

Wisdom in Negotiation: Understanding Its Role Beyond Integrative Approaches

Prarthana Saikia and Prof. Ankita Sharma

Indian Institute of Technology Jodhpur

saiikia.1@iitj.ac.in, ankitasharma@iitj.ac.in

Abstract:

Integrative negotiation is often considered an ideal way to achieve a joint outcome. Although this ideal nature may lead to successful joint negotiation, wisdom, which is considered to maintain a balance of interest for the common good, may not be part of it. This study investigates the relationship between wisdom, emotional regulation, and integrative negotiation to determine whether wisdom is inherently present in integrative negotiation strategies. Using a sample of 49 participants, we examined how different wisdom variables correlate with negotiation tactics. The results showed significant relationships between integrative negotiation and certain wisdom traits but no significant correlation with wise reasoning. Mediation analysis revealed that emotional variables, including empathetic concern and managing emotions, did not significantly mediate the relationship between wisdom and integrative negotiation. Thus, it cannot be said that wisdom is always inherent in integrative negotiation, and thus, it is necessary to look for a new concept of 'wise negotiation', which could explain a long-term and sustainable negotiation outcome.

Keywords: negotiation, wisdom, emotional regulation, wise negotiation, integrative negotiation

1. Introduction:

Negotiation is a process of everyday life. Traditionally, there are two types of negotiation- integrative and distributive. Each party in negotiation has its own motives, goals and objectives, and each tries its best to achieve its objectives. Pure distributive negotiation involves an increase in one party's utility and a decrease in the other party's utility. It is like a perfect negative correlation. In integrative negotiation, one party's interest may not be equal to the other party's sacrifice. Both parties come up with a joint outcome that is mutually beneficial to both (Thompson, 1990). For every negotiation, the target is to reach a Pareto efficacy (Nash, 1950), the point of negotiation where to mutually agree on a solution when no other feasible solution exists that could improve one party's utility without harming the other.

Ideally, integrative negotiation is considered to be the best as it works on expanding the pie to come up with a joint solution. Nevertheless, integrative negotiations are not out of shortcoming. With more issues to be discussed on the table that could affect its joint outcome, integrative negotiations could also reach its thresholds (Warsitzka, Zhang, Beersma, Freund, & Trötschel, 2023). Moreover, when the sole goal of traditional negotiations is to achieve the immediate objectives of the negotiation, there may not be a focus on the long-term sustainability of the task at hand.

In situations where the long-term sustainability of an issue is required, integrative negotiation may not be enough. In such situations, wise negotiation (Saikia & Sharma, 2023) might be more appropriate to make the resolutions more sustainable. As an integrative solution is considered ideal, it might seem to have wisdom inherent in it. The present study seeks to understand that although integrative negotiation is ideal, it might not have inherent wisdom.

1.1. What is wisdom

Wisdom is a multifaceted concept that emphasizes pragmatic judgment in complex and uncertain contexts. According to Baltes (1993), wisdom can be understood as an expert knowledge system that allows for exceptional insight, judgment, and advice when dealing with the complexities of the human condition. In negotiation, pragmatism is essential for achieving sustainable outcomes, particularly when the negotiation is filled with uncertainty. Nevertheless, wisdom in negotiation extends beyond pragmatism. It requires balancing the interests of all parties involved to achieve a common good.

Sternberg (1998) proposed the Balance Theory of Wisdom, in which wisdom is defined as the application of tacit knowledge, mediated by values, to achieve a balance among intrapersonal, interpersonal, and extrapersonal interests. This balance is essential for adapting to existing environments, shaping them, or selecting new ones. Wisdom in negotiation is

not simply about reaching a practical solution; it involves navigating competing interests to ensure long-term, sustainable outcomes that benefit all parties.

While integrative negotiation aims to achieve pragmatic, joint outcomes, it does not inherently account for the balance of interests or the long-term relational dynamics that wise negotiation addresses. Therefore, we propose our first hypothesis: wisdom and integrative negotiation are not directly related (Hypothesis 1).

