

The Psychology of
Negotiations
in the 21st
Century Workplace

New Challenges and New Solutions

Edited by

Barry M. Goldman

University of Arizona

Debra L. Shapiro

University of Maryland

 **Routledge**
Taylor & Francis Group
New York London

5

The Effects of Subjective Value on Future Consequences: Implications for Negotiation Strategies

Hillary Anger Efenbein and Jared R. Curhan

INTRODUCTION

Conventional wisdom holds that the objective value (OV) of a deal—that is, the explicit set of terms regarding the agreement—is the barometer of successful negotiation performance, bar none. By contrast, how one feels afterward is considered a fleeting emotion, subject to heuristics and biases. Offering a counterpoint to this rationalist assumption, in this chapter and elsewhere we maintain descriptively that negotiators care about how they feel and about how their counterparts feel. Going a step further, we maintain prescriptively that negotiators *should* care. Simply put, these subjective feelings during and after negotiations have objective consequences. The formal term we use for these feelings is *subjective value* (SV)—defined by Curhan, Efenbein, and Xu (2006, p. 494) as the “social, perceptual, and emotional consequences of a negotiation.”

The present chapter’s purpose is fourfold. First, we review theory and recent evidence documenting that SV not only matters to negotiators but also can matter in some cases more than OV. Second, we describe some specific negotiator actions, or tactics, that existing research suggests are associated with promoting or depleting a negotiation counterpart’s SV. Third, we identify two trends in the 21st century workplace that seem likely to strengthen the need for negotiators to pay attention to SV. These

trends are: (a) the so-called flattening of hierarchical organizations and (b) the increased frequency of communication via “lean” channels such as e-mail and other text-only formats. We refer to these formats as lean because text-based communication limits participants from accessing the range of nonverbal cues, which carry additional affective meaning to enhance the appropriate regulation of social interaction (for a review, see Elfenbein, 2007). While describing each of these trends, we attempt to explain why they are likely to strengthen the need for the negotiation process to enhance counterparts’ SV. Fourth, and last, we identify research questions about SV that would be valuable to examine in future work, as guided by the dynamics of the 21st century workplace.

WHAT IS SUBJECTIVE VALUE?

In contrast to *objective economic outcomes*, which are the explicit terms or products of a negotiation (also called *objective value*, or OV), *social psychological outcomes* refer to the attitudes and perceptions of those involved (Oliver, Balakrishnan, & Barry, 1994; Thompson, 1990). Within these social psychological outcomes, SV refers to those ends that a negotiator actually desires to achieve. In trying to map out the terrain of SV, we and our colleagues conducted a series of studies that identified inductively and validated the importance of a broad range of negotiators’ psychologically valued outcomes.

Negotiators Care About SV

In conducting this empirical research, we started with the most basic question: “What do people value when they negotiate?” (Curhan et al., 2006). Participants included graduate students enrolled in negotiations courses, professional negotiation practitioners, and even community members we recruited outside grocery stores in the Boston area. Rather than limiting respondents to preconceived categories, we provided a broad definition of negotiation (“any situation in which people are trying to accomplish a goal and have to communicate with at least one other person in order to achieve that goal”) alongside an open-ended opportunity for participants to generate examples of their own valued outcomes in recent negotiations

in both business and personal contexts. To encourage a comprehensive listing, 16 blank spaces were provided, and participants were invited to continue on the back side of the page if desired. After listing each item, respondents also rated how important that particular item was to them. Taken together, our goal in the study was to access the lay theories negotiators hold regarding what it means to “succeed” in a negotiation.

What we found was surprising. Participants reported an extremely diverse range of negotiation goals, with 20 different distinct categories that emerged. Interestingly, although participants more frequently mentioned factors associated with their objective negotiation outcomes—that is, terms of the agreement that were either quantifiable (e.g., money or delivery time) or not readily quantifiable (e.g., high quality)—the importance ratings of these objective outcome terms were in fact no higher than the stated importance the subjective factors they named, such as relationship quality, fairness, listening, apology for wrongdoing, maintaining one’s morality, and having positive feelings. Further, although tangible terms of agreements appeared more frequently than any other single factor, in their open-ended responses, 20% of participants did not mention any tangible outcomes at all. These findings suggest that subjective negotiation outcomes may be dramatically underrated in their real-world importance.

We continued this work by asking professional negotiators to sort into factors the 20 categories that emerged from these open-ended responses. Applying multidimensional scaling to these negotiators’ responses led to a four-factor model of SV—for which we wrote and validated questionnaire items to establish the psychometric properties of convergent, discriminant, and criterion validity for the resulting 16-item scale.¹ The four factors in the model of SV encompass distinct yet related constructs: *Instrumental SV* is the subjective perception that the economic outcome is beneficial, balanced, and consistent with principles of legitimacy and precedent. *Self SV* comprises losing face versus feeling competent and satisfied that one has behaved appropriately. *Process SV* includes the perception that one has been heard and treated justly, and that the process was efficient. *Relationship SV* involves positive impressions, trust, and a solid foundation for working together in the future. The third and fourth factors together form a broader construct of *rappport*. As such, the umbrella construct of SV represents an integrative framework that connects existing lines of negotiation research on related topics, such as trust, justice, relationships, and outcome satisfaction.

WHY DOES SUBJECTIVE VALUE MATTER?

Theoretical Arguments

There are at least three reasons why SV can be important to negotiators (Curhan et al., 2006). First, SV is a good in itself. Feelings of satisfaction, confidence, pride, and connection with others are intrinsically rewarding (Lax & Sebenius, 1986; Miller, 1999; Mills, 1940), beyond any extrinsic value that may result. We seek these feelings for ourselves, and if we care about the person with whom we are negotiating, we seek these feelings for others as well.

