

反事實思考對談判情境中首次出價行為的學習效果

Learning Effects of Counterfactual Thinking on First Offer in Negotiation Context

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摘要：本研究目的是探討先前談判經驗如何透過反事實思考，進而影響談判者後續的談判行為。本研究進行二次劇本式實驗，第一個研究檢驗談判結果的接近度是否會影響談判者向上式反事實思考的釋義認知。第二個研究是檢驗談判者的向上式反事實思考會如何改變談判者下一回合談判的首次開價行為，產生反事實思考的學習效果。本研究以136位MBA學生為研究樣本，如同預期，我們發現談判結果的接近度會影響地影響談判者的向上式反事實思考，談判結果接近度愈高時會引發談判者愈高程度的向上式反事實思考。再者我們發現，談判者的向上式反事實思考與後續談判行為（首次開價行為）間存在正向關係，也就是說，向上式反事實思考的釋義過程會對談判者下一次的談判行為產生學習效果。最後，本研究於結論中針對理論與實務提出相關討論。

關鍵詞：談判、反事實思考、首次出價行為、學習效果

Abstract: The purpose of this study was to explore how prior negotiation experiences influence negotiators' subsequent negotiating behaviors through counterfactual thinking. We used 2 scenario experiments in this paper. In Study 1, we examined whether negotiation outcome closeness

affects a negotiator's sense-making of upward counterfactual thinking. In Study 2, we examined whether negotiators' upward counterfactual thinking changes negotiators' first offer in the second-round negotiation to induce the learning effects of counterfactual thinking. 136 MBA students participated in this study. As predicted, we showed that prior experience (i.e., outcome closeness) triggers negotiators' upward counterfactual thinking. Greater outcome closeness activates more upward counterfactual thinking. Moreover, we found that negotiators' upward counterfactual thinking was positively related to their subsequent first offer in the next negotiation, that is, sense-making of upward counterfactual thinking could produce certain learning effects for negotiators. We conclude with a discussion of the study for theorists and practitioners.

Keywords: Negotiation, Counterfactual Thinking, First Offer Behavior, Learning Effect

1. Introduction

Negotiating is a three-stage process involving preparation, execution, and reflection. Although research has focused considerably on how to prepare effectively for a negotiation and how to optimize performance at the bargaining table, how to analyze a previously executed negotiation to improve performance is relatively unknown (Kray *et al.*, 2007). Learning from experience is a critical skill for navigating to the next stage, and has proven to be a formidable challenge for the average negotiator (Loewenstein and Thompson, 2000; Thompson *et al.*, 2000). Learning models from repeated experience have been adapted to explain certain cases of learning in organizations (Wood and Bandura, 1989; Morris and Moore, 2000). Based on reinforcement theory (Skinner, 1971), people modify their behavior because of desirable (or undesirable) outcomes. However, people may have a poor sense of how good their outcome actually is (Blount *et al.*, 1996). In many negotiation cases, objective performance measures do not exist, and disputants lack information to guide their subsequent behavior (Hsee, 1996). Learning from external information is limited. A few recent studies have shown that people's counterfactual thinking of a past negotiation could influence their preparation for subsequent negotiations (Galinsky *et al.*, 2002). Counterfactual thinking is the "alternative possible worlds" that are considered following an outcome; people compare their objective reality to these post hoc alternatives of "what might have been." Counterfactual thinking systematizes information processing and improves analytical problem-solving behavior (Galinsky and Kray, 2004; Kray and Galinsky, 2003; Kray *et al.*, 2006). Certain researchers have recently become interested in the learning effects of counterfactual

thinking in negotiation contexts (Epstude and Roese, 2008; Galinsky and Kray, 2004; Galinsky *et al.*, 2002; Kray *et al.*, 2006; Markman *et al.*, 2007). Galinsky *et al.* (2002) found that upward counterfactual thinking on a prior negotiation case increases the time devoted to preparing for subsequent negotiations. Scant attention has been paid to the learning effect of counterfactual thinking on actual negotiation behaviors from previous experiences. We thus explore the effect of counterfactual thinking from a prior negotiation experience on the subsequent negotiation behavior and use two-wave actual negotiations to explore the learning effects of counterfactual thinking.