1.2. Emotion and its effect on negotiation

Emotion plays a critical role in shaping the dynamics of negotiation. Emotional turning points often occur during negotiations, and these moments can significantly impact the direction of the negotiation process. The management of emotions, both one's own and those of others, is essential for maintaining control and ensuring that negotiations proceed constructively (Fisher & Ury, 2001; Weiss, 2016). Effective emotional regulation allows negotiators to better understand the other party's motivations and respond accordingly (Weiss, 2016). Research by Van Kleef and colleagues has consistently shown how emotions influence negotiation outcomes, both in terms of concessions and perceived fairness (Côté, Hideg, & van Kleef, 2013; Van Kleef & Van Lange, 2008). This underscores the importance of empathy and emotional vigilance in successful negotiation strategies.

In the context of wisdom, emotional regulation becomes even more critical. Wisdom is often framed in terms of cognitive, behavioural, and affective dimensions, where managing emotions is key to making balanced decisions that benefit all parties. Ardel's (2004) three-dimensional model of wisdom highlights the affective dimension, which includes emotional regulation and empathy as core components. Similarly, Bluck and Gluck's (2013) MORE life experience model emphasizes emotional regulation as a critical aspect of wisdom. However, not all models of wisdom include emotion as a core component, such as Grossmann's (2020) common wisdom framework.

Given the centrality of emotional regulation in both negotiation and wisdom, we propose our second hypothesis: the relationship between wisdom and integrative negotiation is mediated by emotional variables (Hypothesis 2).

2. Methodology:

2.1. Objective:

- a. To find out the relationship between wisdom variables and integrative negotiation
- b. To find out if emotion mediates the relationship between wisdom and negotiation

2.2. Procedure:

We approached organizational participants to participate in this study through convenient sampling. For those who agreed to participate, the consent form was filled, rapport was built, demographic details were taken, and they were asked to fill out the questionnaire honestly.

2.3. Sample:

There were 49 participants in this study, with 18 females and 31 males. They are all part of work teams and regularly part of their respective negotiation teams. The ages of the participants ranged from 24 to 57 years, and the work experience in their respective companies ranged from 6 months to 18 years.

2.4. Instruments:

To measure the wisdom variable, we administered two wisdom scales:

2.1.1. Wise reasoning- We used the wise reasoning scale by Brienza, J. P. et al. (2018). It has 21 objective items and 7 subjective items. It includes subscales of others' perspectives, consideration of change and multiple ways the situation may unfold, intellectual humility, search for a compromise, and view of the event from the vantage point of an outsider.

2.1.2. Wisdom Scale: SAWS- The Self Accessed Wisdom Scale (SAWS), developed by Jeffrey Dean Webster (2003), includes 40 items. It includes subscales of experience, emotional regulation, humour, reflection and openness.

To measure emotionally related variables, we administered two questionnaires:

2.1.3. Empathetic Concern Scale- Davis, M. H. (1983) developed the Perspective-taking and Empathetic Concern scale. It has 14 items, seven consisting of each dimension of perspective taking and empathetic concern. We have taken only the empathetic concern subscale for this study.

2.1.4. Emotional management- The managing emotions subscale from the Mayer-Salovey-Caruso Emotional Intelligence Test was used. This scale was divided into emotional management and emotional relations. It has 25 items.

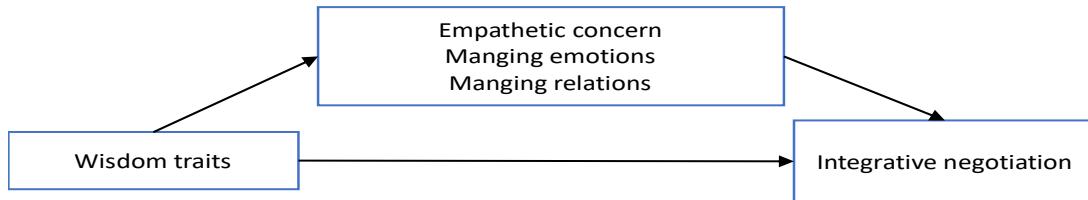
The following questionnaire measured negotiation strategies:

2.1.5. Integrative and distributive negotiation- The list prepared by Tak Wing Yiu et al. (2012) to measure negotiation tactics was used. It has 26 items, 13 items each for distributive and integrative negotiation tactics.

2.5. Variables

This study examines three core variables: wisdom, integrative negotiation, and emotional regulation. In the mediation model, we treat wisdom traits as the predictor variable and integrative negotiation as the outcome. Emotional variables are examined through three distinct mediators: empathetic concern, managing emotions, and managing relations. Figure 1 represents the mediation model.