Second, one's SV is often the best-available intuition that negotiators have about their own OV. It can be difficult, if not impossible, in real-world settings to obtain enough direct information to create a detailed analysis of one's performance. It is critical how to know whether you succeeded in a negotiation, and one's subjective sense of performance is often the best-available proxy. As such, SV can influence learning and future behaviors. However, we note that these performance intuitions are often inaccurate and flawed, given that information about our performance tends to be noisy, challenging to access, and potentially biased when provided by counterparts. Our own empirical findings suggest the imperfect nature of SV as a performance predictor—for example, we typically find only modest-size partial correlations between instrumental SV and objective outcomes themselves ($r = .26$; Curhan et al., 2006). On a descriptive level, real-world negotiators tend to use SV as a diagnosis of their performance—even if, on a prescriptive level given this modest association, there is a risk that experience can be a lousy teacher if one's conclusions about that experience are flawed.

Third, the SV resulting from one negotiation may feed back, typically in a positive direction, into future economic outcomes. On theoretical grounds, we propose that SV is an asset that can be “cashed in” at a future time to extract OV. This is true both for the SV that one experiences as well as the SV that one provides to others. For oneself, those who feel that they have succeeded instrumentally in past negotiations may experience greater confidence and self-efficacy (Sullivan, O'Connor, & Burris, 2006)—rather than feeling complacent. Many negotiators would benefit from the corresponding increase in their motivation, perseverance, and aspirations going forward—although confidence can be a drawback

when taken to the extreme of overconfidence (e.g., Hayward, Shepherd, & Griffin, 2006). The SV that one elicits in negotiation counterparts is also a valuable asset. Negotiators are more willing to compromise with counterparts they know and like (Druckman & Broome, 1991). By contrast, being seen as focusing only on one's own needs can invoke defensive behaviors from counterparts (Tinsley, O'Connor, & Sullivan, 2002). Thus, high SV can lead a counterpart to provide more slack to a negotiator and to interpret more charitably the negotiator's ambiguous behavior. A climate of positive relationship satisfaction can be flattering and even disarming to a counterpart, who may underestimate the negotiator and reveal valuable information. Finally, those who develop the smooth interpersonal functioning associated with relationship and process SV are more likely over time to learn their counterpart's preferred negotiation style, for example, the type of arguments the counterpart will find convincing and which strategies and techniques tend to be successful at eliciting concessions with minimal conflict (Valley, Neale, & Mannix, 1995). At the dyadic level, SV may improve the climate for integrative bargaining. It can serve as a shared resource to be leveraged at a future time to create value for the pair—by enhancing genuine concern for one's counterpart, which is important according to the dual-concern model (Pruitt & Rubin, 1986); by increasing negotiators' commitment and sheer endurance to meet the challenge of reaching an effective integrative settlement; and by preventing disruptive tactics and encouraging information sharing, reciprocity, creative problem-solving mindsets, charitable interpretations of ambiguous behaviors, familiarity with counterparts' preferred influence styles, and efficient time management, which are factors crucial for reaching efficient negotiation settlements (Barry & Oliver, 1996; Bazerman, Curhan, & Moore, 2001; Lind & Tyler, 1988; Pruitt & Rubin, 1986; Tinsley et al., 2002; Valley et al., 1995). Developing closer, more trusting relationships can create a comfortable environment within which to share information and smooth over the rough edges of bargaining.

Empirical Data

Several of our empirical studies have validated this third assertion—that is, high SV from a negotiation is associated subsequently with more favorable objective outcomes. To state this differently, SV matters not only privately to negotiators but also has tangible positive future consequences.

Our studies suggested, intriguingly, the understated value of SV. Two studies examined master's level students taking place in simulated negotiation exercises, and a third examined the long-term consequences of negotiations regarding participants' actual full-term employment contracts.

We examined (Curhan et al., 2006) the consequences of SV following a mixed-motive negotiation simulation conducted among students in an introductory negotiations course at the master's in business administration (MBA) level. In this class—in which bargaining outcomes were the sole determinant of students' grades—there was a final exercise for which their recorded preferences determined the assignment of a teammate in a team-against-team negotiation. Students who experienced higher SV, as reported immediately after their earlier mixed-motive exercise, subsequently reported a greater preference for working together in a future cooperative task in which part of their actual course grade was at stake. By contrast, participants' actual objective outcome of the negotiation had no such impact on teammate preference ratings. In the second test conducted among the same participants, at the end of the semester they recorded semibehavioral intentions in the form of their opinions about their counterpart's worthiness for future professional contact. To enhance realism, we used questions designed to sample from the type of networking activities common to the alumni of highly rated MBA programs (e.g., Would you want to have this person as your business partner? How likely is it that you will seek to remain in contact with this person? If you were considering whether or not to join a firm, and you found out that this person works there, would that make you more or less likely to join?). For these ratings of behavioral intentions, participants who had reported greater SV earlier in the semester subsequently expressed greater intentions to maintain a positive professional connection with their counterpart. We found it particularly noteworthy that objective outcomes did not show an association in any of these analyses. However, there was a clear influence from subjective outcomes that endured over time.

We followed up this research by examining the consequences of SV when the same negotiators worked together on multiple occasions (Curhan, Elfenbein, & Eisenkraft, 2010). In this study, negotiators took part in a two-round mixed-motive simulation and maintained the same roles and partners for both. Supporting the value of SV, we found that positive feelings resulting from one negotiation can be economically rewarding in a second negotiation. Negotiators claimed more OV in their second negotiation

if they had reported greater SV following the first negotiation. Further, negotiation dyads created more joint value in their second negotiation if partners had reported greater average SV in the first negotiation. In both cases, the effects were significant for the Instrumental and Relationship factors of SV, as well as for global SV as a whole, even after controlling for OV. In this respect, our study demonstrates the economic value of relational capital, which theorists have argued is a resource for negotiators (Gelfand, Major, Raver, Nishii, & O'Brien, 2006). This first study provided suggestive evidence that subjective impressions may pay off economically in subsequent negotiations—and can serve as more than a figurative pat on the back or a mere consolation prize for a meager settlement. In addition to achieving better subsequent economic outcomes, negotiators who experienced greater SV in the first round reported a greater desire to negotiate again with their counterparts. By contrast, objective performance had no such predictive power, which is striking because, rationally, one should prefer to negotiate with counterparts against whom one has performed objectively well. This differed from the result reported previously, in that SV predicted not only future cooperative interactions with their counterpart (Curhan et al., 2006) (i.e., to sit on the same side of the table, so to speak) but also negotiators' willingness to enter into further mixed-motive interactions (Curhan et al., 2010) (i.e., to sit on the opposite side of the table).

