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Political skill in job negotiations: a two-study constructive replication

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Abstract

Purpose – This paper aims to investigate the effects of political skill in a specific workplace setting – the job negotiation. The authors expected negotiator political skill to be positively related to distributive negotiation outcome, problem-solving as a negotiation strategy to mediate this relationship and political skill to also moderate – that is amplify – the link between problem-solving and negotiation outcome.

Design/methodology/approach – In Study 1, a laboratory-based negotiation simulation was conducted with 88 participants; the authors obtained self-reports of political skill prior to the negotiation and – to account for non-independence of negotiating partners' outcome – used the Actor–Partner Interdependence Model for data analysis. Study 2 was carried out as a real-life negotiation study with 100 managers of a multinational corporation who were given the opportunity to re-negotiate their salary package prior to a longer-term foreign assignment. Here, the authors drew on two objective measures of negotiation success, increase of annual gross salary and additional annual net benefits.

Findings – In Study 1, the initial hypothesis – political skill will be positively related to negotiator success – was fully supported. In Study 2, all three hypotheses (see above) were fully supported for additional annual net benefits and partly supported for increase of annual gross salary.

Originality/value – To the authors' best knowledge, this paper presents the first study to examine political skill as a focal predictor variable in the negotiation context. Furthermore, the studies also broaden the emotion-centered approach to social effectiveness that is prevalent in current negotiation research.

Keywords Actor–Partner Interdependence Model, Job negotiation, Moderated mediation, Political skill, Social effectiveness

Paper type Research paper

In recent years, social effectiveness – the proficiency to shape and control interpersonal relations effectively (Ferris *et al.*, 2002) – has received growing attention from scholars in organizational psychology. Fed by the development and validation of the Political Skill Inventory (Ferris *et al.*, 2005), political skill – defined as "the ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one's personal and/or organizational objectives" (Ferris *et al.*, 2005, p. 127) – has become one of the most investigated constructs of *workplace* social effectiveness. So far, political skill has frequently been found to predict general job performance (see Bing

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et al., 2011, for a meta-analytic review) – however, for more specific workplace settings (job interview, job negotiation etc.), its effects and underlying mechanisms have yet to be addressed. Therefore, the two-study investigation presented here aims at exploring political skill's effectiveness in a specific work-related context – the *job negotiation*. To our best knowledge, political skill has not been introduced to negotiation research, yet. There is but one study on bargaining that referred to the concept (Giordano *et al.*, 2007), using it as an also-ran control variable, not discussing its effects.

Choosing and performing influence tactics in ways that foster goal achievement is at the heart of political skill (Ferris *et al.*, 2007). Negotiation research has not yet referred to social effectiveness in terms of effectively choosing and performing negotiation strategies. When tapping into social effectiveness constructs, scholars have largely focused on *dealing with emotions* at the negotiation table, thereby referring to the concept of emotional intelligence (Fulmer and Barry, 2004; Mueller and Curhan, 2006) or aspects of it (like emotion recognition accuracy; Elfenbein *et al.*, 2007). In contrast, the political skill construct emerged from research on politics and social influence in organizations (Ferris and Hochwarter, 2011; Ferris *et al.*, 2002). Referring to this construct and respective research, the two-study investigation presented here also contributes to broadening the emotion-centered approach to social effectiveness that is prevalent in current negotiation research.

Our first study – conducted in the laboratory – aimed at initially demonstrating political skill to benefit the negotiator and, thus, to be a predictor of negotiator success. We tested this by using the so-called Actor–Partner Interdependence Model (APIM; Kenny and Cook, 1999; Kenny *et al.*, 2006). The APIM has been developed about a decade ago to meet the complexities of dyadic data, but has been taken up by scholars in negotiation research only recently (Curhan *et al.*, 2010; Overbeck *et al.*, 2010; Turel, 2010).

The second investigation was set up as a constructive replication of Study 1. Conducted with actual managers as participants, it aimed at replicating the findings of Study 1 in a field-study context and, furthermore, went beyond this initial study by also focusing on the mechanisms underlying the relationship between negotiator political skill and negotiator outcome. As mentioned above, choosing influence tactics in a given situation properly and performing these tactics effectively is at the heart of political skill (Ferris *et al.*, 2007). Furthermore, according to these authors, actors high in political skill attach great importance to keeping up good relations with others; therefore, they tend to safeguard their interests by acting in ways that inspire liking and trust. Applying these conceptions to choice and execution of *negotiation strategies*, we expected actors high in political skill to engage in *problem-solving* more strongly and to perform this strategy more effectively as compared to actors low in political skill. Our rationale, in short, is this: problem-solving in negotiation aims at promoting both, one's own as well as one's opponent's objectives (Pruitt and Carnevale, 1993), and demonstrating other-concern is an important feature of this strategy. The latter can be utilized as a means to inspire liking and trust and, hence, to build and keep up good relations with one's opponents. Thus, problem-solving allows for maximizing one's negotiation outcomes while keeping up a good working relationship with the other party. So, we expected problem-solving to be the negotiation strategy of choice for actors high in political skill.

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Political skill

Political skill was mentioned early on by Pfeffer (1981) and Mintzberg (1983). Both conceived of organizations as political arenas, that is to say: as places where people with divergent, and sometimes incompatible, interests meet and use persuasion, manipulation and negotiation to make their way. According to these authors, political skill is needed to prevail in the political arena.

Building on this idea, Ferris *et al.* (2000) conceptualized political skill as an:

> […] interpersonal style construct that combines social astuteness with the ability to relate well, and otherwise demonstrate behavior in a disarmingly charming and engaging manner that inspires confidence, trust, sincerity, and genuineness (p. 30).

As further elaborated by Ferris and colleagues (Ferris *et al.*, 2005; Ferris *et al.*, 2007) and measured by the Political Skill Inventory, political skill contains four aspects: being able to read and understand others (*social astuteness*); being able to build rapport easily, to communicate adaptively and to use influence tactics smoothly (*interpersonal influence*); being able to build and shape beneficial alliances and coalitions at work (*networking ability*); and, finally, being able to portray oneself as authentic, sincere and reliable, thereby inspiring confidence and trust (*apparent sincerity*).

Political skill is related to, yet conceptually distinct from, other social effectiveness constructs like self-monitoring (Day *et al.*, 2002) or emotional intelligence (Joseph and Newman, 2010): as an interpersonal style construct, political skill is *more comprehensive* in scope, reflecting the interplay of a broad set of personality traits and abilities as well as knowledge and skills from learning experiences (Ferris *et al.*, 2007; 2008). Moreover, linked to the idea of organizations as political arenas, it pertains to social effectiveness *at the workplace* (Ferris *et al.*, 2000).

