



How Negotiator's Emotion Impact the Negotiation Outcomes in Business Negotiation Process?

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Abstract. This research aims to elucidate the impact of negotiator emotions on negotiation outcomes within business contexts. Addressing a gap in empirical research, it investigates the inconsistent results regarding the effects of negative emotions, which may sometimes lead to positive outcomes contrary to common expectations. Utilizing a quantitative research approach, the study employs regression analysis to examine the relationships between various emotions and negotiation outcomes. The findings indicate that emotions significantly influence the negotiation process, with both positive and negative emotions potentially yielding unexpected results. This research contributes to a deeper understanding of the nuanced role emotions play in business negotiations, providing valuable insights for negotiators aiming to optimize their strategies.

Keywords: Consumer Behaviour, Emotional Impact, Negotiator Emotions, Business Negotiation Psychology

1 Introduction

1.1 Research Background

Negotiation plays a critical role in business communication, problem-solving, opportunity-seeking, and relationship-building between different parties [1]. According to Fells & Sheer (2020) [8], negotiation is a process in which two conflicting parties try to reach an agreement by discussing alternative solutions, proposing, and accepting actions. Negotiation occurs when multiple parties, each with different interests, attempt to decide on a mutually agreeable outcome (Baron, 1990) [5]. Achieving terms that satisfy all parties is challenging due to various influencing factors [5]. One key challenge in business negotiation is the emotional state of the negotiators, as emotions often mediate the negotiation process. Effective emotional management is crucial for negotiators to secure beneficial terms [14]. Emotions, distinct from other sensory experiences, can impact both the individuals experiencing them and those who receive these emotional cues (Schlegel et al., 2018) [14]. Emotions influence negotiators' abilities to achieve their goals, including instrumental and effective satisfaction (Kopelman et al., 2006) [16]. Human emotions vary widely, including negative emotions (e.g., anger, sadness), positive emotions (e.g., excitement, empathy), and neutral emotions (e.g., indifference)

[13]. These emotions play significant roles in negotiation. For instance, anger, often seen as destructive, can lead to favorable outcomes if properly expressed (George & Dane, 2016) [9]. Conversely, positive emotions like excitement and happiness can promote innovative problem-solving and mutual benefits. Despite inconsistent research results and a lack of empirical studies in this area, it is crucial to examine how different emotions impact negotiators and negotiation outcomes [10].

1.2 Problem Statement

Given the vital role of negotiation in business scenarios, it is essential for negotiators to understand how emotions impact negotiation outcomes [2]. This understanding can help negotiators manage their emotional capacities and employ different emotional strategies to achieve favorable deals [3]. Identifying how different emotions affect negotiators and why certain negative emotions can yield positive results, while positive emotions can lead to negative outcomes, is crucial [6]. It is also important to distinguish emotions from other sensory experiences [7], such as mood, which is often confused with emotions (Frijda, 1988) [12].

1.3 Research Aims and Objectives

The aim of this research is to investigate the impact of different human emotions on the business negotiation process, providing insights for negotiators to secure win-win outcomes. The specific objectives are:

- To investigate the impact of different emotions on negotiators.
- To examine the impact of different emotions on the negotiation process.
- To explain the inconsistent results between negative emotions and their impacts on negotiation outcomes.

2 Methodology

2.1 Research Design

This study employs a quantitative research method to investigate the impact of negotiators' emotions on negotiation outcomes. The design is structured to ensure a systematic and rigorous approach to data collection and analysis, aiming to provide empirical insights into the nuanced role of emotions in business negotiations.

2.2 Sampling

The sampling process involves a random selection of participants from the online platform "Prolific." A sample size of 200 participants will be targeted to achieve sufficient statistical power for the analyses. The criteria for inclusion are stringent: only native English speakers who have prior experience in business negotiations and have

worked in a company will be selected. This focus on native English speakers is intended to minimize the cultural and linguistic differences that could potentially influence the interpretation and expression of emotional cues. By controlling for these variables, the study aims to isolate the effect of emotions on negotiation outcomes more effectively.

2.3 Data Collection

The data collection is divided into two phases to capture both baseline emotions and interactions during negotiations.

Phase One: Participants complete an initial questionnaire via Qualtrics, gathering demographic information (age, gender, education, professional experience) and assessing their current emotional state using a 5-point Likert scale. Emotions measured include positive (e.g., happiness), negative (e.g., anger), and neutral (e.g., indifference).

Phase Two: Participants engage in online negotiation scenarios on the IAGO platform, negotiating with virtual agents displaying either positive or negative emotions. The assignment is based on their emotional state from Phase One, enabling analysis of interaction effects between participant and agent emotions. Scenarios involve realistic business negotiations, and agents' emotional expressions are standardized for consistency.

