Emotional Intelligence and Negotiation: The Tension Between Creating and Claiming Value

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Emotional Intelligence and negotiation: The tension between creating and claiming value

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Note: Correspondence concerning this article should be addressed to: Maw Der Foo, Department of Management and Organization, School of Business, National University of Singapore, 1 Business Link, Singapore 117592. (mawder@nus.edu.sg). Now at the University of Colorado, Boulder.

Abstract

As a departure from past research on emotional intelligence (EI), which generally examines the influence of an individual's level of EI on that individual's consequences, we examined relationships between the emotional intelligence (EI) of both members of dyads involved in a negotiation in order to explain objective and subjective outcomes. As expected, individuals high in EI reported a more positive experience. However, surprisingly, such individuals also achieved significantly lower objective scores than their counterparts. By contrast, having a partner high in EI predicted greater objective gain, and a more positive negotiating experience. Thus, high EI individuals appeared to benefit in affective terms, but appeared to create objective value that they were less able to claim. We discuss the tension between creating and claiming value, and implications for emotion in organizations.

Keywords: Emotion, Negotiation, Emotional intelligence

Emotional Intelligence and negotiation: The tension between creating and claiming value

The role of individual differences in negotiation is generally elusive. For example, researchers have long tried to link personality to negotiation processes and outcomes but with relatively few positive findings (e.g., Drukman, 1971; Hermann & Kogan, 1997). Hammer (1982) claimed that current research methods were unable to explain negotiation styles because they were too elusive and subtle to be identified. However, there have been some promising recent exceptions to the earlier pattern of frustration and null findings (e.g., Barry, & Friedman, 1998; De Dreu, Koole, & Oldersma, 1999; Forgas, 1998), suggesting that the search should be continued. Thus, the question may not be whether individual differences matter but the type of individual difference that matter.

In this study, we present one type of individual difference that has been under-explored in the negotiation literature, that of the effects of emotions on negotiation outcomes. Negotiation is a valuable context in which to explore the consequences of emotions, because negotiations can at times be infused with emotion (Kumar, 1997) and these emotions can shape how we feel about the negotiation and objective outcomes such as the concessions an individual is prepared to make (Baron, 1990). Indeed, theoretical traditions in social psychology concerning the role and development of emotional processes focus on its functional value in social interactions. The social functional perspective—examining personal characteristics in terms of their adaptiveness to enhance social contact—argues that emotions evolved in part because they provide a valuable mechanism for individuals to coordinate their relationships and interactions with others (Keltner & Haidt, 1999; Morris & Keltner, 2000).

Organizational scholars have adopted many different lenses and examined many different components of such emotional processes, such as displayed emo-tions (e.g., Pugh, 2001; Tsai, 2001), emotional labor (e.g., Ashforth & Humphrey, 1993; Hochschild, 1983), and emotional contagion in groups (Barsade, 2002). This study examines the effects of emotional intelligence (EI) on negotiation outcomes. While there is no one best way to study emotions, a benefit of studying EI is that is that it captures a range of the abilities that includes perceiving emotion, facilitating thought with emotion, understanding emotion, and regulating emotion (Mayer, Salovey, & Caruso, 2000). This definition comprises four dimensions: the ability to accurately perceive and express emotion in the self; the ability to recognize and appraise the emotion in others; the ability to regulate emotion in the self, enabling a more rapid recovery from psychological distress; and the ability to use emotions to facilitate performance by guiding them towards constructive activities and personal performance (Ashkanasy, Härtel, & Zerbe, 2000; Law, Wong, Song, 2004; Mayer et al., 2000; Salovey & Mayer, 1997, p. 10).

Emotional Intelligence

This study examines how the emotional intelligence of each individual—as well as the emotional intelligence of the individual's interaction partner—leads to outcomes in negotiation. This contrasts with the majority of studies on EI that cen-tre on unidirectional influence, for example illustrating how individuals high in EI have positive relations with others (Lopes, Salovey, & Straus, 2003) and are more likely to be elected as leaders (Wolff, Pescosolido, & Druskat, 2002).