Study 1

With this laboratory study, we aimed at initially demonstrating political skill to predict actors' success at the negotiation table and, therefore, focused on the relationship between negotiating partners' political skill and their distributive negotiation outcome. We conducted a bargaining simulation to establish consistency across negotiator dyads and, in doing so, made use of a standard exercise, engaging participants in an employment-related negotiation.

Politically skilled actors have been described as highly capable of reading others (i.e. accurately perceiving or inferring their needs, thoughts and emotions) and of effectively building rapport and exerting influence in social communication (Ferris *et al.*, 2007). Consequently, political skill has been found to predict task performance on-the-average, but to be even more predictive to the extent that interpersonal job requirements – effectively interacting with people – increased (see Bing *et al.*, 2011, for meta-analytic evidence). In light of this evidence, we felt confident to also demonstrate a positive relationship between political skill and negotiator success – after all, bargaining with clients, contractors, supervisors, colleagues and employees is an important part of professional life (even more so to the extent that interpersonal requirements are high) and, therefore, bargaining effectively should be critical to goal achievement and, thus, task performance. Consequently, political skill should make a difference in job negotiations just as it evidentially does with regard to overall task performance.

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Furthermore, social effectiveness constructs more limited in scope were shown to be related to negotiator effectiveness: For example, negotiators high in perspective-taking were found to be better able to create value and claim it for themselves (Galinsky *et al.*, 2008; Galinsky and Mussweiler, 2001; Kemp and Smith, 1994). Elfenbein *et al.* (2007) demonstrated emotion recognition accuracy to predict individual pay-off as well as joint profit in a negotiation task. According to Jordan and Roloff (1997), self-monitoring predicted goal accomplishment in negotiation.

Hypothesis. Negotiator political skill will be positively related to negotiator's distributive outcome.

Method

Participants and procedure. The laboratory study conducted to test this hypothesis took place at a large university in Western Germany. A total of 88 psychology graduate students (65 per cent females) with an average age of 25 (SD = 4.3 years) participated. They initially provided self-reports on political skill and were then randomly assigned to a negotiating partner (resulting in 44 dyads) as well as to one of two negotiator roles in a subsequent simulation. The latter was modeled after the widely used *New Recruit* negotiation exercise (Neale, 1997). So, two negotiators – one a company representative, the other a job candidate about to be hired – were asked to negotiate six different issues regarding the employment contract, including one issue with compatible negotiator preferences, one issue that was distributive (i.e. negotiators' preferences were opposite) and four issues that were integrative (i.e. one party had a stronger preference for two issues and the other party had a stronger preference for two other issues, allowing negotiators to make mutually beneficial trade-offs). Negotiators' preferences were created by assigning points to each issue and related agreement alternatives. Participants were instructed to keep on negotiating until they had reached an agreement for all issues. We adapted the scenario to participants' level of working life experience by claiming the vacancy to be a student job and framing the negotiation issues (e.g. pay, working hours, work schedule) accordingly[1].

Measures. To measure *negotiators' political skill*, participants completed the 18-item Political Skill Inventory of Ferris *et al.* (2005) which included items like "I understand people very well" (indicative of social astuteness), "I am able to make most people feel comfortable and at ease around me" (indicative of interpersonal influence), "At work I know a lot of important people and am well connected" (indicative of networking ability) or "It is important that people believe I am sincere in what I say and do" (indicative of apparent sincerity). Participants responded to a 7-point Likert scale with 1 = *strongly disagree* and 7 = *strongly agree*. We ran our analysis referring to the composite score of political skill. Cronbach's alpha was 0.88 for this measure.

The present negotiation exercise allowed for objective scoring. So, we determined negotiators' *distributive outcome* by summing-up the scores that each participant – according to negotiated agreements and pay-off scheme – had received across all six negotiation issues. The pay-off scheme allowed for a minimum distributive score of 0 and a maximum distributive score of 24.

Furthermore, we measured *age*, *gender* and participants' *experience with negotiating employment contracts* to control for potential spurious effects.

Data analysis. As our hypothesis required an individual-level analysis of interdependent effects in negotiator dyads, we made use of the so-called APIM (Kenny

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et al., 2006). In particular, we analyzed a path model – see Figure 1 – with two predictor variables (recruiter's and candidate's political skill, respectively) and two outcome variables (recruiter's and candidate's distributive outcome, respectively). This APIM allows for *simultaneously* analyzing the influence of both parties' political skill on their own negotiation outcome (so-called *actor effect*) as well as on the other party's negotiation outcome (so-called *partner effect*). In an APIM, two actor and two partner effects can be estimated simultaneously when using structural equation modeling. This procedure is well-suited for settings where dyad members are distinguishable along a dichotomous variable (Kenny and Ledermann, 2010) – as in our case, distinguishable with regard to roles or status, respectively, in the negotiation context (i.e. recruiter and candidate).

Results

Table I provides means, standard deviations and zero-order correlations of measured variables. Table II displays the APIM actor and partner effects for negotiators' political skill on distributive negotiation outcomes. We initially controlled for both parties' gender, age and experience with job negotiations when conducting the APIM analysis; however, as already indicated by non-significant correlations in Table I, none of these variables had an effect on either recruiter's or candidate's distributive outcome, and excluding these variables from the APIM analysis led to very similar actor as well as partner effects. So, for brevity and simplicity reasons, we here provide APIM results with gender, age and experience excluded from the analysis.

