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# *In Theory*

## Beyond Frogs and Scorpions: A Risk-Based Framework for Understanding Negotiating Counterparts' Ethical Motivations

*Roger Volkema and Cheryl Rivers*

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*Managing the flow of valid information is one of the biggest challenges that negotiators face. The high incidence of questionable or unethical negotiating tactics has been well documented, but ways of dealing with the deceptive practices of a counterpart have received comparatively little attention. In this article, we suggest that, in addition to avoidance and confrontation, negotiators typically attempt to manage the unethical tendencies of their counterparts through twelve neutralizing approaches. These approaches are based on four types of perceived risk that counterparts often consider when deciding whether to use ethically ambiguous negotiation tactics: risks to immediate or short-term goals/tasks; risks to immediate or short-term relationship(s); risks to future or long-term goals/tasks; and, risks to future or long-term relationships. By applying expectancy theory, resource dependency theory, social identity theory, and social network theory to this framework, we have developed propositions related to these twelve neutralizing approaches. We also discuss the opportunities and challenges related to evaluating these propositions in future research.*

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**Roger Volkema** is an associate professor of organizations at the Instituto de Administração e Gerência (IAG), Pontifícia Universidade Católica, in Rio de Janeiro, Brazil. His e-mail address is volkema@iag.puc-rio.br.

**Cheryl Rivers** is a senior lecturer in international business at the School of Marketing and International Business of the Victoria University of Wellington in Wellington, New Zealand. Her e-mail address is cheryl.rivers@vuw.ac.nz.

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## Introduction

In the movie *The Crying Game*, the character played by Forest Whitaker tells a memorable story about a frog and a scorpion. Wanting to get across a river, a scorpion asks a frog for a ride on its back. The frog is concerned that the scorpion might sting it, until the scorpion assures the frog that such an act would lead to the demise of both. Halfway across the river with the scorpion on its back, the frog feels the scorpion's venomous stinger in its side. As they begin to sink beneath the waves, the frog cries out for an explanation, since both will now die. "I can't help it," the scorpion replies, "it's in my nature."

Much like this parable, negotiation involves two or more parties involved in an interdependent act in which some level of trust is often required. And one does not have to look far or think hard to come up with real-life examples of negotiators taking advantage of their counterparts in personal or professional situations, often at the expense of both parties (cf. Shapiro, Jankowski, and Dale 2005; Lewis 2010). Even when a negotiator consciously wants to build trust and act ethically toward his or her counterpart, he or she may still fear that the other party will not do the same (Wetlaufer 2004; Graebner 2009; De Cremer, van Dijk, and Pillutla 2010). This uncertainty creates a dilemma for many negotiators and suggests an interesting question: are there reliable ways to assess whether a counterpart is likely to use questionable tactics and then to apply this knowledge to keep a scorpion (or a counterpart with scorpion tendencies) from "stinging" you during the trip across the river (the negotiation encounter)?

Many studies have documented the incidence of questionable or unethical behavior in negotiations (cf. O'Connor and Carnevale 1997; Murnighan et al. 1999; Aquino and Becker 2005; Graebner 2009), suggesting that stinging may not be restricted to scorpions, but that frogs and others will seek to gain advantage through such means from time to time. Surprisingly few of these scholarly works, however, have addressed the issue of how to deal with deceptive practices (Schweitzer and Croson 1999). And when the question of how to manage deception has been addressed, the focus has often been on directly or indirectly confronting a counterpart suspected of employing such tactics (Reardon 2004; Adler 2007) rather than on *preventive approaches* that take into account what may motivate a counterpart's deceptive actions.

Our premise is that negotiators typically attempt to assess the trustworthiness of their counterparts in a variety of ways and, based on these

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perceptions, often will employ specific behaviors to decrease their counterparts' likelihood of using questionable or unethical tactics. To understand the use and, ultimately, the effectiveness of these neutralizing behaviors, we must first recognize the forces that influence counterparts' motivations. In this article, we have extended the research on negotiation ethics that has identified variables that influence unethical decisions by aggregating the theories and findings into a framework that we believe will be useful for future empirical evaluation.

Our proposed framework is based on the idea that when considering the use of unethical behavior, negotiation counterparts focus on the risks and potential losses that they could incur as well as the potential benefits and opportunities. (This idea is based on prospect theory, developed by Amos Tversky and Daniel Kahneman [1981]). These risks are defined in terms of two dimensions: goal/task concerns versus relational concerns and short-term orientation versus long-term orientation. For each of the four types of risk delineated by this two-by-two matrix, we apply specific theories (e.g., expectancy theory, resource dependency theory, social identity theory, social network theory) to propose ways that negotiators deter or neutralize their counterparts' unethical tendencies. We do not advocate for or against these neutralizing approaches but rather seek to broaden our understanding of a set of behaviors that has largely been overlooked by researchers and scholars.

We begin with a review of the negotiation ethics literature, which provides a context for introducing the two-by-two, risk-based framework. We describe twelve approaches that are used to neutralize unethical tendencies, each presented in the form of a testable proposition. We conclude with a discussion of what is not yet known about these neutralizing approaches, a basis for future research: the frequency and predictability of their use, the timing and format of employment, their general effectiveness (as a function of timing and format), and their ethicality.