Finally, we tested the theory that SV can have important long-term consequences in a real-world setting (Curhan, Elfenbein, & Kilduff, 2009) by examining the OV and SV achieved by MBA students while negotiating the terms of their full-time employment job offers and using these measures to predict their subsequent job attitudes and turnover intentions as employees one year later.

This field study was unique for attempting to craft a controlled measurement of OV in a high-stakes real-world negotiation. Respondents accepted jobs across a wide range of industries and positions, yet the study retained a relatively high degree of control in that respondents were all graduating at the same time from the same elite degree program. As the first measure, graduating students provided their initial compensation in terms of their *base salary* (i.e., paid continuously over 12 months) plus their *other guaranteed compensation* (e.g., bonuses, relocation allowances, tuition reimbursement, and other commitments). Total salary was a worthwhile control variable in light of a number of studies that indicated

a link between pay and job attitudes (e.g., Williams, McDaniel, & Nguyen, 2006). Second, students listed in free response all of the concessions that they received during their job offer negotiation, to serve as a measure of their OV. We (this chapter's two authors) coded these into 15 different categories and found, consistent with the original inductive study described, that these desired outcomes represented a diverse range from salary and signing bonus to less financially tangible concessions on starting dates, vacation time, additional job training, and even the ability to delay making a decision about the job offer. Participants were then asked to monetize their concessions with the following question: "In order to assess the approximate dollar value of what you negotiated, please estimate the *minimum* amount of money you would be willing to accept (in dollars) in exchange for forfeiting all concessions you received in your negotiation." Given that it is challenging to quantify objectively the value of a negotiation settlement outside a laboratory setting, this measure provided a metric for the *economic value* of concessions. Importantly, this measure also ensured that participants were aware of their own economic value. Third, students reported their SV resulting from the job negotiation. One year later, these respondents were now alumni of the MBA program, and we surveyed again those who were working full time at the same jobs for which they negotiated these settlements. They repeated all of the original measures of OV and SV to describe the negotiation that had taken place a year earlier. As suggestive evidence of the validity of these measures, test-retest reliability was fairly robust at .72 for OV and .74 for SV.

As the key outcome measures of our study, alumni also reported three different types of job attitudes: compensation satisfaction, job satisfaction, and turnover intentions. These factors have potentially far-reaching implications for both employees and the organizations that hire them (Bateman & Organ, 1983; Currall, Towler, Judge, & Kohn, 2005; Osterman, 1987; Williams et al., 2006) and make the results of this study relevant beyond the field of negotiations research. The results showed that SV from job offer negotiations predicted greater subsequent compensation satisfaction and job satisfaction and lower subsequent turnover intention. Analyses controlled for potentially extraneous factors such as sex, predegree base salary, positive and negative trait affect, job industries and job functions, as well as expectations of future interaction with the particular counterpart involved with the job negotiation. Surprisingly, negotiators' objective outcomes had no apparent effects on these long-term measures of job

attitudes—a particularly provocative finding given the high economic stakes involved with these job negotiations. It seemed striking to us that the SV that incoming employees achieved during their job offer negotiations significantly predicted compensation satisfaction, job satisfaction, and turnover intention measured over one full year after the negotiations had taken place. During this time, participants presumably were exposed to a wide range of other intervening factors that could have affected their job attitudes, such as the characteristics of their jobs, their interactions with supervisors and coworkers, and the success of the company. Thus, our results demonstrated not only the robustness of SV but also the halo that it casts over future consequences in a real-world setting with high stakes.

Taking together the evidence presented, we argue that SV is highly valued by negotiators, surprisingly robust over time, and in our initial studies seem to be predictive of important long-term consequences—in some cases, even more predictive than OV. In spite of the considerable enthusiasm that has developed around social psychological outcomes in negotiation, empirical work has been relatively sparse in comparison to that on economic outcomes—indeed, according to a relatively recent review article, subjective factors appear in less than one quarter of published articles on negotiation (Mestdagh & Buelens, 2003). We hope that this description of the field becomes merely historical as researchers increasingly incorporate SV into their studies of negotiations.

HOW CAN NEGOTIATORS ENHANCE THEIR COUNTERPART'S SUBJECTIVE VALUE?

Given the substantial benefits of SV, how does one create it? And how does one do so without undermining one's OV? Our next studies attempted to unpack these challenging questions. Given the early stage within the research program, some of the following advice is grounded in empirical data but some is necessarily speculative.

In the first of these studies (Elfenbein, Curhan, Eisenkraft, Shirako, & Baccaro, 2008), we found evidence that certain individuals consistently felt greater SV after their negotiations, and that certain individuals consistently brought out greater SV in their counterparts. We used Kenny's

(1994) social relations model (SRM), which is a theoretical model designed for understanding how individuals influence the unfolding of inherently dyadic interactions. After all, in a negotiation, “it takes two to tango.” The SRM requires that participants participate in a series of interactions while continually switching partners, and it uses specialized statistical algorithms to examine the cross-negotiation consistency of each individual. Using the “round-robin” design of the SRM, students in an introductory MBA-level negotiations class were assigned to groups of five, in which each person took part in a one-on-one mixed-motive exercise separately with each other person in the group. The SRM analyses provided coefficients that can be interpreted akin to an R-squared statistic. The results showed that a significant 6.4% of the variance in SV resulted from individual-level consistency in negotiators’ experiences, and 12.5% of the variance resulted from individual-level consistency in the experience that negotiators tended to elicit in others. This is consistent with other evidence that there is individual-level consistency in the emotional states that people tend to elicit in others—known as *affective presence*—in addition to individual differences in the trait affect that people tend to experience themselves (Eisenkraft & Elfenbein, 2010).

