

Negotiation



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Decision-Making and Communication Strategies That Deliver Results

THE MIND OF THE NEGOTIATOR

Negotiating under the Influence

Emotional hangovers—strong feelings unrelated to the negotiation itself—can distort your judgment and lead to bad decisions.

JENNIFER S. LERNER

IMAGINE YOU'RE ABOUT TO NEGOTIATE with a competing firm about a possible merger. You enter the conference room and find a reasonable and fair representative from the other company, someone you've reached mutually beneficial agreements with in the past. But you're in a terrible mood: on the way to work, you were rear-ended by a distracted driver talking on his cell phone. As you sit down at the bargaining table, you contemplate the hassle of repairs and insurance claims. Even though you're still seething, you're certain that you can separate your rage from the task at hand. But can you?

Probably not. Emotions of all types alter our thoughts, behavior, and underlying biology. In negotiations, the fact

that *integral emotions*—feelings triggered by the negotiation itself—affect outcomes is well documented. For instance, if you found yourself negotiating with an old nemesis, you would experience integral anger. What has received less attention is the effect on negotiation of *incidental emotion*, in which a negotiator's emotional state is unrelated to the negotiation at hand, as in the example above.

This article describes important new findings on how the effects of incidental emotion—what I call *emotional hangovers*—play out in negotiations. It also tells you how to defuse emotional hangovers, both your own and your counterpart's.

How emotional hangovers affect negotiation

Carnegie Mellon University researchers Roxana Gonzalez, Don Moore, Linda Babcock, and I conducted a set of negotiation experiments in which all participants had a financial incentive to do as well as they possibly could. In one study, participants were subjected to one of three different “emotion conditions” while preparing to negotiate. Participants in the neutral condition were given routine tasks that were designed to create a neutral emotional state. Participants in the integral anger condition were induced to feel anger toward an individual who treated them unfairly and then assigned to prepare a negotiation with the same person about an unrelated issue. Participants in the incidental anger condition were induced to feel anger toward an individual who treated them unfairly prior to the negotiation and then assigned to negotiate with a new person about an unrelated issue.

As past research predicted, the negotiators in the integral anger condition had trouble separating their anger

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Artful sequencing in negotiation means lining up deals so that each agreement increases the odds of nailing down the next.

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When facing difficult decisions, don't rely on intuition. Here's how to calculate the real value of the options on the table.

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I Know Exactly How You Feel

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about the opponent's past unfairness from the new negotiation. Compared with participants in the neutral condition, participants in the integral anger condition were significantly less adept at perceiving their own interests. More interestingly, anger created a "hangover" for negotiators who were angry about an unrelated event. Although these incidentally angry negotiators faced a totally new opponent on an issue unrelated to the source of their anger, they still made significantly more errors in perceiving their own interests than negotiators in the neutral condition did.

In another study of the effects of incidental anger, we assessed not only how many errors participants made perceiving their interests but also how much money they made. The results showed that anger-induced errors translate directly into dollars. Even though the anger was incidental, angry negotiators suffered significantly more financial loss than did negotiators in the neutral condition.

These effects occurred without the negotiators' awareness. In fact, despite earning less money, incidentally angry negotiators were happier with their own performance than were negotiators in the neutral condition. They were unaware that anger had carried over to influence their subsequent judgments and choices.

Anger is not the only feeling that creates an emotional hangover. Deborah Small of the Wharton School of Business, George Loewenstein of Carnegie Mellon, and I studied sadness and disgust in financial transactions. Participants in the "incidental sadness" condition watched a sad movie immediately before conducting financial transactions. We told them that the movie and the financial transactions were completely unrelated, and they assured us that any feelings generated by the movie did not influence the prices

they set in the financial task. Nevertheless, sad feelings triggered by the movie did carry over, biasing outcomes in the financial task. Incidentally sad participants set higher buying prices and lower selling prices than did participants in the neutral condition, even with real money at stake.

In related research, we had participants watch a graphic, disgusting movie prior to a study on asset pricing while other participants watched a neutral movie. Again, all participants insisted that any disgust elicited by the movie had no impact on their subsequent buying and selling prices. Yet incidental disgust did, in fact, color their judgments, making them more eager to sell.