## **Negotiation and Ethical Decision Making**

Negotiation is the interpersonal decision-making process individuals engage in whenever they cannot achieve their objectives single-handedly (Thompson 2009), a process that relies on the exchange of valid information (Lewicki, Barry, and Saunders 2009). When negotiators are able to freely share information about their issues, positions, and interests, they are more likely to reach a mutually satisfactory agreement (Thompson 1991; Olekalns, Smith, and Walsh 1996). Negotiators must decide how much information to share and when to share it, and these decisions are often affected by the amount of trust between the parties. The more a negotiator trusts his or her counterpart, the more forthcoming the negotiator likely will be with confidential or inside information (Butler 1999). If the counterpart does not reciprocate, however, the negotiator who first offers

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information risks putting himself or herself at a strategic disadvantage in the negotiation (Roth and Murnighan 1982; Brodt 1994).

Because of the value of information in negotiations and of the desire of most individuals to achieve their goals while protecting themselves from being taken advantage of, negotiators often will employ a range of tactics or behaviors as a hedge against the other party's uncertain intentions (Boles, Croson, and Murnighan 2000; Olekalns and Smith 2007). These tactics include everything from traditional competitive bargaining tactics (e.g., hiding one's bottom line, exaggerating expectations or demands) to misrepresenting facts, paying others for inside information, and threatening to harm a counterpart (Lewicki and Robinson 1998; Robinson, Lewicki, and Donahue 2000; Fulmer, Barry, and Long 2009). In this article, we call these behaviors ethically ambiguous negotiation tactics (EANTs), which we define as maneuvers or tactics used in the course of a negotiation that may be regarded as improper depending on an individual's ethical reasoning, his or her culture, and the circumstances (Rivers and Lytle 2007; Lewicki, Barry, and Saunders 2009).

Over the years, researchers have acquired considerable evidence regarding the use of EANTs. Kathleen O'Connor and Peter Carnevale (1997), for example, detected misrepresentation in 28 percent of negotiations examined, while Maurice Schweitzer and Rachel Croson (1999) found 25 percent of sellers both withheld information about the condition of their faulty product and actively lied about it. Even experienced negotiators employ ethically ambiguous tactics. Keith Murnighan and his colleagues (1999) reported that, where negotiations led to an agreement, 34 percent of experienced negotiators both lied (i.e., made invalid statements) and were deceptive (i.e., failed to correct a counterpart's inaccurate assumptions). When faced with incentives to deceive (e.g., to misrepresent information), an even higher incidence of ethically ambiguous behavior is likely, as Karl Aquino and Thomas Becker (2005) found in their experimental study: 43 percent of participants concealed information, while 55 percent actively lied. Melissa Graebner (2009) found comparable numbers in a qualitative study of companies involved in acquisitions of technology ventures. Negotiation-related deception regarding capabilities, plans, deadlines, resources, and/or competing bidders was exhibited by ten of the sixteen companies studied (seven buyers and three sellers).

One rationale for employing EANTs is that they help a negotiator achieve a better outcome (Cohen 1982; Meltsner and Schrag 2004; Koning et al. 2010), which is a primary reason for engaging another party in the first place (O'Connor and Carnevale 1997; Aquino 1998; Schweitzer and Croson 1999; Schweitzer, Ordóñez, and Douma 2004). Because many of these tactics are difficult to detect, even in face-to-face encounters (Vrij 2000), negotiators might think that the marginal risk of getting caught is

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worth the enhanced outcomes. But using these tactics also can decrease the chances for an integrative (win-win) agreement, while jeopardizing long-term business opportunities and the negotiator's good reputation (Trawick, Swan, and Rink 1988; Thompson 1991; Olekalns, Smith, and Walsh 1996; Tinsley, O'Connor, and Sullivan 2002). Parties may fail to achieve an integrative outcome because, among other reasons, their initial behaviors are often reciprocated by their counterparts (Rubin, Pruitt, and Kim 1994; Ferrin, Bligh, and Kohles 2008; Volkema, Fleck, and Hofmeister 2011). Thus, the use of EANTs can create a competitive spiral in which incomplete or erroneous information becomes the basis for decisions (Axelrod 1984; Volkema, Fleck, and Hofmeister 2010). When the negotiators come from different backgrounds (e.g., countries, cultures), as is often the case in today's global markets, or are employing low-to-moderately rich context media such as electronic mail, which can foster risky behavior, the probability of a competitive spiral is even more likely (Thompson and Nadler 2002; Rivers and Lytle 2007; Logsdon and Patterson 2009).

