Emotional intelligence and counterpart mood induction in a negotiation

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Abstract

Purpose – This paper aims to identify whether emotional intelligence relates to counterpart outcome satisfaction in negotiation contexts.

Design/methodology/approach – A negotiation simulation and a pre-established measure of emotional intelligence were employed.

Findings – In Study 1, multi-level models revealed that a participant’s ability to understand emotion positively predicted his or her counterpart’s outcome satisfaction. Study 2 replicates and extends this finding by showing the counterpart’s outcome satisfaction, assessment of liking, and desire to negotiate again with the participant.

Practical implications – The mechanisms identifying how participants with high levels of understanding emotion induced their counterparts with positive affect were not examined.

Originality/value – This is the first empirical article to show a relationship between emotional intelligence and counterpart outcome satisfaction in a negotiation context.

Keywords Emotional intelligence, Negotiating

Do people experience more positive mood and satisfaction when negotiating with an emotionally intelligent counterpart? As a result of experiencing positive mood, will people tend to like their emotionally intelligent counterpart and wish to negotiate again? The popular literature suggests that this should be the case (Craver, 2002; Lewicki and Hiam, 1999; Weisinger, 1998) and researchers have begun to theorize about the important role of emotional intelligence in negotiation (Fulmer and Barry, 2004; Ogilvie and Carsky, 2002). However, with one exception (Fox and Spector, 2000), scant empirical research has examined the association between an individual’s emotional intelligence and his or her counterpart’s positive mood, and no published study to date has examined this association in the context of a negotiation. To explore

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these questions, the current research employs two negotiation simulations to test specific hypotheses concerning whether emotionally intelligent participants induce their counterparts with positive feelings regardless of how well the counterpart performs financially.

**Emotional intelligence and negotiation**

In general, emotional intelligence is defined as the ability to understand and use emotions adaptively in everyday life (Mayer and Salovey, 1997). The model of emotional intelligence developed by Peter Salovey and his colleagues is multi-dimensional in that it includes four major branches – namely, perceiving, facilitating, understanding, and managing emotion (Mayer et al., 2002). We use the model of emotional intelligence developed by Peter Salovey and his colleagues (as opposed to other models of emotional intelligence) because we are interested in social outcomes, and this model was specifically developed to examine the social utility of the emotionally intelligence construct. Furthermore, the Salovey model is the only model to date that has yielded rigorous empirical evidence showing that emotional intelligence is related to the quality of individuals' social interactions with peers (Lopes et al., 2005; Salovey et al., 1999). Perceiving emotion involves one's ability to detect and identify emotions in oneself and others. Facilitating emotion involves one's ability to use emotions productively in the context of various cognitive processes including creativity, problem solving, and reasoning. Understanding emotion concerns one's intelligence about the emotional system – more specifically, one's understanding of the emotional lexicon and how emotions combine, progress, or transition from one to the other (Mayer et al., 2000). Finally, managing emotion, often called emotion regulation or coping, involves one's ability to regulate emotions in the self and among others in adaptive ways.

When adding to the body of knowledge regarding the emotional intelligence construct, there is no general rule of thumb regarding when to use the dimensions and when to use overall score. Some studies use the overall score (Brackett et al., 2006; Cote and Miners, 2006), whereas other studies use only the dimension scores or a single dimension score (Lyons and Schneider, 2005; Elfenbein and Ambady, 2002). The use of the dimension scores in lieu of an overall score is in keeping with decades of research in social psychology which, prior to the emotional intelligence construct, had examined empathy (Davis, 1983), managing emotions – sometimes called coping or emotion regulation (Folkman and Lazarus, 1985; Gross, 1998), and how mood facilitates cognition (Isen et al., 1985; Isen et al., 1978) separately. Only the understanding emotions dimensions is new, and as such, one important contribution of this paper is to add to a scant but growing body of literature that has identified how understanding emotions contributes to adaptive social outcomes. In sum, the current investigation examines each dimension of emotional intelligence separately and thereby explores how each might contribute uniquely to counterpart outcome satisfaction in a negotiation.

One interpersonal context where emotional intelligence may influence social outcomes is negotiation, which is defined as an "interpersonal decision-making process by which two or more people agree how to allocate scarce resources" (Thompson, 2001, p. 2). Fulmer and Barry (2004) identify several reasons why emotional intelligence should represent an asset in a negotiation. Most notably, Fulmer and Barry theorize
that emotionally intelligent negotiators should be “more successful in inducing desired emotions in negotiation opponents” (p. 259). In general, positive affective experience often qualifies as a “desired emotion” for one’s counterpart – particularly in a negotiation with an expected future interaction.