As can be seen from Table II, we found the recruiter actor effect (effect of recruiter's political skill on recruiter's outcome while controlling for the effect of candidate's political on this outcome) as well as the candidate actor effect (effect

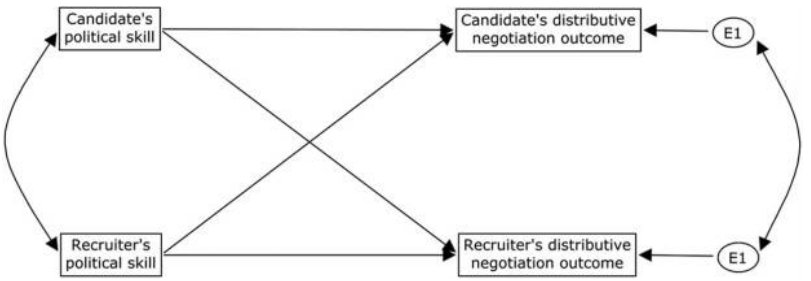

Figure 1.
APIM of negotiator political skill's effects on distributive negotiation outcome

Variable	M	SD	1	2	3	4	5
1. Age	24.95	4.26	(–)				
2. Gender	–	–	−0.14	(–)			
3. Experience	4.45	5.59	0.43*	−0.02	(–)		
4. Political skill	4.96	0.72	−0.03	0.04	0.01	(0.88)	
5. Distributive negotiation outcome	14.01	1.97	−0.06	−0.10	0.01	0.35*	(–)

Table I.
Study 1: Means, standards deviations and correlations

Notes: For gender 1 = *male*, 2 = *female*; values in parentheses represent reliability measures (Cronbach's alpha); $N = 88$; $*p < 0.01$

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of candidate's political skill on candidate's outcome while controlling for the effect of recruiter's political skill on this outcome) to be positive and significant, represented by unstandardized regression coefficients of $b = 1.20$ ($p < 0.01$) for recruiters and $b = 0.75$ ($p < 0.05$) for candidates, respectively. These results fully supported our hypothesis.

Discussion

The current study aimed at establishing a positive relationship between negotiator political skill and distributive negotiation outcome. Results fully corroborated our hypothesis: higher levels of self-reported political skill were associated with higher levels of scores achieved in the negotiation exercise (while taking into account the non-independence of observations). This held true irrespective of negotiator's role or status, respectively, in the negotiation setting (candidate or recruiter). To conclude, this study provided initial support for political skill's effectiveness in the (job) negotiation context.

Strengths, limitations and future research. The strengths of this study shall briefly be highlighted. To increase internal validity, we conducted a laboratory study, using a standard bargaining simulation. By providing the exact same context for all dyads, we were able to rule out several extraneous third-variable effects. Moreover, the bargaining exercise provided an objective measure of negotiator success. As objective outcome measures have rarely been used in research on political skill (Ferris *et al.*, 2008), this is all the more a true asset of our study. Further, we made use of the APIM. In contrast to other procedures of statistical analysis, the APIM accounts for non-independence of negotiating partners' data, simultaneously examining both parties' actor and partner effects without biasing statistical significance or losing data richness (as would be the case when aggregating individual-level data to the dyad level or separating and analyzing data of one dyad member only).

Limitations and avenues for future research shall be discussed below. First, our study design – a laboratory-based bargaining simulation with student participants (in fact, the setup most often used in job negotiation studies; Buelens *et al.*, 2008) – is at odds with the *real world* where assets are really at stake and where job-negotiating parties have to establish or keep up a working relationship with each other beyond their encounter at the negotiation table – a fact that has to be taken into account by negotiators when choosing negotiating strategies. Therefore, our findings need to be replicated in field study research with actual employees as job-negotiating parties. Second, the study demonstrated a relationship between political skill and distributive

	b	SE	*t*
Actor effects			
Recruiter political skill on recruiter distributive outcome	1.20**	0.39	3.07
Candidate political skill on candidate distributive outcome	0.75*	0.35	2.18
Partner effects			
Recruiter political skill on candidate distributive outcome	−0.34	0.35	−0.97
Candidate political skill on recruiter distributive outcome	−0.54	0.40	−1.36

Notes: Unstandardized regression coefficients; $N = 88$; $^{*}p < 0.05$, $^{**}p < 0.01$

Table II. Study 1: APIM actor effects and partner effects for negotiator political skill on distributive negotiation outcome

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negotiation success, but did not focus on any underlying mechanisms. The latter shall therefore be addressed in future research. As adequately choosing and effectively performing goal-directed interpersonal behaviors is at the heart of political skill (Ferris *et al.*, 2007), looking at political skill-related choice and execution of negotiation strategies seems to be an interesting avenue for future research.

Study 2

Here, we aimed at replicating the findings of Study 1 in a field-study context. Furthermore, we now dealt with potential underlying mechanisms, focusing on choice and execution of negotiation strategies. A large portion of research in conflict management and negotiation has focused on strategies or styles (see Ogilvie and Kidder, 2008, and Olekalns *et al.*, 2008, for current reviews). These terms refer to distinct patterns of behavior in conflict resolution. In comparison to traits, styles are conceived to be more open to situational adjustment and development (Ogilvie and Kidder, 2008). Accordingly, Drory and Ritov (1997), for instance, found conflict management styles to be influenced by situational characteristics such as work experience and negotiation partners' power. Pruitt (1983) and others (Knapp *et al.*, 1988) saw these patterns to be a function of strategic choice, that is as strategies deliberately selected to match the given circumstances in a particular negotiation or conflict resolution context[2].

Five patterns have typically been examined (De Dreu *et al.*, 2001): *avoiding* (evading confrontation and dispute), *yielding* (accepting and incorporating the other party's will), *forcing* (imposing one's will on others), *compromising* (searching for a middle-ground solution) and *problem-solving* (aiming at agreements that satisfy both parties' interests). Problem-solving involves showing the willingness to cooperate and reconcile both parties' interests, asking for and giving full information about preferences and priorities, thoroughly dealing with each party's concerns, making trade-offs between important and unimportant issues and so on.

We took up the conception of negotiator style as open to situational adjustment or strategic choice and combined this idea with two core propositions of political skill research:

(1) maximizing social effectiveness by choosing the most adequate behaviors in social interaction and performing them most effectively; and

(2) pursuing one's interests by acting in ways that inspire liking and trust, thereby building and keeping up good relations with others (Ferris *et al.*, 2007).

Specifying this approach, we posited the moderated mediation model presented in Figure 2.

The idea of political skill *simultaneously* acting as an initial predictor and moderator is at the very heart of the political skill concept and theory (Ferris *et al.*, 2007; Kolodinsky *et al.*, 2007). As Ferris *et al.* (2007) put it:

> Individuals high in political skill know which particular type of influence tactic or strategy to employ in each situation. These individuals also know precisely how to execute a specific tactic or strategy in just the right way to demonstrate the desired effects, thus ensuring the success of the influence attempt (p. 304).

For the job negotiation context, we expected this strategy to be problem-solving, as problem-solving allows for maximizing one's negotiation outcome while at the same

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time keeping up a good working relationship with one's counterpart. We examined real-life salary negotiations of future expatriates (i.e. managers re-negotiating their salary package prior to a longer-term foreign assignment) to test this model.