Armed with these findings showing that some individuals systematically feel and evoke more SV than others, we conducted a follow-up study in which we videotaped negotiators taking part in similar round-robin designs in an attempt to identify the specific actions and tactics associated with systematically increasing and depleting the SV of others (Elfenbein, Curhan, Eisenkraft, Shirako, & Brown, 2010). We coded these videotapes and the resulting verbal transcripts by examining the specific negotiation tactics that individuals used to move the process forward, while also examining more generally the negotiators’ use of language and even their non-verbal behavior. We discuss findings from this study further in the chapter.

In this chapter, we have made the point that there is value to both the degree of SV that a negotiator experiences as well as the degree of SV that the negotiator instills in others. From this point forward, in which we discuss prescriptive steps for increasing SV, our focus is on the latter of these two sides of the coin—that is, how much SV each of us can bring out in our negotiation counterparts. The reasons for this are both theoretical and empirical. First, theoretically, the feelings that one tends to have on a chronic basis are central to the psychological notion of *personality*. Accordingly, on an empirical basis, we find that negotiators’ own SV tends

to be at least moderately associated with enduring personality traits such as positive affect, extraversion, agreeableness, and self-esteem (Elfenbein et al., 2008). Further, outwardly observable tactics and behaviors in our research do not seem to be strongly predictive of negotiators’ own SV (Elfenbein et al., 2010)—which further suggests that the root cause of the SV a negotiator tends to experience is at least in part dispositional, rather than strictly a matter of situational factors and controllable behavior that unfold over the course of the negotiation. The popularity of lengthy psychotherapeutic treatments suggests that changes to one’s fundamental personality traits are not as simple as quick prescriptive recommendations that would be possible in a book chapter. However, for a discussion about influences on negotiators’ own SV—including some inwardly controllable processes as well as factors associated with the negotiation setting—we direct readers to Curhan and Brown’s (in press) recent comprehensive review.

There is relatively little firm empirical evidence for prescriptive actions to enhance a negotiation counterpart’s SV. For this reason, the advice provided is necessarily speculative. We consider several specific actions and tactics that hold promise for enhancing negotiators’ ability to bring out the greatest SV in others (for additional discussion of others, see Curhan & Brown, in press). After all, a counterpart’s high SV predicts a greater willingness to work together again, to cooperate and forgo competitive tactics, greater value creation in subsequent negotiations, and greater commitment to the long-term professional relationship. For a detailed review of existing research with implications for increasing SV, see the work of Curhan and Brown (in press).

Identifying Subjectively Valued Outcomes

Although it may seem obvious, we suggest that the first step to increasing a counterpart’s SV is to attempt to identify the particular outcomes that he or she subjectively values, however imperfect such an attempt may be. This is a matter of expanding the typical preparation—for which we counsel negotiators to identify the issues valued by their counterpart—by emphasizing the need to include subjectively valued issues in this process. One way to be systematic in doing so is to use the questionnaire items of the Subjective Value Inventory (SVI; Curhan et al., 2006) as a guide that can prompt a negotiator to think about whether each element of SV is a priority to the counterpart in any particular setting. Ultimately, this task

involves communication and brainstorming to try to understand what the other party wants. Why are they at the negotiating table? What are the particular life goals or problems that they seek to enhance through reaching a negotiated settlement? Who are the constituents observing the negotiation whose opinions are important to the counterpart? A rich example of this kind of analysis can be seen in histories of the real-world negotiation setting for the final contract renewal of the television show *Frasier* (e.g., Subramanian, 2001). Whereas the company Paramount producing the show was interested in earning as much money as possible with the contract, the show's star, Kelsey Grammer, was more interested in the duration of the contact to ensure that *Frasier* tied the record for the longest-running character in television history. Grammer was also interested in repairing the pride that was damaged by his perception that the NBC network had not sufficiently appreciated the show's many achievements. The second step is trying to increase these subjectively valued outcomes once you know what they are—which is easier said than done.

Assess Whether There Is a Trade-off of SV Versus OV

We distinguish between two types of advice based on whether there is a particular kind of trade-off involved: In this negotiation, does a person's SV need to come at the expense of that person's OV? The fact that we pose this trade-off as a question rather than a certainty is intentional. Conventional wisdom might presume that the only way to make another person satisfied with a negotiated settlement is to increase that person's claimed value. However, in every single research study that we have conducted on the topic of SV—including all of the articles reviewed—we found that the association between individuals' OV and instrumental SV is small and often nonsignificant. That is, negotiators often have only relatively modest accuracy regarding the OV that they achieve. Thus, even if their satisfaction were based purely on their outcome, they know their outcome only imperfectly. This convergence is likely to be particularly weak when information about typical deal terms is difficult to come by, and therefore intuition about one's OV tends to be modest at best. Thus, we argue that, more often than negotiators may realize, the expected trade-off of SV versus OV can be unnecessary and strictly perceptual—that is, their imperfect convergence makes it perfectly possible to increase one for the counterpart without giving away the other for oneself. Of course, in any

given negotiation context, the four distinct factors of SV can correspond with OV to a different extent—or even in different directions—so that the advice that follows is necessarily general.

