The Objective Value of Subjective Value:
A Multi-Round Negotiation Study[1]

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A 2-round negotiation study provided evidence that positive feelings resulting from one negotiation can be economically rewarding in a second negotiation. Negotiators experiencing greater subjective value (SV)—that is, social, perceptual, and emotional outcomes from a negotiation—in Round 1 achieved greater individual and joint objective negotiation performance in Round 2, even with Round 1 economic outcomes controlled. Moreover, Round 1 SV predicted the desire to negotiate again with the same counterpart, whereas objective negotiation performance had no such association. Taken together, the results suggest that positive feelings, not just positive outcomes, can evoke future economic success.

Conventional wisdom holds that a favorable economic outcome is the *sine qua non* of successful negotiation performance. By contrast, how one feels afterward is considered a fleeting emotion, subject to heuristics and biases. Behavioral science researchers have traditionally portrayed negotiation as an economically motivated, one-shot interaction best practiced by rational, unemotional actors. However, an increasing number of recent studies have challenged this rationalist assumption, incorporating social psychological factors into the study of negotiation (for a review, see Bazerman, Curhan, & Moore, 2001). Extending this work, we ask the following provocative question: Is a positive subjective experience itself economically rewarding over time?

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Does Subjective Value Matter?

In contrast to *economic outcomes*, which are the explicit terms or products of a negotiation, *social psychological outcomes* refer to the attitudes and perceptions of those involved (Oliver, Balakrishnan, & Barry, 1994; Thompson, 1990). A recent large-scale study identified inductively a broad range of negotiators' psychologically valued outcomes and used cluster analysis, multidimensional scaling, and confirmatory factor analysis to establish convergent, discriminant, and criterion validity for the resulting construct and measure of *subjective value* (SV), which Curhan, Elfenbein, and Xu (2006) defined as the "social, perceptual, and emotional consequences of a negotiation" (p. 494). The concept of SV has a valence in that it refers to the positivity or negativity of a social psychological outcome.

SV encompasses four factors (also referred to as *subscales* of the Subjective Value Inventory; Curhan et al., 2006). *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 *rapport*. The umbrella construct of SV (also referred to as *global SV*) represents an integrative framework that connects existing lines of negotiation research on related topics, such as trust, justice, relationships, and outcome satisfaction.

Although there has been considerable enthusiasm about social psychological outcomes in negotiation, empirical work has been relatively sparse in comparison to that on economic outcomes. Indeed, subjective factors appear in only one quarter of published articles on negotiation (Mestdagh & Buelens, 2003). A notable exception is the stream of research arguing that *relationship marketing*, which is fostering close relationships between buyers and sellers or channel partners, is economically advantageous (e.g., Dabholkar, Johnston, & Cathey, 1994; Weitz & Bradford, 1999); yet some scholars remain skeptical (e.g., Gruen, Summers, & Acito, 2000; Hibbard, Brunel, Dant, & Iacobucci, 2001). The present research attempts to expand the empirical base to evaluate the enthusiasm by examining SV's potential influence on the outcomes of subsequent negotiations.

Curhan et al. (2006) outlined three reasons why SV can be important to negotiators. First, it can serve as a good in itself. Feelings of satisfaction, confidence, pride, and connection with others are intrinsically rewarding (Lax & Sebenius, 1986; Miller, 1999; Mills, 1940). Second, in the absence of

direct information and a detailed analysis of one's economic outcome, SV can be the best available intuition about one's objective performance. Thus, SV can influence learning and future behaviors. Third, the SV resulting from one negotiation may feed back, positively or negatively, into future economic outcomes. The present research focuses on this final possibility; that is, the influence of SV on long-term objective value—where *objective value* refers to the objective worth of the economic outcome. SV may matter privately to negotiators, but we ask what are its potential tangible consequences?

Negotiating Over Time

Most negotiation research has examined one-shot deals with no potential for future interaction. Consequently, the research may have missed important factors that contribute to value over time. Indeed, negotiations research has been criticized for decontextualizing bargaining as isolated from its social, relational, historical, and future contexts (e.g., Barley, 1990; Oliver et al., 1994). In the real world, most negotiations have important implications for future working relationships, which contrasts with an isolated deal without any chance of subsequent deals, future interaction, or reputational consequences. To better approximate the real-world context, the present study examines a multi-round setting in which participants maintained the same role and counterpart in two sequential negotiation exercises.