Political skill predicting distributive negotiation outcome

As in this study our focus was on *salary* negotiation, we considered the following findings to be relevant: In their meta-analysis on various predictors of career success, Ng *et al.* (2005) found a substantial average correlation of 0.29 ($p < 0.05$) between political savvy (as measured according to Chao *et al.*, 1994) and salary; Ferris *et al.* (2005), on the other hand, found political savvy to be positively related to political skill (0.47, $p < 0.01$). Furthermore, Ferris *et al.* (2008) demonstrated political skill to be significantly related to yearly gross income. According to Todd *et al.* (2009), networking ability predicted total compensation when controlling for gender, organizational and industry tenure, age and education. Referring to these results and the findings of Study 1, we felt confident to demonstrate a positive relationship between political skill and negotiated salary agreement in our study.

H1. Negotiator political skill will be positively related to distributive negotiation outcome (i.e. negotiated salary agreement).

Problem-solving mediating the link between political skill and negotiation outcome

The link between political skill and problem-solving shall be discussed first. According to the Dual Concern Theory (Pruitt and Carnevale, 1993; Rubin *et al.*, 1994), a person's negotiation behavior in a given situation is a function of high or low self-concern combined with high or low concern for one's counterpart (his goal achievement and welfare). Problem-solving results from *high* self-concern combined with *high* other-concern. Moreover, other-concern can take two basic forms: genuine concern, based on an intrinsic interest in the other party's welfare, and instrumental concern, aimed at advancing one's own interest by supporting the other party's interest. Instrumental other-concern stems from strategic considerations, that is "informed self-interest" (Pruitt and Carnevale, 1993, p. 109). It results when people expect to be dependent on their counterparts or some affiliated audience in the future and wish to make a good impression for that reason.

From our point of view, the idea of *instrumental other-concern* as suggested by the Dual Concern Theory blends in well with the conception of political skill as the proficiency to secure one's ends by means of strategically shaping and controlling interpersonal relations in ways that inspire liking and trust (Ferris *et al.*, 2007). We expected managers high in political skill to turn toward problem-solving in negotiation because problem-solving would allow for *pursuing one's interests while demonstrating*

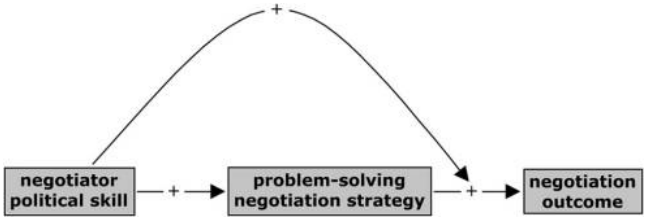

Figure 2.
Moderated mediation model of the effects of political skill on negotiation strategy and outcome

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other-concern. As a result, this strategy could make for maximizing one's tangible negotiation outcomes while at the same time building rapport and keeping up a good relationship with one's counterpart. In fact, Ferris *et al.* (2007) referred to the idea of strategically integrating self- and other-concern when they argued that:

> [b]ecause politically skilled individuals are self-confident though not self-absorbed, they tend to maintain their focus outward toward others and the environment rather than inward. This allows such individuals to maintain proper balance and perspective, thus permitting them to keep a healthy gauge on their accountability to both self and others (p. 296).

Taking into account the correlations between political skill and self-monitoring reported by Ferris *et al.* (2005) and Semadar *et al.* (2006), further support for our conclusion – people high in political skill will turn toward problem-solving in negotiation – comes from Jordan and Roloff's (1997) study on negotiator self-monitoring: high self-monitors devoted more time to the planning of problem-solving activities prior to the negotiation and were more engaged in actual problem-solving during the negotiation process. Ohbuchi and Fukushima (1997) also found self-monitoring to predict the usage of integrative bargaining tactics.

We will now discuss the link between problem-solving and negotiation success. Referring to the issue of effectiveness, problem-solving has long been proclaimed to be the most constructive mode of conflict management and negotiation (Blake and Mouton, 1964; Fisher and Ury, 1981). Problem-solving techniques have been promoted in textbooks and negotiation training (Thompson, 2009). In fact, problem-solving – and especially the exchange of information about preferences and priorities (Thompson, 1991) – has repeatedly been demonstrated to be positively related to conflict resolution and negotiation outcomes (De Dreu *et al.*, 2007). For example, Van de Vliert *et al.* (1995) showed third-party-observed problem-solving behavior in conflict resolution to be highly correlated with effectiveness. Van de Vliert *et al.* (1999) reported similar results in a two-study investigation with independent observers. Schneider (2002) surveyed 727 practicing attorneys and found lawyers displaying a problem-solving negotiation style to be regarded as highly effective by peers (while lawyers displaying an adversarial style were considered to be distinctly ineffective). Her investigation replicated the findings of a study that had been conducted more than 20 years before (Williams, 1983; see also Craver, 2003; Williams, 2001). Summing up her findings, Schneider (2002) concluded that:

> [w]hen lawyers are able to maximize their problem-solving skills balancing assertiveness and empathy, they are more effective on behalf of their clients. They are able to enlarge the pie through creativity and flexibility. They are able to understand the other side with listening and perceptiveness. They argue well for their clients with confidence, poise, and zealous representation. In short, these lawyers set the standard to which other lawyers and law students should aspire (p. 197).

H2. Problem-solving will mediate the relationship of political skill and distributive negotiation outcome (i.e. negotiated salary agreement). In the process, there will be a positive association between political skill and problem-solving as well as a positive relation between problem-solving and negotiation outcome.

More precisely, we expected problem-solving to *partially* mediate the effects of political skill on negotiator success, as politically skilled actors might also use other influence

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tactics, like ingratiation, to build rapport with their opponents (Ferris *et al.*, 2007). These tactics might have particular effects on negotiation success besides the ones mediated by problem-solving.

Political skill moderating the link between problem-solving and negotiation outcome

Several studies dealt with political skill's amplifying effects on the relationship between influence tactics (ingratiation, self-promotion, etc.) and various outcome criteria at work like performance ratings and reputation (Harris *et al.*, 2007; Treadway *et al.*, 2007). In these studies, actors high in political skill were found to be more capable of using influence tactics effectively. They were less likely to have their influence attempts perceived as self-serving, but rather as genuine and prosocial in nature.