How to avoid being harmed by emotional hangovers

Three strategies can help prevent emotional hangovers from impairing your judgment:

1. Introduce accountability.

While accountability does not guarantee good decision making, it can reduce the harms associated with incidental emotions. Studies have shown that among participants who were all incidentally angry, only those who were held accountable for the accuracy of their judgments could make decisions that were unbiased by their anger.

In negotiation, the best kind of accountability requires both parties to agree ahead of time that they will individually and privately justify their decision processes to an impartial audience. This suggests that mediation can be a useful tool. For mediation to neutralize incidental emotion, (1) parties must agree *ahead of time* to being held accountable for accuracy, (2) the views of the mediator should not be known to the negotiators, and (3) the medi-

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ator must have enough expertise to assess accuracy.

In the absence of mediation, you can reduce the negative effects of your own incidental emotion through accountability safeguards. Before a negotiation, you might set up a system that requires you to explain your decisions to impartial colleagues. Reducing your own bias should improve your outcome even if the other party remains affected by incidental emotions.

2. Recognize and defuse incidental emotions.

Whenever we make a decision, most of us assess our feelings to some degree. If we can label the source of an incidental emotion, then it is significantly less likely to affect our negotiation decisions. In a clever study, researchers Norbert Schwarz of the University of Michigan and Gerald Clore of the University of Virginia had half of the participants answer on a sunny day a phone survey about life satisfaction; the other half answered the survey on a rainy day. As you might expect, participants who received calls on a rainy day reported significantly less life satisfaction than did participants who received calls on a sunny day. But when researchers began the call by asking, “By the way, how is the weather down there?” participants in the rainy condition responded as positively as participants in the sunny condition. Acknowledging the bad weather defused its impact on their evaluations.

To recognize and defuse your own emotional hangovers, start by identifying your own *emotional triggers*. A nationwide study led by Nobel Laureate Daniel Kahneman of Princeton University showed that Americans become most distressed when commuting or when talking to their bosses. Could these triggers be affecting your negotiations? Awareness of this possibility will improve your odds of recognizing the effects of such triggers in the heat of the moment.

To recognize and defuse an emotional hangover in your counterpart, remember that her mood may have nothing to do with you. If you suspect that the other side’s feelings are incidental to the negotiation, encourage her to draw a connection to the source of these feelings. Open-ended questions such as “Terrible day out, isn’t it?” or “How was the drive over?” can go a long way toward minimizing the influence of negative emotions on judgments and choices.

3. Insist on a cooling-off period.

Research reveals what Professor George Loewenstein of Carnegie Mellon calls the *hot-cold empathy gap*: when we’re in a “hot” (angry or upset) state, we incorrectly predict what we would want in a “cold” (calm and rational) state, and vice versa. Professor Dan Gilbert of Harvard University documents a similar phenomenon, which he labels miswanting. An angry negotiator may decide that it

THE APPEAL OF ANGER

Anger holds uniquely captivating properties. We perceive those who express it as threatening, competent, powerful, and dominant, Professor Larissa Tiedens of Stanford University Graduate School of Business has argued. In one study, Tiedens showed participants excerpts from President Bill Clinton’s grand jury testimony about his involvement with Monica Lewinsky. The study was run in early 1999, before Clinton was impeached by Congress. One group saw a clip in which Clinton expressed anger, both through the content of his speech and his nonverbal behavior. A second group saw a clip in which Clinton appeared sad and remorseful. Those who saw the angry clip were more likely to think that Clinton should remain president than those who saw the remorseful clip.

As this study reveals, displaying anger has powerful effects. As a negotiator, you may be susceptible to yielding too much power to an angry counterpart. Conversely, if you want to maintain power after making a mistake, public displays of anger may serve you better than expressions of remorse.

is unwise to consider a merger with another corporation under any circumstances but change his mind once incidental anger has subsided.

The best way to avoid such errors is to institute a cooling-off period during which feelings can subside. If you suspect your counterpart is experiencing incidental emotions, you might suggest postponing the difficult stages of the negotiation until after a break (for lunch, exercise, or sightseeing) or until another day. Don’t reveal that you suspect emotional issues are at play, lest the other party take offense.

It’s important to recognize that emotions such as anger motivate us to take immediate action. Without attempting to suppress the emotion itself, resist the urge to act on impulse. Though we may be loath to admit it, our preferences will change with our moods. Negotiators who recognize the influence of incidental emotion on themselves and others have already gone a long way toward improving their outcomes. ♦

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