Emotional intelligence (EI) has been found to influence workplace outcomes. For example, Law et al. (2004), found that employee self-report of emotional intelligence is positively related to supervisor evaluations of job dedication, interpersonal facilitation and task performance. This concept has generated a great deal of excitement both inside and outside of academia (Law et al., 2004), and was most widely popularized by Goleman's (1995) best-selling book, providing an

integrative summary of decades of research in related areas. In spite of its popularization, at its core the emotional intelligence literature draws from rigorous psychological research concerning intelligence and social skills (e.g., Law et al., 2004; Matthews, Zeidner, & Roberts, 2002; Rosenthal, Hall, DiMatteo, Rogers, & Archer, 1979; Thorndike, 1966).

Creating and Claiming Value in Negotiation

Negotiations as a setting for studying the effects of emotions provide an ideal window for examining not only individual emotional ability and its consequences, but simultaneously the ability of interaction partners. If an individual does not regulate his or her emotions, negotiations can sometimes degenerate so that both parties leave the negotiation dissatisfied with the outcomes (Adler, Rosen, & Silverstein, 1998; Kumar, 1997). Given the reciprocal social influence inherent in a negotiation, we examine how the emotional intelligence of both negotiators shapes objective and subjective negotiation outcomes.

Two goals primary in negotiating situations are those of creating value and claiming value (Sebenius, 1992). The classic example often used to explain the distinction is Mary Parker Follett's story of two sisters arguing over an orange (Bazerman, 1986), in which the sisters' interests are not actually in opposition, and merely to compromise with each other would be counterproductive. This is a text-book illustration of creating value—also known as integrative bargaining, or joint gains—where the mutual process of discovering the other party's interests allows creative solutions that increase the total sum of resources available for all to partake (e.g., Fisher, Ury, & Patton, 1991). By contrast, claiming value—also known as distributive bargaining, or individual gains—is the process of taking that total sum of resources and dividing it among the parties. Accordingly, the present study uses a simulated negotiation that contains both integrative and distributive design elements.

Hypothesis Development

Researchers and theorists have emphasized the range of cognitive, intrapersonal, and interpersonal abilities needed to enact the challenging process inherent in complex negotiations (e.g., Barry, & Friedman, 1998; De Dreu et al., 1999; For-gas, 1998). In the present study, we argue that high EI will be beneficial to individuals in a negotiation. Creating value is often a communication dilemma; parties need to understand each other's interests in order to explore areas of mutual interest and thereby craft a deal that is favorable to both, and yet parties might be reluctant to disclose these interests to each other (Naquin & Paulson, 2003; Thompson, Peterson, & Brodt, 1996). The ability of high EI individuals to understand the emotions of others can help contribute to the awareness of whether the negotiation partner is satisfied with the options created and whether the interests of the other side are met. Understanding the subtle communication cues, and the maintenance of composure and a positive problem-solving attitude during an often-difficult process, are factors that benefit the creation of joint objective value (Hegtvedt & Killian, 1999; Naquin & Paulson, 2003).

Another component of EI, that of regulating ones' emotions, also facilitates the negotiation process. This dimension of EI enables negotiators to remain focused on their joint interests, and retain their perspective even if emotions run high. Emotions can lead to an impasse during the negotiation process (Colon & Hunt, 2002). Anger, for example, can hinder objectivity, can cause a loss of trust in the other party, and can lead to actions of retaliation instead of actions towards reaching an agreement (Adler et al., 1998). In contrast, positive actions taken by one side can lead to reciprocation by the other and thereby establish norms for reciprocity (Thompson et al., 1996).

By avoiding premature judgment, spending time to invent options and taking the time to explore others' interests all facilitate mutual joint gains (Fisher et al., 1991). Thus, negotiators who are high in emotional intelligence are expected to have a more rewarding experience that leads to the largest "pie" for both members to share. However, in a negotiation such integrative bargaining

is only half of the story. Creating value is an activity existing in tension with claiming that value (Sebenius, 1992). At the same time that negotiators seek to enlarge the pie, in general they also seek the larger share for themselves. Accordingly, effective negotiating depends on the ability of parties to manage both the integrative and distributive components of the task (Kumar, 1997). Many of the same abilities within emotional intelligence that assist negotiators in creating joint value might also assist negotiators in claiming individual value for themselves. By creating a positive negotiating atmosphere, a high EI negotiator might also get more concessions from the negotiating partner (Baron, 1990). Moreover, by understanding subtle cues and observing a counterpart's reactions, a person high in EI may be able to determine the optimal offer that involves the smallest amount of compromise necessary to satisfy the counterpart, and leaving the remaining share for oneself.