Our idea of political skill enhancing the effectiveness of problem-solving in negotiation is based on a somewhat different rationale. People high in perspective-taking ability – that is to say, people able to consider things from another person's viewpoint – have been found to be more successful in creating value and claiming it for themselves when taking their seat at the negotiation table (Galinsky *et al.*, 2008; Galinsky and Mussweiler, 2001; Kemp and Smith, 1994). Furthermore, perspective-taking ability should be especially important for problem-solving, as discovering each other's interests and priorities is key to effective problem-solving in the negotiation context (Thompson, 2009). At the same time, being able to read and understand people has been described as one of the core features of political skill (so-called social astuteness; Ferris *et al.*, 2007). Actors high in political skill are considered to be more capable of looking at the world from another person's perspective and of accurately perceiving this person's interests and priorities. Therefore, actors high in political skill shall be more successful as compared to actors low in political skill when turning toward problem-solving at the negotiation table.

Furthermore, problem-solving requires creativity, reframing and out-of-the-box thinking – but in addition to it, solution alternatives generated by means of creativity, reframing and out-of-the-box thinking also need to be *sold* or promoted convincingly, as reactive devaluation is a well-known phenomenon in negotiation (Ross and Stillinger, 1991). Counterpart's reactive devaluation of ideas, offers and concessions needs to be overcome by rapport building and strong rational persuasion. Now, actors high in political skill are considered highly able to inspire liking and trust and to bond easily (Ferris *et al.*, 2007). Furthermore, they have also been found to use rational persuasion more effectively as compared to people low in political skill (Kolodinsky *et al.*, 2007). Therefore, these actors shall be more successful when turning toward problem-solving at the negotiation table.

H3. Negotiator political skill will synergistically moderate the link between problem-solving and negotiation outcome; that is, the positive relation of problem-solving with negotiated salary agreements will be stronger for negotiators high in political skill and weaker for negotiators low in political skill.

Method

Participants and procedure. One hundred managers (77 males and 23 females) of a multinational corporation participated in our study. Participants were nominated for a longer-term foreign assignment and were given the opportunity to re-negotiate their salary package abroad. Their average age was 39 (SD = 7.25). We included employees

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with secondments between Italy, Germany and Austria exclusively, as cost of living and general living conditions were similar in these countries; thus, hardship allowances and cost of living allowances were not part of any expatriate's secondment package. With an overall response rate of 73 per cent, we recruited 52 participants from Italy, 35 from Germany and 13 from Austria.

Participants negotiated their salary package with a team of company representatives in their home country. During our study – spanning a period of 12 months – negotiation teams did not change. Therefore, participants from one and the same country negotiated with the same team of company representatives. Participants were asked to fill in an online questionnaire shortly after their salary negotiation. The survey contained self-report measures of political skill and problem-solving during negotiation. We provided the questionnaire a few days after the negotiation had taken place by a link that was sent via e-mail on behalf of the company's human resource management department. The survey was administered in English. Negotiation outcomes, that is re-negotiated salary agreements, were taken from the company's salary database.

Measures. We again used the 18-item *Political Skill Inventory* (Ferris *et al.*, 2005) and ran our analysis referring to the composite score of political skill. In Study 2, Cronbach's alpha was 0.87 for this measure.

We measured *problem-solving* by means of the Dutch Test for Conflict Handling (DUTCH; De Dreu *et al.*, 2001). Using a 5-point Likert scale with 1 = *strongly disagree* and 5 = *strongly agree*, participants responded to four statements like "I examined ideas from both sides to find a mutually optimal solution" or "I examined issues until I found a solution that really satisfied me and the other party". Participants were requested to think back to their salary negotiation and to how they acted in the course of it. They were then given the instruction to respond to these items so as to best describe their actual behavior in the setting. In line with De Dreu *et al.* (2001), this instruction was given to make sure participants described their actual behavior and not their generally preferred conflict handling or negotiation style. Cronbach's alpha was 0.79 for this measure.

With participants' consent, *negotiation results* were taken from the company's salary database and provided to us by the company's payroll department. We were given percentages instead of total amounts of salary increase to account for different base salaries. In addition to that, drawing on percentages instead of total amounts enhanced data protection, as inferences on single participants are less possible. Company management agreed on providing two indicators of negotiation success that were considered meaningful by company representatives involved in this research:

(1) percentage of *increase of annual gross salary*; and

(2) percentage of all *additional annual net benefits*.

The latter variable included special allowances and payments (e.g. home trip allowances, health care benefits); lump-sum payments such as performance-related bonuses were excluded from this measure. It was calculated referring to the net salary, as in salary negotiations, parties usually agree on net amounts for all benefits.

We included *gender* and *age* as control variables because both were shown to be correlated with salary (see, for example, the meta-analysis of Ng *et al.*, 2005, on predictors of objective and subjective career success).

Data analysis. Due to organizational constraints, political skill and problem-solving had to be collected from the same source at the same time. We therefore conducted a

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two-factor confirmatory factor analysis (CFA) to test for construct distinctiveness. Results indicated that the hypothesized two-factor model fit the data well (χ^2 (19) = 15.42, n.s.; CFI = 1.000; NFI = 0.919; RMSEA = 0.000). In contrast, a one-factor model failed to fit the data (χ^2 (20) = 44.20, $p < 0.001$; CFI = 0.851; NFI = 0.768; RMSEA = 0.111). Thus, CFA results confirmed differentiability between political skill and problem-solving.

Afterward, we used bootstrap analyses to test our moderated mediation model, as bootstrapping is especially recommended for testing indirect effects in small samples (Hayes, 2009). We used the SPSS applications provided by Preacher and Hayes (2008) and Preacher *et al.* (2007). Prior to moderated mediation analyses, predictor and moderator variables were standardized (Aiken and West, 1991).

Results

Preliminary analyses. Initial analyses did not reveal any differences in negotiation outcomes for participants' home country (Italy, Germany and Austria) and, that is, for teams of company representatives acting as negotiation counterparts: for increase of annual gross salary, $F(2,97) = 0.74$, n.s.; for additional annual net benefits, $F(2, 97) = 0.21$, n.s. We therefore felt confident that individual negotiation results were free from systematic biases attributable to negotiation opponents. Furthermore, neither expatriate type (relocated with partners or families vs relocated as singles vs seconded as commuters) nor number of children (under 26 years of age) nor company division explained a significant portion of variance in participants' negotiation results. Consequently, we dropped these variables from further analyses.

Descriptive statistics. Table III provides means, standard deviations and zero-order correlations of measured variables. Political skill was positively related to additional annual net benefits ($r = 0.20$, $p < 0.05$) and problem-solving ($r = 0.40$, $p < 0.01$), but not related to increase of annual gross salary ($r = -.03$). Problem-solving was positively related to additional annual net benefits ($r = 0.35$, $p < 0.01$). Its correlation with increase of annual gross salary was not significant ($r = 0.16$, n.s.).