An impressive body of research has shown that positive mood and related variables (e.g. liking, satisfaction) play a pivotal role in the development and maintenance of positive social interaction (Isen and Baron, 1991; Liden et al., 1993; Reis et al., 2000), such as higher levels of cooperation (Barsade, 2002), fewer contentious behaviors (Carnevale and Isen, 1986), more helping behavior (Isen et al., 1976), higher levels of organizational spontaneity (George and Brief, 1992), and higher supervisor ratings of performance (Wayne and Liden, 1995). In negotiations, positive mood might lead to outcome satisfaction, which predicts the desire for future negotiation (Oliver et al., 1994). Moreover, satisfaction is considered by some negotiators to be an important outcome in its own right (Curhan et al., 2006).

Study 1
Based on this relevant theory and empirical evidence that emotional intelligence does play an important role in the context of negotiations (Foo et al., 2004), we reasoned that counterparts of emotionally intelligent negotiators would experience greater positive mood, and consequently greater outcome satisfaction, liking for the emotionally intelligent negotiator, and desire to negotiate again. We build on Mayer and his colleagues' theoretical and empirical work to advance specific hypotheses regarding the effects of a negotiator's emotional intelligence on his or her partner's mood. First, the ability to perceive emotions may influence counterparts' outcome satisfaction because individuals who have a higher ability to accurately detect and appraise emotions are more likely to unintentionally mimic the facial expressions of their counterparts (Sonnby-Borgstroem et al., 2003). In turn, nonconscious mimicry relates to greater liking, rapport, and affiliation (Lakin et al., 2003). Indeed, research has shown that a candidate's ability to perceive emotions was related to the interviewer's liking the candidate (Fox and Spector, 2000), and liking positively correlates with outcome satisfaction in a negotiation (Curhan et al., 2006; Kass, 2003). Hence we predicted that participants with high levels of perceiving emotion would be more likely to induce their counterparts with high levels of outcome satisfaction (H1).

Individuals with high ability to facilitate emotion should have the skills to orient the negotiation towards constructive problem solving (as opposed to contentious tactics), which in turn leads participants to feel more satisfied with their negotiation outcome (Pruitt, 1981). Participants who score high on emotional facilitation may fake positive emotions to facilitate problem solving (Cage et al., 2004, as cited in Daus and Ashkanasy, 2005). As such, counterpart positive mood induction might also occur through emotional contagion. Emotional contagion is a nonconscious process whereby individuals in groups or dyads share affective experience (Barsade, 2002), and studies have verified that dyad and group affect does tend to converge over the course of a single interaction (Barsade, 2002; Bartel and Saavedra, 2000). Thus, we hypothesized that participants' skill in facilitating emotion would be significantly positively related to counterpart's outcome satisfaction (H2).

Participants who understand emotion presumably understand how emotions develop, how they can be interpreted, and how one emotion can lead to another. As a
result, such individuals should understand the appropriate emotions needed to evoke a desired response. For example, research has shown that individuals can be shamed into experiencing anger (Tangney et al., 1992). A person who has high ability to understand emotions might intuitively know that his or her counterpart’s experience of shame and guilt in the context of a negotiation, if left untended, could lead to anger and sustained conflict.

To our knowledge, there are no studies examining whether the ability to understand emotion is associated with counterpart affect or satisfaction in any context. However, there is some evidence that the ability to understand emotion relates to various indices of social functioning. For example, Daus and Ashkanasy (2005) describe several studies showing that understanding emotion relates to transformational leadership as well as job satisfaction. Other research suggests that the ability to understand emotions may aid individuals who have predispositions for high emotional intensity and clarity in that they tend to experience lower levels of stress (Gohm et al., 2005). Additionally, there is some evidence that the ability to understand emotions may predict secure adult attachment (Kafetsios, 2004), and some theory suggests that securely attached individuals should experience higher levels of counterpart liking (Mikulincer and Shaver, 2003). Hence we predicted that participants with high levels of understanding emotion will be more likely to induce their counterparts with high levels of outcome satisfaction (H3).

Finally, the ability to manage emotions, which involves the ability to self-monitor, engage, prolong, or detach from an emotional state has been shown to relate to intra-individual variation in affect (Folkman and Lazarus, 1988), such that coping with events can change an individual’s interpretation of his or her own affective experience. Managing emotions also includes one’s ability to manage others’ emotions and to help others enhance or repair their moods. Research has shown that individuals who are skilled in managing emotions of others experience higher quality social interaction as rated by self (Lopes et al., 2003) as well as friends (Lopes et al., 2004). Accordingly, we predicted that participants with high levels of managing emotion would be more likely to induce their counterparts with high levels of outcome satisfaction (H4).