Hypothesis 1a: An individual's EI level is positively related with objective outcomes as determined by the individual's points scored at the end of the negotiation.

Previous studies outside the negotiation context provide support for the perspective that greater emotional intelligence can be a positive factor for successful interactions (e.g., Jordan, Ashkanasy, Härtel, & Hooper, 2002). For instance Lopes et al. (2003), found that high EI persons were more likely to report positive relations with others and less likely to report negative interactions with close friends. These findings remained significant even when the Big Five personality traits were included in the regression equations. In a series of studies, Law et al. (2004) found EI to predict positive social and work related outcomes, and also to be distinct from personality.

Researchers in negotiations have increasingly examined the importance of subjective outcomes that describe the quality of the interpersonal experience, as a complement to financial or objective rewards (e.g., Hegtvedt & Killian, 1999; Naquin & Paulson, 2003). At the same time that value can be created in terms of objective outcomes such as salary and benefits, value in negotiations can also be created by how the negotiators feel about the negotiation outcomes. By having the ability to manage the often-difficult negotiation process, it is possible that persons high in emotional intelligence will also leave the negotiation with a more positive experience. Just as emotional intelligence has been linked to higher life satisfaction (Palmer, Donaldson, & Stough, 2002), through regulating their own emotions effectively, negotiators are likely both to meet their objective interests as well as to develop good relationships with the negotiating partner (Baron, 1990; Hegtredt, & Killian, 1999). Taken together, these factors provide support for the hypothesis that:

Hypothesis 1b: An individual's EI is positively related with the positive experience felt by that individual during the negotiation.

As discussed above, the social functional perspective on emotion argues that emotional abilities are valuable for facilitating social interactions (Keltner & Haidt, 1999; Morris & Keltner, 2000). Not surprisingly, Lopes et al. (2003), found high EI persons to have positive social interactions. Extending the benefits of EI to the negotiation context, we expect that by regulating one's emotions, and by maintaining a positive negotiating environment, a negotiator high in emotional intelligence can create an environment in which both negotiating sides are satisfied with the way the negotiation was conducted. Despite the possible benefit of high EI individuals to create a positive negotiating experience for both themselves and for the negotiating partners, it is uncertain whether an individual benefits by negotiating with a high EI partner. One dimension of EI is to direct their emotion abilities to improve personal performance (Law et al., 2004). Conceivably the high EI partner can extract greater value from the negotiation; for instance a high EI person can use abilities at understanding others (Wong, Law, & Wong, 2004) to recognize that his or her partner is satisfied with the offer and not increase the offer further.

Despite this possibility of personal performance at the expense of the partner, we expect

that individuals benefit by negotiating with high EI partners. Individuals high in EI can better gain the trust of others (Wolff et al., 2002) and trust promotes integrative bargaining (Naquin & Paulson, 2003). Further, positive emotions lead to cognitive flexibility and creative strategies in fashioning integrative negotiation outcomes (Kumar, 1997). In contrast, negative emotions lead negotiators to define the situation as distributive rather than integrative (Kumar, 1997). Integrative bar-gaining is beneficial because the negotiation dyad can discover each others' interests and find ways to increase joint outcomes (e.g., Fisher et al., 1991). We there-fore propose these two hypotheses:

Hypothesis 2a: An individual's EI level is positively related with objective outcomes as determined by the dyad's total points scored at the end of the negotiation.

Hypothesis 2b: An individual's EI is positively related with the positive experience felt by the dyad during the negotiation.

Method

Sample

Undergraduate university students in a large Asian city participated in this study as part of a course requirement in a class on Management and Organization. A total of 164 students, all of Chinese ethnic origin, comprising 76 males and 88 females participated in this study. To increase participant interest in the negotiation exercise, in addition to course credit, they were paid the equivalent of US$3 to US$9 based on their performance. The age of undergraduate students in this sample ranged from 18 to 24. The negotiation scenario was designed to be one that the subjects could reasonably be put into, as sales and purchasing managers after they graduate. The study was conducted in English, the language of instruction of the educational institution.