Manage Perceptions When There Is No Trade-off

For accomplishing this, the most important action that a negotiator can take is to frame the favorable nature of settlement to the other party. That is, it is important to explain why the other party should see this particular deal as appropriate and, indeed, as beneficial. This tactic involves being as explicit as possible with a counterpart regarding the norms and explanations for the proposed settlement. For example, in selling a car or home, an analysis of book values or comparable transactions could be presented to show the favorable nature of the current offer. Of course, this tactic can be used in a manipulative way—for example, by the car salesperson who keeps repeating that you are getting a great deal—but it can also be used authentically. Ideally, negotiators can probe in conversation with their counterparts to reveal which norms or standards they find most relevant and can make a calm yet convincing case for the norms that would suggest that the outcome achieved is a fair one. Put simply, if you provide your reasoning, then the other party cannot see you as unreasonable. As a consequence, if you can present yourself as reasonable, then your counterpart is likely to see the resulting deal as balanced and legitimate. Going one step further, it is valuable to help the other party to see the deal not only as balanced but also as highly favorable to their side. We find empirically that negotiators' instrumental SV tends to be more sensitive to a partner's loss than it is to the negotiator's own gain (Elfenbein et al., 2008). Note that this is possible mathematically due to the imperfect negative correlation of outcomes in a mixed-motive scenario—and suggests, intriguingly, that we are better at tracking the value of concessions from the other party's perspective than from our own. This may be an extension of the fixed-pie bias, in that we assume that losses to the other party come at our gain and thus focus on the former when evaluating the favorability of a deal. This means, prescriptively, that it might be worthwhile to let your counterpart see clearly when you are bending. Of course, this tactic can also be used in an authentic versus manipulative way—for example, by the car salesperson who pretends no longer to be able to feed his or her family. Unless your counterpart knows the true efforts you have made to accommodate his or

her concessions, then it is hard for those concessions to be fully appreciated. The act of conceding may itself have a limited effect on evoking goodwill from others. As a guiding principle to this prescriptive advice, realizing that negotiators achieve only imperfect accuracy regarding their settlements opens the possibility for advocating that these settlements are attractive and appropriate. In sum, when the SV-versus-OV trade-off is a false one, there is no downside for anyone in enhancing the other party's SV.

Acknowledge When the SV-Versus-OV Trade-off Is Real

Sometimes, however, there is a real and unavoidable trade-off between SV and OV. This is particularly the case when information about the nature of the deal is readily available to the parties. After all, it is imperfect information about deals that enhances the divergence between SV and OV—and therefore limits the trade-off between them. However, the trade-off can also be real when certain tactics are needed to reach a favorable deal, and these tactics deplete the SV of others. In our study mentioned that examined videotaped negotiations in detail (Elfenbein et al., 2010), perhaps not surprisingly we found that many of the competitive tactics that help negotiators to claim value were also the same actions that tended to irritate their counterparts in the form of lower reported SV. Listed in Table 5.1, these competitive tactics included—in order of just how irritating partners found them—referring to one's outside alternatives (i.e., best alternative to a negotiated agreement, or BATNA), providing arguments to support one's position, providing reactions to a counterpart's offer, providing misleading information, making numerous offers, referring to oneself as high in status, being highly talkative, saying negative words such as “no” or “never.”² To the extent that these tactics may be necessary to reach a favorable settlement—which is admittedly impossible to know with certainty in advance—then low SV for a counterpart may be an unfortunate but unavoidable consequence. In these cases, for which there may exist a real trade-off between OV and SV, one must prioritize them. If you judge competitive tactics as necessary to reach a favorable settlement, then that should mean acknowledging this to yourself and being comfortable with the likelihood that it comes at a subjective cost to the other party.

Often, a negotiator will feel that the trade-off of OV over SV will be worthwhile, but sometimes he or she will not. Negotiators might choose

TABLE 5.1

Competitive Tactics That Claim Objective Value Yet Decrease Partner's Subjective Value

Tactic

Providing misleading information
Referring to one's outside alternatives
Making numerous offers
Appealing to fairness
Saying negative words such as “no” or “never”
Making arguments
Referring to oneself as high in status
Providing reactions to a counterpart's offer
Being highly talkative
Referring to competitors

Note: Items appear in order from greatest to least association with claimed value.

Source: From Elfenbein, H. A., Curhan, J. R., Eisenkraft, N., Shirako, A., & Brown, A. (2010). *Why are some negotiators better than others? Opening the black box of bargaining behaviors*. Paper presented at the 23rd Annual Meeting of the International Association for Conflict Management. Cambridge, Massachusetts. Retrieved from <http://ssrn.com/abstract=1336257>

SV as the more important outcome particularly in the context of ongoing relationships in which the relationship is itself more valuable than the settlement at hand (Curhan, Neale, Ross, & Rosencranz-Engelmann, 2008). In keeping with the advice regarding framing, similarly in such cases we would advocate that a negotiator make sure the counterpart is at least partly aware of the value of the concessions. At the risk of providing one's relationship partners with a long list of every sacrifice one has ever made, the risk of not doing so even a little is to have these sacrifices overlooked entirely. The last thing that a negotiator should want, when making a relational accommodation to a valued counterpart, is to be seen merely as having been a poor negotiator.

We offer another distinct piece of prescriptive advice for increasing SV: Treat your counterpart with clear respect. As an example of specific tactics that negotiators can take, Curhan and Brown (in press) discussed the particular behavior of asking questions. Asking questions has a wide range of benefits—it can signal an interest in the other party, create a flow of conversation in both directions, and increase the exchange of deal-relevant information. We found in our study examining detailed negotiator behaviors that people tend to be relatively consistent in the extent to which they ask questions from one negotiation to the next (Elfenbein et al., 2010). However, in spite of these apparent individual differences in the use of this

tactic, it is feasible for all negotiators to incorporate more questions into their behavioral repertoire. In addition to asking questions, being explicit about the logic and standards behind offers is a way to communicate to a counterpart that he or she is respected. A different form of respect also involves the interpersonal dynamics that unfold over the course of the negotiation, such as listening to your counterpart, showing yourself to be trustworthy through your words and actions, helping the process to be efficient, and trying to save face for the other party—in other words, treating your counterpart like a valued relationship partner. One can use the SVI itself as a kind of checklist to suggest behaviors that enhance a counterpart's SV. For example, the question, "Do you feel your counterpart(s) listened to your concerns?" can remind a negotiator to listen to the concerns voiced by the other party. Likewise, the question, "Did you 'lose face' (i.e., damage your sense of pride) in the negotiation?" can remind negotiators to save face for their counterparts.