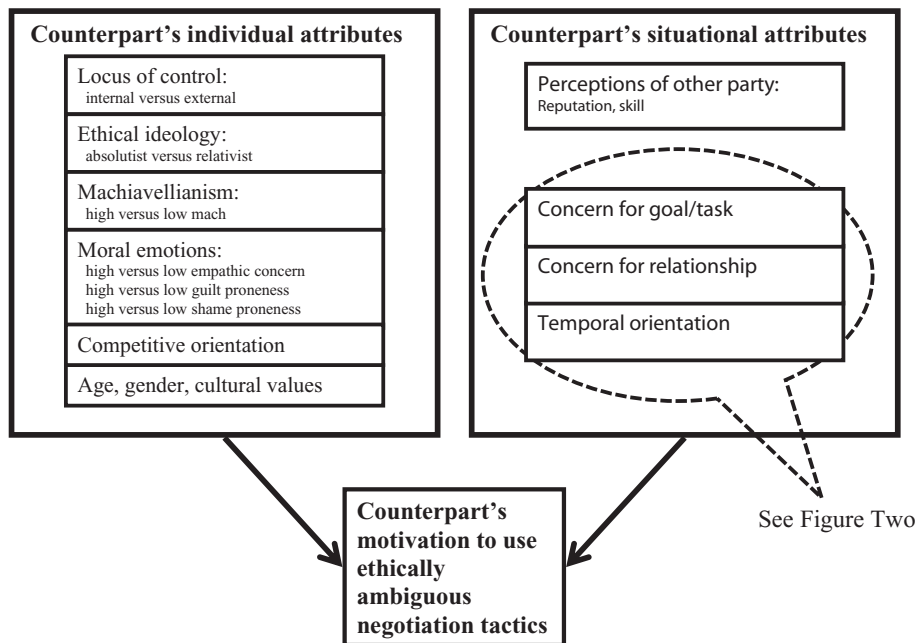
Numerous studies have sought to identify the factors that might predict the likelihood that an individual will use EANTs, including personal characteristics (see Figure One). Although such findings are intriguing, it is usually difficult to apply the findings to a counterpart because many personal characteristics cannot be externally assessed. A negotiator generally cannot tell, for example, where his or her counterpart has an internal or external locus of control (i.e., believes that she controls her own destiny or that it is controlled externally) which can influence ethical behavior (Trevino and Youngblood 1990). Nor does the negotiator know what ethical ideology (relativist or absolutist) a counterpart has, however useful it would be to know in light of the reported relationship between ethical ideology and the acceptability of EANTs (Banas and McLean-Parks 2002). Similarly, a counterpart's degree of Machiavellianism is unlikely to be detectable, although it would be useful to know because "high machs" (people with high degrees of Machiavellian tendencies) are more likely to behave unethically than "low machs" (Jones and Kavanagh 1996).

An individual's moral emotions — empathic concern, guilt proneness, shame proneness — also can influence deceptive tendencies. Guilt-prone individuals are especially likely to disapprove of making false promises and lying during negotiations, whereas shame-prone individuals are less likely to disapprove of making false promises and lying (Cohen 2010). The competitive orientation of individuals also has been identified as having a significant influence on lying and deception. Gregory Perry and his colleagues (2005), for example, reported that self-assessed competitive negotiators rated EANTs as more appropriate. Wolfgang Steinel and Carsten de Dreu (2004) found individuals to be less honest and to engage in more deception when dealing with a competitive rather than cooperative counterpart. Their

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**Figure One**  
**Influences on a Negotiating Counterpart's Motivation to Act Ethically**

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research also suggests, however, that identifying whether a counterpart is competitive or cooperative provides insufficient information for predicting whether he or she is motivated to use EANTs.

When individual characteristics are known (age, gender, national culture), mixed findings make it difficult to predict the use of EANTs. Behavioral ethics studies have reported that women make more ethical choices than do men, but in many other studies, no relationship between gender and ethical judgment was found (Tenbrunsel and Smith-Crowe 2008). Although negotiation researchers also have found evidence that women tend to be more ethical than men (Volkema 1999; Robinson, Lewicki, and Donahue 2000; Perry and Nixon 2005; Ma 2010), they have reported variation across types of ethically ambiguous tactics. Furthermore, Zhenzhong Ma (2010) reported differences in gender effects across cultures. Therefore, it is not advisable to assume that the gender of a counterpart will predict the use of EANTs. Studies on the relationship between age and ethical decisions have also produced mixed results (O'Fallon and Butterfield 2005).

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Ample evidence indicates that there are cultural differences in the perceived appropriateness of EANTs (Rivers and Lytle 2007), but unfortunately, like studies on gender and age, the findings often contradict each other (Rivers 2009). Cultural differences in how the situational factors in a negotiation are viewed may explain such inconsistencies. For example, Roger Volkema and Maria Tereza Fleury (2002) identified a significant difference between negotiators in the United States and in Brazil for five out of eight situations or conditions (for example, when the counterpart had a reputation as an unethical negotiator), and Anna Zarkada-Fraser and Campbell Fraser (2001) found cultural differences in the factors that were most important in assessing the perceived appropriateness of EANTs. Thus, negotiators need to be mindful when negotiating with a culturally different counterpart that attitudes toward situational characteristics may differ.

Because judging counterparts' ethical tendencies based on their individual attributes is difficult, it is necessary for negotiators to find other ways to determine the likelihood that their counterparts will use ethically ambiguous negotiation tactics. In the next section of this article, we provide a framework for understanding a counterpart's ethical motivations in a negotiation and offer propositions derived from those motivations that we believe could help develop future research on negotiation ethics.