Method

Participants and procedure
Sixty-six graduate business students (52 men and 14 women) participated in the study as part of a negotiation class assignment. Their average age was 27.9 years (SD = 3.37). Participants engaged in a two-party, multi-issue negotiation simulation that has been used in previous research (Bontempo, 1994; Brockner et al., 2000). Individuals were randomly assigned to represent either the President of a company being acquired or the Vice President of the acquiring company. As part of their confidential instructions, individuals were provided with a points schedule consistent with their respective roles, which indicated how many points they would earn for each potential agreement. Each individual was instructed to maximize his or her own outcome, while bearing in mind the potential long term relationship. The exercise included a number of distributive issues, in which points earned by one partner was at the other’s equal expense; compatible issues, in which both parties received the same number of points for a given option and thus were best served by the same option (Thompson and Hrebec, 1996); and integrative issues, for which participants could
logroll in order to increase the total points score available to both parties (Froman and Cohen, 1970; Pruitt, 1983). Participants also were informed that one dyad would be selected at random to receive a monetary reward, allocated to each participant separately based on his or her points earned. Satisfaction was assessed immediately after the negotiation, whereas emotional intelligence and dispositional positive affect were assessed several weeks prior as an independent activity.

Measures

Emotional intelligence. The Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT), Version 2.0 (Mayer et al., 2002), measures the ability to perceive, facilitate, understand, and manage emotions, yielding a separate score for each ability. The perceiving emotion scale asks participants to rate the specific emotion expressed in photos of faces as well as pictures of abstract art and landscapes. The facilitating emotion scale asks participants to judge moods that might aid in various cognitive tasks or behaviors (e.g. what mood might be helpful when composing an inspiring military march? What mood(s) might be helpful to feel when meeting in-laws for the very first time?) as well as match sensations with emotions across various scenarios. The understanding emotion scale asks participants to identify resulting emotions based on the combination of various discrete emotions as well as assess how emotions change over time and situations (e.g. Tatiana was annoyed that a coworker took credit for a project and when he did it again she felt _____; Tom felt anxious, and became a bit stressed when he thought about all the work he needed to do. When his supervisor brought him an additional project, he felt _____). The managing emotions scale asks participants to rate how various actions might influence the feelings and relationships of people mentioned in a story (e.g. Debbie just came back from vacation. She was feeling peaceful and content. How well would each action preserve her mood?). All scales were rated on a five-point scale. Research has shown impressive evidence of construct validity for the MSCEIT 2.0 (Lopes et al., 2003; Mayer et al., 2002; Mayer et al., 2003; Salovey et al., 2003). Published split-half reliabilities for the MSCEIT scale are as follows: 0.91 (perceiving emotions), 0.79 (facilitating emotions), 0.80 (understanding emotions), 0.83 (managing emotions) (Mayer et al., 2003). In all our analyses we used the emotional intelligence scores generated by the consensus scoring method.

Dispositional positive affect. The Positive Affect and Negative Affect Scale (PANAS) was used to measure dispositional positive affect (Watson et al., 1988). Participants were asked to characterize how they feel “on average” with respect to twenty different emotions (alpha = 0.81).

Instrumental value. Instrumental value was measured by the total number of points each individual earned in the negotiation (M = 7.39, SD = 4.54).

Outcome satisfaction. Immediately after the negotiation, participants answered two items to assess their satisfaction with the outcome: “Overall, how satisfied are you with your outcome?” (1 = not at all satisfied; 4 = moderately satisfied; 7 = perfectly satisfied), and “Please rate the quality of your overall outcome” (1 = very low; 7 = very high). These two items yielded acceptable internal consistency (alpha = 0.88; M = 3.70, SD = 1.10). A participant’s outcome satisfaction was highly correlated with his or her own instrumental value (r = 0.56, p < 0.01).

Analyses. We ran intraclass correlation coefficients to determine how much variance was explained by each dyad on all dependent variables (Kenny and La Voie, 1985), and
found ICC values of $-0.60$ and $0.18$ for instrumental value and outcome satisfaction respectively, both of which are significantly different from zero, hence, meeting the requirements for non-independence (Kenny and Judd, 1996). The negative intraclass correlation coefficient for instrumental value was expected since point values in this negotiation simulation tend to be negatively correlated, in spite of the fact that there is also an integrative component (Kenny et al., 2002). To correct for non-independence (i.e. the fact that outcome scores are correlated within dyad), the current study employed the use of multi-level modeling with random and fixed effects using SAS PROC MIXED (Littell et al., 2002). The multi-level models in SAS PROC MIXED produce a fixed effect coefficient at the individual level after controlling for dyad level variance in the predictor and outcome variables. Hence all of our analyses are at the individual level, while controlling for dyad-level variance.