The correlation between gender and increase of annual gross salary turned out to be marginally significant ($r = -.17$; $p < 0.10$), indicating that men tended to be more successful regarding this outcome measure.

Tests of moderated mediation. Table IV provides the results of testing the moderated mediation model with increase of annual gross salary and additional annual net benefits as outcome variables. We added gender and age as control variables.

Variable	M	SD	1	2	3	4	5	6
1. Age	39.00	7.25	(–)					
2. Gender	–	–	−0.17*	(–)				
3. Political skill	5.72	0.52	−0.08	0.12	(0.87)			
4. Problem-solving	4.17	0.48	−0.03	0.12	0.40***	(0.79)		
5. Increase of annual gross salary	20.17	13.09	−0.06	−0.17*	−0.03	0.16	(–)	
6. Additional annual net benefits	18.90	14.32	0.00	−0.11	0.20**	0.35***	0.22**	(–)

Notes: For gender 1 = *male*, 2 = *female*; values in parentheses represent reliability measures (Cronbach's alpha); $N = 100$; *$p < 0.10$; **$p < 0.05$, ***$p < 0.01$

Table III.
Study 2: Means, standards deviations and correlations

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Table IV.
Study 2: Regression results for moderated mediation models

	Problem-solving				Increase of annual gross salary				Additional annual net benefits			
	b	SE	*t*	*p*	*b*	SE	*t*	*p*	*b*	SE	*t*	*p*
Total effects[a]					−0.18	1.32	−0.13	0.895	3.02	1.43	2.11	0.038
Direct effects												
Gender	0.08	0.11	0.76	0.450	−6.05	3.18	−1.91	0.059	−6.46	3.21	−2.01	0.047
Age	0.01	0.06	0.18	0.857	−1.67	1.82	−0.91	0.363	−0.01	1.84	−0.01	0.995
Political skill	0.36	0.09	4.18	0.000	−1.27	1.46	0.87	0.386	2.04	1.47	1.38	0.170
Problem-solving					2.87	1.44	1.99	0.049	5.38	1.46	3.70	0.000
Problem-solving Í political skill					0.09	1.14	0.08	0.939	3.13	1.15	2.72	0.008
R^2 (ΔR^2 after cross-product term added)						0.08 (0.00)				0.21 (0.06)		
Indirect effects, bootstrap results[a,b]					M	SE	95 per cent CI[c]		M	SE	95 per cent CI[c]	
Simple mediation					1.12	0.70	0.06, 2.87		1.84	0.71	0.71, 3.55	
Conditional indirect effects												
Political skill $M - 1$ *SD*					1.07	0.76	−0.09, 3.05		0.83	0.67	−0.22, 2.49	
Political skill *M*					1.11	0.72	0.08, 3.07		2.07	0.72	0.94, 3.88	
Political skill $M + 1$ *SD*					1.15	0.87	−0.10, 3.50		3.33	1.14	1.46, 6.04	

Notes: Unstandardized regression coefficients and average bootstrap estimates reported; [a]controlling for gender and age; [b]bootstrap sample size = 5,000; [c]95 per cent confidence interval, bias-corrected and accelerated, first (second) value representing lower (upper) limit; $N = 100$

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Increase of annual gross salary as criterion variable. In support of *H2*, we found political skill to be directly related to problem-solving ($b = 0.36, p < 0.001$) and problem-solving to be directly related to increase of annual gross salary ($b = 2.87, p < 0.05$). Bootstrapping (*average bootstrap estimate* = 1.12) further confirmed an indirect effect, as the estimated 95 per cent confidence interval (CI; 0.06, 2.87) did not contain zero. Nevertheless, against *H1*, political skill's *total* relationship with increase of annual gross salary turned out to be zero ($b = -.018$, n.s.) – it appeared that the negative direct effect ($b = -1.27$, n.s.) and the positive indirect relationship compensated one another, causing the total relationship to be zero. Recently, the distinction between indirect and mediator effects has been a topic of debate (Hayes, 2009; Mathieu and Taylor, 2006). In terms of this distinction, our findings demonstrated an indirect relationship between political skill and annual gross salary through problem-solving but not a mediating one (see footnote 3).

Table IV also shows that the unstandardized regression coefficient for the cross-product term of political skill and problem-solving was non-significant ($b = 0.09$, n.s.). Thus, a moderating effect of political skill (*H3*) could not be established for increase of annual gross salary as a dependent variable.

Additional annual net benefits as criterion variable. Supporting *H1*, the total statistical effect of political skill on additional annual net benefits was substantive ($b = 3.02, p < 0.05$). In support of *H2*, we found political skill to be directly related to problem-solving ($b = 0.36$, $p < 0.001$) and problem-solving to be directly related to additional annual net benefits ($b = 5.38, p < 0.001$). Our mediation hypothesis received final support by bootstrap analysis, as the 95 per cent CI (0.71, 3.55) of the indirect relationship (*average bootstrap estimate* = 1.84) did not contain zero. Furthermore, as the direct statistical effect of political skill turned out be non-significant ($b = 2.04$, n.s.), our analysis demonstrated *full* mediation.

In support of *H3*, the unstandardized regression coefficient for the cross-product term turned out to be significant ($b = 3.13, p < 0.01$). We plotted the simple slopes at one standard deviation below and above the mean value of political skill as a moderator (Figure 3) to make sure the interaction corresponded with the hypothesized pattern (i.e. enhancing interaction) and furthermore tested the statistical significance of these slopes (Aiken and West, 1991).

Consistent with our expectations, the simple slope of the relationship between problem-solving and additional annual net benefits was relatively strong for negotiators high in political skill (*simple slope* = 7.87, $t = 3.95$, $p < 0.001$), whereas the slope was relatively weak and not significant for negotiators low in political skill (*simple slope* = 2.32, $t = 1.35$, n.s.).

We finally generated bootstrap-based CIs for the conditional indirect effects at three different values of the moderator. As can be seen from Table IV, with increase of political skill as a moderator, the indirect relationship between political skill and additional annual net benefits through problem-solving grew larger, with two of the conditional indirect effects – the one based on moderator value of *M* [*average bootstrap estimate* = 2.07, 95 per cent CI (0.94, 3.88)] and the one based on a moderator value of *M* + 1 *SD* [*average bootstrap estimate* = 3.33, 95 per cent CI (1.46, 6.04)] – being different from zero.