## **A Framework for Understanding Counterparts' Ethical Motivations**

When engaged in decision making, individuals must manage competing goals and approaches. To overcome this complexity and uncertainty, they often categorize possible outcomes in terms of potential benefits and costs (Nas 1996; Keil et al. 2010), strengths and weaknesses (Dey and Hariharan 2008; Huybrecht 2010), or gains and losses (Tversky and Kahneman 1981; Luce 2000). When a negotiation counterpart makes such assessments, he or she is likely to be simultaneously drawn to and repelled by certain options (Lewin 1935; Rubin and Brown 1975; Townsend and Busemeyer 1989). For example, when assessing the benefits and costs of employing EANTs, negotiation counterparts are likely to weigh the importance of their desired outcome against the risks of being caught in a lie or deception (Vrij 2000). According to prospect theory (Tversky and Kahneman 1981), the risk of potential costs or losses can be a particularly powerful motivator of human behavior.

### ***Goal Risk versus Relationship Risk***

A negotiation counterpart is likely to consider two sets of risks based on the dual-concerns model: risks to tasks or goals and risks to relationships (cf. Thomas 1976; Rahim 1983; Ogilvie and Kidder 2008). Differences in concern for substantive outcome (i.e., personal goals or tasks) and concern



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for relational outcome (i.e., the other party, or the relationship) have been used to explain negotiators' dispositional straightforwardness and their concession-making during negotiations (DeRue et al. 2009). In addition, the juxtaposition of these two concerns is important in negotiations involving friends rather than strangers, in which relational considerations have been found to significantly influence process and outcome (Ben-Yoav and Pruitt 1984; Curhan et al. 2008). A fundamental difference in focus that was reported for negotiators from Western cultures (e.g., the United States, Great Britain, Germany) and Eastern cultures (e.g., China, Japan), where the former are generally preoccupied with completing the negotiation (i.e., recording an agreement), while the latter were more focused on building relationships (Salacuse 1999), also can be linked to these two considerations. The *assessment of risks to the achievement of goals/tasks versus risk to relationships* is the first dimension in our framework for understanding a counterpart's ethical motivations.

### ***Temporal Orientation***

The second dimension important to understanding a counterpart's attitudes toward the use of EANTs is *temporal orientation*. Negotiations take place across the entire spectrum of time, and a counterpart's choices will be influenced by his/her past experiences, current perceptions and feelings (including time pressure), and expectations for future encounters and opportunities (De Dreu 2003; Wetlaufer 2004; Kray, Paddock, and Galinsky 2008). Applying construal-level theory to time, Vaacov Trope and Nira Liberman (2003) proposed that people construe objects and events differently depending on their temporal distance from them, thinking about near-future events more concretely while viewing distant events more abstractly and as more central to the meaning of activities.

The importance of time in negotiations has been supported by several research studies. For example, Gerardo Okhuysen, Adam Galinsky, and Tamara Uptigrove (2003) found that negotiators reached better outcomes when they thought the agreement would take effect in a year rather than in a couple of weeks: the greater the temporal distance, the more negotiators were inclined to concede on issues and reach integrative agreements. These findings likely reflect the fact that negotiators focus more on primary features (e.g., an agreement) when thinking in terms of the distant future and less on concrete and secondary features (e.g., a specific issue). Marlone Henderson, Yaacov Trope, and Peter Carnevale (2006) found that temporal distance from a negotiation affected individuals' preferences regarding single-issue versus multi-issue negotiations, their use of concessions, and the types of offers they made.

In combination, these two dimensions (goal/task concerns versus relational concerns; short-term orientation versus long-term orientation) interact to form four types of risk that a negotiation counterpart will evaluate



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**Figure Two**  
**Perceived Risks (Negative Consequences) of Unethical Behavior**  
**in Negotiation**

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	Short-term (present) temporal orientation	Long-term (future) temporal orientation
Goal/task concerns	No agreement; Unmet goal(s)	Loss of future business; Formal sanctions
Relationship concerns	Loss of respect/support; Negative reputation	Limited expansion of social/business networks

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when considering whether to use EANTs. As shown in Figure Two, the categories of risk are (1) risks to achieving immediate or short-term goals/tasks (i.e., concerns about failure to reach agreement and unmet goals), (2) risks to immediate or short-term relationship(s) (i.e., loss of respect and support, damage to reputation), (3) risks to achieving future or long-term goals/tasks (i.e., loss of future business, including due to legal entanglements), and (4) risks to future or long-term relationships (i.e., impairment of future social/business networks). Each type of risk is discussed below, along with specific examples and corresponding propositions.

***Risks to Achieving Short-Term Goals***

There are several risks to using EANTs that can threaten a counterpart's ability to achieve his or her immediate or short-term goals/tasks. The most obvious risk is the failure to reach an agreement. Because negotiation is a goal-driven process that by definition requires the engagement and cooperation of at least one other party (Thompson 2009), using EANTs runs the risk of alienating the other party to the point of impasse, which negates goal attainment (at least in the short term).

According to *expectancy theory*, an individual's motivation to use EANTs will be influenced by the value of his or her goals, as well as by the belief that his or her efforts will lead to an expected performance and a

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desired outcome (Vroom 1964; Steel and Konig 2006). Consistent with this theory, Maurice Schweitzer, Lisa Ordonez, and Bambi Douma (2004) found that individuals with unmet goals were more likely to engage in unethical behavior than were people simply attempting to do their best. The more important one's goals are perceived to be, the greater the likelihood of such behavior (Robertson and Rymon 2001; Volkema and Fleury 2002).