WHY ENHANCING SUBJECTIVE VALUE IN NEGOTIATIONS MAY BE PARTICULARLY IMPORTANT IN THE 21ST CENTURY WORKPLACE

We believe that the settings particular to the 21st century workplace are likely to demonstrate an even greater potential value to SV. Among the innumerable changes under way to the modern workplace, we highlight two in particular for their potential influence on SV: the so-called flattening of hierarchical organizations and the increased frequency of communication via lean channels such as e-mail and other text-only formats.

Flatter organizations are likely to mean that more negotiations over time are woven into day-to-day relationships among colleagues. Formal organization has merged into informal organization, which means that much of daily organizational life takes place outside hierarchical levels that guide the work-related decisions that need to be made. Thus, on a regular basis more of these decisions will require agreements to be reached jointly among individuals whose underlying interests are largely but incompletely aligned—which is the operational definition of a *negotiation*. This increase in negotiations taking place on a daily basis on the job is likely to increase greatly the importance of SV in organizations.

Having greater relational consequences to the outcomes of negotiations means that more of "success" in a work-related negotiation stretches beyond the confines of the tangible terms for any particular deal—because it includes the ability to work together effectively and feel positively about their interactions. Thus, SV should matter more for counterparts who are enmeshed within an ongoing relationship—for which the trade-off between OV and SV, when true, would lean at least partly in the direction of SV. For this reason, of the tactics described, negotiators may particularly need to improve their skills at identifying counterparts' subjectively valued outcomes and analyzing the extent to which these outcomes can be provided without coming at the expense of the negotiator's objective settlement.

Interestingly, these negotiations within flatter organizations may take many of the parties by surprise. If, as in Kolb and Williams's (2000) concept of the *shadow negotiation*, these negotiations are so interwoven into daily interaction that parties do not even realize they are happening, then it is more difficult to follow the steps we outlined and to prepare for high SV as one might normally do for a formal negotiation. In particular, the surprise nature of many negotiations in the 21st century organization may prevent parties from following the prescriptive advice regarding their thorough assessment of counterparts' subjectively valued outcomes, as well as their assessment of the trade-off. Colleagues are in continual contact with each other and can initiate a negotiation at any time, so that negotiators will not have the same advanced notice to prepare, even if they realize that preparation is necessary.

A second change particular to the 21st century organization is the increased use of lean channels of communication media. Electronic mail, text messages, and instant messaging have become commonplace for conveying information among colleagues. However, this poses a communication challenge that is exacerbated by the other change described, namely, the interwoven nature of negotiations in day-to-day colleague interactions. Our prescriptive advice focused on learning the other party's subjectively valued outcomes, making the counterpart aware of the choice to forgo some OV for the sake of the relationship and showing respect. All of these communication goals are challenging enough under normal circumstances, but all the more so when using leaner channels that limit the flow of affective information (Curhan & Brown, in press; Drolet & Morris, 2000; McGinn & Croson, 2004). Further, the asynchronous nature of

these communication channels makes it more difficult to adjust the flow of conversation out of responsiveness to the signals that are typically conveyed in real time by a counterpart.

Highlighting the particular example of a tactic that can increase SV—that is, asking questions, we suggest that both of the changes to the 21st century organization outlined can make this tactic more difficult to use effectively. First, the proliferation of negotiations that take place within flatter organizations means that many counterparts are enmeshed within a single organization, and negotiators may take for granted their shared context to avoid asking questions. For example, two colleagues in the same department might assume that they share the same priorities when working out details for an upcoming project and not ask each other about their preferred outcomes on specific issues—even though they would typically ask such questions when negotiating with someone at arm's length. They might also experience awkwardness if they feel that they should already know the answers, such as if calculating the value of a potential deal involves inputs that one party does not recall or to which that party does not have access. Parties might not even have the meta-awareness to know what to ask, particularly when the negotiation takes them by surprise. Second, the use of leaner communications media may impede the natural rhythm of questions. That is, the use of asynchronous communications media makes it cumbersome to create a true back-and-forth interaction, which is needed for multiple iterations of question asking and answering. It can be easier to leave alone a confusing topic when each round of e-mail exchange adds long hours to the interaction rather than the mere minutes it would take for a minor interruption from live interaction. Indeed, one of the benefits of asking questions is the flow of conversation that it generates due to its iterative nature, and this is decreased for the virtual negotiator. Further, the lean nature of text-based communications makes it difficult to provide context—in the case of asking questions, context can be valuable for interpreting what information is truly being requested. Face to face, a negotiator can ask a question simply and without the need to articulate it clearly, for example, “I don't understand,” whereas this would be too vague to elicit a helpful response in an e-mail dialogue. In these ways, using leaner means of communication creates a barrier for negotiators to ask questions, as just one example of how changes in the 21st century organization may change negotiators' ability to increase SV.