Discussion

The current investigation aimed at replicating as well as complementing the findings of Study 1. Therefore, we adopted a field-study design and recruited a more valid sample

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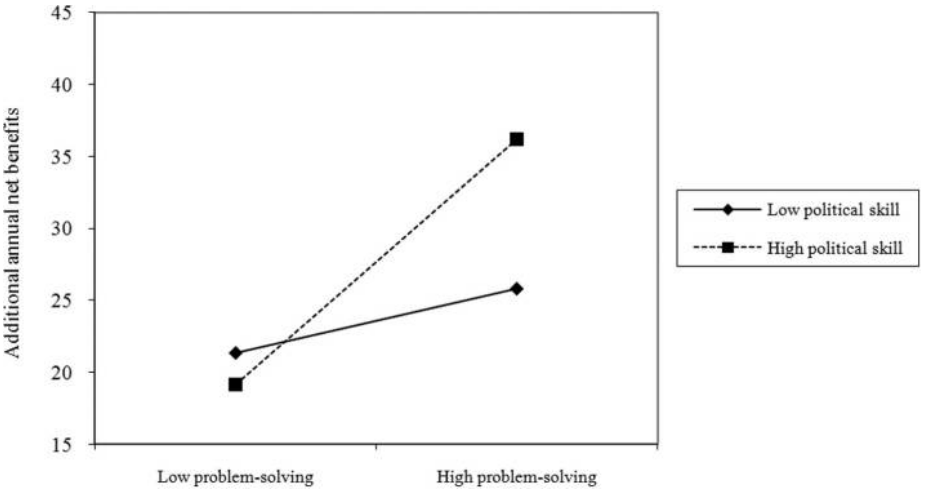

Figure 3.
Additional annual net benefits predicted by problem-solving moderated by political skill

of actual managers to test our hypotheses. Besides expecting negotiator political skill to be associated with negotiation results (i.e. agreements regarding increase of salary and additional benefits), we additionally predicted problem-solving to mediate this relationship, and political skill to also moderate – that is amplify – the link between problem-solving and negotiation outcomes.

For both outcome variables, our analyses supported the existence of an intervening effect of political skill through problem-solving[3]: people high in political skill were more likely to choose problem-solving as a negotiation strategy; and choice of problem-solving was directly related to increase of annual gross salary as well as to additional annual net benefits. However, the *total* relationship of political skill with negotiation outcome was substantive for additional annual net benefits, but turned out to be zero for annual gross salary (providing only partial support for *H1*). Following Mathieu and Taylor (2006), the intervening effect of political skill on increase of annual gross salary through problem-solving qualifies as an indirect effect (no total effect found), while the intervening effect of political skill on additional annual net benefits can be considered as mediating (total effect also demonstrated).

Hayes (2009) recently argued:

> That X can exert an indirect effect on Y through M in the absence of an association between X and Y becomes explicable once you consider that a total effect is the sum of many different paths of influence, direct and indirect, not all of which may be a part of the formal model (p. 414).

It is possible that two or more paths, direct and indirect ones, carry an effect from X to Y but operate in opposite directions. The direct and indirect effects would then cancel each other out, potentially producing a total effect not detectably different from zero. In line with this reasoning, our analysis revealed a slight *negative* direct association between political skill and annual gross salary that – in combination with its positive indirect relation – led to a zero total statistical effect. Further research is needed to determine the nature of this direct relationship.

Against our expectation, results demonstrated *full* mediation for additional net benefits as an outcome variable. As our measure of problem-solving captured

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demonstrated other-concern, it probably measured ingratiating behaviors as well, thereby minimizing variance attributable to positive *direct* effects.

Our analyses supported moderation and, consequently, the moderated mediation model for additional annual net benefits, but not for increase of annual gross salary as a criterion variable (providing partial support for *H3*). As for additional annual net benefits, actors high in political skill performed problem-solving more effectively as compared to actors low in political skill. Consequently, the magnitude of political skill's indirect relation with additional annual net benefits – mediated by problem-solving – was contingent upon political skill acting as an enhancing moderator. According to our analysis, adding the interaction term yielded a 6 per cent increment of explained variance – an effect size fairly high for moderator effects. This, however, did not hold true for increase of annual gross salary as a criterion variable. With higher levels of problem-solving, annual gross salary also increased, but actors low in political skill were as effective in applying this negotiation strategy as actors high in political skill. Consequently, political skill had an indirect relationship with increase of annual gross salary through problem-solving, but this indirect relationship was not contingent upon political skill as an enhancing moderator.

How can this discrepancy be explained? We assume that there are two reasons for this. First, the company's payroll policy was rather restrictive for increase of annual gross salary but relatively flexible for additional annual net benefits. Company representatives were instructed to keep salary increases within certain limits, as management sought to keep fixed salary costs low. Thus, respective guidelines limited the chance for negotiators high in political skill to outperform the fixed salary agreements reached by negotiators low in political skill. In contrast, company representatives were less constrained in awarding additional benefits. This provided leeway for politically skilled actors to get ahead of their less politically skilled peers. Second, the variety of additional benefits (e.g. home trip allowances, health care benefits) and of possible arrangements referring to them gave room for *multi-issue* bargaining – and that is, room for maneuver on the part of politically skilled negotiators to take advantage of their capabilities and therefore to outperform negotiators less politically skilled.

Strengths, limitations and future research. There are several strengths to this study that shall be mentioned. Our participants were managers re-negotiating their salary package prior to a longer-term foreign assignment; negotiation issue and outcome were highly important to them. Against this, studies in the context of salary and job negotiations have largely relied on laboratory experiments and student samples (and so did we in Study 1) – with well-known drawbacks regarding external validity (see Buelens *et al.*, 2008, for a current review on research methods in negotiation). Although we conducted a real-life negotiation study, our negotiation setting was highly standardized and the sample we referred to was rather homogenous (all participants were part of the same company and at similar stages in their professional career). Our outcome measures were objective data taken from the company's salary database; thus, we can preclude that our results were distorted by common method biases (Podsakoff *et al.*, 2003).