Negotiation Exercise

Upon arrival at the laboratory, participants were randomly assigned to negotiate with a previously unacquainted partner of the same gender. There were 82 pairs in total. Participants took part in a mixed-motive negotiation exercise that contained one distributive issue (in which gain to one party was exactly equal to loss to the other party), one compatible issue (in which both parties shared the same preferences), and two issues with integrative potential for which it was optimal to make tradeoffs between the two parties (in which one issue was more important to one party, and the other issue was more important to the other party, and points were optimized through logrolling).

The stated goal of the exercise was to complete a fictional transaction for the purchase of specialty industrial light bulbs. One participant was assigned randomly to the role of purchasing manager at a company called Acme Industries, and the other participant in each dyad was assigned the role of sales manager at Gamma Industries. The goal of the participants was to reach the most valuable deal for themselves, which required them to exchange information effectively regarding their preferences and interests. Appendix 1 lists the points that participants received for each possible agreement on each issue. The participants were informed that the best alternative to a negotiated agreement for each participant was zero, which meant that any negotiation agreement—unless the participant received their least preferred option on every issue—represented an improvement over the score based on an impasse. Consistent with this fact, all pairs taking part in the exercise reached a settlement.

Subjective Exercise Outcome: Experience During Negotiation Scale (α = .66)

Following the negotiation exercise, participants completed additional survey items that evaluate the experience during negotiation of the interaction that had taken place. The objective outcome of the negotiation was the total number of points scored, using the scoring system

outlined in Appendix 1. However, research literature on emotional intelligence argues that the ability is beneficial both for its enhancement of objective productivity as well as its contribution to a positive working environment (e.g., Law et al., 2004; Wong et al., 2004; Wong & Law, 2002). Further, subjective social psychological outcomes are important in deter-mining behavior during and subsequent to a negotiation (e.g., Naquin & Paulson, 2003). Thus, in the present study, participants completed questions relating their subjective experience of the negotiation exercise. They rated the experience during the negotiation using five questions adapted from Coleman and Lim's (2001) Negotiation Evaluation Survey. The items were: "I felt anxious at times during the negotiation (reverse-coded)," "I experienced positive emotions during the negotiation (e.g., interested, stimulated, creative, hopeful)," "I experienced negative emotions during the negotiation (e. g., anger, frustration, fear) (reverse-coded)," "I felt comfortable talking to the other party," and "I felt positively towards the other party." These questions provided an indication of the individual's experience during the negotiation with the higher the score the more positive the experience during the negotiation.

Individual Difference Scales

In order to avoid priming participants as to the purpose of the present study, participants returned to the laboratory a week after the negotiation exercise took place to complete a series of scales measuring individual differences.

Emotional Intelligence

The core measure of the present study was Wong et al.'s (2004), revised Emotional Intelligence Scale. Wong and Law's (2002) original scale was a self-report measure of emotional intelligence developed around Mayer, Caruso and Salovey's (1999) four-branch model of EI: perceiving emotions, using emotions, understanding emotions, and regulating emotions. The scale was tested on Hong Kong Chinese workers, similar culturally and ethnically to the group in the present study, and findings showed that workers' level of EI predicted workplace outcomes such as performance and satisfaction (Wong & Law, 2002; Law et al., 2004). This was especially true for those workers in occupations that involved the need to portray emotions as part of the job role.

Wong et al.'s (2004) updated scale was intended to follow not only the theoretical constructs but also the measurement strategy for emotional intelligence conceptualized by Salovey, Mayer and colleagues. Salovey, Mayer, and his colleagues had previously developed their MEIS and later MSCEIT instruments with a focus on "performance" test items—for which there are correct versus incorrect answers determined by a panel of either experts or by peer consensus. Indeed, past research has documented difficulty in developing self-report tests of emotional intelligence that have divergent validity from traditional personality scales (e.g., Davies, Stankov, & Roberts, 1998; Matthews et al., 2002). Using self-report measures of emotional intelligence is also challenging because it is not clear whether all individuals have sufficient self-awareness of their own ability levels in emotional arenas—in fact, even for objective ability areas such as traditional intelligence, self-reported responses often correlate poorly with performance measures (Roberts, Zeidner, & Matthews, 2001). Thus, Wong et al.'s (2004) updated scale follows this method and uses 40 forced-choice format questions designed to elicit answers to specific questions that test participants' EI. This forced choice format reduces the potential for self-presentation biases and does not require respondents to have insight about their own degree of emotional intelligence.

