests in the two issues were sometimes equal, sometimes inverse, and sometimes unequal with their own, participants failed to realize this and judged their own important issue as being more important to their partner.

To examine the accuracy or inaccuracy of these perceptions, we compared judgments of the partner's interests with the partner's actual interests.² When an issue was important to participants but relatively unimportant to their partner, they slightly but non-significantly overestimated their partner's interests. For example, participants in conditions 3 and 2 non-significantly overestimated their partner's interests in issue A (one-sample test comparing to 200: $t(14) = 1.83$, $p = .09$ and $t(13) < 1$, $p = .45$, respectively), and as predicted, when an issue was unimportant to participants but relatively important to their partner, they tended to underestimate their partner's interests. For example, participants in condition 2 significantly underestimated their partner's interests in issue B (one-sample test comparing to 400: $t(13) = -6.20$, $p < .001$), and those in condition 4 significantly underestimated their partner's interests in issue A (one-sample test comparing to 400: $t(14) = -4.44$, $p = .001$).

To confirm these patterns, and to account for possible interdependencies among these dyadic data, we analyzed data from the full design (i.e., the $2 \times 3 \times 3 \times 2$ factorial) in a mixed models analysis, following recommendations of Kenny, Kashy, and Cook (2006). Dyad number was the grouping variable, role assignment (union or management) was a repeated measure, payoff conditions (own and partner's) were independent variables, and judgments of the partner's interests for paid vacation and annual raises were the dependent variables, with separate analyses performed on each issue.³ Supporting the egocentrism account, the analysis revealed only a significant main effect of own payoff condition for both issues (paid vacation: $F(2, 51.89) = 6.68$, $p = .003$; annual raises: $F(2, 53.22) = 3.46$, $p = .039$). This effect showed that participants judged their partner's interests higher for issues where their own interests were higher. Just as important, there were no significant effects of the partner's payoff condition for either issue (paid vacation: $F(2, 51.83) = 1.90$, $p > .10$; annual raises: $F(2, 53.22) = 2.00$, $p > .10$), nor were there any interactions between own and partner's payoff conditions (paid vacation: $F < 1$, $p > .10$; annual raises: $F < 1$, $p > .10$),

² The prediction that participants would overestimate their partner's interests when an issue was highly important to both parties (self and partner) could not be tested because of the constraint that their partner's payoffs for any particular issue could not exceed 400 points (see Method section).

³ Linear mixed models analyses accommodate only single dependent variables, therefore we report the effects of payoff condition for each of the two issues separately (rather than interactions between payoff condition and type of issue). It is worth noting that when a mixed-model ANOVA is used, with payoff conditions (own and partner's) as between-subjects variables and issue (paid vacation and annual raises) as a within-subjects variable, the same patterns are found. Specifically, the only significant effect is the predicted Own Payoff Condition \times Issue interaction ($F(2, 57) = 23.66$, $p < .001$). All other effects, including the interaction between partner's payoff condition and issue and the three-way interaction with own payoff condition, were non-significant (all $Fs < 1$, $ps > .10$). Thus, linear mixed models analyses, which account for possible interdependencies between dyadic data, yielded findings that were identical to those using the more standard ANOVA approach.

suggesting, again, that participants were largely insensitive to their partner's actual interests.⁴

Experiment 2

The egocentrism account suggests that biased conflict perceptions occur because people give little thought to their rival's interests and priorities and too much thought to their own. Experiment 1 indeed showed that people misjudged their partner's issue priorities based upon their own issue priorities. Experiment 2 attempts to test the egocentrism account more directly by manipulating whose interests—own or partner's—participants are focused on. Prior to the negotiation, participants were instructed to think about which issues were most and least important to themselves (self-focus condition), or to their negotiation partner (other-focus condition), or they were not given any specific instructions (control condition).

If an egocentric tendency to focus on one's own most important issues underlies biased conflict perceptions, then shifting people's attention away from themselves and onto their partner should reduce bias and result in more accurate perceptions of their partner's actual interests. Therefore, we expected participants to be more accurate in judging their partner's interests when they were led to focus on their partner's interests during the negotiation (other-focus condition), and more biased when they were led to focus on their own interests or when they received no specific instructions (self-focus and control conditions, respectively), the latter who should be self-focused by default.

In addition to manipulating attentional focus, we altered the experimental procedures in a way that allowed us to address a potential alternative explanation for our previous results. It could be argued that, in the absence of more objective, reliable information, people will apply certain a priori theories about which issues are likely to be most important to both parties and inspire the greatest conflict (e.g., those with the highest point payoffs).⁵ The assumption of symmetrical issue preferences observed in Experiment 1 may therefore reflect the application of those naive theories, rather than the outcome of egocentric thinking. Another possibility is that participants simply "anchored" on their own issue priorities and insufficiently adjusted away from them when estimating the difference in their partner's issue priorities (Epley et al., 2004).