Our study makes several main contributions to the literature. We examine whether certain types of negotiated outcomes affect a negotiator's upward counterfactual thinking in their first offer. Moreover, we examine whether negotiators' upward counterfactual thinking affects negotiators' first offer in the next negotiation round to show the learning effects of counterfactual thinking in negotiation contexts.

2. Literature Review and Hypothesis Development

2.1 Negotiation Behavior: First Offer

In a distributive negotiation context, negotiators are likely to make an extreme first offer to maximize their negotiation of economic gains (Brett *et al.*, 1998; Ilana, 1996; Pruitt and Syna, 1985). Several studies found that the anchoring effect of the first offer improves negotiation performance (Mussweiler *et al.*, 2000; Strack and Mussweiler, 1997). Negotiators are more likely to make an extreme first offer to maximize negotiation performance when their negotiation goal is the target price. Negotiators should behave more aggressively in proposing an extreme first offer to achieve higher negotiation goals and to maximize their gains. A relationship exists between the first offer and negotiation performance in anchoring effect (Galinsky and Mussweiler, 2001).

2.2 Counterfactual Thinking

"If-only" thinking can be used as a heuristic for identifying necessary conditions for the relevant outcome to occur or what would have been sufficient to prevent it (Mandel and Lehman, 1996). Psychologists refer to this as counterfactual thinking, following an outcome; people compare their objective reality to these post hoc alternatives of "what might have been." Social psychologists have distinguished counterfactual thinking with different functions or consequences. A primary distinction is between upward comparisons of reality to better possible alternatives, and

downward comparisons of reality to worse possible alternatives. Upward counterfactuals are generated spontaneously far more frequently than are downward counterfactuals (Roese and Olson, 1997).

Any counterfactual thinking focuses attention on a factor (a condition, event, or action) temporally antecedent to the outcome that is mutable or changeable. Such thinking often focuses on how a person might have controlled the outcome, and may help generate plans to promoting similar future outcomes (Nasco and Marsh, 1999). The manner in which reality compares to these alternatives influences people's reactions to events (Kahneman and Miller, 1986; Medvec *et al.*, 1995). Upward counterfactual thinking focuses on a factor that has causal potency to make a difference between the actual outcome and a better outcome (Roese and Olson, 1995). The result is a focused proposition linking a change in a given causal factor to an improved outcome, and hence, serves as a lesson framework. Images of how a better outcome could have previously occurred facilitate constructing images of plans for changing actions for a better future outcome. Research suggests that upward counterfactual thinking helps people draw preparative lessons for an improved future performance (Roese, 1994). Research on academic performance has shown that students generating upward counterfactual thinking are more likely to articulate intentions to take action in preparing for their next exam (Roese, 1994). Upward counterfactuals may offer useful prescriptions for efficacious future behavior (Landman, 1993). Although previous research has established that the generation of upward counterfactual thoughts about a past negotiation increases time devoted to preparing for subsequent negotiations (Galinsky *et al.*, 2002), surprisingly little attention has been paid to the learning effect of counterfactual thinking on actual learning (i.e. negotiation behavior change) from past interactions. Thus, we focus on specific negotiation behavior (i.e. first offer) change to explore learning effects of counterfactual thinking in an actual negotiation context.

2.3 Outcome Closeness and Upward Counterfactual thinking

Outcome closeness refers to the perceived nearness of achieving a goal. This perceived closeness may be temporal, but it may also operate in physical distance and numerical proximity. When the missed opportunity was temporally close rather than far, counterfactual thinking appeared more frequently on subsequent counterfactual thinking. Studies indicate that outcome closeness influences counterfactual thinking activation (Meyers-Levy and Maheswaran, 1992; Roese and Olson, 1997). A focus on near misses rather than on far misses is more beneficial because they

represent a more efficient locus for future improvement. The effect of outcome closeness on counterfactual thinking activation represents a generally functional process. Thus, an outcome that almost occurred triggers counterfactual thinking that elaborates on that outcome. In a negotiation context, objective measures of success do not exist, and people may have a poor sense of how good their outcome actually was during a negotiation (Blount *et al.*, 1996). However, negotiators occasionally evaluate success by comparing their outcome to the other best outcome in a negotiation. When a negotiator's outcome was temporally close rather than far, counterfactual thinking appeared more frequently on subsequent counterfactual thoughts.