Wong et al. (2004) used a group of managers and two HR directors in Hong Kong to generate the items based on Salovey, Mayer and colleagues definition of EI. The items were then evaluated by a group of 470 employees in a hotel and 326 undergraduate students. To ensure the ability of the items to discriminate among respondents, items were dropped if more than two-thirds of the respondents chose one of the responses. Of the remaining items, the forty items that showed consistent direction with the original item writer and with the largest correlation

coefficients were selected. Sample questions include: When you are upset, you will, (a) Talk to someone who is close to you about your feeling; or (b) Concentrate on some matters (e.g., work, study, or hobby) so that you can get away from your bad feelings; When someone keeps on arguing with you on some unimportant topics, you will (a) Not respond and wait for him/her to stop; or (b) Pretend to agree with his/her views and switch the discussion to other topics. The correct answers are (a) and (b) respectively. The "correct" answer is context dependent and the appropriate response in an individualistic culture for example, might not be appropriate in a collectivistic culture. Because of the possibility of context dependence, the scale created by Wong et al. (2004), is particularly suitable for this study since the present study was also conducted in a collectivistic culture with a predominance of ethnic Chinese. Validation of this scale with two groups of participants, comprising undergraduate students in Hong Kong showed that the scale had high internal consistency of .83 but alphas for its four dimensions were marginal, ranging from .51 to .63, suggesting that it might be more appropriate to use the scale as a whole instead of using it to study the various dimensions of EI. To obtain the EI score for each participant in this study, each participant completed Wong et al.'s (2004) scale and the EI scores depended on their responses to these items. In general female participants in this study as compared to male participants did not score as highly on the EI scale and we controlled for gender in the analysis.

Personality Measures and Additional Control Variables

Given past questions concerning divergent validity, we included conventional personality measures as controls when studying emotional intelligence. Participants completed the shortened 10–item scales from the NEO–IPIP scales (Goldberg, 1999) for Neuroticism (α = .86), Extraversion (α = .86), Openness to Experience (α = .82) and Conscientiousness (α = .81) . Participants also completed Davis' (1983) scale assessing Empathy (α = .70). This six-item scale contains questions such as "I am often quite touched by things that I see happen." All the above scales were all rated on a Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

In addition, to serve as further control variables without specific hypotheses, participants reported both their grade point averages (GPA) as a measure of academic performance as well as their gender.

Results

Table 1 lists the correlations among the outcome, predictor, and control variables. In keeping with empirical evidence suggesting that subjective and objective outcomes from negotiations can but do not necessarily coincide (Kwon & Weingart, 2004), the objective number of points earned in the negotiation exercise was not correlated with the participant's subjective positive experience (r = .02, ns). The participant randomly assigned to the role of the seller appeared to have higher scores on the empathy scale. However, correlating the randomly assigned role with every other variable in the study introduces the possibility that significant results could result from conducting multiple exploratory tests, as one would expect on average 5% of all unfocused statistical tests to be significant at the alpha = .05 level. For this reason, a binomial probability calculation tested the chance of finding at least one significant correlation at the alpha = .05 level, in effect to have one or more hits out of 10 "coin flips" in which each coin had a probability of .05, which yielded a non-significant probability of p = 1–(.95^10) = .40. This suggests that the one significant difference between the randomly assigned groups could be an artifact rather than a flaw in the randomization process.

The hypotheses of the present study focus on the individual and dyadic level of analysis when examining the relationship between emotional intelligence and outcomes in negotiation. Therefore, the most appropriate analytical strategy for hypothesis testing is to use multi-level random coefficient modeling (Bliese, 2002), in which coefficients can be estimated simultaneously at more than one level of analysis. In the current data set, such a procedure allows us to examine

the individual and dyadic levels together in a single model. For this purpose, models described below use Stata's robust cluster command in multiple regression, which accounts for the nested observations that are interdependent between the individual members of each dyad but independent across dyads. Relevant predictors are examined in terms of their dyad-level average value, as well as the individual values after they have been centered through subtraction of the dyad-level average. Bryk and Raudenbush (1992) argued that such group-mean centering allows a clean inter-pretation of individual values separate from the impact of the group.