FUTURE RESEARCH NEEDS GUIDED BY CHALLENGES IN ENHANCING SUBJECTIVE VALUE IN THE 21ST CENTURY WORKPLACE

Given the nature of our prescriptive advice, there are particular challenges that negotiators face in attempting to increase the SV of their counterparts in the 21st century organization. Notably, we suggest that the negotiator needs to learn the other party's subjectively valued outcomes to make the counterpart aware of the choice to forgo some OV for the sake of the relationship and to show respect. However, these are precisely the most difficult types of activities when using communication media that limit the flow of affective information (Byron, 2008). As a result, one area for future negotiation research is to examine the extent to which negotiators can effectively enhance SV when they use leaner rather than richer channels of communication. On a related note, future research is needed to study how negotiators can attempt to enrich the leaner channels of communication that they are using and how doing so can potentially help them to enhance their SV. As one example, e-mail was still in its relative infancy when the need to convey emotional expression led to the development of “emoticons” to assist with the flow of affective details. Future research may be able to help us to understand further how negotiators can convey positive affect and respect across lean media and the extent to which various strategies for doing so effectively enhance SV. Our best prescriptive advice in the interim is for negotiators to make active choices about their communication media.

We also noted that enhancing SV may be especially important in the flatter hierarchical structures characterizing the 21st century workplace, yet potentially more difficult because flatter structures can also give rise to negotiations among colleagues that are impromptu enough to limit preparation. As a result, a second need for negotiation research is to study the effectiveness with which negotiators enhance SV in flatter versus more hierarchical organizational structures. Such studies would require examining negotiation phenomena: (a) at multiple levels of analysis, such as the organization level, rather than at solely the dyadic level that has dominated negotiation research; and (b) over longer periods of time than typically observed in studies with simulated negotiation exercises. The absence of these qualities from conventional negotiation research has led some to

describe this literature as isolated from its social, relational, historical, and future contexts (e.g., Barley, 1990; Oliver et al., 1994). Studying negotiation phenomena in these ways—which include longer periods of time and multiple levels of potential influence—promises to enhance our understanding about negotiation in a way that more closely reflects the real-world negotiations context. Such understanding will also better reflect 21st century workplace challenges. We advocate for research designs that capture as much as possible the conditions faced by real negotiators in the 21st century organization. Simulation studies can incorporate greater realism along these lines ideally by including multiple rounds of negotiations so that the results achieved in one round feed directly into what takes place in further rounds (e.g., Shapiro & Bies, 1994). This enables such studies to capture how earlier objective and subjective negotiation experiences affect those parties' later subjective and economic outcomes together.

To focus on longer-term outcomes, future research designs will also ideally focus on compliance as an outcome—that is, the extent to which parties follow through with promises of future actions that they make during a negotiation. After all, it is rare for a bargaining agreement to cover issues that are immediately and irrevocably implemented, without room for alternative interpretations, broken promises, or delays. Such compliance requires ample goodwill following the negotiation (Fortgang, Lax, & Sebenius, 2003; Walton, Cutcher-Gershenfeld, & McKersie, 1994), which can be enhanced by negotiators' satisfaction with their settlements (Barry & Oliver, 1996). This makes issues of opportunism and trustworthiness very important and thus also raises in importance the need to examine the potential role of SV with postsettlement compliance.

This research agenda is intended to help complement existing work in the negotiations field. Theorists working in a rationalist behavioral framework have long focused on the potential pitfalls of social psychological factors, such as subjective feelings and close interpersonal relationships in negotiation (for a review, see Bazerman et al., 2001). By contrast, our own and related research consistently suggest that such factors can also be tangible assets within the context of an ongoing working relationship. We argue that negotiators can enhance their long-term financial outcomes by paying attention to the “softer side” and maximizing the subjective experience for themselves and for counterparts. The challenge that this poses in the best of cases is augmented by new challenges while the role of negotiation in organizational life evolves. It is our hope that the areas for future

research outlined will help to provide guidance for the negotiator facing life in the 21st century organization.

ACKNOWLEDGMENTS

We are deeply grateful to our co-authors who have taken part in the research reviewed in this chapter: Lucio Bacarro, Ashley Brown, Noah Eisenkraft, Gavin Kilduff, Aiwa Shirako, and Alice Xu. We also thank Debra Shapiro and Barry Goldman for their guidance and support.

NOTES

1. This 16-item Subjective Value Inventory (SVI) is freely available for research use and printed in full with scoring information in the work of Curhan et al. (2006).
2. Interestingly, the tactic of trying to appeal to the other party's sense of sympathy was greatly irritating to counterparts and reduced joint gains, without demonstrating any benefit to the individual negotiator.

REFERENCES

- Barley, S. R. (1990). Contextualizing conflict: Notes on the anthropology of disputes and negotiations. In M. H. Bazerman, R. J. Lewicki, & B. H. Sheppard (Eds.), *Research on negotiation in organizations* (Vol. 3, pp. 165–199). Greenwich, CT: JAI Press.
- Barry, B., & Oliver, R. L. (1996). Affect in dyadic negotiation: A model and propositions. *Organizational Behavior and Human Decision Processes*, 67, 127–143.
- Bateman, T. S., & Organ, D. W. (1983). Job satisfaction and the good soldier: The relationship between affect and employee “citizenship.” *Academy of Management Journal*, 26, 587–595.
- Bazerman, M. H., Curhan, J. R., & Moore, D. A. (2001). The death and rebirth of the social psychology of negotiation. In G. J. O. Fletcher and M. S. Clark (Eds.), *Blackwell handbook of social psychology: Interpersonal processes* (pp. 196–228). Oxford, UK: Blackwell.
- Byron, K. (2008). Carrying too heavy a load? The communication and miscommunication of emotion by email. *Academy of Management Review*, 33, 309–327.
- Curhan, J. R., Elfenbein, H. A., & Eisenkraft, N. (2010). The objective value of subjective value: A multi-round negotiation study. *Journal of Applied Social Psychology*, 40, 690–709.
- Curhan, J. R., Elfenbein, H. A., & Kilduff, G. J. (2009). Getting off on the right foot: Subjective value versus economic value in predicting longitudinal job outcomes from job offer negotiations. *Journal of Applied Psychology*, 94, 524–534.