Figure 1: Visual form of mediation model between wisdom traits and integrative negotiation



2.6. Analysis

We used the Pearson correlation to explore the strength and direction of the relationship between wisdom and integrative negotiation tactics. Additionally, we will employ Andrew F. Hayes' PROCESS macro for mediation analysis, allowing us to test the indirect effects of emotional regulation (via empathetic concern, managing emotions, and managing relations) on the wisdom-negotiation relationship. For the purpose of analysis, we used IBM SPSS 22.

3. Results and discussion:

The result of the correlation between negotiation and wisdom variables is stated in Table 1. No correlation was found between the wisdom variable and distributive negotiation. For integrative negotiation, significant correlations were found between experience ($r=0.422$, $p<0.01$), emotional regulation ($r=0.375$, $p<0.01$), reflection ($r=0.390$, $p<0.01$), humour ($r=0.592$, $p<0.01$), and openness ($r=0.515$, $p<0.01$). A significant correlation was also found between integrative negotiation and empathetic concern ($r=0.310$, $p<0.05$). However, no significant correlation was found between managing emotions ($r=0.164$, n.s.) and emotional relations ($r=0.053$, n.s.) with integrative negotiation. Although the wisdom traits are found to be significantly correlated with integrative negotiation, none of the wise reasoning variables are significantly correlated with integrative negotiation. The correlation between wise reasoning and integrative negotiation ranges between $r=-0.044$ and $r=0.150$ and is insignificant.

In contrast, some significant correlations are found when we look into the correlations between wisdom variables and emotional regulatory variables. Empathetic concern ($r=0.348$, $p<0.05$) has a positive significant correlation with experience. Managing emotions ($r=0.386$, $p<0.01$) has a positive, significant relationship with humour, and managing relations ($r=0.314$, $p<0.05$) has a positive relationship with Consideration of change and multiple ways the situation may unfold.

The results of the correlation analysis support the idea that integrative negotiation is associated with several wisdom-related traits, such as experience, emotional regulation, and empathy. However, the absence of a significant correlation with other

dimensions of wisdom, particularly wise reasoning, suggests that integrative negotiation alone may not fully capture the complexity of wisdom in negotiation. Some wisdom-related traits, like the ability to manage emotions or apply intellectual humility, might operate in negotiation contexts that emphasize long-term relational outcomes more than immediate practical solutions.

These findings partially support Hypothesis 1, which proposes that wisdom and integrative negotiation are not directly related. Although some wisdom traits are associated with integrative negotiation, the lack of correlation with wise reasoning variables indicates that wisdom encompasses broader factors beyond integrative negotiation practices. This reinforces the idea that wise negotiation differs from integrative negotiation by focusing more on long-term, balanced outcomes that integrate intrapersonal and interpersonal interests, as defined in Sternberg's Balance Theory of Wisdom (1998).

We also looked into a mediation analysis of emotional variables between wisdom and integrative negotiation. The analysis suggests that while there is a direct relationship between wisdom and integrative negotiation ($\beta=0.2195$, $p<0.01$), the emotional variables (empathetic concern, managing emotions, managing relations) do not mediate this relationship in a significant way. As depicted in Table 2 and Figure 2, none of the indirect effects are significant ($\beta=0.2536$, n.s.), and the confidence intervals for all three mediators include zero. This implies that wisdom traits impact integrative negotiation independently of these emotional factors. The wisdom traits have a strong direct effect on integrative negotiation. However, emotional variables that have a critical role in both wisdom and negotiation, which could also contribute to the long-term sustainability of a solution in negotiation, do not mediate this relationship. This may indicate that aspects of wisdom beyond emotional management, only the cognitive aspect of wisdom, are more critical to the successful application of integrative negotiation strategies.

Thus, Hypothesis 2, that emotional variables mediate between wisdom and integrative negotiation is not retained. This also suggests that although emotional regulation is a significant factor for both wisdom and integrative negotiation, the emotional variables do not have any role in the association between wisdom and integrative negotiation.