The chief determinant of counterfactual content appears to be extant norms (Kahneman and Miller, 1986). Deviations from prior norms or expected behavior most often form the basis of counterfactual content, with counterfactual content returning the deviation back to its normal state. Negotiators who engage in certain types of behavior, such as anchoring the negotiation with an extreme first offer, do well in claiming value (Brett *et al.*, 1998; Galinsky and Mussweiler, 2001; Lewicki *et al.*, 2000). Behavioral norms in distributive negotiation contexts include an extreme first offer. Upward counterfactual thinking focuses on the first offer that has causal potency to make a difference between the actual outcome and a better outcome. Thus, we propose that prior experience (i.e., outcome closeness) triggers negotiators' upward counterfactual thinking toward an extreme first offer.

Hypothesis 1: Perceived outcome closeness is related to upward counterfactual thinking. Greater outcome closeness activates more upward counterfactual thinking.

2.4 Learning from Counterfactual Thinking

Counterfactual thinking serves an important function for directing future behavior, and is characterized by a relational processing style that focuses on relationships associated among a set of stimuli (Kray *et al.*, 2006). Consistent with the benefits associated with this processing style, counterfactual thinking systematizes information processing and improves analytical problem-solving behavior (Galinsky and Kray, 2004; Kray and Galinsky, 2003; Kray *et al.*, 2006). Counterfactual processing may gravitate toward any innumerable set of antecedent elements. Once selected, this antecedent is altered.

Counterfactual thinking may elucidate a causally potent antecedent action, which in turn triggers an expected consequence of a future action. This realization could heighten intentions to perform that action, which may then influence the behavioral manifestation of that action.

Counterfactual thinking engenders future lessons by focusing the attention. The result is a focused proposition linking a change in a given causal factor to an improved outcome, and hence, serves as a framework for lesson construction by producing certain types of learning effects (Epstude and Roese, 2008; Galinsky *et al.*, 2002; Kray *et al.*, 2006; Markman *et al.*, 2007; Morris and Moore, 2000; Roese, 1994, 1997). Certain studies have found that students' frequency of upward thinking is associated with subsequent behavioral intentions and improved academic performance (Nasco and Marsh, 1999).

In the negotiation context, systematized information processing of counterfactual thinking affects negotiators' subsequent and specific negotiation behavior in the next round. Upward counterfactual thinking focused on the first offer changes the subsequent first offer in the next negotiation. Upward counterfactual thinking such as "If I make a more extreme first offer, I will obtain a better final price in this negotiation" focuses on a proposition linking a change in extremity of the first offer to an improved outcome, and hence, serves as a framework for lesson construction in a subsequent first offer. Thus, we propose that upward counterfactual thinking is positively related to a subsequent first-offer extremity.

Hypothesis 2: Upward counterfactual thinking is positively related to a subsequent first-offer extremity.

3. Methods

To test our hypotheses, we relied on two laboratory experiments. In Study 1, we examined whether the negotiation outcome closeness affects a negotiator's upward counterfactual thinking. In Study 2, we examined whether negotiators' upward counterfactual thinking affects negotiators' first offer in the second negotiation round.

MBA students participated in this study as part of a course requirement in a management and organization class. In total, 136 MBA students participated in this study, comprising 61 men and 75 women. To increase participant interest in the negotiation exercise, in addition to course credit, they were given a gift equivalent of US\$3.

Study 1

3.1 Procedure and Stimulus Materials

In study 1, participants were randomly assigned to negotiate with a previously unacquainted

partner, totaling 68 pairs. Participants were told that they would be participating in numerous negotiations with other participants. They were asked to read a scenario that described a business department purchase. A different version of this scenario asked participants to imagine themselves as either potential buyers or sellers of this business department, and to describe the ensuing negotiation. In addition, certain studies have found that more difficult goals produce better negotiation outcomes (Blount *et al.*, 1996; Huber and Neale, 1987), so participants were informed of the same negotiation goal as a fixed condition in the scenario. Discretion is associated with more ambitious scope in the negotiation agreement (Olk and Elvira, 2001). Participants were also told that they were empowered the final negotiation discretions if they agreed mutually with opponent's price without hurting one or both of the parties outcomes. After reading the scenario, participants were asked to begin negotiations with the other participants, which ran approximately 30 min.