⁴ In Experiment 1 (the only experiment in which we recorded negotiation outcomes), condition had no effect on the quality of the agreement reached (i.e., joint profit), nor were there any significant correlations between egocentric misperceptions and negotiated outcomes (always $0 < r < .20$). Although this may seem contrary to some earlier work showing low to moderate correlations between conflict misperceptions and negotiated outcomes (e.g., De Dreu, Koole, & Steinel, 2000; Thompson & Hastie, 1990), we note that our measure focuses on perceptions of the partner's interests, not on the degree to which participants perceived (in)compatibility of interests or symmetrical issue priorities, as was commonly assessed in those earlier works. Second, the competitive incentive provided at the outset may have created a relatively narrow range of agreement types. Third, and related, the incentive scheme may have promoted a sequential negotiation strategy and undermined a "packaging" strategy which is needed to craft mutually beneficial agreements (Giacomantonio, De Dreu, & Mannetti, 2010; Weingart, Bennett, & Brett, 1993). In the General discussion, we return to these issues.

⁵ It is possible that biased perceptions arise from behavioral dynamics that occur within the negotiation setting. For example, participants may make more forceful demands and smaller concessions on their important issue, and when their partner does not concede, they may infer from this that their partner values that issue more than others. To assess this possibility, we conducted a partial replication of Experiment 1 using similar instructions, role assignments, and payoff structures, except that participants ($N = 130$) judged their partner's interests before the negotiation, rather than after. A significant Payoff Condition \times Issue interaction ($F(2, 127) = 84.73$, $p < .001$) revealed that participants thought their partner's interests were higher for paid vacation than for annual raises in Payoff Condition A (paired $t(43) = 6.67$, $p < .001$), lower in Payoff Condition B (paired $t(42) = -8.95$, $p < .001$), and equal in Payoff Condition C (paired $t < 1$, $p > .10$). In combination with the results of Experiment 1, this study suggests that people enter into negotiations expecting their partner's interests to be higher for their own most important issues, and once in place, those expectations are resistant to change. It also suggests that biased perceptions do not necessarily occur as a result of behavioral dynamics within the negotiation situation.

We addressed these alternative explanations by providing participants with information about their partner's payoff structure, and examined whether their memory of their partner's payoffs was egocentrically biased. Specifically, participants were allowed to study their partner's payoff schedule, along with their own, for a short time prior to the negotiation and later attempted to recall their partner's payoffs. The payoff schedules were fixed in such a way that paid vacation was more important than annual raises to the participant (always in the union role) but less important to his or her negotiation partner (always in the management role). Despite having full information about their partner's relative issue priorities, we suspected that participants would misremember paid vacation being more important to their partner annual raises, and consequently, they would overestimate their partner's interests on the former issue and underestimate their partner's interests on the latter issue. And if egocentric thinking is responsible for this memory bias, it should be more pronounced when participants are instructed to focus on their own interests during the negotiation, or when they receive no special focusing instructions, and less pronounced when they are instructed to focus on their partner's interests.

Method

Participants. Participants were University of Florida students ($N = 69$) enrolled in an elementary psychology course who received research exposure credit. Data from 6 participants were excluded from the analysis because their responses were more than 3 standard deviations from the mean, leaving a final sample of 63 participants.⁶

Procedure and design. Participants completed all aspects of this experiment individually on lab computers. The instructions and materials were similar to Experiment 1. The first screens provided background information about the rules and format of the negotiation game and informed participants that they were assigned to the union role and their negotiation partner (said to be in another laboratory room down the hall) the management role, that they would be meeting in a third lab room later in the session for the negotiation, and that they would be shown each person's payoff schedule next.

At this point, participants were randomly assigned to one of three focusing conditions. Some participants were instructed to study both payoff schedules but to pay particular attention to their own and figure out which issues were most and least important to them (self-focus condition). Others were instructed to study both payoff schedules but to pay particular attention to their partner's and figure out which issues were most and least important to him or her (other-focus condition). A third group of participants (control condition) did not receive any special instructions and proceeded immediately to viewing both payoff schedules.

Next, the union and management payoff schedules were presented in counterbalanced order. Each listed 4 negotiable issues (paid vacation days, health promotion workshops, annual raises, and market adjusted bonuses) and corresponding point payoffs for each alternative settlement. For the union payoff schedule, the maximum point payoff was 4000 for paid vacation and 2000 for annual raises, whereas this was reversed for the management payoff schedule. For the remaining two issues (health promotion workshops and market adjusted bonuses), the maximum point payoffs on both schedules were 1600 and 2400 points, respectively. Participants were given an unlimited amount of time to study each schedule, and the computer unobtrusively recorded how long (in seconds) they spent viewing each one, starting

from the moment it appeared on the screen and ending when participants hit a button to signal that they were finished.

After studying both payoff schedules, participants were given a distracter task designed to clear their short-term memory. Specifically, they were given a crossword puzzle sheet and told to find as many words as they could within an 8 minute period. To increase their motivation to perform well and give the task their full attention, a cash prize of \$50 would be awarded at the end of the semester to the participant who correctly identified the most words. This crossword puzzle was highly challenging and no participant was able to identify more than half of the possible word solutions.