Table 2 summarizes the results of these multiple regression models predicting objective point scores and negotiating experience. In the case of point scores, the dyad-level scores are the total value created by the dyad, corresponding to success at the integrative component of negotiation, and the individual-level scores (after controlling for the dyad-level) correspond to the amount that each party claimed of the total value created, corresponding to success at the distributive component of negotiation. In the case of negotiating experience, the dyad-level scores correspond to the average of the two counterparts, and the individual level scores (after controlling for the dyad-level) correspond to the positivity each individual experienced relative to the dyad average. Due to the large number of control variables and the need to include variables both at the individual and dyad levels, personality measures were included in hypothesis testing only if they had a marginal or significant effect in a baseline model. Neuroticism was the only variable meeting this test, with a positive impact on negotiation outcomes.

For objective point scores, in terms of Hypothesis 1a, at the dyadic level, higher average emotional intelligence among partners predicted significantly better negotiation outcomes. Thus, higher EI negotiators were able to create more joint value. However, in terms of Hypothesis 2a, at the individual level, the more emotionally intelligent of the two negotiation partners received significantly less than the score of their counterpart. Taken together, this pattern suggests that emotionally intelligent individuals contributed towards creating value but were unable to claim this value for themselves.

For negotiating experience, in terms of Hypothesis 1b, at the dyadic level, higher average emotional intelligence among partners again predicted a significantly more positive negotiating experience. Moreover, in contrast with the findings for Hypothesis 2a on objective point scores, the more emotionally intelligent of the two negotiation partners had a significantly more positive experience than did their counterpart, supporting Hypothesis 2b's assertion on negotiating experience. From the significant coefficient at the dyad level, it appears that the counterpart of a high EI negotiator also had a more positive negotiating experience. However, due to dyad-mean centering we interpret the individual-level coefficient as a comparison between the two negotiators.

Further analyses also showed that there were significant differences in joint gain produced across dyads in which both members were high in EI, both members were low in EI, and one member was high and the other member was low in EI, $F(2, 79) = 5.42$, $p < .01$. Post-hoc tests revealed that the highest joint gain was related with dyads with one member who was high in EI and one member who was low in EI (M = $238,793). Those dyads had significantly greater total value than low–low dyads (M = $216,600, $p < .01$). Dyads with high–high EI had marginally greater value than low–low dyads, (M = $231,672, $p = .08$). This suggests that EI is a positive factor relating to joint gains, and that having even one dyad member high in EI is related to higher joint gains.

Discussion

In exploring the consequences of having the abilities to manage emotion effectively in workplace settings—as represented by the construct of emotional intelligence—the present study examined the relationship between EI and both the objective and subjective outcomes of negotiation. Consistent with predictions based on past research (e.g., Ashkanasy et al., 2000),

individuals high in EI reported more positive experiences. Perhaps this is because high EI persons are generally more satisfied with their relationships with others (Law et al., 2004; Lopes et al., 2003). Further, having a partner high in EI is related to better objective outcomes as represented by the number of points scored. However, contrary to prediction, individuals high in EI actually earned lower objective scores for themselves. These findings suggest that EI is a valuable factor for achieving integrative negotiation outcomes but that, unexpectedly, emotionally intelligent individuals were unable to claim for themselves the value that they had helped to create.

Such a finding seems to present a paradox, in that an individual with high EI can create value—but a different individual consumes that value. A possible reason for the finding is that a high EI negotiator may show too much sympathy to the low EI negotiator and, thus, may be more conciliatory than the low EI negotiator. Perhaps, high EI negotiators are more trusting and communicative, which produces integrative outcomes, but which also leaves one vulnerable to exploitation. It will be valuable to test these explanations in future research in the area of negotiations. Although this finding might imply that emotional intelligence actually hurts a person's ability to engage in distributive tasks, we believe that it would be premature to conclude this on the basis of the present study, which was a onetime simulation with no prospects of a future working relationship. One potential explanation to resolve this paradox is that the possible consequences of emotional intelligence in negotiations may differ as a short-term versus long-term activity. In terms of the social functional perspective that forms the theoretical foundation for the present study, we can expect the value created by emotional intelligence to be in the form of improving the quality of interpersonal coordination and relationships—which is a value that can be reaped over time.