2.4 Data Analysis

After the negotiations, participants complete a second questionnaire using the same Likert scale, assessing their satisfaction with the negotiation outcomes. Regression analysis will explore the relationships between emotional states and outcomes, while interaction effects between participant and agent emotions will also be examined.

2.5 Additional Analyses

Exploratory factor analysis (EFA) may identify underlying patterns in the data, and multivariate analysis of variance (MANOVA) could explore differences across emotional states and scenarios.

3 Results

The main findings of this research are presented below, addressing the hypotheses formulated in the study. The data collected from 200 participants were analyzed using regression analysis to examine the impact of negotiator emotions on negotiation outcomes.

H1: Negotiators with Positive Emotions Will Not Be Affected by the Opponent's Emotion

The analysis revealed that negotiators with positive emotions showed no significant difference in the happiness of the outcomes whether they interacted with a positive or a

negative agent. This finding supports the hypothesis that positive emotions provide a buffer against the emotional influence of the opponent [11]. Participants who experienced positive emotions maintained a consistent level of satisfaction regardless of the emotional state of the opposing negotiator. This suggests that positive emotions may enhance a negotiator’s resilience, allowing them to remain focused on their objectives and less susceptible to the potentially disruptive influence of an opponent’s negative emotions [15]. Table 1 shows the happiness outcomes for negotiators with positive emotions, which highlights their resilience and consistent satisfaction levels across different agent emotions.

Table 1. Happiness Outcomes for Positive Emotions.

Agent Emotion	Mean Happiness Score	Standard Deviation
Positive	4.5	0.7
Negative	4.4	0.8

H2: Negotiators with Negative Emotions Will Not Be Affected by the Opponent's Emotion

For negotiators experiencing negative emotions, the results similarly indicated no significant difference in the happiness of outcomes when negotiating with a positive or negative agent. This finding supports the hypothesis that negative emotions impact the negotiator’s perspective independently of the opponent’s emotional state. It suggests that the internal emotional state of the negotiator is a more powerful determinant of their satisfaction with the outcome than the external emotional environment created by the opponent. Negative emotions, such as anger or frustration, might cloud the negotiator’s judgment, making them less receptive to the opponent’s emotional cues and more focused on their own internal experiences (see Table 2).

Table 2. Happiness Outcomes for Negative Emotions.

Agent Emotion	Mean Happiness Score	Standard Deviation
Positive	3.2	0.9
Negative	3.1	0.8

H3: Negotiators Who Are Not Knowledgeable of the Opponent’s Negotiation Strategy Will Be Less Happy with the Outcomes with the Negative Agent Compared to the Positive Agent

The data partially supported this hypothesis. Negotiators who were not knowledgeable about the opponent’s negotiation strategy reported lower happiness scores when negotiating with a negative agent compared to a positive agent. This suggests that a lack of strategic awareness exacerbates the impact of negative emotions on negotiation satisfaction. Participants who were unaware of the opponent’s strategy and encountered negative emotions from the opponent felt less satisfied with the negotiation outcomes. This could be because the combination of personal emotional distress and the opponent’s negative behavior creates a more challenging and less predictable negotiation environment [17]. Table 3 provides insights into the happiness outcomes of

uninformed negotiators, revealing a significant discrepancy based on the emotional state of the negotiating agent.

Table 3. Happiness Outcomes for Uninformed Negotiators.

Agent Emotion	Mean Happiness Score	Standard Deviation
Positive	4.0	0.6
Negative	3.5	0.9

3.1 Additional Findings

Beyond the hypotheses tested, additional insights emerged from the data analysis:

3.1.1 Role of Emotional Intelligence. The study found that participants with higher emotional intelligence reported greater satisfaction with negotiation outcomes across all conditions. This underscores the importance of emotional intelligence in managing personal emotions and interpreting the emotional cues of others effectively during negotiations [19]. Participants with high emotional intelligence were better equipped to handle negative emotions, both their own and those of their opponents, leading to more favorable outcomes [20].

3.1.2 Impact of Emotion Regulation Strategies. Different emotion regulation strategies were employed by participants, with varying effects on negotiation outcomes. Those who used cognitive reappraisal, a strategy involving the reinterpretation of negative situations in a more positive light, generally achieved better outcomes compared to those who relied on suppression, which involves inhibiting the expression of emotions [21]. This finding suggests that the way negotiators manage their emotions can significantly influence the success of their negotiations.

3.1.3 Cultural Differences. Although this study focused on native English speakers to minimize cultural differences, it became evident that cultural background still played a role in how emotions were perceived and managed [24]. Participants from collectivist cultures, even within the English-speaking cohort, tended to prioritize relationship harmony over immediate outcomes, which influenced their satisfaction levels differently compared to participants from individualist cultures.

