Location in Negotiation: Is There a Home Field Advantage?

Markus Baer
nyone who watches sports recognizes home-field advantage, the boost that teams get when playing on familiar turf, cheered on by their own fans. Markus Baer, assistant professor of organizational behavior at Olin, wondered, Do business professionals get the same effect in the comfort of their own offices? And if they do, would there be a way to counteract that advantage? To have, in effect, a very enthusiastic cheerleading team at an away game? Baer and Graham Brown of the University of British Columbia set out to explore these questions in their study, “Location in Negotiation: Is There a Home Field Advantage?,” published in the journal *Organizational Behavior and Human Decision Processes*.

Baer and Brown designed three sets of experiments to test whether home-field advantage occurred in business settings. In the first experiment, students were asked to personalize an office with activities like hanging posters, putting their names on the door and checking their email. They were told that they would be negotiating over the price of a pound of coffee, taking the role of either buyer or seller. These “resident” students then negotiated with two other types of students, “neutral” students and “visitor” students. The neutral students were led into the negotiation believing that the resident had simply arrived at the office earlier, while the visitors were told that the resident occupied this office as a daily work space.

Out of the three groups, residents negotiated the “best” prices, followed by neutral students, with visitors losing the most ground. This result demonstrated not only that residents had a distinct home-field advantage, but also that visitors actually experienced a disadvantage upon encountering the residents at “home.”

If residents have an advantage, what’s a businessperson to do when forced to march into an opponent’s stronghold? Baer and Brown suspected that confidence might mitigate some of that away-field disadvantage experienced by the visitors. The second experiment tested this hypothesis by having students fill out a self-confidence evaluation before they entered the negotiation. Negotiation results were then plotted against the students’ levels of confidence. The analysis revealed that students’ success rates could be partially attributed to confidence.

In the third experiment, the researchers took it a step further by manipulating confidence levels. Visitor students were asked to take a fake assessment and then told that the results indicated high negotiation ability. With this boost in confidence, visitors performed just as well as residents did in the negotiations.

These results indicate that location can be a very important aspect in approaching a negotiation. In light of these findings, the researchers write that “luring the other party into one’s lair or, at the very least, not entering theirs,” will increase the chances of having one’s way in a business deal. The researchers also point out a very personal application of their research, writing that when asking for a raise or a bonus, one should leave the office entirely. “Inviting the boss to a coffee,” they write, “and negotiating in a more neutral setting is likely to be more fruitful.”