There is a long history of focusing on the role of relationships in negotiation, with conceptualizations that argue persuasively for a connection to long-term outcomes (e.g., Dwyer, Schurr, & Oh, 1987; Ganesan, 1993; Greenhalgh, 1987; Shah & Jehn, 1993; Valley, Neale, & Mannix, 1995; Walton & McKersie, 1965). However, few empirical studies of negotiation have used longitudinal research designs to test the effects of early negotiations on later ones. Those studies using longitudinal designs have tended to focus on the expectation of future interaction or objective performance from an initial negotiation as a potential influence on subsequent negotiations. For example, Mannix, Tinsley, and Bazerman (1995) found that negotiators who believed they were likely to continue working together were more willing to make concessions, with the expectation of future reciprocity.

More recently, O'Connor, Arnold, and Burris (2005) found that participants who had reached an impasse in a prior simulation were more likely to reach an impasse in a subsequent simulation—even when initial impasses were assigned randomly. By contrast, the present study is one of the first to examine the effects of subjective factors (e.g., trust, justice, outcome satisfaction) resulting from a negotiation at Time 1 on the economic outcome of a

future interaction at Time 2 (M. Bazerman, J. Brockner, & D. Conlon, personal communication, April 28, 2007).

Hypotheses

We argue that, over time, SV is an asset that pays objective "dividends." We hypothesize, in other words, that higher SV will predict higher future objective value. Because behavior is driven largely by how people feel—and given that individuals experience the objective features of their environment largely via their subjective perceptions (Eagly & Chaiken, 1998)—we argue that such effects hold, even when controlling for initial objective value.

We examine this hypothesis for three types of future objective value. Although negotiators attempt to reach settlements that best meet their own interests, most negotiations are considered *mixed-motive* in that parties' interests are neither fully aligned nor fully opposed (Pruitt, 1983). In accordance with the metaphor that resources to be allocated are like a pie, bargaining involves competing to claim as much as possible for oneself, while cooperating to find ways to expand the pie. Thus, we examine *individual objective value*, or the number of points earned by each party; as well as *joint objective value*, or the total number of points earned by the dyad. Finally, we examine *desire to negotiate again* with the same counterpart, which is a precursor to repeat business.

With regard to individual objective value, we propose that SV is an asset that can be "cashed in" at a future time to extract objective value for oneself. Intrapersonally, 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—and thereby increase their motivation, perseverance, and aspirations going forward.

Interpersonally, although expressing relationship satisfaction could make one vulnerable to exploitation, it could also cement one's impression as a valued relationship partner. Because perceptions of rapport tend strongly to converge across counterparts (Elfenbein, Curhan, Eisenkraft, Shirako, & Baccaro, 2008), expressing high satisfaction with the relationship and process can be valuable to the extent that it evokes such satisfaction in others as well, and negotiators are more willing to compromise with counterparts whom they know and like (Druckman & Broome, 1991).

By contrast, having a reputation for focusing only on one's own needs can invoke defensive behaviors from counterparts (Tinsley, O'Connor, & Sullivan, 2002). Through halo effects, impressions formed in one domain of negotiation transfer to other domains when judging a counterpart—for

better and for worse (Tinsley et al., 2002). Thus, high relationship SV can lead a counterpart to provide more slack to a negotiator and to interpret more charitably the negotiator's ambiguous behavior. Related to this slack, expressing 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 et al., 1995). Thus, we propose the following:

> *Hypothesis 1*. Controlling for objective value at Time 1, higher individual subjective value at Time 1 will predict higher individual objective value in a negotiation at Time 2.