The dataset was organized such that we had 66 rows of data each including variables from a participant and his or her counterpart. The basic form of the multi-level model with fixed and random effects is described by the equation:

$$Y_{ij} = \beta_0 + \beta x_{1ij} + \beta x_{2ij} + \beta x_{3ij} + u_j + \epsilon_{ij}$$

In this equation, $Y_{ij}$ is outcome satisfaction for counterpart $i$ in dyad $j$, $\beta x_{1ij}$ is emotional intelligence for participant $i$ in dyad $j$, $\beta x_{2ij}$ is dispositional positive affect for counterpart $i$ in dyad $j$, $\beta x_{3ij}$ is instrumental value for counterpart $i$ in dyad $j$, $u_j$ is a random effect for dyad $j$ (normally distributed with variance $\sigma^2_u$), and $\epsilon_{ij}$ is the residual error.

Table I shows all descriptive statistics and Pearson correlations for individual difference variables in Study 1. Our exploratory analyses revealed no significant relationship between perceiving, understanding, or facilitating emotion and either self or counterpart instrumental value. However, we did find that managing emotions correlated significantly with counterpart instrumental value, $\beta = 0.25, p < 0.05$, but not with a participant’s own instrumental value. Although our purpose was not to explore the relationship between emotional intelligence and instrumental value, other researchers have theorized such a relationship (Fulmer and Barry, 2004).

### Results

We planned to control for role, age, and sex but found (a) that none of the control variables were significantly related to the predictors and or dependent variables (all $p > 0.10$), and (b) inclusion of the control variables in our analyses did not change our results. Hence, we did not control for role, age, or sex in any analysis. Because multi-level models controlling for dyad revealed that both counterpart instrumental

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Perceiving emotion</td>
<td>95.04</td>
<td>12.66</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Facilitating emotion</td>
<td>94.97</td>
<td>12.45</td>
<td>0.47*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Understanding emotion</td>
<td>96.49</td>
<td>8.97</td>
<td>0.02</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Managing emotion</td>
<td>88.45</td>
<td>7.37</td>
<td>0.33*</td>
<td>0.28*</td>
<td>0.25*</td>
<td></td>
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<tr>
<td>5. Dispositional positive affect</td>
<td>3.70</td>
<td>1.10</td>
<td>0.00</td>
<td>-0.01</td>
<td>-0.13</td>
<td>0.03</td>
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</tbody>
</table>

**Note:** Regular Pearson correlation coefficients were computed at the individual level; *$p < 0.05$; **$p < 0.01$, two-tailed
value, \( \beta = 0.59, t(28) = 5.19, p < 0.001 \), and counterpart dispositional positive affect, \( \beta = 0.27, t(28) = 2.07, p < 0.05 \), were significantly related to counterpart’s own outcome satisfaction, we controlled for both counterpart instrumental value and dispositional affect in all models.

Table II shows all multi-level models examining the relationship between the four branches of emotional intelligence and outcome satisfaction while controlling for counterpart’s dispositional positive affect, and counterpart’s instrumental value as well as dyad-level variance.

Consistent with \( H3 \), counterparts of individuals with higher levels of understanding emotions tended to experience significantly higher levels of outcome satisfaction (see Table II, Model 3) even when controlling for dyad level variance, counterpart instrumental value and counterpart dispositional positive affect. However, our hypotheses concerning perceiving emotions (\( H1 \)), facilitating emotions (\( H2 \)), and managing emotions (\( H4 \)) were not supported. Exploratory analyses examining how different combinations of emotional intelligence within a dyad might influence joint instrumental value and joint outcome satisfaction revealed no significant associations.

**Discussion**

Study 1 provides preliminary evidence of a link between understanding emotion and a counterpart’s outcome satisfaction, such that individuals with higher levels of understanding emotion had counterparts with higher levels of outcome satisfaction. Whereas previous studies have found that emotional intelligence relates to correlates of one’s own social functioning, including self-reported organizational citizenship behaviors (Day and Carroll, 2004) and lower levels of self-reported antagonism towards a close friend (Lopes et al., 2003), the current study shows that emotional intelligence relates to the satisfaction of one’s counterpart. The relationship between emotional intelligence and self-reported social functioning might be explained as a product of common method bias, or simply an observation that emotionally intelligent individuals experience greater satisfaction in social interactions. In contrast, our study provides some discriminant validity for the emotional intelligence construct by using measures from different sources (i.e. the participant and counterpart).