Following this distracter task, participants completed the dependent measures questionnaire. A blank payoff schedule appeared and participants were instructed to fill it out to indicate what they remembered their partner's schedule looked like by typing in the point values corresponding to each issue and alternative settlement in the appropriate cells. After this, a second blank payoff schedule appeared with instructions to fill out what they remembered their own schedule looked like. Finally, as a manipulation check, participants were asked whose payoff schedule they had been instructed to pay closer attention to (my own, my partner's, or neither). Participants were then debriefed and dismissed. During debriefing, no participant mentioned any suspicion about the negotiation game or the fact that there was no negotiation partner. In summary, the design of this experiment is a 3 (focusing condition) \times 2 (issue) mixed design with issue as a within-subjects factor.

Results and discussion

Indexes of perceptions of the partner's interests were computed as in Experiment 1.

Manipulation check. When asked whose payoff schedule they had been instructed to pay more attention to, most participants in the self-focus condition said their own (95%), most participants in the other-focus condition said their partner's (86%), and most participants in the control condition said (correctly) they were not specifically told to focus on either party's schedule (73%; and interestingly, almost all of the remaining said they remembered being told to focus on their own payoff schedule, 23%).

As an additional manipulation check, we analyzed the amount of time participants spent studying both parties' payoff schedules. Response latencies (log-transformed to adjust for positively skewed distributions) were submitted to a 3 (focusing condition) \times 2 (target: self or partner) repeated-measures ANOVA. As expected, a significant interaction ($F(2, 59) = 11.67, p < .001$) revealed that participants in the self-focus condition spent significantly more time studying their own payoff schedule than their partner's schedule ($M_s = 49.6$ vs. 28.1 s, paired $t(20) = 3.58, p < .001$), those in the other-focus condition spent significantly less time ($M_s = 32.3$ vs. 64.8 s, paired $t(19) = -3.59, p < .001$), and those in the control condition spent roughly the same amount of time studying both schedules ($M_s = 35.2$ vs. 31.7 s, paired $t < 1, p > .10$).

Perceptions of the partner's interests. The data in Fig. 2 show that, once again, perceptions of the partner's interests were driven mainly by own interests. Annual raises were more important to their partner than paid vacation. Despite this fact, participants misremembered and misjudged paid vacation being more important to their partner. This was confirmed by a main effect of issue in an ANOVA ($F(1, 59) = 5.81, p = .02$).

More importantly, this main effect was qualified by the predicted interaction with focusing condition ($F(2, 59) = 5.07, p < .01$). The tendency to misjudge paid vacation as being more important to the partner was only true of participants in the self-focus condition (paired $t(21) = 2.51, p = .02$) and the control condition (paired

⁶ Results for the small number of participants who failed the manipulation check items showed similar patterns, and therefore excluding these participants from the analysis would not alter our conclusions.

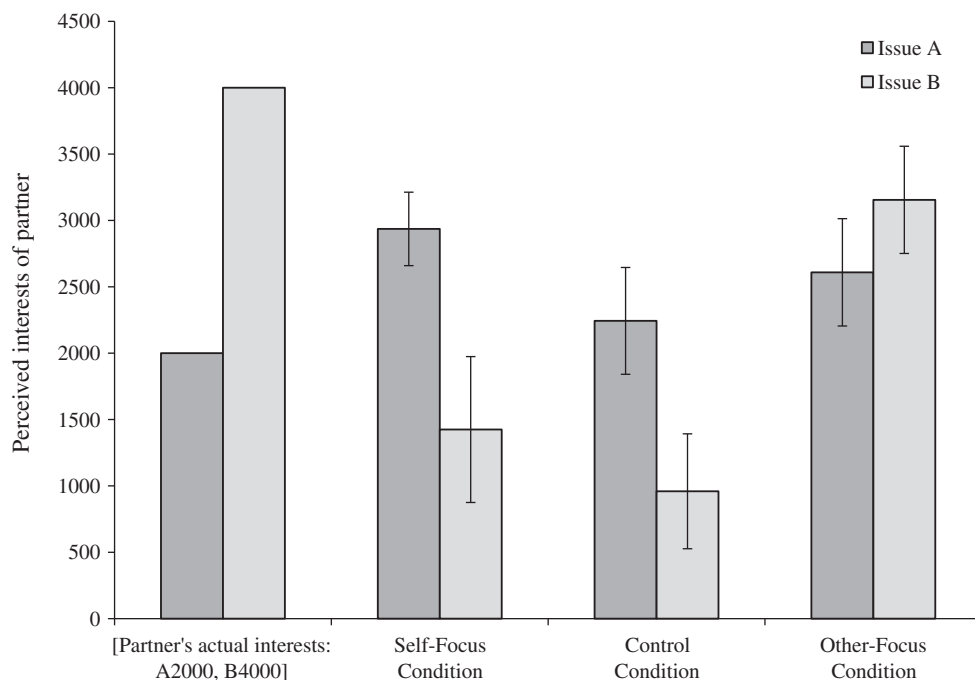


Fig. 2. Perceptions of the partner's interests across focusing conditions (Experiment 2).