At the end of the scenario, participants were asked to finish a questionnaire stating the price of their first offering and to indicate whether they came to an agreement in this negotiation case. If they made an agreement, we requested them to write down the final price of this negotiation case. Subsequently, participants were informed of their prior negotiation performance and of the others' best final price in the prior negotiation. We provided the messages (i.e. an alternative best final price from other groups) to examine the "closeness" between their own negotiation outcomes and the alternative best outcomes. Finally, the participants were asked to write down their thoughts at the end of the negotiation, and were provided eight lines to describe their thoughts. We told participants that another negotiation case would run in the next week and asked whether they were willing to participate in the subsequent case.

3.2 Measures

To assess the degree of the extreme first offer in the first negotiation (i.e. Time 1), we measured the absolute difference between participants' first offering price and their goal price. A greater absolute indicated a more extreme first offer in Time 1. Objective negotiation performance was measured by their final negotiation price. Furthermore, we had items for background information: age and gender as potential control variables.

Outcome closeness was measured by participants' final price minus the others' best price. Because less difference between the final price and the best price indicates more outcome closeness, we reversed the difference number. Greater reversed difference numbers indicated more outcome

closeness. To assess the degree of counterfactual thought activation, three independent raters who were unaware of the various experimental conditions coded participant paragraphs. We explored whether negotiation outcome closeness triggers negotiators' upward counterfactual thinking on the first offer. The raters were asked to rate the extent to which participants focused on thinking, "I could have done better," particularly at the first offer. The raters used a 7-point scale, anchored at 1 (*very little*) and 7 (*very much*). We chose to use the rating scale because it captures the intensity of counterfactual thinking, and the strength with which counterfactuals are experienced and expressed (Sanna and Turley-Ames, 2000). This rating scale assessment has also been modeled in several studies (e.g., Galinsky *et al.*, 2002; Medvec and Savitsky, 1997; Medvec *et al.*, 1995). Because of a relatively high inter-rater reliability ($\alpha = .71$), the ratings of the three coders were averaged into one index.

3.3 Results

3.3.1 Manipulation Checks: Negotiation Role

The experiment asked participants to imagine themselves as either potential buyers or potential sellers of this business department. An item such as "in this negotiation, your role is a buyer" was used to measure the negotiation role. The raters used a 7-point scale, anchored at 1 (*strongly disagree*) and 7 (*strongly agree*). A *t*-test analysis showed that the manipulation had a significant effect on the negotiation role perception, $t(134) = 33.14, p < .001$. Participants in the buyer condition were more likely to answer with greater agreement ($M = 6.54$), whereas those in the seller condition were more likely to answer with greater disagreement ($M = 1.54$).

3.3.2 Hypothesis Test

Buyers and sellers display different bargaining behaviors in negotiation. Buyers with a loss-minimization goal in mind are sensitive to negative outcomes. On the other hand, sellers with a gain-maximization goal are more likely to search for alternatives and opportunities and not close off possibilities (Appelt and Higgins, 2010; Higgins, 2002). As a result, buyers can be persistent and enduring but sellers may easily flee from difficulties to pursue easier tasks (Peng *et al.*, 2011; Trötschel *et al.*, 2013). Buyers as a group are more aggressive in a transaction; sellers in contrast are more open and willing to make concessions (Donohue and Taylor, 2007). Such persistence or stubborn attitude may help buyers to achieve what they want. Fear of failure for buyers induces them to bargain intensively during the current transaction. A group of studies shows that buyers consistently outperform sellers in private negotiation market exchange (Bazerman *et al.*, 1985;

Neale and Bazerman, 1985; Neale *et al.*, 1987). In this study, a planned comparison showed that buyers construct a more extreme first offer than sellers ($t(134) = 2.89, p < .01$). Because an opposite evaluation of negotiation performance for buyers and sellers would confuse the relationships between an extreme first offer and negotiation performance and the differences in bargaining behaviors between buyers and sellers, we only used buyer sample data for analysis. Descriptive statistics, reliability estimates, and correlation coefficients of our study measures are shown in Table 1. The average age of the participants was 28.9 years, gender of the participant was nearly equal (male 54% and female 46%). Outcome closeness was found to be correlated counterfactual thinking ($r = .28, p < .01$), and counterfactual thinking was found to be correlated to first offer extremity in time 2 ($r = .29, p < .01$). The two potential control variables were found to be non-significantly correlated to negotiation performance.