It is important to consider why we did not find an association between other dimensions of emotional intelligence (i.e. perceiving, facilitating, or managing emotion)

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**Table II.**

Study 1 Multi-level models examining participant’s emotional intelligence predicting to counterpart’s outcome satisfaction, \( n = 66 \)

<table>
<thead>
<tr>
<th></th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
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</thead>
<tbody>
<tr>
<td><strong>Control variables, counterpart</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Dispositional positive affect</td>
<td>0.17</td>
<td>0.17</td>
<td>0.13</td>
<td>0.16</td>
</tr>
<tr>
<td>Instrumental value</td>
<td>0.48**</td>
<td>0.48**</td>
<td>0.49**</td>
<td>0.48**</td>
</tr>
<tr>
<td><strong>Emotional intelligence, participant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceiving emotion</td>
<td>0.09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitating emotion</td>
<td></td>
<td>−0.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understanding emotion</td>
<td></td>
<td></td>
<td>0.23*</td>
<td></td>
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<tr>
<td>Managing emotion</td>
<td></td>
<td></td>
<td></td>
<td>0.03</td>
</tr>
</tbody>
</table>

**Notes:** Standardized beta coefficients are reported in all cells; \(^* p < 0.05; ~** p < 0.01\), two-tailed
and counterpart outcome satisfaction. It is possible that these dimensions of emotional intelligence are more critical when the range of emotions experienced within the context of the negotiation is broader and more extreme, such as in a dispute resolution context. As such, the current investigation is a very conservative test of the association between emotional intelligence and social or affective outcomes. It is also possible that, in contrast to the other branches of emotional intelligence, the ability to understand emotions may allow participants to manage the more subtle or nuanced aspects of emotions and thereby achieve greater benefits, even when the range of emotions experienced is narrower.

It is particularly puzzling to consider why the ability to manage emotions failed to predict counterpart outcome satisfaction. The possibility exists that having the ability to deftly manage others’ emotions is necessary but insufficient to ensure that emotionally intelligent negotiators use this skill. More specifically, if it takes more effort to manage emotion than to understand emotion then people might only manage others’ emotions in contexts where the relational stakes are high. In a situation such as the current study where MBAs engage in a one-time negotiation simulation, the amount of effort any one individual is willing to put forth to manage emotion may be relatively low, and would explain why the ability to manage emotions did not predict counterpart outcome satisfaction in this context.

While several dimensions of emotional intelligence might not relate to counterpart outcome satisfaction individually, each might interact with one another such that high levels of one dimension might only lead to positive outcomes when another dimension is also high or low. For example, it is possible that the ability to manage others’ emotion in an appropriate manner should be somewhat dependent upon that person’s ability to detect his or her counterpart’s baseline mood. To address this possibility we examined interactions between the various branches, but found no associations between the many possible two-way interactions for all the dimensions predicting counterpart outcome satisfaction. Furthermore, we found no association between the overall emotional intelligence score and counterpart outcome satisfaction. Empirically this suggests that the perceiving and facilitating dimensions are not necessary conditions to ensure that participants high in understanding emotions induce their counterparts with positive mood.

Because we controlled for their instrumental outcomes, it is not possible that counterparts of emotionally intelligent individuals were more satisfied simply because they earned more money. Rather, we suspected that counterparts of emotionally intelligent negotiators experienced more positive mood during the negotiation, and consequently reported greater outcome satisfaction. However, Study 1 did not include a measure of mood during the negotiation, an issue addressed by Study 2. Moreover, previous literature has noted that the understanding emotion dimension of the MSCEIT is the most highly correlated with conventional measures of intelligence (Salovey et al., 2003), and conventional measures of intelligence, in turn, have been linked to counterpart liking (Fox and Spector, 2000). Thus, we were concerned that an underlying third variable (i.e. general intelligence or general cognitive ability) might be responsible for the associations, and we wanted to rule out that alternative explanation.

Study 2
While Study 1 allowed us to pinpoint a particular dimension of emotional intelligence, understanding emotion, which correlated with counterpart outcome satisfaction, we
wanted to replicate this finding but also wished to understand the mediational mechanism behind the association. Specifically, we hoped to identify whether the ability to understand emotion was more clearly linked with counterparts’ cognitive evaluations of their outcomes, or if participants with high ability to understand emotion might induce their counterparts with positive mood, which would explain why counterparts rated their outcomes more favorably since research shows that positive mood induction can increase evaluations with a congruent valence (see Forgas, 2000). Given evidence that positive mood induction should lead to task satisfaction, we predicted that counterpart’s positive mood would mediate the positive relationship between participant’s skill in understanding emotion and counterpart’s outcome satisfaction ($H_1$).