Table 1: Correlation table of negotiation types, wisdom variables, and emotional variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Distributive Negotiation	1														
2. Integrative Negotiation	.27	1													
		6													
3. Others' perspectives	-	.09	1												
		.10	9												
			8												
4. Consideration of change and multiple ways the situation may unfold	-	.12	.26	1											
	.01	9	0												
			3												
5. Intellectual humility	-	.12	.20	.54	1										
	.02	5	0	3**											
			3												
6. Search for a compromise	-	-	.44	.42	.42	1									
	.00	.04	3**	7**	0**										
		2	4												
7. View of the event through the vantage point of an outsider	.05	.15	.16	.35	.46	.36	1								
	7	0	5	8*	0**	0*									
8. Experience	.01	.42	.03	.03	.19	.23	.05	1							
	8	2**	0	8	9	1	3								
9. Emotional regulation	.07	.37	.08	-	-	.07	-	.59	1						
	7	5**	6	.10	.10	8	.01	2**							
				6	0		9								

10. Reflection	.05 4	.39 0**	- .09	.02 7	.08 5	.17 9	.19 5	.66 7**	.42 2**	1
11. Humour	.20 2	.59 2**	.03 9	- .00	.14 1	.07 3	.30 4*	.38 4**	.34 5*	.34 2*
12. Openness	.12 0	.51 5**	.06 7	- .10	.01 8	.22 2	.23 5	.56 5**	.50 0**	.47 9**
13. Empathetic Concern	.24 5	.31 0*	.00 9	.05 6	.04 6	.06 4	- .01	.34 8*	.06 9	.23 5
14. Managing emotions	.13 1	.16 4	.01 9	.01 9	.10 4	.08 5	.17 .07	.25 7	.23 2	.16 .01
15. Managing relations	.17 3	.05 3	- .04	.31 4*	- .02	.23 1	.04 3	.02 7	.20 9	.17 5
						.2 2			.38 4	.23 0
										.05 1
										.43 0

*p<0.05, **p<0.01

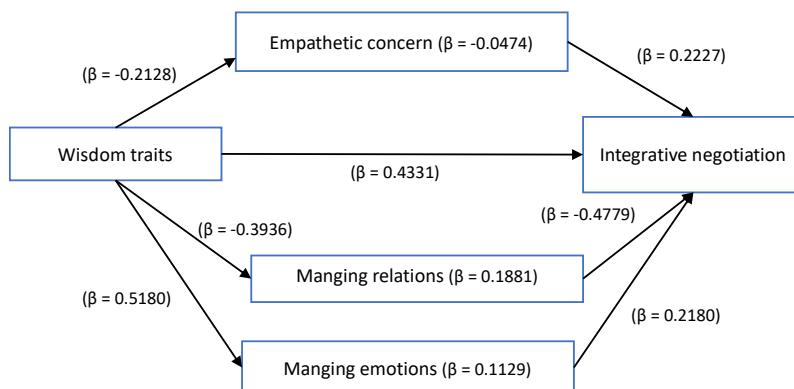
Table 2: Mediation analysis of emotional variables with integrative negotiation and wisdom variables

Effect	Path	β	SE	Lower	Upper	p-value
Total	Wisdom traits → Integrative negotiation	0.3481	0.0537	0.2400	0.4562	p<0.01
Direct	Wisdom traits → Integrative negotiation	0.2195	0.0577	0.1033	0.3357	p<0.01
Indirect	Wisdom traits → M1,M2,M3 → Integrative negotiation (total)	0.2536	0.1207	-0.0006	0.4657	n.s.
	Wisdom traits → M1 → Integrative negotiation	-0.0474	0.0935	-0.2657	0.1358	n.s.
	Wisdom traits → M2 → Integrative negotiation	0.1129	0.1179	-0.0926	0.3678	n.s.
	Wisdom traits → M3 → Integrative negotiation	0.1881	0.1246	-0.0143	0.4546	n.s.

M1=Empathetic concern, M2=Managing emotions, M3=Managing relations

*p<0.05, **p<0.01

Figure 2: Visual form of mediation model between wisdom traits and integrative negotiation with its standardized effect



4. Limitations and implications:

Although the study contributes to the growing literature on negotiation, with the small sample size in this study, the results could not be generalized. Also, the participants were recruited from the working class. Negotiation is a phenomenon required in all aspects of life. Future research could focus on participants from other aspects of life to make the result more robust. The findings contribute to the growing body of literature on the interplay of wisdom in negotiation by demonstrating that while emotional regulation is correlated with integrative negotiation, it does not mediate the relationship between wisdom and negotiation.