We ran hierarchical regression to examine whether outcome closeness affects upward counterfactual thinking. As shown in Step 1 in Models 1 of Tables 2, both of gender and age weren't significantly related to counterfactual thinking ($\beta = -.13, -.13, p > .05$). In Step 2 (see Table 2, Model 1), we found that outcome closeness was positively and significantly related to upward counterfactual thinking ($\beta = .28, p < .05, \Delta R^2 = .08$). Greater outcome closeness activates more upward counterfactual thinking. Hence, H1 was supported.

Study 2

In this study, we examined the learning effects of upward counterfactual thinking. In Experiment 2, we examined whether negotiators' upward counterfactual thinking affects negotiators' first offer in the second round negotiation.

Table 1 Means, Standard Deviations, and Correlations among Variables (Buyer samples)

	M	SD	1	2	3	4	5
1. Age	28.9	7.47	---				
2. Gender	.46	.50	.02	---			
3. Outcome closeness	-20.85	4.22	-.07	.02	---		
4. Counterfactual thinking	4.53	.93	-.13	-.13	.28*	---	
5. First offer extremity in Time 2	9.67	8.52	.24*	.06	.25*	.29*	---

Note: * $p < .05$, ** $p < .01$, *** $p < .001$

Table 2 Results of Hierarchical Regression Analysis Models

	<u>Model 1</u>		<u>Model 2</u>	
	Counterfactual thinking		First offer extremity (Time 2)	
Step 1:				
gender	-.13	-.13	.05	.10
age	-.13	-.11	.24	.28*
Step 2:				
Outcome closeness		.28*		
Counterfactual thinking				.34**
F value	1.14	2.62*	2.06	4.35**
R ²	.03	.11	.06	.17
ΔR^2		.08		.11

Note: * $p < .05$, ** $p < .01$, *** $p < .001$

3.4 Participants and Design

We conducted the second experiment 1 week after the first experiment in a class. Researchers informed the upcoming negotiation and asked students to participate. Participants were 136 MBA students, similar to the first experiment samples. Members of both dyads were assigned, similar to the first experiment.

Participants were told that they would participate in a negotiation with other participants, and were asked to read a scenario that described the purchase of manufacturing equipment. This scenario requested participants to imagine themselves as either potential buyers or potential sellers of this manufacturing equipment, and then described the ensuing negotiation. Participants were informed of the same negotiation goal as a fixed condition in the scenario. After reading the scenario, participants were asked to begin negotiations with the other participants, which ran approximately 30 min.

At the end of the negotiation, participants were asked to finish a questionnaire by writing the price of their first offering in the second negotiation (i.e. Time 2), and whether both of them arrived at an agreement in this negotiation. If they made an agreement, we asked them to write down the final price of this negotiation.

3.5 Measures

We used the measures of upward counterfactual thinking in Study 1. The absolute difference between the first offer price (Time 2) and the goal price were used to assess the degree of first offer extremity in the second negotiation.

3.6 Results

We predicted that negotiators' upward counterfactual thinking was positively related to the first offer extremity, and we ran hierarchical regression to examine H2. As shown in Step 1 in Models 2 of Tables 2, both of gender and age weren't significantly related to First offer extremity in Time 2 ($\beta = .05, .24, p > .05$). In Step 2 (see Table 2, Model 2), upward counterfactual thinking was positively and significantly related to first offer extremity in the second negotiation ($\beta = .34, p < .01, \Delta R^2 = .11$). Hence, H2 was supported.

4. Conclusion and Discussion

Unlike a host of other social psychology phenomena on counterfactual thinking, the divergence between predicted and actual reactions appears to disappear. In this paper, counterfactuals bring the context to the fore, leading to a convergence of predicted and actual reactions. In two scenario experiments, we make several contributions to the literature. We found that outcome closeness triggers negotiators' upward counterfactual thinking. Negotiators' upward counterfactual thinking is significantly related to outcome closeness. Our results also show that negotiators' upward counterfactual thinking is positively related to their subsequent first offer, and that upward counterfactual thinking produces certain learning effects.