With regard to joint objective value, we propose that SV may improve the climate for integrative bargaining, serving as a shared resource to be leveraged at a future time to create value for the dyad. We see at least three main reasons to support this view. First, high SV may enhance genuine concern for one's counterpart. According to the dual-concern model (Pruitt & Rubin, 1986), this feeds, in turn, into greater joint objective value, as long as concern for the other does not crowd out the necessary concern for oneself (see Curhan, Neale, Ross, & Rosencranz-Engelmann, 2008; Gelfand, Major, Raver, Nishii, & O'Brien, 2006). De Dreu, Weingart, and Kwon's (2000) empirical finding that concern for oneself and concern for others appear to be orthogonal suggests that the concern for others inherent in high relationship SV does not necessarily put negotiators at risk of ignoring their own interests.

Second, high SV can increase negotiators' commitment and sheer endurance to meet the challenge of reaching an effective integrative settlement. As discussed previously, high SV and positive feelings promote high aspirations, confidence, optimism, and persistence in subsequent negotiation interactions (Kumar, 1997; Lawler & Yoon, 1996; Oliver et al., 1994; Sullivan et al., 2006).

Third, the feelings of fairness, voice, trust, and interpersonal rapport associated with process SV and relationship SV may prevent disruptive tactics and may encourage information sharing, reciprocity, creative problem-solving mindsets, charitable interpretations of ambiguous behaviors, familiarity with counterparts' preferred influence styles, and efficient time management. These are factors crucial for reaching efficient negotiation settlements (Barry & Oliver, 1996; Bazerman et al., 2001; Lind & Tyler, 1988; Pruitt & Rubin, 1986; Tinsley et al., 2002; Valley et al., 1995). We propose the following:

Hypothesis 2. Controlling for joint objective value at Time 1, higher joint subjective value at Time 1 will predict higher joint objective value in a negotiation at Time 2.

To the extent that negotiators exceed their minimally acceptable resistance points in a negotiation, the mere act of reaching an agreement creates value (Raiffa, 1982). Thus, those who are willing to work together on additional deals can increase their long-term objective value, even in the absence of any influence of SV on what takes place during the subsequent negotiation. From the perspective of the marketplace, working on additional deals on the basis of high SV is not necessarily efficient, given that negotiators' use of prior relationships to select counterparts can lead to less search activity and suboptimal matching if alternative counterparts have more compatible interests (e.g., Tenbrunsel, Wade-Benzoni, Moag, & Bazerman, 1999). However, such relationship-based matching could yield higher total value if it allows a greater number of transactions to be completed.

We argue that high SV contributes to negotiators' willingness to continue doing business together. Curhan et al. (2006) found that individuals who reported high SV immediately following a negotiation subsequently reported greater intent to remain in professional contact, and even greater willingness to choose their counterpart as a teammate on an exercise for which part of their actual course grade was at stake. In addition to examining whether SV predicts negotiators' intentions to enter into further cooperative interactions with their counterpart—to sit on the same side of the table, so to speak—it is also important to examine whether SV predicts negotiators' intentions to enter into further mixed-motive interactions; that is, to sit on the opposite side of the table.

In terms of instrumental satisfaction, the feeling that one has achieved a good economic outcome would make a negotiator want a repeat performance against the same counterpart. Accordingly, Oliver et al. (1994) found that satisfaction with one's economic outcome—akin to the instrumental factor of SV—predicted greater stated willingness to negotiate again with the same counterpart. Consistent with the notion that one's objective value is experienced via its subjective perception, Oliver et al. found that this result held, above and beyond actual objective outcomes.

In terms of the other three factors of SV, positive feelings about oneself, one's counterpart, and the process would also appear to call for a repeat performance. For the Self factor of SV, being humiliated and losing face would tend to make one withdraw from a working relationship. White, Tynan, Galinsky, and Thompson (2004) found that negotiators who were especially sensitive to issues of face saving and face threat were more likely to

reach impasses. The same factors that lead negotiators to withdraw effort from reaching a deal would likely lead them to avoid future deals with the same counterpart.