$t(20) = 2.39, p = .03$), and these two conditions did not significantly differ from each other (interaction $F < 1, p > .20$), indicating that those who received no special instructions were likely self-focused by default. These participants, thinking in a highly egocentric manner, were focused on the fact that paid vacation was more important to them than annual raises, and consequently, they misremembered the former issue being more important to their negotiation partner than the latter issue. As a result, participants in both the self-focus and control conditions underestimated their partner's interests in annual raises (one-sample tests comparing to 4000: $t(21) = -4.80$ and $-7.19, ps < .001$, respectively), and those in the self-focus condition overestimated their partner's interests in paid vacation (one-sample tests comparing to 2000: $t(20) = 3.39, p < .01$) while those in the control condition did not ($t < 1, p = .55$).

In contrast, participants in the other-focus condition showed the opposite pattern: they judged annual raises to be non-significantly more important to their partner than paid vacation (paired $t(19) = 1.65, p = .11$), and they judged it more important to their partner than participants in the self-focus and control conditions did ($ts \geq 2.50, dfs \geq 40, ps \leq .02$). With their natural tendency to think egocentrically temporarily suppressed, these participants paid more attention to their negotiation partner's actual issue priorities. Consequently, their perceptions of their partner's interests more closely matched their partner's actual interests. These participants neither overestimated nor underestimated their partner's interests for either issue (one-sample $ts < 2.00, ps > .05$).

Summary

Findings from this experiment build upon and significantly extend those from Experiment 1 by demonstrating a direct connection between egocentric thinking and biased perceptions of the other party's interests. In general, participants overestimated their partner's interest in their own most important issue and underestimated their partner's interests in their own less important issue. But when given strong and explicit instructions to consider their partner's interests and priorities instead of their own, they judged their partner's interests more accurately. When egocentrism went away, so too did biased perceptions.

Experiment 3

In our previous experiments, we manipulated the relative importance of issues to each party in a negotiation and showed that perceptions of the other party's interests are closely tied to own issue priorities, and have little or no connection to the other party's actual interests. In line with the egocentrism account, we also demonstrated in Experiment 2 (see also Footnote 5) that people enter into conflict situations assuming the other party shares their same issue priorities, and that shifting attention towards their negotiation partner's issue priorities (and away from their own) somewhat diminishes this egocentric bias and consequently improves the accuracy of their judgments.

Although these results fit the egocentrism account, the account also makes the counterpoint that when people have no vested interests, they should judge their rival's interests more accurately. That is, when people have no vested interest in an issue, the attention they ordinarily devote to thinking about their own interests can be diverted to considering their rival's interests more carefully, and as a consequence of this extra attention, their judgments of their rival's interests will be more calibrated. This prediction has not yet been tested, and Experiment 3 was designed to fill that void. We designed a negotiation that included an issue where both parties' interests were manipulated to be either incompatible or compatible. Although we expected that participants would be somewhat able to detect this distinction—perceiving less incompatibility when their partner's interests were truly compatible (rather than incompatible)—we nevertheless expected their perceptions to be egocentrically biased, such that they would still perceive incompatibility even when their partner's interests were, in fact, compatible.

In addition, we included an issue for which one of the parties had no vested interest (i.e., no point payoffs were listed on the payoff sheet) while the other party's interests were manipulated. Including these "open" issues allowed us to test two interrelated hypotheses. First, when negotiating with a party that has vested interests, the party with no vested interests will be able to detect the other party's interests and priorities quite accurately. Second, and conversely, when negotiating with a party that has no vested interests, the

party with vested interests will assume that the other party's interests are completely incompatible with their own.

Method

Participants. Forty-seven pairs of University of Florida students ($N = 94$) enrolled in an elementary psychology course received research exposure credit for participating in this study.

Procedure and design. Like in our previous experiments, participants were randomly assigned to represent one side in the negotiation over a new labor contract. The key difference was that for one of the issues, “market adjusted bonuses,” half of the participants within each role earned up to 400 points for increasing the bonus rate (Payoff Condition A) and half earned up to 400 points for decreasing the rate (Payoff Condition B).

For two of the remaining four issues, “health promotion workshops” and “career development days,” participants in one role had point values listed on their sheet, which were manipulated (those in Payoff Condition A earned up to 400 points for increasing the number of days/workshops; those in Payoff Condition B earned up to 400 points for decreasing them), while those in the opposing role had no point values listed on their sheets for that issue. Thus, for one of these issues (i.e., “own-open issue”; career development days for union participants, health promotion workshops for management participants), the participant had no vested interest while his/her negotiation partner did have a vested interest, whereas for the other issue (i.e., “partner-open issue”; health promotion workshops for union participants, career development days for management participants), the participant had a vested interest while his/her negotiation partner did not. We chose these particular issues to represent our open issues because they potentially benefit both sides of the negotiation, and thus, participants would be unlikely to have strong preconceptions about each side's interests regarding these issues. For example, health promotion workshops benefit the union by improving worker's health and well-being, and at the same time, benefit the management by reducing labor costs associated with worker illness and absenteeism. In the instructions that participants read before the negotiation, they were told to negotiate their open issue just as they did the other issues, but attempt to figure out what their partner's interests were. For the final two issues, overtime pay rate and annual raises, the parties' interests were incompatible and symmetrical (e.g., union earned up to 160 points for the increasing overtime pay rate, management earned up to 160 points for decreasing this rate).