4.1 Outcome Closeness Activated by Cognitive Outcome Evaluation through Counterfactual Thinking

In the last decade, cognitive and social psychologists have increasingly emphasized that people make sense of experienced outcomes by thoughts of what could have been and by comparing actual outcomes to counterfactual alternatives (Roese and Olson, 1995). Recent research investigating negotiation outcome evaluations has primarily examined how negotiation outcomes affect counterfactuals. Galinsky *et al.* (2002) found that negotiators are more likely to generate counterfactual thinking regarding how they could have done better when their first offers were immediately accepted. We differ from the Galinsky *et al.* (2002) experiments, which found that

specific negotiated outcomes (e.g., immediate acceptance of the first offer) activate counterfactual thinking. Our experiments extend research and theory by showing a general and systematic connection between outcomes and evaluations by counterfactual thinking in an actual negotiation context. Outcomes from actual negotiation conditions (non-specific negotiation outcomes) lead us to understand how people make sense of experienced outcomes by counterfactual thinking. Our results show that more outcome closeness is significantly related to more upward counterfactual thinking.

4.2 Learning Effect of Counterfactual Thinking

Learning models from prior experience have been adapted to explain certain cases of organizational learning (Wood and Bandura, 1989); however, these models do not explain how people draw lessons from prior experience through counterfactual thinking. Counterfactual thinking infers the causes of a counterfactual outcome, and may elucidate a causally potent antecedent action, which in turn triggers an expected consequence of a future action. This realization could heighten intentions to perform that action, which may then influence the behavioral manifestation. Certain researchers have found that upward counterfactual thinking is associated with subsequent behavioral intentions (Galinsky *et al.*, 2002; Morris and Moore, 2000) and counterfactual consequences in preparative function. However, few studies have directly examined the influence of upward counterfactual thinking on subsequent behavior.

Exploring whether counterfactual activation leads to negotiator learning advantage involves activating counterfactual thinking in an actual negotiation context and observing its effect on subsequent negotiator behavior. Our results from conducting two scenario experiments and two actual negotiations indicate that upward counterfactual thinking is significantly positively related to the first offer extremity in the next negotiation. We expect counterfactual activation to motivate participant willingness, to expend greater efforts for adapting their behavior to obtain future outcomes that are more positive. Despite increasing preparation, upward counterfactual activation may leave negotiators with worse outcomes in subsequent negotiations by leading them to place extreme first offers on the negotiation table. This research extends the work on preparative function with actual behavior, followed by counterfactual thinking. Thus, a counterfactual learning function may enable future negotiation performance, and its negotiation role is a useful avenue for future research.

4.3 Practical Implications and Future Research Suggestions

Our results show that upward counterfactual thinking motivated participant willingness, to expend greater efforts for adapting their behavior to obtain future outcomes that are more positive. However, in a negotiation context, objective measures of success do not exist, and people may have a poor sense of how good their outcome actually was during a negotiation (Blount *et al.*, 1996). Negotiators occasionally evaluate success by comparing their outcome to the other best outcome. If individuals devoted to seek feedbacks, they could active the process of counterfactual thinking by outcome closeness. Organizational structure and technology may all affect feedback-seeking by creating settings in which feedback is more accessible to individuals. Information-sharing norms may also affect feedback-seeking behavior (DeWhirst, 1971). These above situations cause individuals to desire feedback-seeking; they can to evaluate success by comparing their outcome to the other one. Whenever outcomes were temporally close rather than far, counterfactual thinking appeared more frequently.

Across two experiments, counterfactual activation was the important predictor of first offer. A number of interesting questions arising from the current set of findings should be the focus of future research. Future research should extend to explore the functions of both of upward and downward counterfactual thinking. Given the evidence for upward counterfactuals may offer useful prescriptions for efficacious future behavior (Landman, 1993), it makes little sense to deny one or the other completely. Moreover, the generation of an upward counterfactual may result in more negative affect (Roese, 1997) and one person's affect may influence his or her own behavior (Baumeister *et al.*, 2008; Moons and Mackie, 2009). Future research should explore whether one's affect after counterfactual thinking that has a greater effect on the subsequent behavior of negotiations. Finally, this research had established that the activation of upward counterfactual thoughts about a past offer extremity increases the effect of counterfactual thought on actual learning (i.e. offer extremity change). Future research should explore the learning effects of counterfactual thinking on another negotiation behaviors, such as concession behavior (Frank and Tapp, 2001).

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