If the ability to understand emotions contributes to a participant’s ability to induce their counterpart with positive mood, it follows that this positive mood should also influence positive levels of social interaction. There are many theoretical reasons that explain the association between positive mood and quality of social interactions. First, research shows that when people experience positive mood in social contexts they also experience increased perceptions of a counterpart’s social similarity (Dovidio et al., 1995) which is one determinant of partner liking (Engle and Lord, 1997; Fox and Spector, 2000) and future relational development (Liden et al., 1993). As previously mentioned, positive mood also stimulates pro-social behaviors such as helping and cooperation (Isen and Baron, 1991) which are characteristics of high quality relationships (Reis and Collins, 2000). Hence, we argue that participants with high ability to understand emotion should induce their counterparts with positive mood, and thereby increase counterparts’ liking and desire for future negotiation. We hypothesized accordingly that counterpart’s positive mood would mediate the positive relationship between participant’s skill in understanding emotion and counterpart’s liking the participant ($H_{2a}$); and that counterpart’s positive mood would mediate the positive relationship between participant’s skill in understanding emotion and counterpart’s desire to negotiate with the participant again ($H_{2b}$).

Method

Participants and procedure

Eighty-three graduate business students (62 men and 21 women) participated in the study as part of a negotiation class assignment. Their average age was 28.5 years (SD = 4.06). Participants engaged in a two-party labor-management negotiation simulation that has been used in previous research (Bayazit and Mannix, 2003; Kurtzberg, 2005); case developed by Valley and Medvec (1996). Like the simulation that had been used in Study 1, this simulation was multi-issue and mixed-motive. However, unlike the simulation used in Study 1, parties’ interests and options were described in qualitative terms (i.e. potential outcomes were not scored) and participants were told that they might engage in a follow-up negotiation with the same counterpart at a later date, a procedure commonly used to evoke an expectation of cooperative future interaction (Groenenboom et al., 2001; Mannix et al., 1995). As in Study 1, attitudes were assessed by means of a post-negotiation questionnaire and all individual difference measures (including emotional intelligence) were assessed several weeks prior as an independent activity.
Measures

**Individual differences.** As in Study 1, the MSCEIT 2.0 and the PANAS were used to assess emotional intelligence and dispositional positive affect, respectively. To assess general cognitive ability, we used each participant’s GMAT score (Hecht and Schraeder, 1986). Researchers have used the GMAT as a measure of general cognitive ability and a proxy for general intelligence (Kumari and Corr, 1996; O’Reilly and Chatman, 1994).

**Instrumental value.** Final outcomes of the negotiation were recorded in the form a “Memorandum of Understanding” between the parties. Trained coders evaluated the quality of each agreement on scales ranging from 1 (terrible) to 7 (excellent) from the perspective of the Management (alpha = 0.95) and from the perspective of the Union (alpha = 0.96). These values were used to represent the instrumental value of the outcome to each of the parties. \( M = 3.79, \text{SD} = 1.19 \).

**Outcome satisfaction.** The same two-item measure of outcome satisfaction that had been used in Study 1 was employed in the post-negotiation questionnaire of Study 2. (Alpha = 0.91; \( M = 5.10, \text{SD} = 2.03 \)).

**Positive mood.** Positive mood was derived from a well-validated single-item measure of affect (Russell et al., 1989). Participants were instructed on the post-negotiation questionnaire to characterize how they felt during the negotiation by placing an “X” in a particular location on a grid. The positive mood measure scale varied from 1 (unpleasant) to 9 (pleasant). \( M = 6.44, \text{SD} = 1.83 \).

**Liking.** To assess liking after the negotiation, each participant rated the following two items on seven-point scales: “Overall, what kind of impression did your counterpart make on you?” (1 = very negative; 4 = no opinion either way; 7 = very positive) and “How much did your counterpart’s behavior in the negotiation make you like him or her?” (1 = not at all; 4 = no opinion either way; 7 = very much). These two items yielded acceptable internal consistency (alpha = 0.83; \( M = 5.30, \text{SD} = 1.04 \)).

**Willingness to negotiate again.** The post-negotiation questionnaire also contained the following single-item measure of desire to negotiate again: “How much would you want to negotiate with your counterpart again?” on a 7-point scale (1 = not at all; 4 = no opinion either way; 7 = very much) (\( M = 5.29, \text{SD} = 1.29 \)).

**Analyses.** As in Study 1, principal analyses were conducted using multi-level modeling. Exploratory analyses revealed no significant relationships between managing, understanding, or facilitating emotion and either self or counterpart instrumental value. Perceiving emotions correlated significantly with counterpart instrumental value, \( \beta = -0.13, p < 0.05 \), but not with a participant’s own instrumental value. Table III shows all descriptive statistics for each individual difference variable for Study 2.

We examined the correlation between role, sex, and age with each of our primary individual difference variables, but found no statistically significant association (all \( ps > 0.20 \)) and consequently did not include role, sex, or age as control variables in subsequent analyses.