As we conducted this field study in cooperation with a multinational company, we had to accept various constraints and, therefore, this research has several limitations that shall now be discussed. We had to apply a self-report measure to capture problem-solving. When measuring conflict and negotiation behavior, self-report measures can be distorted by self-serving and social desirability biases (Nauta and Kluwer, 2004). However, De Dreu *et al.*

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(2001) found DUTCH self-ratings to converge with opponent-reports as well as with independent observations of conflict style when referring to – as we did – conflict behavior in a *specific* situation. It has also been criticized (Olekalns *et al.*, 2008) that self-report measures of negotiation strategies represent a holistic approach to behavior that assumes strategies to remain stable throughout a given situation or period; dynamic changes in behavior cannot be captured. An observational (or communication analytic) approach would enable a more fine-grained analysis, incorporating the dynamic nature of behavior in social interaction. Such an approach is needed to fully examine how politically skilled actors proceed when facing negotiation tasks.

Furthermore, we argued that negotiators high in political skill would turn toward problem-solving, as demonstrating other-concern would allow for maximizing one's tangible negotiation outcomes while at the same time building rapport and keeping up a good working relationship with one's opponent. Unfortunately, we were not allowed to measure opponent reactions (i.e. liking, satisfaction with negotiation process and outcome, willingness to further cooperate). To fully understand the effects of political skill in negotiation, opponent's perspective needs be captured in future research.

Finally, due to organizational constraints, we had to measure political skill and problem-solving after the negotiation. This could have led participants to especially bias their self-reports on political skill in retrospect, depending on the perceived favorability of their salary agreements. However, in Study 1, we measured negotiator's political skill *prior to the negotiation* (thus establishing causal order) – nonetheless, results clearly demonstrated political skill to predict negotiation success. Furthermore, participants had to rely on social comparison processes – namely, comparing their own negotiation outcome to the outcomes of others – to assess the favorability of their salary agreements. In Europe, however, salary agreements are treated with great discretion – we thus doubt that (shortly after the negotiation) participants would have had the information needed to retrospectively bias their self-assessments of political skill.

General discussion

Combining laboratory and field study methods, this two-study constructive replication focused on the effects of political skill in the negotiation context, contributing to current research on workplace social effectiveness. To our best knowledge, this investigation is the first to examine political skill as a focal predictor *in the negotiation context*. We based our research on two general ideas (Ferris *et al.*, 2007). First, political skill entails the capability to *choose* social influence tactics properly and to *perform* chosen tactics effectively, thereby enhancing an actor's outcomes. Second, actors high in political skill tend to secure their ends by means of shaping and controlling interpersonal relations in ways that inspire liking and trust. Were therefore expected negotiators high in political skill to turn toward problem-solving when taking their seat at the negotiation table.

Study 1 clearly demonstrated negotiator political skill to predict distributive success at the negotiation table irrespective of negotiator's role or status, respectively (candidate and recruiter in a job negotiation). In addition to it, Study 2 showed problem-solving to act as an intervening mechanism to this relationship: people high in political skill reported higher levels of problem-solving, and higher levels of problem-solving predicted greater negotiation outcomes (increase of annual gross salary and additional annual net benefits). Our analyses showed political skill to be a mediator with regard to additional annual net benefits (a total effect of political skill on benefits was also

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demonstrated) and to act as an indirect variable with regard to increase of annual gross salary (a total effect of political skill on salary increase could not be established).

Furthermore, political skill synergistically moderated the link between problem-solving and additional annual net benefits as an outcome variable – thus, actors high in political skill excelled their less politically skilled peers in effectively applying problem-solving as a negotiation strategy. This effect, however, did not show for increase of annual gross salary as an outcome variable. We reasoned that certain conditions have to be met for political skill to boost the effectiveness of problem-solving (opponent's concession-making not restricted by guidelines; presence of a multi-issue bargaining context). Thus, Study 2 provided further support for the benefits of political skill but also indicated an important limitation to its effectiveness in the negotiation context. Investigating the boundary or constraint conditions of political skill's beneficial effects in different workplace settings has recently been considered an important avenue for future research (Andrews *et al.*, 2009). Albeit only partially supporting our hypotheses, our Study 2 results also contribute to pursuing this path.

Our studies also contributed to broadening the emotion-centered approach to social effectiveness that is prevalent in current negotiation research. Scholars have referred to social effectiveness constructs – namely, to emotional intelligence or closely related concepts (e.g. emotion recognition accuracy) – in an effort to explain how negotiation processes and outcomes are influenced by emotions and ways of dealing with emotions at the negotiation table. In contrast to that, development and validation of the political skill concept and inventory have emerged from research on politics and interpersonal influence in organizations (Ferris *et al.*, 2002). Their purpose has been to reflect an actor's style in building rapport and influencing others and, with that, to better understand the personal factors that contribute to the effectiveness of social influence at work. Conceptualizing negotiation behavior as interpersonal influence has recently been advocated by Malhotra and Bazerman (2008):

> [T]he vast majority of writing on negotiation has ignored the element of interpersonal influence. Because negotiators spend a great deal of time trying to persuade each other to agree to their desired outcome, this seems to be a glaring omission (p. 510).

Building on behavioral decision research, these authors sketched out a framework for exploring social influence in the negotiation context. According to our results, it may be interesting to take actor's political skill into account when doing so.

Practical implications

Our studies showed that actors high in political skill do profit from their proficiency when taking a seat at the negotiation table. Consequently, focusing on the development of political skill in training and coaching activities (Ferris *et al.*, 2005) may be rewarding for actors often engaged in negotiation tasks. Furthermore, it seems important to look at political skill when staffing negotiation teams.

Conclusion

This two-study constructive replication underscored the benefits of political skill for a specific work-related context: the job negotiation. Study 1 showed political skill to predict distributive bargaining success. In Study 2, we furthermore focused on two underlying mechanisms: *turning toward* and *effectively performing* problem-solving at the negotiation table. Study 2 fully supported the first mechanism and partially

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supported the second. We thus reasoned that certain conditions have to be met for political skill to boost the effectiveness of problem-solving – most notably, freedom of choice on the part of one's negotiating partner.

In addition to this, our study also contributed to broadening the emotion-centered approach to social effectiveness in current negotiation research, as we examined negotiation strategies and behaviors from a social influence perspective. As recently sketched out by Malhotra and Bazerman (2008), this approach marks an interesting venue for future negotiation research.

Notes

1. Please contact the first author for recruiter and candidate instructions including pay-off schemes.
2. Note, however, that there is also evidence for styles being associated with dispositional characteristics such as social value orientation (De Dreu and Van Lange, 1995) and Big Five personality traits (Barry and Friedman, 1998).
3. Note that according to Mathieu and Taylor (2006), the term "intervening" includes *indirect* effects with no total relationship between predictor and outcome as well as *mediating* effects where a total relationship between predictor and outcome can in fact be demonstrated.

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