For the Process and Relationship factors of SV, having smooth inter-personal functioning with a counterpart can serve as the glue that cements a working relationship, just as negative experiences can serve as scissors that divide it (O'Connor et al., 2005). It is only sensible to seek out coun-terparts with whom one has had an efficient interaction that is fair and in which one's voice was heard: all components of process SV. Likewise, rela-tionship SV reflects whether a negotiation has set the stage appropriately for healthy future interaction and favorable inclinations toward the coun-terpart, elements naturally associated with willingness to work together again. For example, greater trust leads to a greater desire to negotiate again with one's counterpart (Naquin & Paulson, 2003). More generally, the per-ception of a relationship as cohesive leads to a greater desire to stay in that relationship (Lawler & Yoon, 1993, 1996). However, as applied to nego-tiation, our prediction is not merely tautological because, alternatively, it is possible that strong relationship SV might lead counterparts not to want to face each other again on opposite sides of the table. Therefore, we propose the following:

> *Hypothesis 3.* Controlling for objective value at Time 1, higher individual subjective value at Time 1 will predict greater will-ingness to negotiate again with the same counterpart at Time 2.

Method

Participants

During a course on organizational processes, 174 master's-level business students (31% female, 69% male; *M* age = 27.5 years, *SD* = 2.4), comprising 87 dyads, completed all of the measures described here. An additional 2 dyads were excluded for failing to follow procedures.

Procedure

In keeping with the overwhelming majority of research in the negotiations field, which has relied on simulations that enable consistency across dyads and that provide objective scoring (Mestdagh & Buelens, 2003), participants took part in a standardized exercise. The present simulation was an employ-

ment negotiation modeled after the popular "new recruit" exercise (Pinkley, Neale, & Bennett, 1994). We adapted this simulation to include two rounds of negotiation.

Participants were randomly assigned to the role of a candidate (freelance consultant) or recruiter (chief operating officer of a startup company), with the task of reaching an agreement about eight issues within a short-term employment contract. Each party received the Round 1 scoring matrix confidentially for his or her own role only. (All scoring matrices for both roles are listed in Table 1.) As an incentive for their objective performance in the negotiation, participants received entries for four $125 lottery prizes proportional to their total individual points earned in both rounds. Participants expected two rounds of negotiation, but the simulation was written so that participants did not know whether or not they would be negotiating again with the same person in Round 2.

Round 1. Of the eight issues, two were *distributive* or *fixed sum*, so that gain to one party came at equal loss to the other; two were *compatible*, so that parties' interests were aligned, and gain to one came at equal gain to the other (Thompson & Hrebec, 1996); and four were *integrative*, so that parties could logroll, with tradeoffs across multiple issues in order to increase the total number of points earned by both parties (Froman & Cohen, 1970; Pruitt, 1983). Participants were instructed to remain "in role" during the exercise, not to show their counterparts the confidential instructions, and not to discuss the exercise until after completing both rounds. Reaching a settlement required agreement on all eight issues. Participants reaching impasses earned 500 points.

Participants were given 1 week to complete the first negotiation, after which they completed an online questionnaire consisting of the Subjective Value Inventory (SVI; Curhan et al., 2006; $\alpha = .90$) and reported their desire to negotiate again with the same counterpart ("If you had the option, would you like to negotiate again with the same person?"; response options were *Yes* or *No*). Participants also indicated whether they were "friends" with the counterpart prior to the exercise (*Yes* or *No*), their age and sex, and the agreement terms if a deal was reached.

Round 2. In the second round, which took place prior to any instructor-led debriefing of Round 1, participants retained the same role and negotiation counterpart to which they had been assigned in Round 1. The procedure for the negotiation exercise was identical to that in Round 1, except that both parties were told that 1 year had elapsed and that their preferences had changed per the Round 2 scoring matrix (see Table 1). The changes in preferences altered the characterization of the eight issues, but there remained two distributive, two compatible, and four integrative issues. Again, participants were given 1 week to complete the second negotiation, after which they

Table 1

Payoff Matrix for Two-Round Negotiation Exercise With a Recruiter and Job Candidate