**Results**

Multi-level models controlling for dyad variance revealed that counterpart’s instrumental value tended to correlate positively and significantly with the counterpart’s own positive mood, \( \beta = 0.28, t(29) = 2.33, p < 0.05 \), outcome satisfaction, \( \beta = 0.37, t(29) = 3.24, p < 0.01 \), participant liking, \( \beta = 0.41,
t(29) = 3.73, p < 0.01, and willingness to negotiate again, beta = 0.42, t(29) = 3.70, p < 0.01. Hence, as in Study 1, all models control for counterpart instrumental value. H1 asserted that counterpart’s positive mood would mediate the relationship between a participant’s understanding emotion and his or her counterpart’s outcome satisfaction. We used the procedure outlined by Baron and Kenny (1986) to test for mediation. Multi-level models controlling for dyad, counterpart dispositional positive affect, counterpart instrumental value, and participant’s GMAT score show that understanding emotion significantly predicts counterpart’s positive mood (Table IV, Model 1) and counterpart’s outcome satisfaction (Table IV, Model 2). Multi-level models controlling for dyad level variance also show that counterpart’s positive mood correlates positively and significantly with counterpart’s outcome satisfaction (beta = 0.66, t(29) = 7.37, p < 0.001), liking of the participant, beta = 0.62, t(29) = 6.81, p < 0.001, and willingness to negotiate again, beta = 0.41, t(29) = 3.76, p < 0.001. In a similar multi-level model, when counterpart’s positive mood is added to a regression of counterpart’s outcome satisfaction on participant’s understanding emotion, the fixed effect of participant’s understanding emotion is rendered non-significant while the relationship between counterpart’s positive mood and outcome satisfaction remains significant (Table IV, Model 5). Taken together, these results suggest that counterpart’s positive mood fully mediates the relationship between participant’s understanding emotions and counterpart’s outcome satisfaction. Hence, H1 was supported.

H2a predicted that the counterpart’s positive mood would mediate a relationship between participant’s ability to understand emotion and counterpart’s liking of the participant. Indeed, multi-level models controlling for dyad, counterpart dispositional positive affect, counterpart instrumental value, and participant’s GMAT score show this association. More specifically, Table IV, Models 1, 3, and 6 (taken together) show that counterpart’s positive mood fully mediates the relationship between participant’s understanding emotion and counterpart liking of the participant. Similarly, testing H2b, Table IV, Models 1, 4, and 7 show that counterpart’s positive mood also fully mediates the association between participant’s understanding emotion and counterpart’s desire to negotiate again with his or her partner. Hence, H2a and H2b were supported. Furthermore, all the analyses control for participant’s general cognitive ability.

Discussion
Study 2 replicates and extends the findings from Study 1, showing that the ability to understand emotion positively predicts one’s counterpart’s outcome satisfaction above
<table>
<thead>
<tr>
<th></th>
<th>Positive mood M1</th>
<th>Outcome satisfaction M2</th>
<th>Liking participant M3</th>
<th>Counterpart Negotiate again? M4</th>
<th>Outcome satisfaction M5</th>
<th>Liking participant M6</th>
<th>Negotiate again? M7</th>
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</thead>
<tbody>
<tr>
<td><strong>Control variables, counterpart</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Dispositional positive affect</td>
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<td>0.01</td>
<td>0.11</td>
<td>0.11</td>
<td>0.10</td>
<td>0.22</td>
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<td>-0.03</td>
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<td>0.02</td>
<td>-0.02</td>
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<tr>
<td><strong>Control variable, participant</strong></td>
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<tr>
<td>GMAT total score</td>
<td>0.16</td>
<td>0.06</td>
<td>-0.02</td>
<td>-0.06</td>
<td>-0.04</td>
<td>-0.13</td>
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<tr>
<td>Positive mood</td>
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<tr>
<td>Emotional intelligence, participant</td>
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<tr>
<td>Understanding emotion</td>
<td>0.20*</td>
<td>0.33*</td>
<td>0.27*</td>
<td>0.27*</td>
<td>0.03</td>
<td>0.05</td>
<td>0.09</td>
</tr>
</tbody>
</table>

**Note:** Standardized beta coefficients are reported in all cells; *p < 0.05; **p < 0.01, two-tailed
and beyond other possible explanatory variables such as the participant’s GMAT score, the counterpart’s instrumental outcome, or the counterpart’s dispositional positive affect. Additionally, results from Study 2 suggest that positive mood mediates the association between understanding emotion and counterpart’s outcome satisfaction. Finally, Study 2 demonstrated the social utility of emotional intelligence by showing that participants with high ability to understand emotion tend to have counterparts who like them and who wish to negotiate with them again in the future, apparently because the emotionally intelligent participant is able to induce his or her counterpart with positive mood during the negotiation. Practical implications of these findings are clear; when negotiations require a future relationship or future cooperative interaction, it is better to assign a person to the negotiation who understands emotions.