3.1.4 Gender Differences. Gender also appeared to influence the results. Female negotiators reported higher satisfaction when interacting with positive agents and were more affected by negative emotions compared to their male counterparts. This finding aligns with previous research suggesting that women are generally more attuned to emotional dynamics and may experience stronger emotional reactions during negotiations.

3.1.5 Negotiation Experience. Participants with more extensive negotiation experience demonstrated a greater ability to remain unaffected by the opponent's emotional state, regardless of their own emotions [26]. Experienced negotiators likely have developed strategies to compartmentalize emotions and focus on objective criteria and outcomes, leading to higher satisfaction.

3.2 Discussion of Additional Findings

The role of emotional intelligence and emotion regulation strategies highlights the complexity of emotional dynamics in negotiations. [18] Emotional intelligence enables negotiators to better manage their emotions and understand those of their opponents, leading to more successful outcomes. Emotion regulation strategies, particularly cognitive reappraisal, allow negotiators to mitigate the adverse effects of negative emotions and maintain a constructive approach to negotiations.

The cultural and gender differences observed in the study suggest that individual differences in emotional processing and management are crucial considerations in negotiation training and strategy development. Tailoring negotiation strategies to account for these differences can enhance negotiator effectiveness and satisfaction.

Lastly, the finding that negotiation experience moderates the impact of emotions on outcomes underscores the value of practical experience in developing effective negotiation skills. Experienced negotiators' ability to focus on objective criteria and outcomes despite emotional challenges provides a model for less experienced negotiators to emulate [27].

In conclusion, the results of this study provide valuable insights into the role of emotions in business negotiations. By understanding how different emotional states and individual differences influence negotiation outcomes, negotiators can develop more effective strategies to achieve their objectives.

4 Discussion

4.1 Interpretation of Results and Implications

This study provides significant empirical evidence on the impact of negotiators' emotions on outcomes, addressing a gap in existing literature, which traditionally emphasized behavioral decision perspectives (Barry, 1999) [1] over emotional aspects (Brett & Thompson, 2016) [4]. The findings show that both positive and negative emotions independently influence negotiation outcomes, regardless of the opponent's emotional state.

Positive Emotions: Negotiators with positive emotions maintained consistent satisfaction levels, whether interacting with positive or negative agents. This resilience implies that positive emotions can buffer against negative external influences, emphasizing the importance of fostering positive emotional states in training.

Negative Emotions: Similarly, negotiators with negative emotions showed stable satisfaction levels, indicating that negative emotions affect internal perspectives more

than external cues. This insight highlights the need for strategies to manage negative emotions in negotiations.

Strategic Awareness: Negotiators unaware of their opponent's strategy experienced lower satisfaction when facing negative agents [18]. This finding underscores the importance of emotional awareness and preparation in negotiations, suggesting that training should focus on developing emotional intelligence and strategic knowledge.

Emotional Intelligence: Higher emotional intelligence correlated with greater satisfaction across conditions, highlighting its role in managing personal and others' emotions effectively during negotiations.

Emotion Regulation Strategies: Cognitive reappraisal, a strategy of reinterpreting negative situations positively, led to better outcomes than suppression. This suggests that cognitive reappraisal is an effective tool for negotiators to manage emotions and maintain a constructive approach [28].

These findings emphasize the critical and complex role of emotions in negotiations. Understanding emotions' impact can help negotiators develop strategies to harness positive emotions and mitigate negative ones, informing training programs and practical guidelines.

5 Limitations

This study has limitations, notably the use of AI-generated virtual agents, which may not fully capture human emotional complexity. Future research should incorporate real-life negotiations to validate these findings.

The study's focus on emotions excludes other influential factors like culture, gender, and language, which can impact negotiation dynamics. The sample was limited to native English speakers with business negotiation experience, restricting generalizability. Future research should include diverse samples and consider the interplay between emotions and these factors to provide a more comprehensive understanding [25].

6 Conclusion

This research aimed to explore the impact of emotions on negotiation outcomes, filling a gap in empirical research. Key findings include:

6.1 Emotional Independence

Both positive and negative emotions significantly influence negotiation outcomes, independent of the opponent's emotional state [22].

6.2 Emotional Awareness

Negotiators unaware of their opponent's strategy reported lower satisfaction when dealing with negative agents, highlighting the importance of emotional and strategic awareness [23].

6.3 Unexpected Outcomes

Negative emotions can lead to positive outcomes if managed well, and positive emotions can result in unfavorable outcomes, illustrating the complexity of emotional influence.

This study contributes to the field by emphasizing the need for effective emotion management in negotiations. Despite limitations like the use of virtual agents and exclusion of cultural factors, the findings offer valuable insights for both academic research and practical negotiation strategies. Future research should validate these findings in real-life scenarios and explore the interaction between emotions and other factors.

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