Analysis. To assess perceptions of the partner's interests, we created an index by subtracting estimates of the partner's payoffs for the low alternative (e.g., 1% market adjusted bonus rate, 1 health promotion workshop per year) from estimates for the high alternative (e.g., 5% market adjusted bonus rate, 5 health promotion workshops per year) on each of the focal issues. Scores greater than 0 indicate that the partner was thought to have a vested interest in the higher alternatives for that issue (e.g., increasing the bonus rate), whereas scores less than 0 indicate that the partner was thought to have a vested interest in the lower alternatives (e.g., decreasing the bonus rate). To determine perceived compatibility of interests, we simply compared perceptions of the partner's interests with the participant's own interests on that issue (i.e., the participant's own payoff for the low alternative subtracted from his or her payoff for the high alternative). Perceived compatibility is indicated if they are in the same direction, while perceived incompatibility is indicated if they are in the opposite direction.

As in Experiment 1, we used linear mixed models analysis to account for possible interdependencies among the dyadic data. Dyad was the grouping variable, role (union or management) was a repeated

measure, payoff conditions (own and partner's) were independent variables, and index scores were the dependent variables. Separate analyses were performed on each of the three types of issues (i.e., compatible/incompatible issue, own-open issue, and partner-open issue).

Results and discussion

Could participants recognize when their partner's interests were actually compatible with their own, or were they egocentrically biased, believing instead that their partner's interests were incompatible? To find out, we analyzed perceptions surrounding the issue where both parties' interests were either compatible or incompatible (market adjusted bonuses). A significant main effect of partner's payoff condition, $F(1, 87.69) = 3.97, p = .049$, and a non-significant but marginal interaction between own and partner's payoff conditions, $F(1, 42.21) = 3.23, p = .079$, revealed that participants were somewhat able to detect compatibility in their partner's interests. As Fig. 3 shows, they perceived slightly less incompatibility when both sides' interests were perfectly compatible rather than perfectly incompatible. At the same time, however, there was a sizable effect of participant's own payoff condition, $F(1, 87.69) = 37.54, p < .001$, showing that participants generally perceived their partner's interests as incompatible with their own—for example, those who had a vested interest in increasing the bonus rate assumed their partner had a vested interest in decreasing it, and vice versa. Thus, like participants in Experiment 1, who failed to recognize differences in their partner's relative priorities for two purely incompatible issues, participants in this experiment generally failed to recognize when their partner's interests were perfectly compatible with their own, assuming instead that they were incompatible.

The preceding findings indicate that having a vested interest in an issue created a powerful bias in participants' perceptions, powerful enough that they even failed to realize that their partner's interests were actually compatible with their own. Would they perceive their partner's interests more accurately when they themselves had no vested interest in an issue, as the egocentrism account suggests? We next examined perceptions surrounding the issue where the partner had vested interests but participants themselves did not (i.e., own open issue). For this issue, the analysis revealed only the predicted main effect of partner's payoff condition ($F(1, 83.09) = 39.99, p < .001$). The main effect of own payoff condition, and its interaction with partner's payoff condition, were both non-significant ($F_s < 1, p_s > .10$). As can be seen in Fig. 4 (first two conditions), participants correctly recognized that their partner's interests were to increase or decrease the number of career development days or health promotion workshops, when they themselves had no vested interests in these issues. Thus, unlike when they had vested interests in an issue, participants who had no vested interests perceived their partner's interests quite accurately. Indeed, participants who had no vested interests judged the direction of their partner's interests correctly, whereas those who had vested interests completely misjudged the direction of their partner's interests (i.e., seeing them as incompatible when they were actually compatible; see the first two conditions in Fig. 3). Having vested interests therefore creates a kind of psychological barrier preventing people from understanding the true interests of those on the other side of the conflict, and in particular, they are inclined to see the other party's interests as conflicting with their own regarding anything they value and are motivated to defend.

This conclusion was underscored when we examined perceptions surrounding the issue where participants themselves had a vested interest but their partner did not (i.e., partner's open issue). For this issue, the analysis revealed only the predicted main effect of own payoff condition ($F(1, 86.83) = 41.88, p < .001$). The main effect of partner's payoff condition, and its interaction with own payoff condition, were both non-significant ($F_s < 2.56, p_s > .10$). As can be seen in Fig. 4 (last two conditions), participants perceived their

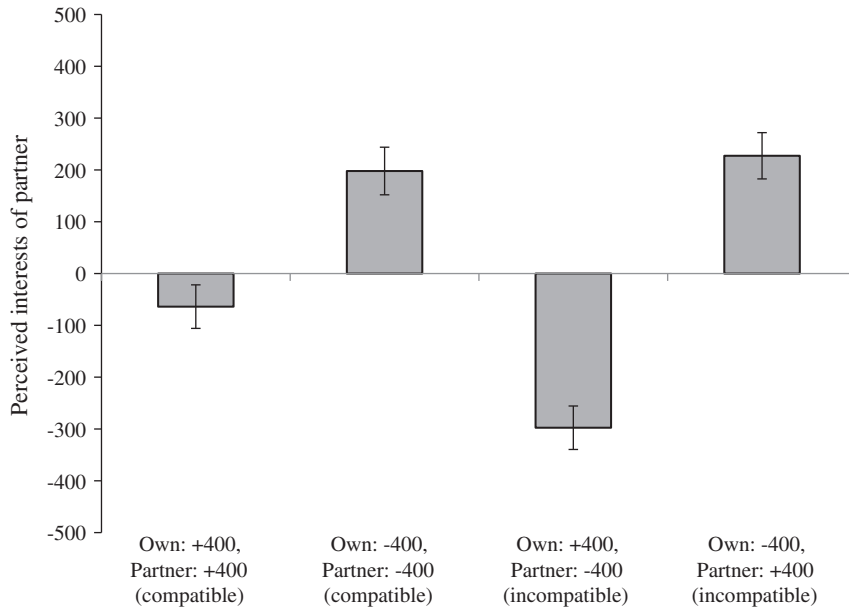


Fig. 3. Perceptions of the partner's interests (Experiment 3).