If a negotiation counterpart doubts that his or her efforts will result in a desirable outcome, she may be tempted to use EANTs. In such a situation, seeking to assure a counterpart that her goals will be achieved (e.g., citing concrete examples of prior successful negotiations) can strengthen the counterpart's expectations of goal accomplishment and reduce the likelihood that she will feel the need to employ EANTs (Fudge and Schlacter 1999; Kern and Chugh 2009). Thus, our first proposition (P1) is:

*Proposition One:* The more a counterpart is convinced that his/her immediate or short-term goals will be achieved, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

A counterpart's assessment of risks to his short-term goals may be moderated by the pressures that he is under to produce favorable results quickly. These perceived pressures are generally induced by others (e.g., employers, colleagues, confederates) and can increase the probability of EANTs being employed (Hegarty and Sims 1979; Trevino, Weaver, and Reynolds 2006). In some organizational cultures and industries, this pressure is more prominent (Zhang and Gimeno 2010).

Clarifying and communicating progress toward completing a task can lessen perceived pressure and reinforce valuable time/resource investments. In a study comparing expert negotiators (i.e., individuals recognized for their abilities to negotiate satisfactory and enduring agreements) with average negotiators, Neil Rackham (2003) found that the experts were far more likely to point out areas of agreement and summarize discussions. An expert negotiator, for example, was more likely to note that, of the five issues to be resolved, the parties had already reached agreement on three of the issues. Pointing out areas of agreement and summarizing discussions represent ways of highlighting progress towards agreement and goal accomplishment.

According to theories of reinforcement, learning, and social persuasion, individuals often respond more favorably when they receive positive support from colleagues and other confederates. This includes encouragement and positive predictions regarding a behavior and its consequences, as well as shaping behavior by praising and positively reinforcing early attempts that fail to achieve full expectation but represent developmental progress. Research on encouragement suggests a significant link between positive reinforcement and performance (London, Larsen, and Thisted

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1999), as well as between social support and the lowering of an individual's anxiety and stress (Bluen and Jubiler-Lurie 1990). Therefore, our second proposition (P2) is:

*Proposition Two:* The more a counterpart is convinced that progress is being made toward achieving his or her immediate or short-term goals/tasks, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

A third neutralizing approach related to short-term goals or tasks involves the interdependence of outcomes. If the outcomes of the negotiating parties are perceived to be linked in some way, it may discourage the use of ethically ambiguous tactics. Perceived linkages, for example, can promote the trust necessary to increase the likelihood of valid information exchange (Sivunen 2006). Consistent with this logic, Daniel Comeau and Richard Griffith (2005) found that both goal and task interdependence positively influenced organizational citizenship behavior, and Rackham (2003), in his study, found that expert negotiators were more likely than average negotiators to point out common ground shared by the parties (one way of suggesting linkages between the negotiators' potential outcomes).

Goal linkage (interdependence) was the frog's reason for trusting the scorpion in the opening story. The scorpion's suggestion that their goal was shared apparently reassured the frog. The frog could have done the same, reminding the scorpion that their mutual safety was tied to individual behavior (swimming rather than diving for the frog, and not stinging for the scorpion). Unfortunately, the scorpion was hardwired to sting, even if it meant self-destruction. For more highly evolved life forms, rational thinking rather than primal instinct has a better chance of prevailing. That is, the belief that the negotiating parties could share a mutually beneficial destiny (e.g., the merging of two distressed airlines, one airline with desirable international routes, and the other airline with important domestic hubs) would likely reduce the temptation that either would resort to questionable or unethical behavior. Thus, our third proposition (P3) is:

*Proposition Three:* The more a counterpart is convinced that the immediate or short-term goals/tasks of the two parties are linked (interdependent), the less likely he or she will be to employ ethically ambiguous negotiation tactics.

A counterpart's means of achieving her short-term goals are, of course, balanced by the perceived availability of alternatives (e.g., in the above example, other airlines with which to partner). The importance of alternatives was illustrated during the 2008 financial crisis in the United States, where the availability of competing rating agencies allowed financial

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institutions to add more toxic debt to already questionable securities bundles. According to investment analyst Bill Ackman (2008), the financial institutions had three rating agencies to play off against each other. In theory, the more viable alternatives that are available, the more comfortable an individual will be in employing whatever is necessary to achieve a desired outcome. Thus, if the financial institutions had had access to only one rating agency, they might not have been so quick to push the limits of credibility.

According to *resource dependency theory*, the more an individual is aware of his or her lack of alternatives (i.e., singular dependence on another party), the more he/she would be likely to avoid behaviors that might threaten the negotiation, and vice versa (Kim, Pinkley, and Fragale 2005). In a study of relative dependence and emotion, Mara Olekalns and Philip Smith (2009) found that negotiators in highly dependent relationships (i.e., few viable alternatives) who expressed positive emotions employed less deception.