General discussion
These findings extend and contribute to the theory of emotional intelligence in several important ways. First, our results demonstrate the social utility of emotional intelligence. To our knowledge, no previously published study has examined whether emotional intelligence influences affective and evaluative outcomes of one’s counterpart in a negotiation. Second, the current investigation differentiates the influence of emotional intelligence from the influence of more traditional measures of cognitive ability, which contributes to the discriminant validity of the emotional intelligence construct. Third, Study 2 identifies a potential mechanism whereby emotional intelligence influences counterpart’s overall evaluation – namely, positive mood induction. Finally, the present study is the first to examine the impact of all four dimensions of emotional intelligence on negotiation outcomes, and one of the first studies to employ multi-level modeling in a negotiations context. Multi-level modeling is an improvement over statistical methods used in previous research, as it more accurately models the available variance at the individual and dyadic level, allowing for greater precision to examine the influence of individual differences on individual outcomes.

How do those with the ability to understand emotions bring about positive social outcomes? It is important to note that a person’s instrumental value was highly and significantly correlated with his or her own positive mood, outcome satisfaction, liking of his or her partner, and willingness to negotiate again. Hence, it is almost counterintuitive to consistently find that participants who are highly skilled in understanding emotions should imbue their counterparts with positive mood regardless of the instrumental value their counterparts obtain in the negotiation. What this means is that individuals high in the ability to understand emotions were not exchanging instrumental value for liking and positive feelings from their counterparts. Instead, we would argue that participants with high levels of understanding emotions are doing something strategic within the negotiation to induce their counterparts with positive mood. Previous studies have begun to map the various emotion strategies used within negotiations (Kopelman et al., 2006), but have not identified whether certain individuals are more adept than others at employing those strategies.

Alternatively participants high in understanding emotion may not strategically manage their counterparts’ mood as much as they are attentive to the emotion language they use and the resulting emotional transitions experienced by counterparts.
More specifically, participants high in understanding emotion may use words in the negotiation that better convey their feelings. For example, in response to a large concession a negotiator could say, “I feel fine with your compromise,” or a negotiator could say “I feel appreciative of your compromise.” In the former case, the counterpart might feel that the negotiator does not appropriately value the large concession, whereas in the latter case, the use of the term “appreciative” might make the counterpart feel appropriately valued, and thereby increase the counterpart’s liking of the participant. A person who is high in understanding emotion would consider the differences between using the word “fine” and “appreciative” and the emotion each conveys. He or she would also understand that his or her counterpart’s emotions could transition from a neutral state to an angry state if the counterpart felt under-appreciated. As such, participants with high ability to understand emotions may make these types of decisions during the negotiation and future research should examine the specific emotion words used to identify this possibility.

Emotional intelligence and instrumental value
One clear contribution of the current study is to show that emotional intelligence seems to have very little relationship to instrumental value in either structured or unstructured integrative negotiations. We did find evidence in Study 1 that managing emotions was positively correlated with a person’s own instrumental value, but we were unable to replicate this finding in Study 2. In Study 2, we found that the ability to perceive emotions negatively related to a counterpart’s instrumental value, a finding which had not emerged in Study 1. Hence, any association that we found between emotional intelligence and instrumental outcomes seemed inconsistent and potentially spurious. However, because of our main finding – a consistent relationship between understanding emotions and a counterpart’s outcome satisfaction – one could postulate that emotional intelligence might have a positive influence on future instrumental outcomes. Research shows that first impressions are robust and have pervasive influence over people’s future evaluations and behavior regarding a given individual (Berry, 1990). Indeed, we show this association since in our study, counterparts tended to desire to negotiate again with participants who had high ability to understand emotions. Research shows that positive trust and liking built within the negotiation can lead to positive future interactions including helping behavior (Carnevale et al., 1982), positive problem solving strategies, and consequently greater joint outcomes for both parties (Carnevale and Isen, 1986). More recent research by Curhan et al. (2007) demonstrates that positive feelings about a negotiation at Time 1 tend to “pay off” in terms of superior economic performance at Time 2.

Limitations and directions for future research
Although the present research represents an important first step in establishing emotional intelligence as a key predictor of social interactions, one drawback of the current study is that we did not assess the emotion strategies used by our participants. Future research should examine how emotional intelligence might aid in the implementation of specific negotiation strategies. Furthermore, as with any study conducted in the laboratory, it would be helpful to see these findings replicated in field settings involving real high stakes negotiations.
Implications for management

This research demonstrates a compelling and robust correlation between the ability to understand emotion and counterpart mood in a negotiation. In contexts requiring future interaction (like future negotiations), instrumental outcomes are only one index of success, and the ability to imbue others with positive mood is a skill that can lead to important social outcomes. Moreover, parties seeking to bring about such outcomes should employ negotiators who have a keen understanding of emotions.

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