	Points in Round 1		Points in Round 2	
	Applicant	Recruiter	Applicant	Recruiter
Hourly wage				
$30 per hour	200	1,500	300	1,500
$40 per hour	400	1,200	600	1,200
$50 per hour	600	900	900	900
$60 per hour	800	600	1,200	600
$70 per hour	1,000	300	1,500	300
Projected number of billable hours				
60 hours	100	100	100	1,000
120 hours	200	200	200	800
180 hours	300	300	300	600
240 hours	400	400	400	400
300 hours	500	500	500	200
Shares of stock				
0 shares	100	250	150	500
1,000 shares	200	200	300	400
5,000 shares	300	150	450	300
10,000 shares	400	100	600	200
20,000 shares	500	50	750	100
Travel expenses				
Train tickets/coach airfare	150	750	100	750
Coach airfare	300	600	200	600
Coach/business-class airfare	450	450	300	450
Business-/first-class airfare	600	300	400	300
First-class airfare	750	150	500	150

Table 1 *Continued*

	Points in Round 1		Points in Round 2	
	Applicant	Recruiter	Applicant	Recruiter
Discretionary budget				
$0	300	1,000	200	500
$5,000	600	800	400	400
$10,000	900	600	600	300
$15,000	1,200	400	800	200
$20,000	1,500	200	1,000	100
Office space				
None	50	500	250	250
Small carrel in a public space	100	400	200	200
Shared office with no windows	150	300	150	150
Private office with no windows	200	200	100	100
Private office with a window	250	100	50	50
Invoice frequency				
Invoices submitted weekly	250	250	50	250
Invoices submitted biweekly	200	200	100	200
Invoices submitted monthly	150	150	150	150
Invoices submitted every 6 weeks	100	100	200	100
Invoices submitted every 3 months	50	50	250	50
Administrative assistant's time				
10% of an assistant's time	100	500	100	100
20% of an assistant's time	200	400	200	200
30% of an assistant's time	300	300	300	300
40% of an assistant's time	400	200	400	400
50% of an assistant's time	500	100	500	500

completed the SVI ($\alpha = .92$) and listed the agreement terms, if a deal was reached.

Of the 87 dyads, 5 were excluded because they reached impasses in at least one round, for which the reservation price of 500 points represented an outlier over 6 standard deviations below the average settlement.

Results

Table 2 contains summary statistics and correlations among variables. Noteworthy associations include a sizable correlation between one's objective score (i.e., objective value) and one's instrumental SV ($r = .40$), suggesting that feelings about instrumental outcomes have a component of perceptual accuracy that reflects actual instrumental outcomes. In keeping with the distributive component of the mixed-motive exercise, objective scores of counterparts were negatively correlated ($r = -.77$). However, there was no significant correlation between negotiation partners in their instrumental SV ($r = .04$). The discrepancy between these two correlations suggests a divergence between objective and subjective value in that—despite the high positive correlation between a negotiator's objective score and instrumental SV—for pairs of counterparts, their objective scores were highly negatively correlated, whereas their subjective feelings about instrumental outcomes were essentially independent. Moreover, with regard to level of rapport, the two parties agreed with each other in the form of positive correlations between negotiation partners in their process SV ($r = .40$) and relationship SV ($r = .47$).

Regression models for hypothesis testing are summarized in Table 3 and include Round 1 objective and subjective value, the negotiator's role, prior friendship, and two demographic variables—sex and age—that have been found previously to correlate with SV (Elfenbein et al., 2008). Because the objective and subjective value obtained by the two members of a negotiation dyad are both conceptually and empirically interdependent (Kenny, 1995), we tested our individual-level hypotheses while controlling for dyadic interdependence using the actor–partner interdependence model (APIM; Kashy & Kenny, 2000).

In support of Hypothesis 1, multiple regression APIM results demonstrate that SV in Round 1 significantly predicted individual objective value in Round 2, even after controlling for individual objective value in Round 1. This effect was significant for global SV, as well as for the subscales of instrumental SV and relational SV. In accordance with the finding that there is substantial consistency in individual negotiators' skills (Elfenbein et al., 2008; Elfenbein, Curhan, Eisenkraft, Shirako, & Brown, 2010), objective value in Round 2 was also predicted by a negotiator's objective value in Round 1.

Supporting Hypothesis 2, conventional multiple regression models show that joint SV in Round 1 predicted joint objective value in Round 2, even after controlling for joint objective value in Round 1. Once again, this effect was significant for global SV as well as for the instrumental SV and relational SV subscales.