On the other hand, having a better alternative can raise an individual's aspirations regarding a negotiated outcome (Pinkley, Neale, and Bennett 1994). That is, an individual with a favorable alternative might be expected to exaggerate his or her demands in a negotiation, demanding an outcome in excess of that available through the alternative. Indeed, negotiators with strong alternatives may feel that their relative power entitles them to more favorable outcomes and therefore feel justified in using whatever means necessary to achieve those ends (Kabanoff 1991), including bluffing (Crott, Kayser, and Lamm 1980). Therefore, our fourth proposition (P4) is:

*Proposition Four:* The more a counterpart is convinced that he or she has few if any viable, immediate alternatives to a negotiated agreement, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

At the same time, researchers have found some support for the idea that the negotiator's alternatives influence a counterpart's behavior (Thompson 2009). Marc Buelens and Dirk Van Poucke (2004), for example, found that a counterpart's first offer was largely influenced by information about a negotiator's alternatives. In general, knowledge that a negotiator has viable alternatives might cause a counterpart to have second thoughts about using EANTs, as a negotiator could choose to pursue one of those alternatives if a counterpart is perceived to be less than forthright or honest. Therefore, our fifth proposition (P5) is:

*Proposition Five:* The more a counterpart is convinced that the negotiator has viable options, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

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### ***Risks to Short-Term Relational Interests***

The second type of short-term risk that a counterpart might evaluate prior to using EANTs is relationship-oriented risk. Such considerations include concern for one's relationship with the other party as well as concern for other individuals or institutions outside the immediate negotiating venue. The former can be understood through *social identity theory*, while the latter relates to *social network theory*.

Social identity theory suggests that one's sense of self is derived from perceived membership in various social groups. Individuals gain a sense of identity and self-esteem through their implicit and explicit affiliations (Williams 2001). These affiliations increase the interaction and trust between the parties (Yuki et al. 2005; Hargie et al. 2008), which in turn can reduce the likelihood of unethical behavior (Ojasalo 2008).

Robert Cialdini (1993), for example, has contended that negotiation generally (and persuasion specifically) is easier when the parties like each other and share things in common (e.g., nationalities, hobbies, interests). Individuals and organizations implicitly acknowledge the value of affiliation between individuals when they employ negotiating agents who belong to one or more of a counterpart's primary social groups (i.e., same culture, gender, age group, etc.) to exploit common social identities (Rubin and Sander 1988). In so doing, an in-group relationship is established by proxy, likely reducing the chances of the other party acting unethically. Thus, our sixth proposition (P6) is:

*Proposition Six:* The more a counterpart is convinced of his or her personal similarities to a negotiator, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

Beyond personal similarities, individuals also can exhibit strong affinities for institutions (clubs, teams, universities, parent organizations, etc.) which can affect their orientation and behavior. In a study of relationship marketing and consumer behavior, for example, Patrick Van Kenhove, Kristof De Wulf, and Sarah Steenhaut (2003) found that the stronger the affective commitment of consumers to a retail store, the less ethically ambiguous behavior the consumers employed. This finding is consistent with research on whistle-blowing, which has shown that an individual's identification with a larger social entity (e.g., the parent organization, a professional association) is likely to increase his or her ethical behavior (Taylor and Curtis 2010).

These findings suggest another approach that could neutralize a counterpart's tendencies to use EANTs. When a counterpart is induced to associate with an organization that she perceives as honorable or respectable, she will be less likely to employ ethically ambiguous tactics. Therefore, negotiators sometimes assist their counterparts to view themselves as

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members of a larger social system with a positive reputation. In his inaugural address, U.S. President John Kennedy challenged the American people to think in terms of a national allegiance through his "Ask not what your country can do for you" speech, which was a way of moving the electorate's mindset from self-interest to broader, collective goals or aspirations. Robert Cialdini (1993) argues, as a principle of persuasion, that pointing to the desired behaviors exhibited by an individual's peer or aspirant social group can influence the target individual's decision making and behavior. In theory, this principle (which he calls "social proof") extends to formal organizations (e.g., parent companies, trade associations) as well. With this organization in mind, an individual might be less likely to employ ethically ambiguous tactics.

Most individuals and organizations have associations and affinities with broader social entities. For example, lawyers might view memberships in their law firms and the bar association as important to their self identities (White 2004). Referencing the evolving moral leadership and social contributions of these organizations (Jack and Jack 1989), therefore, could affect a legal negotiator's subsequent behavior. Thus, our seventh proposition (P7) is:

*Proposition Seven:* The more a counterpart is convinced to identify with an ethical organization, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

Social network theory suggests that individuals often consider the implications of their actions (including the ethicality of their behavior) on their social networks. The greater the number and relational importance of the people who might learn about an individual's use of EANTs, the greater the likelihood that the individual will consider the impact of such behavior on his/her reputation (Brass, Butterfield, and Skaggs 1998). Thus, negotiations between individuals within an organization could produce considerable social anxiety because of the number and importance of individuals who could learn the specifics of an encounter.

In a survey-based study, Roger Volkema and Maria Tereza Fleury (2002) asked individuals to rate their likelihood of using ethically ambiguous negotiation tactics under unspecified conditions and then again under conditions of stress, challenge, and opportunity. Under the condition in which colleagues could learn the details of the negotiation, participants indicated that they would be significantly less likely than under unspecified conditions to exaggerate an opening demand, misrepresent facts, and encourage others to defect to their side.