The findings in the present study should be interpreted with caution. The pre-sent study focuses only on a one time, one-on-one negotiation. In many business situations, teams rather than individuals conduct negotiations, and in many settings negotiators expect to continue a working relationship with each other over time. Despite these limitations, the present study examining a one-time, one-on-one negotiation does represent a common scenario that is important to understand. For example, such a scenario may be representative of negotiations between car buyers and sellers, with a human resource manager regarding terms of employment, with the seller for a piece of land or building, and with a government official to obtain an exception to a rule or regulation. Future work can also use other methods in order to provide a greater understanding of the intervening factors, for example by video or audio-taping the negotiations to determine the processes through which EI shape interactions between the negotiators.

Another caution is our assumption that EI usually leads to more positive experiences of the self and of others. While the results of this study—and other studies of EI in domains outside of negotiation—generally support this assumption, it is possible that in some contexts, such as a negotiation context, a high EI individual can use emotion strategically to express both positive and negative emotions in order to achieve personal goals. As the context might matter in how high EI individuals make use of emotions, future studies could further examine the emotion strategies adopted by high EI persons in the negotiation context. Furthermore, there could be possible differences in the exact mechanisms of how EI operates in Western and Eastern cultures. Although a series of studies done in Hong Kong by Law et al. (2004), Wong et al. (2004), and Wong and Law (2002) did not highlight any differences in how EI operates in Western and Eastern cultures, this does not mean that differences could not be identified by future studies.

Managerial Implications

The current research has several important implications for managers. The first is that employees who are high in emotional intelligence can contribute to beneficial consequences that are seen by others at a collective level, rather than by themselves. Organizations can have a lot to

gain from the value created by high EI individuals. This is particularly important if the high EI person has the opportunity to interact with individuals or groups outside the organization, given the importance of developing and maintaining effective network connections with parties in the outside community. It is important to highlight to managers that EI training may be beneficial in organizations, which can serve an instrumental purpose that is worth supporting and promoting.

A further implication is that it can be challenging to reward individuals for that value which is created by EI within organizations. As the results demonstrated, a person high in emotional intelligence can create value and yet not claim an equitable share of that value. It may be necessary for managers to intervene to promote and reward the benefits of individuals' EI. In an organizational setting, it is important to reward those who create value for those around them. There are many settings in which this reward may happen automatically, either when high EI promotes factors that feed back into individual productivity, or when employees receive rewards for group-level productivity. However, in other settings the person creating the value may not automatically see its reward. For example, if a reward system ranks individuals against each other, then those who invest time and energy to create a healthy work environment may actually hurt their own performance if their individual outputs appear lower than that of the co-workers. It is imperative that, in rewarding employees, organizations take into consideration what an individual produces in conjunction with the value that the individual creates for the whole system.

A final implication is that those individuals who are high in emotional intelligence may also benefit from further training interventions. These high EI individuals may not be aware or have the ability to extract value for themselves in settings that have a distributional component. By focusing their energy on creating a pleasant work climate and positive interpersonal interactions, they may miss critical opportunities for individual reward. To our knowledge, this aspect of EI training, the need to extract value, is not a part of current EI training.

Theoretical Implications

The present study demonstrated the value of using emotional intelligence as a lens for examining individual differences in negotiation outcomes. A benefit of EI is its relevance to workplace outcomes (Law et al., 2004; Wong et al., 2004). However, because emotional intelligence has continued to be controversial in the literature (e.g., Becker, 2003; Jordan, Ashkanasy, & Härtel, 2003; Roberts et al., 2001), it is worthwhile to develop a greater empirical base of research from which to evaluate the construct. In studying emotions in a negotiating context, the social functional theoretical perspective on emotion (e.g., Keltner & Haidt, 1999) guided the development and interpretation of the current findings. Emotions are inherently social, and psychological traditions emphasize the importance of emotion for interpersonal interactions, rather than for individual activities.