Table 2

Summary Statistics and Bivariate Correlations

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Negotiator's background																					
1. Male	0.67	0.47	—																		
2. Age (in years)	27.5	2.41	.08	—																	
3. Prior friendship	0.15	0.42	.00	.03	—																
4. Role (1 = recruiter)	0.50	0.50	−.05	.05	.00	—															
Round 1: Negotiator's outcome																					
5. Objective value	3,469	438	.00	.09	.02	.19*	—														
6. Global SV	5.22	0.77	−.02	−.02	.08	−.08	.30**	—													
7. Instrumental SV	5.20	0.88	.00	−.02	.00	−.05	.40**	.83**	—												
8. Self SV	5.25	0.74	.05	.00	.05	−.07	.31**	.66**	.56**	—											
9. Process SV	5.22	1.01	−.06	−.01	.05	−.04	.20**	.90**	.65**	.44**	—										
10. Relationship SV	5.21	1.10	−.02	−.02	.16*	−.09	.12	.85**	.54**	.33**	.79**	—									
11. DNA	0.78	0.42	−.03	−.05	−.02	−.09	−.03	.27**	.22**	.02	.26**	.33**	—								
Round 1: Counterpart's outcome																					
12. Objective value	3,469	438	−.04	−.15†	.02	−.19*	−.77**	−.21**	−.34**	−.18*	−.16*	−.05	.02	—							
13. Global SV	5.22	0.77	−.06	−.08	.08	.08	−.21**	.33**	.17*	.09	.35**	.40**	.11	.30**	—						
14. Instrumental SV	5.20	0.88	−.13†	−.18*	.00	.05	−.34**	.17*	.04	.02	.20*	.24**	.04	.40**	.83**	—					
15. Self SV	5.25	0.74	.04	−.09	.05	.07	−.18*	.09	.02	.06	.08	.13†	−.08	.31**	.67**	.56**	—				
16. Process SV	5.22	1.01	−.05	−.04	.05	.04	−.16*	.35**	.20*	.08	.40**	.39**	.09	.20**	.90**	.65**	.44**	—			
17. Relationship SV	5.21	1.10	−.05	.01	.16*	.09	−.05	.40**	.24**	.13†	.39**	.47**	.24**	.12	.85**	.54**	.33**	.79**	—		
18. DNA	0.78	0.42	−.09	−.02	−.02	.09	.02	.11	.04	−.08	.09	.24**	.08	−.03	.28**	.22**	.02	.26**	.33**	—	
Round 2: Negotiator's outcome																					
19. Objective value	3,505	499	.07	−.02	.03	−.01	.65**	.27**	.40**	.22**	.17*	.14†	.03	−.51**	−.14†	−.29**	−.12	.17*	−.08	−.01	—
Round 2: Counterpart's outcome																					
20. Objective value	3,505	499	−.01	.05	.03	.01	−.51**	−.13†	−.29**	−.12	−.08	.01	−.01	.65**	.27**	.40**	.22**	.17*	.14†	.03	−.78**

Note. N = 164 participants. Prior friendship: 1 = endorsed by both parties; 0 = otherwise. Each participant was analyzed both as a negotiator and as a counterpart, which is why the descriptive statistics are the same for both roles. SV = subjective value; DNA = desire to negotiate again.
†p <.10. *p < .05. **p < .01.

Table 3

Future Economic Outcomes as a Function of Objective and Subjective Value in Round 1