Social network theory, of course, is not restricted to one's immediate organization and colleagues. A well-known theory called "six degrees of separation" contends that everyone in the world is connected to everyone

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else by, on average, a chain of six acquaintances. The theory is provocative, because the number of degrees of separation will be even fewer in select environments (Faber 2001). Indeed, the emergence of digitized social networks (Facebook, LinkedIn) increases the potential for an individual to either broadcast or target his/her dissatisfaction with a negotiating counterpart's behavior (Watts 2003; Logsdon and Patterson 2009). Therefore, our eighth proposition (P8) is that:

*Proposition Eight:* The more a counterpart is convinced that a negotiator is connected to the counterpart's social network, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

### ***Risks to Long-Term Interests***

The third category of risk that a counterpart might consider is risks to long-term goals. An example of such risk is illustrated by the endgame phenomenon, which has been reported in game theory experiments (Axelrod 1984; Lount et al. 2008). When individuals think that they are about to play the last round of a cooperative-competitive game, their behaviors sometimes change. Individuals who have shown a tendency to cooperate with their counterparts sometimes switch to a competitive behavior, believing that there will be no opportunity for retaliation. On the other hand, continuation play generally produces higher levels of trust and trustworthiness (Di Cagno and Sciubba 2010). Thus, when a counterpart perceives that a negotiation will continue (i.e., there might be future encounters and negotiation opportunities), he/she would presumably be less willing to use EANTs as part of an endgame strategy.

Approaching task completion often causes individuals to lose perceived affiliation with another party and shifts their focus to other tasks/goals and the individuals who are key to their achievement (Fitzsimons and Fishbach 2010). For this reason, negotiators will sometimes coax counterparts into expanding the parameters of their tasks or goals, as a way of extending focus and trust. For example, a fast-food company might refocus a franchisee's attention from increasing local sales to how the franchisee can expand its operations in other locations.

Previous research has demonstrated the salience of future business opportunities with respect to the use of EANTs. Volkema and Fleury (2002) asked participants to rate their likelihood of using ethically ambiguous negotiation tactics under unspecified conditions and then again under the condition of potential future business opportunities with a counterpart. When future business was possible, the participants indicated that they would be significantly less likely to exaggerate an opening demand, misrepresent facts, feign friendship for information, and encourage others to defect to their side. A study by Charles Patton and Sundar Balakrishnan (2010) suggests that the prospect of future negotiation interaction can



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produce expectations for a friendlier negotiation, as well as promote the use of a problem-solving bargaining style.

Graebner's (2009) study of acquisitions made by entrepreneurial firms revealed that buyers often structured the terms of an initial agreement in order to limit their liabilities and encourage their counterparts to satisfactorily complete the agreement. For example, rather than signing a large-volume contract, an organization might commit to a limited or conditional agreement, with the option to extend/expand the terms upon satisfactory completion of the initial transaction. In essence, this amounts to transforming a counterpart's focus from short-term to long-term goals. Thus, our ninth proposition (P9) is:

*Proposition Nine:* The more a counterpart is convinced that there are long-term business opportunities between the parties, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

Some ethically ambiguous behaviors not only violate social norms and customs but have negative legal consequences. Thus, an individual who engages in such behavior also runs the risk of being penalized in some way (fined, sued, dismissed, his or her license revoked) (Gurley, Wood, and Nijhawan 2007). Of course, if the sanctions are not enforced, it might suggest that the violations are not considered serious or unethical (Smith, Simpson, and Huang 2007). In the case of the securities rating agencies mentioned previously, there were no such penalties and, consequently, the agencies were not deterred from giving their highest (AAA) rating to securities packages of questionable value.

Nonetheless, codifying behavioral expectations, along with the consequence of violating those expectations, can influence an individual's actions. Given the impact of the organizational context on individuals' ethical behavior, including ethical climate, attitudes of peers, and the role of leaders' ethical behavior in the organization (Trevino, Weaver, and Reynolds 2006), many organizations have created corporate codes of ethics to dissuade employees from committing unethical acts (Zarkada-Fraser and Fraser 2001), and various professions (including the legal profession) have rules or guidelines regarding professional conduct that stipulate disciplinary actions (White 2004). In addition, most countries have provincial, federal, and international laws to discourage some kinds of unethical negotiation behavior, with these laws carrying criminal as well as civil penalties. Fraud, for example, which occurs when there is an intentional misstatement of a material fact that is relied upon by another party to his or her detriment, generally carries criminal penalties, although laws can vary considerably within as well as between countries (Shell 2004).

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Few studies have investigated how the law impacts ethicality in negotiations (Shell 1991), although it is widely accepted as an influential variable on ethical decision making (Bommer et al. 1987). The time and money typically demanded by legal proceedings is well documented (Menkel-Meadow, Love, and Schneider 2006), so even a favorable legal decision can come at substantial costs. Among those costs are lost opportunities for achieving one's long-term goals, as resources are diverted toward legal proceedings. Therefore, our tenth proposition (P10) is:

*Proposition Ten:* The more a counterpart is convinced that engaging in questionable or unethical behavior has serious legal implications, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

### ***Risks to Long-Term Relational Interests***

The final category of risk to using EANTs is the loss of the long-term relational support that a negotiator can provide to a counterpart. This future support can take the form of friendship (empathy, sympathy, affirmation, encouragement) and can be provided either directly or through social networks.