If emotions provide a valuable mechanism for individuals to coordinate their relationships and interactions with others (Kumar, 1997), then it is important to consider the impact of emotional abilities not only on a focal individual, but also on the others with whom they interact. Past studies in emotion have examined mostly the outcomes to one individual. Thus, a theoretical implication of the present study is that we need to understand the reciprocal effects of emotion, including the case of negotiation outcomes in the present study. Our findings show that crucial outcomes can depend on the emotional intelligence of both sides of the social influence process.

Correspondingly, researchers in the negotiations area need to examine both the individual and dyadic aspects of objective value and subjective experience, rather than to assume both are affected in tandem by any given phenomenon. Indeed, the most striking and surprising finding in the present study was that a negotiator's own EI had a negative impact on objective outcomes in negotiation, whereas the EI of a negotiator's partner had a beneficial impact on the same out-comes by increasing the integrative value to be shared among the parties. Future studies should continue

to examine emotion as an interpersonal rather than as an exclusively individual process and to examine both objective and subjective out-comes.

Table 1

Intercorrelations among Outcome, Control, Personality, and Emotional Intelligence Measures

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Outcome Variables										
1. Points Score										
2. Affective Tone	.02									
Control Variables										
3. Role (Seller=1)	.06	-.06								
4. Female	-.07	-.04	.00							
5. GPA	.16*	.02	-.03	-.04						
Personality Variables										
6. Neuroticism	.11	.10	.01	-.02	.02					
7. Extraversion	-.11	-.06	.01	-.03	.02	-.19*				
8. Openness	-.13	-.07	.09	.01	-.06	-.17*	.33***			
9. Conscientious-ness	.04	-.05	-.02	.07	-.10	-.09	.14+	.21**		
10. Empathy	-.13+	.01	.20*	-.07	.01	-.16*	.11	.05	-.07	
Emotional Intelligence										
11. Emotional Intelligence Scale	-.18*	.24**	-.06	-.16*	-.01	-.08	.01	.04	.11	.18*

Note: N = 164 individuals
+ p ⊚⊚.10, *p ⊚⊚.05. **p ⊚⊚.01, ***p ⊚⊚.001. (two-tailed)

Table 2

Multiple Regression of Control Variables, Personality Variables, and Emotional Intelligence Predicting Negotiation Outcomes

	Points Score		Negotiating Experience	
	Model 1 Baseline Model	Model 2 Emotional Intelligence	Model 3 Baseline Model	Model 4 Emotional Intelligence
Control Variables				
Role (Seller = 1)	.11	.04	−.07	−.05
Female	−.05	−.03	−.05	.00
GPA	.18*	.15*	.02	.02
Dyad-level personality variables				
Neuroticism	.03	.06	.02	.05
Extraversion	.02		−.01	
Openness	−.02		−.03	
Conscientiousness	.04		−.01	
	.00		−.01	
Individual-level personality variables (dyad-mean centred)				
Neuroticism	.21*	.13*	.20**	.18**
Extraversion	−.10		−.02	
Openness	−.14		.01	
Conscientiousness	.18		−.04	
Empathy	−.11		.01	
Emotional intelligence				
Dyad-level Average	.12*		.18*	
Individual-level (dyad-mean centred)		−.36***	.15*	
Model diagnostics				
R^2	.11	.19	.04	.09
F	F (13, 81) = 1.29		F (13 ,81) = 0.93	
		F (7, 81) = 4.32**		F (7, 81) = 3.13*

Note: N = 164 individuals, 82 dyads. Regression coefficients listed are standardized betas. Regression models use Stata's robust cluster procedure in order to account for nested observations that are interdependent among members of a dyad.

*p ⊚.05. **p ⊚.01. ***p ⊚.001. (two-tailed)

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Appendix
Schedule of Negotiation Exercise Points

Price

Decision	Value to Acme	Value to Gamma
$10,000	$90,000	$0
$40,000	$60,000	$30,000
$70,000	$30,000	$60,000
$100,000	$0	$90,000

Delivery time

Decision	Value to Acme	Value to Gamma
One week	$40,000	$40,000
Two weeks	$20,000	$20,000
Three weeks	$0	$0

Installation

Decision	Value to Acme	Value to Gamma
Full installation	$40,000	$0
Limited Installation	$20,000	$2,500
No installation	$0	$5,000

Payment time

Decision	Value to Acme	Value to Gamma
One week	$0	$40,000
Two weeks	$2,500	$20,000
Three weeks	$5,000	$0