Model	Individual objective value in Round 2							Joint objective value in Round 2							Desire to negotiate again						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
Intercept	−.09	.04	.02	.01	.04	.03	.03	−.02	.00	.00	−.01	.00	.00	.02	1.54**	1.55**	1.46**	1.51**	1.53**	1.44**	1.55**
Role	.03	.25	−.23	−.23	−.25	−.24	−.23	—	—	—	—	—	—	—	−.36	−.37	−.12	−.19	−.28	−.16	−.18
Male	.09	.13	.14†	.14†	.13	.14	.14†	.02	.14	.15†	.16†	.14	.15†	.15†	−.10	−.12	−.08	−.14	−.19	−.05	−.15
Age	.02	.04	.04	.05	.04	.04	.04	.06	.15	.17†	.20*	.16	.16†	.15†	−.12	−.13	−.09	−.09	−.03	−.03	−.01
Prior friendship	.07	.03	.01	.03	.02	.02	.00	.09	.08	.03	.08	.07	.06	−.01	−.04	−.05	−.22	−.04	−.15	−.24	−.50
Round 1 outcomes																					
Objective value	.63**	.60**	.60**	.59**	.62**	.62**	.61**		.60**	.57**	.57**	.59**	.59**	.57**		.03	−.25	−.28	.04	−.08	−.05
Global SV			.07*							.19*							.79**				
Instrumental SV				.10*							.21*							.68**			
Self SV					.01							.04							.14		
Process SV						.05							.14							.74**	
Relationship SV							.08*							.21*							.85**
Model diagnostics																					
AIC	420	336	339	336	343	341	338								190	192	180	185	207	193	187
BIC	444	364	369	367	373	372	368								209	214	205	210	232	218	212
Log likelihood	−202	−159	−159	−158	−161	−161	−159								−89.0	−89.0	−82.0	−84.4	−95.5	−88.3	−85.6
R^2								.02	.39	.42	.42	.39	.40	.43							
Adjusted R^2								−.02	.35	.38	.39	.35	.36	.39							
F								.51	12.06**	10.91**	11.18**	9.58**	10.25**	11.38**							
dfs								3, 78	4, 77	5, 76	5, 76	5, 76	5, 76	5, 76							

Note. $N = 164$ individuals, 82 dyads. Role: 1 = recruiter. All coefficients are standardized. Coefficients are from an actor–partner interaction model (APIM; Kashy & Kenny, 2000) multiple regression for individual value, an ordinary least squares regression for joint value, and an APIM logistic regression for the desire to negotiate again. For joint objective value, all variables represent the dyad-level sum of the two partners' values, except for prior friendship, which is coded as 1 if endorsed by both parties, and as 0 otherwise. SV = subjective value.
†$p < .10$. *$p < .05$. **$p < .01$.

Finally, logistic regression APIM results support Hypothesis 3, in that SV in Round 1 predicted greater desire to negotiate again with the same counterpart for an additional round. This was the case for global SV, as well as for the instrumental SV, process SV, and relationship SV subscales. Interestingly, desire to negotiate again with the same counterpart was not predicted by objective value in Round 1.[3]

Discussion

In the current study, we have presented encouraging new evidence that SV is objectively valuable in negotiation. More than a figurative pat on the back or a mere consolation prize for a meager settlement, subjective impressions appear to pay off economically in subsequent negotiations. Certainly, SV can be inherently valuable, insofar as negotiators attempt to maximize socioemotional rewards aside from instrumental rewards. But for a more complete understanding of SV, it is also important to document its future influence on objective negotiation outcomes. As such, we have demonstrated that concern for the social psychological side of negotiation can be economically rational.

First, we found that individuals earned more objective value in the second negotiation if they had experienced greater SV in the first negotiation. Second, we found that negotiation dyads created more joint value in the second negotiation if partners had experienced greater total SV in the first negotiation. In both cases, the effects were significant for global, instrumental, and relationship SV.

For instrumental SV, we argue that negotiators who felt that their first settlements were favorable, fair, and balanced may have benefited subsequently from greater motivation and effort (Sullivan et al., 2006). For relationship SV, we speculate that those who developed closer, more trusting relationships subsequently earned more objective value as a result of a comfortable environment within which to share information and smooth over the rough edges of bargaining. Note the contrast with previous findings

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[3]The coefficient of determination (R^2) often is used to explain the fit of a regression model. This summary statistic describes the proportion of variability explained by a regression model by dividing the total variability in the dependent variable by the variability of the residual error, and then subtracting that quantity from 1. When researchers use a model with a different error structure, it is not clear what variability the predictors should be expected to explain. Statisticians have proposed some alternatives to R^2 for mixed-effects models (e.g., Gelman & Hill, 2007; Vonesh, Chinchilli, & Pu, 1996; Xu, 2003), but there is not yet consensus about a replacement that should be the equivalent of R^2. For this reason, we do not include a summary statistic explaining how much of the variance was explained by our APIM models.

that close relationships developed outside of the negotiation context can hinder value creation (Fry, Firestone, & Williams, 1983). In this respect, our study demonstrates the economic value of relational capital, which theorists have argued is a resource for negotiators (Gelfand et al., 2006). Finally, negotiators reported a greater desire to negotiate again with their counterparts after experiencing greater SV. 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.