partner's interests as being incompatible with their own even though their partner had no particular vested interest either way. Moreover, notice that participants perceived as much incompatibility in this case as they did when their partner had interests which were actually incompatible (see the last two conditions in Fig. 3).

General discussion

The self is a habitual starting point in many of life's important judgments (Chambers et al., 2003; Kruger, 1999; Ross & Sicoly, 1979). Whether it is because people simply know more about themselves than others (Moore & Cain, 2007; Moore & Small, 2007) and are more confident of what they know about themselves (Kruger, Windschitl, Burrus, Fessel, & Chambers, 2008), or because self-knowledge comes

to mind more easily, rapidly, and efficiently than other knowledge (Chambers & Windschitl, 2004; Chan, Chambers, & Kruger, 2013; Radzevick & Moore, 2013), the self looms large in judgments that require people to take others into consideration, resulting in predictable judgment errors. People are thus "egocentric" thinkers, having considerable difficulty casting aside their own unique perspective when attempting to take the perspective of another.

In this article, we examined whether such egocentric thinking lays at the heart of biased perceptions in social conflict, in particular the tendency to assume that the other party's interests are opposed to one's own, especially regarding issues or values that are important to the self. We reasoned that when a set of issues are at stake in conflict and some issues are more important to each party than others, more attention and thought is given to the relative importance of the issues to

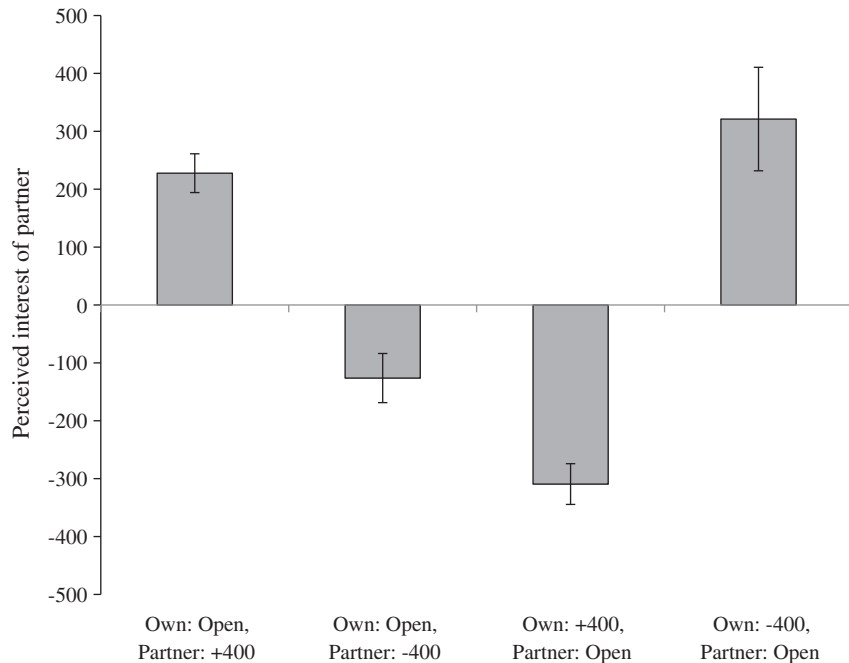


Fig. 4. Perceptions of the partner's interests (Experiment 3).

the self than to the other party. One consequence of this attention imbalance is that one's perception of the other side's interests will bear little if any relationship to the other side's actual interests, and instead, will largely reflect one's own interests. A second consequence, following partly from the first, is that parties overestimate (underestimate) the other party's interests on their own most (least) important issue.

The results of the three experiments supported the egocentrism account of biased conflict perceptions. In Experiment 1, participants engaged in a mock negotiation against a partner whose relative interests in two key issues were same or opposite their own (manipulated orthogonally). Consistent with the egocentrism account, we observed that a) perceptions of their negotiation partner's issue priorities were influenced by their own relative issue priorities, but not their partner's actual priorities, and b) they overestimated their partner's interests on their own most important issue and underestimated their partner's interests on their own less important issue. In Experiment 2 we manipulated the amount of thought and attention participants paid to their own relative issue priorities versus those of their negotiation partner (via focusing instructions). Participants learned, prior to negotiating, that their partner's issue priorities were exactly opposite their own, such that their partner's most important issue was their own least important issue. Nevertheless, when later asked to recall their partner's relative issue priorities, participants who were self-focused and those who received no special instructions both misremembered their own important issue as being most important to their partner. As a result, they overestimated (underestimated) their partner's interests on their own more (less) important issue. Those told to focus on learning their partner's issue priorities, in contrast, correctly remembered their partner's issue priorities and thus judged their partner's interests more accurately.