5. Conclusion:

The results show that some wisdom components might be inherent in integrative negotiation. However, not all wisdom variables are related to integrative negotiation. Thus, another term, 'wise negotiation,' is needed to explain a long and sustainable negotiation, which could include all wisdom components. Also, emotional regulation, which has a strong association with both wisdom and integrative negotiation, does not have any role in the mediation of the wisdom traits and negotiation. Thus, while not all wisdom factors are related to integrative negotiation, emotional variables- a vital factor to both wisdom and negotiation- are definitely not the mediating factor of this relationship. This study contributes to the broader understanding of wisdom in negotiation, revealing its potential to shape more sustainable and balanced negotiation strategies. Future research should explore wise negotiation in varied contexts to validate its application further.

References

1. Ardelt, M., 2004, Wisdom as Expert Knowledge System: A Critical Review of a Contemporary Operationalization of an Ancient Concept, *Human Development*, 47, 257–285.
2. Baltes, P. B., and U. M. Staudinger, 1993, The Search for a Psychology in Wisdom, *Current Directions in Psychological Science*, 2, 75-80.
3. Brienza, J. P., F. Y. Kung, H. C. Santos, D. R. Bobocel and I. Grossmann, 2018, Wisdom, Bias, and Balance: Toward a Process-Sensitive Measurement of Wisdom-Related Cognition, *Journal of Personality and Social Psychology*, 115, 1093–1126.
4. Côté, S., I. Hideg, and G. A. Kleef, 2013, The consequences of faking anger in negotiations, *Journal of Experimental Social Psychology*, 49, 453–463.
5. Davis, M. H., 1983, Measuring individual differences in empathy: Evidence for a multidimensional approach, *Journal of personality and social psychology*, 44, 113.
6. Fisher, R. and W. Ury, 2011, Getting to Yes: negotiating an agreement without giving in, B. Patton, Ed., Great Britain: Random House Business Books.
7. Glück, J. and S. Bluck, 2013, The MORE Life Experience Model: A Theory of the Development of Personal Wisdom, In M. Ferrari and N. M. Weststrate, *The Scientific Study of Personal Wisdom*, 75-97. Dordrecht: Springer.
8. Grossmann, I., N. M. Weststrate, M. Ardelt, J. P. Brienza, M. Dong, M. Ferrari, . . . J. Vervaeke, 2020, The Science of Wisdom in a Polarized World: Knowns and Unknowns, *Psychological Inquiry: An International Journal for the Advancement of Psychological Theory*, 31, 103–133.
9. Hayes, A. F., 2022, *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach*, Third edition, New York: The Guilford Press.
10. Kleef, G. A. and P. A. Lange, 2008, What Other's Disappointment May Do to Selfish People: Emotion and Social Value Orientation in a Negotiation Context, *Personality and Social Psychology Bulletin*, 34, 1084-1095.
11. Mayer, J. D., P. Salovey, and D. R. Caruso, 2002, Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT), Toronto, Canada: Multi-Health Systems.
12. Nash, J., 1950, The Bargaining Problem, *Econometrica*, 155-162.
13. Saikia, P., and A. Sharma, 2023, June 13-15, Wise Negotiation: A new approach to Negotiation, Proceeding of the 23rd International Conference on Group Decision and Negotiation, Tokyo.
14. Sternberg, R. J., 1998, The Balance Theory of Wisdom, *Review of General Psychology*, 2, 347–365.
15. Thompson, L., 1990, Negotiation Behavior and Outcomes: Empirical Evidence and Theoretical Issues, *Psychological Bulletin*, 108, 515-532.

16. Warsitzka, M., H. Zhang, B. Beersma, P. A. Freund, and R. Trötschel, 2023, Expanding the Pie or Spoiling the Cake? How the Number of Negotiation, *Journal of Applied Psychology*.
17. Webster, J. D., 2003, An Exploratory Analysis of a Self-Assessed Wisdom Scale, *Journal of Adult Development*, 10, 13–22.
18. Weiss, J, 2016, *HBR Guide to Negotiation*. Boston, Massachusetts: Harvard Business Review Press.
19. Yiu, T. W., S. O. Cheung, and L. Y. Siu, 2012, Application of Bandura's Self-Efficacy Theory to Examining the Choice of Tactics in Construction Dispute Negotiation, *American Society of Civil Engineers*, 138, 331-340.