- Curhan, J. R., Elfenbein, H. A., & Xu, H. (2006). What do people value when they negotiate? Mapping the domain of subjective value in negotiation. *Journal of Personality and Social Psychology, 91*, 493–512.
- Curhan, J. R., Neale, M. A., Ross, L., & Rosencranz-Engelmann, J. (2008). Relational accommodation in negotiation: Effects of egalitarianism and gender on economic efficiency and relational capital. *Organizational Behavior and Human Decision Processes, 107*, 192–205.
- Currall, S. C., Towler, A. J., Judge, T. A., & Kohn, L. (2005). Pay satisfaction and organizational outcomes. *Personnel Psychology, 58*, 613–640.
- Drolet, A. L., & Morris, M. W. (2000). Rapport in conflict resolution: Accounting for how face-to-face contact fosters mutual cooperation in mixed-motive conflicts. *Journal of Experimental Social Psychology, 36*, 25–50.
- Druckman, D., & Broome, B. J. (1991). Value differences and conflict resolution: Familiarity or liking? *Journal of Conflict Resolution, 35*, 571–593.
- Eisenkraft, N., & Elfenbein, H. A. (2010). The way you make me feel: Evidence for individual differences in affective presence. *Psychological Science, 21*, 505–510.
- Elfenbein, H. A. (2007). Emotion in organizations: A review and theoretical integration. *Academy of Management Annals, 1*, 371–457.
- Elfenbein, H. A., Curhan, J. R., Eisenkraft, N., Shirako, A., & Baccaro, L. (2008). Are some negotiators better than others? Individual differences in bargaining outcomes. *Journal of Research in Personality, 42*, 1463–1475.
- Elfenbein, H. A., Curhan, J. R., Eisenkraft, N., Shirako, A., & Brown, A. (2010). *Why are some negotiators better than others? Opening the black box of bargaining behaviors*. Paper presented at the 23rd Annual Meeting of the International Association for Conflict Management, June. Cambridge, MA. Retrieved from <http://ssrn.com/abstract=1336257>
- Fortgang, R. S., Lax, D. A., & Sebenius, J. K. (2003). Negotiating the spirit of the deal. *Harvard Business Review, 81*(2), 66–76.
- Gelfand, M. J., Major, V. S., Raver, J. L., Nishii, L. H., & O'Brien, K. (2006). Negotiating relationally: The dynamics of the relational self in negotiations. *Academy of Management Review, 31*, 427–451.
- Hayward, M. L. A., Shepherd, D. A., & Griffin, D. (2006). A hubris theory of entrepreneurship. *Management Science, 52*, 160–172.
- Kenny, D. A. (1994). *Interpersonal perception: A social relations analysis*. New York: Guilford Press.
- Kolb, D. M., & Williams, J. (2000). *The shadow negotiation: How women can master the hidden agendas that determine bargaining success*. New York: Simon and Schuster.
- Lax, D. A., & Sebenius, J. K. (1986). Interests: The measure of negotiation. *Negotiation Journal, 2*, 73–92.
- Lind, E. A., & Tyler, T. R. (1988). *The social psychology of procedural justice*. New York: Plenum.
- McGinn, K. L., & Croson, R. (2004). What do communication media mean for negotiators? A question of social awareness. In M. J. Gelfand & J. Brett (Eds.), *The handbook of negotiation and culture* (pp. 334–349). Palo Alto, CA: Stanford University Press.
- Mestdagh, S., & Buelens, M. (2003). *Thinking back on where we're going: A methodological assessment of five decades of research in negotiation behavior*. Paper presented at the 16th Annual IACM Conference, June. Melbourne, Australia.
- Miller, D. T. (1999). The norm of self-interest. *American Psychologist, 54*, 1053–1060.
- Mills, C. W. (1940). Situated actions and vocabularies of motive. *American Sociological Review, 5*, 904–913.
- Oliver, R. L., Balakrishnan, P. V., & Barry, B. (1994). Outcome satisfaction in negotiation: A test of expectancy disconfirmation. *Organizational Behavior and Human Decision Processes, 60*, 252–275.
- Osterman, P. (1987). Turnover, employment security, and the performance of the firm. In M. M. Kleiner, R. N. Block, M. Roomkin, & S. W. Salsburg (Eds.), *Human resources and the performance of the firm* (pp. 275–317). Washington, DC: BNA Press.
- Pruitt, D. G., & Rubin, J. Z. (1986). *Social conflict: Escalation, stalemate, and settlement*. New York: McGraw-Hill.
- Shapiro, D. L., & Bies, R. J. (1994). Threats, bluffs, and disclaimers in negotiations. *Organizational Behavior and Human Decision Processes, 60*, 14–35.
- Subramanian, G. (2001). *Frasier series*. Cambridge, MA: Harvard Business School Publishing. Teaching cases 9-801-447 and 9-801-448.
- Sullivan, B. A., O'Connor, K. M., & Burris, E. R. (2006). Negotiator confidence: The impact of self-efficacy on tactics and outcomes. *Journal of Experimental Social Psychology, 42*, 567–581.
- Thompson, L. (1990). Negotiation behavior and outcomes: Empirical evidence and theoretical issues. *Psychological Bulletin, 108*, 515–532.
- Tinsley, C. H., O'Connor, K. M., & Sullivan, B. A. (2002). Tough guys finish last: The perils of a distributive reputation. *Organizational Behavior and Human Decision Processes, 88*, 621–645.
- Valley, K. L., Neale, M. A., & Mannix, E. A. (1995). Friends, lovers, colleagues, strangers: The effects of relationships on the process and outcome of dyadic negotiations. *Research on Negotiation in Organizations, 5*, 65–93.
- Walton, R. E., Cletcher-Gershenfeld, J. E., & McKersie, R. B. (1994). *Strategic negotiations: Theory of change in labor-management relations*. Cambridge, MA: Harvard Business School Press.
- Williams, M. L., McDaniel, M. A., & Nguyen, N. T. (2006). A meta-analysis of the antecedents and consequences of pay level satisfaction. *Journal of Applied Psychology, 91*, 392–413.