According to the egocentrism account, excessively focusing on one's own interests interferes with the ability to consider those of the other party. If so, then not having vested interests should free up one's ability to consider the other party's interests, and consequently, they should be judged more accurately. This hypothesis was tested in Experiment 3 by having participants judge their negotiation partner's interests for issues that one or both parties had vested interests in. As the egocentrism account would predict, participants who had no vested interests judged their partner's relative interests quite accurately, whereas those who had vested interests did not. In the latter case, they saw their partner's interests as conflicting with their own even though the partner stood to gain or lose nothing and had no particular interests either way. In fact, own interests biased perceptions to such an extent that the partner's interests were seen as incompatible with own interests, even when they were perfectly compatible.

Across experiments, participants were given an incentive to outperform their opponent in the negotiation (i.e., the best-performing negotiator within each pair would participate in a lottery for an additional reward). This mimics the implicit or explicit incentive structure negotiators often encounter (Carnevale & Pruitt, 1992; McClintock & McNeel, 1966; Ten Velden, Beersma, & De Dreu, 2010), although sometimes negotiators operate under explicit cooperative incentives, or care about their personal outcomes only and not about those to their opponent (De Dreu, Weingart, et al., 2000). Indeed, Chris Anderson, the editor-in-chief of *Wired Magazine* noted that "ranking on a curve is a good thing. We live in a competitive world and having to compete for the promotion, raise, bonus, review score, is all part of it" (Anderson, 2003). Accordingly, more than two-thirds of (inexperienced) negotiators perceive the negotiation in win-lose terms (Thompson & Hrebec, 1996), and within organizations and educational systems, widespread business practices such as "ranking on the curve" drive employees and students to compete and attempt to outperform others (Pfeffer & Sutton, 2006).

The key question is whether competitive incentives boost, or even create, the misperceptions observed here. In a discussion of

early studies of fixed-pie perceptions, Pruitt (1990, p. 119) noted that "it is conceivable that the fixed-pie assumption ... is not the prime mover of ... behavior. Instead, the prime mover may be a competitive orientation, which crowds out problem solving Such an orientation could produce fixed-pie assumption as a rationalization" (emphasis added). Here this insight would apply to both Experiments 1 and 3, where perceptions were measured following the negotiation game, but not to Experiment 2 where perceptions were measured prior to the negotiation (which in actuality never took place; see also Footnote 5). Indeed, in several other studies we found biased perceptions when assessed prior to the negotiation (De Dreu & Carnevale, 2003; De Dreu, Koole, et al., 2000; De Dreu, Beersma, Stroebe, & Euwema, 2006). Importantly, although competitive incentives indeed fuel misperceptions in conflict and negotiation, individuals operating under cooperative or individualistic orientations also have biased perceptions and rely on "competitive" decision heuristics like "my-gain-is-your-loss" (De Dreu & Boles, 1998; De Dreu et al., 2006). Accordingly, we would predict the current findings to generalize across motivational orientations yet be stronger under competitive compared to cooperative incentive structures.

An important implication of our findings, and the egocentrism account more generally, is that the accuracy of negotiator's perceptions will depend on both 1) whether the parties have similar or dissimilar issue priorities, and 2) whether the parties' interests in both issues are compatible or incompatible. When parties have dissimilar issue priorities, and their interests are incompatible, egocentrism will lead both sides to overestimate (underestimate) the degree of incompatibility for their own side's more (less) important issue. Indeed, we demonstrated precisely this pattern in Experiments 1 and 2, because participants misjudged not only the relative importance of the issues to the other party, but also the *magnitude of difference* between their own and the other party's interests (cf. point values listed in Table 1 and estimated payoffs shown in Fig. 1). However, when parties *share similar issue priorities* and their interests are incompatible, the parties will more accurately judge the degree of incompatibility and thus egocentrism will actually enhance judgment accuracy in this case. Likewise, the egocentrism account makes differential predictions about the accuracy of perceiver's judgments when the parties' interests are *compatible* rather than incompatible. Those predictions are summarized in Table 2. Thus, by not only answering the question of "why" misperceptions occur, but also specifying the precise conditions under which they occur, the egocentrism account represents a significant theoretical advancement in work on misperceptions in conflict and negotiation.

Biased conflict perceptions are typically understood in terms of a naïve realism account (e.g., Ross & Ward, 1995). It posits that perceptions are taken for direct, veridical representations of the world, that perceivers see the world "as it is," that other rational perceivers should see it the same way, and that any discrepancies are seen as reflecting bias on the part of the other rather than the self. The current work complements the naïve realism account in three ways. First, we uncovered that biased conflict perceptions are quite strongly driven by the relative importance issues have to oneself. Not only is opposition by others taken as evidence that others are biased; but merely desiring something also induces perceptions of conflict even when no such conflict actually exists. Second, we reasoned and showed that when issues are of little importance to the perceiver, one may actually underestimate the amount of conflict with one's rival (contrary to the notion that incompatibility is generally overestimated; Thompson, 1995), something not elucidated in earlier work on naïve realism and biased conflict perceptions. Finally, the present work adds to the literature on fixed-pie perceptions, which documents the tendency among negotiators to assume that issue prioritization is identical on both sides (i.e., what matters to me most must matter most to my opponent; De Dreu, Koole, et al., 2000; De Dreu, Weingart, et al., 2000;

Table 2

Predictions derived from the egocentrism account about the degree of judgment inaccuracy under conditions of equal (vs. unequal) issue priorities and compatible (vs. incompatible) interests.