To our knowledge, this is the first study to document an objective future benefit to subjective factors such as outcome satisfaction; positive feelings about oneself; justice and fairness; and perceived quality of working relationships that have resulted from a previous negotiation. Given the multifaceted nature of SV and its many possible consequences, future research should explore the specific mechanisms by which SV creates future tangible benefits.

Because of the correlational nature of our research design, it is not possible to establish causality. For example, high SV could be a reflection of another effective process or outcome, which is a symptom, rather than a cause of greater future performance above and beyond prior economic outcomes. However, we can likely rule out the alternative explanation that certain types of individuals tend both to report high SV and to reach superior economic performance, because we included objective value in Round 1 as a control variable when testing the association between SV in Round 1 and objective value in Round 2.

This study took place in the context of a simulated negotiation, which afforded us the opportunity to provide a consistent negotiation context for all dyads and to examine a readily quantifiable measure of objective value that was linked to real financial incentives. However, the laboratory cannot sufficiently capture the dynamics that unfold over the course of genuine, long-term working relationships. We speculate that real-world settings might demonstrate an even greater potential objective value of SV, compared with the relatively modest effect sizes in the present study.

First, SV should matter more when negotiators are concerned with post-settlement compliance. 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 good will following the negotiation (Fortgang, Lax, & Sebenius, 2003; Walton, Cutcher-Gershenfeld, & McKersie, 1994) that can be enhanced by negotiators' satisfaction with their settlements (Barry & Oliver, 1996). Thus, issues of opportunism and trustworthiness presumably are more important in real-world settings.

Second, in real-world settings, SV may open further room for creating joint value beyond the identification of compatible issues and concurrent logrolling represented in our present design. For example, negotiators who establish long-term relationships may find opportunities for intertemporal logrolling (Mannix et al., 1995). Further, with more complexity comes a greater potential benefit from sharing information, learning about the negotiation style of one's counterpart, and experiencing other potentially valuable consequences of high SV. That said, the potential benefits of high SV could be mitigated in the real world by factors such as differences in power or asymmetric access to material information. Thus, to understand the generality of the present findings, it is important to supplement the laboratory paradigm with field research in which negotiators have real stakes in reaching effective settlements.

To test the theory that SV can have important long-term consequences in real-world settings, Curhan, Elfenbein, and Kilduff (2009) examined longitudinally the roles played by objective and subjective value achieved at the time of job-offer negotiations in predicting employees' subsequent job attitudes and turnover intentions 1 year later. The results indicated that SV from job-offer negotiations predicted greater subsequent compensation satisfaction and job satisfaction, and lower subsequent turnover intention. Surprisingly, negotiators' economic outcomes had no apparent effects on these long-term measures.

A further limitation of the present study, as mentioned previously, is that the effect sizes were relatively modest. In addition to the possibility that such effects may underestimate the real-world importance of SV, we also note that the present design may have dampened the measured effects in at least two ways. First, high SV developed early in Round 1 of the negotiation may have yielded benefits that were already apparent in the economic outcomes of Round 1. Thus, in such a case, we would not necessarily see a further benefit in Round 2 after controlling for Round 1 objective value. Second, the classroom context may be somewhat conservative in that there was a restricted range in SV. In an elite MBA program, people's reputations and professional networks follow them enough to ensure a minimum level of treatment of one another, contributing to a moderate ceiling effect for SV.

Theorists working in a rationalist behavioral framework have focused on the potential pitfalls of social psychological factors, such as subjective feelings and close interpersonal relationships in negotiation (Bazerman et al., 2001). By contrast, our present findings reveal that such feelings 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 their subjective experience.

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