	Condition			
	Unequal priorities, incompatible interests	Equal priorities, incompatible interests	Unequal priorities, compatible interests	Equal priorities, compatible interests
Own actual interests (issue A/issue B)	+400/+200	+400/+200	+400/+200	+400/+200
Opponent's actual interests (issue A/issue B)	−200/−400	−400/−200	+200/+400	+400/+200
Actual incompatibility (i.e., Own actual–opponent's actual)	+600/+600	+800/+400	+200/−200	0/0
Opponent's perceived interests (according to egocentrism account)	−400/−200	−400/−200	−400/−200	−400/−200
Perceived incompatibility (i.e., own actual–opponent's perceived)	+800/+400	+800/+400	+800/+400	+800/+400
Judgment inaccuracy (i.e., perceived–actual incompatibility)	+200/−200	0/0	+600/+600	+800/+400
Predicted outcome (according to egocentrism account)	Inaccurate; overestimated incompatibility for issue A, underestimated incompatibility for issue B	Accurate; correctly judged incompatibility for both issues	Inaccurate; overestimated incompatibility for both issues equally	Inaccurate; overestimated incompatibility for both issues, especially issue A

Thompson & Hrebec, 1996). We showed here that over and beyond these assumptions about rank-ordering, people tend to overestimate (underestimate) their partner's interests on their most (least) important issue.

Our findings suggest that having vested interests creates a psychological barrier preventing people from understanding the true interests of those on the other side of the conflict, and in particular, they are inclined to see the other party's interests as being opposed to their own regarding anything they value and are motivated to defend. This finding fits nicely with a large literature showing that individuals have a stronger tendency to develop and maintain positive in-group regard than to develop and maintain outgroup disregard (Brewer, 1999; De Dreu et al., 2010; Halevy, Bornstein, & Sagiv, 2008; Mummendey & Otten, 1998). The current findings point to the possibility that such positive–negative asymmetry emerges in particular on issues that are more rather than less important to the individual and his or her in-group. Future research could pursue this possibility by manipulating issue importance and examining how threat posed by an adversary oriented towards the important rather than unimportant issue triggers hostility towards the out-group.

Another important implication of our findings is that parties will often fail to identify opportunities for tradeoffs (i.e., compromising on one issue for the sake of obtaining greater rewards on other more important issues) even when such opportunities clearly exist. Because parties assume that their own important issues are also important to the other party, and see greater conflict about these issues, they may be reluctant to make concessions on these issues because they assume that the other party will be unwilling to make any concessions of their own and will fight equally hard to protect their interests (a form of “reactive egoism,” Epley, Caruso, & Bazerman, 2006). They may also fear that conceding on these issues puts them at a relative disadvantage with respect to both parties' net outcomes in the negotiation. Moreover, because parties assume that their own unimportant issues are also unimportant to the other party, and see less conflict about these issues, they may not attempt to make concessions on these issues because they assume that the other party, like themselves, has little motivation or incentive for negotiating a more favorable outcome. The consequence of this failure to identify tradeoffs and compromise is that parties will sometimes reach settlements that are relatively disadvantageous to both sides (“lose–lose agreements,” Thompson & Hrebec, 1996). Future research examining how egocentric misperceptions influence the tradeoffs parties make (or do not make), how these are interpreted and responded to by the other party, and how this impacts both parties' negotiation outcomes

would be worthwhile. Also, because the present research involved simulated negotiations, with artificial issues and manipulated issue priorities, research involving real-life negotiations (with experienced negotiators and naturally varying issue priorities) is also needed to see whether the egocentric misperceptions we documented generalizes to those situations.

Our findings brought to the fore that egocentrism creates biased conflict perceptions that may make constructive negotiation difficult. Importantly, we also uncovered that a simple focusing manipulation undermined biased conflict perceptions—when negotiators were instructed to focus on their partner (rather than themselves) they had more accurate estimates of the amount of conflict between their own and their partner's interests. The debiasing effect of this other-focusing manipulation resonates with extant work on perspective-taking and role reversal, showing that negotiators who take another's perspective and try to place themselves in other's shoes fare better in reaching mutually beneficial solutions (Galinsky, Maddux, Gilin, & White, 2008). It also resonates with considerable work on social motivation in negotiation, showing that negotiators who value their partner's outcomes engage in more constructive negotiation and less readily become trapped in escalated, polarized conflict (De Dreu, Weingart, et al., 2000). Thus, while egocentrism provides a psychological barrier to conflict resolution because it drives biased conflict perceptions, other-focusing undermines egocentrism and allows for constructive negotiation and mutually beneficial solutions.

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