A powerful source of future support is established friendships, which negotiating counterparts may not want to risk losing. In a study of teams of friends versus teams of strangers, Erika Peterson and Leigh Thompson (1997) found that teams of friends were more concerned about maintaining their relationships than were teams of strangers, recognizing the social benefits that this can provide beyond the immediate task. A connection between friendship and reluctance to use EANTs also was suggested in a study by Orly Ben-Yoav and Dean Pruitt (1984), which found that individuals often will employ less aggressive, self-serving behavior with friends than with individuals they do not know. Likewise, Schweitzer and Croson (1999) reported negotiators were less likely to deceive a friend than a stranger. It might, in fact, be easier to lie to a stranger than a friend because strangers would be less in tune with the nonverbal and verbal cues of one's deception and would be less likely to have the future contact that could result in a deception being revealed through contradictory statements (Anderson, Ansfield, and DePaulo 1999).

Some individuals, of course, have a stronger need for relational support than do other individuals. Joy Schneer and Michael Chanin (1987), for example, found individuals with a strong need for affiliation to also have a strong preference for using the accommodating approach in managing conflicts (i.e., deferring their substantive interests for the sake of the relationship), while having an aversion to using a competing approach. The stronger a counterpart's need for affiliation, the less he/she will want to risk future relational support. Therefore, our eleventh proposition (P11) is:

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*Proposition Eleven:* The more a counterpart is convinced that a negotiator can provide future affiliative support, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

Negotiators also can assist their counterparts over the long term through a larger network of social acquaintances and business contacts. That is, a counterpart can derive affiliative benefits through the network of friends and associates that the negotiator maintains. Julie Hite (2005) argues, for example, that ties that are relationally embedded (i.e., based on established personal relationships) rather than market-based have a greater likelihood of producing economic opportunities. For foreign market entry, individual social networks can be an important factor in awareness of foreign market opportunities (Ellis 2000).

Social network theory provides a more detailed framework for understanding how these opportunities might be evaluated by a counterpart. According to Sze-Sze Wong and Wai Fong Boh (2010), a negotiator can have the most impact on a counterpart's reputation if that negotiator's network is heterogeneous (i.e., varied), nonoverlapping (i.e., lacking first-hand experience with a counterpart), and dense (i.e., interconnected, so that replication and recall of a negotiator's positive reports are more likely). Research by Gwendolyn Lee (2007) tends to support the importance of heterogeneity, adding that repeated interactions with direct contacts can increase network efficacy.

For counterparts who are aware of the intricacies of social networking, a negotiator's references to friends and associates who are in positions to provide professional or social support to a counterpart is likely to increase his perceptions of future network opportunities. The suggestion of personal invitations to social events and private clubs can create a similar effect. If these opportunities are enticing to the counterpart, he is less likely to risk alienating a negotiator through the use of EANTs. Thus, our twelfth proposition (P12) is:

*Proposition Twelve:* The more a counterpart is convinced that a negotiator can assist the counterpart in gaining future entry into valued social and business networks, the less likely the counterpart will be to employ ethically ambiguous negotiation tactics.

## Discussion

Negotiation is an ubiquitous process that can be essential to one's personal well-being and professional success. As an interpersonal process, it requires the cooperation of one or more counterparts to achieve the negotiator's goals/objectives. While some individuals will follow a principled approach in pursuit of those ends, others will employ ethically ambiguous negotiation tactics on a consistent or opportunistic basis (Kidder 2005). Indeed, negotiators have been found to use EANTs that are both acts of omission,

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such as withholding information (Schweitzer and Croson 1999; Aquino and Becker 2005), and acts of commission, such as misrepresenting information (O'Connor and Carnevale 1997; Aquino and Becker 2005). Furthermore, it is not uncommon for deception to occur at the very beginning of a negotiation (Boles, Croson, and Murnighan 2000; Volkema, Fleck, and Hofmeister 2011), with both experienced negotiators and novices engaging in questionable or unethical behavior (Murnighan et al. 1999).

Unfortunately, it is difficult to identify someone who is likely to employ EANTs based simply on that person's individual characteristics (e.g., locus of control, ethical ideology, moral emotions). Select techniques, such as various forms of questioning, can be useful, but even these provide no guarantee of detecting deception (Schweitzer and Croson 1999; Adler 2007). Past behaviors (i.e., reputation, as in the case of the scorpion) might be among the best indicators of what to expect from a prospective counterpart, although many negotiators are honest and well-intentioned until certain conditions present themselves (Volkema and Fleury 2002; Malshe, Al-Khatib, and Sailors 2010).

If a negotiation counterpart has a reputation for employing EANTs, avoidance is sometimes seen as the best option (Lewicki, Barry, and Saunders 2009; Thompson 2009). In some situations, however, avoidance can be difficult, such as negotiating with a sole supplier or when too much has been invested in the process to abort the negotiation. Under circumstances in which a negotiator feels she must proceed, she will typically consider several options, including openly confronting the counterpart about his behavior at the earliest indication (Adler 2007). If the counterpart is in a position of power or leverage, however, this carries inherent risks. For example, some counterparts will recognize their advantage and respond aggressively, anticipating that the accuser will back down. Furthermore, once threatened for one and then both parties, trust will remain fragile and difficult to restore, particularly when subsequent indiscretions are suspected (Schweitzer, Hershey, and Bradlow 2006).

Given the limits of confrontation, some negotiators will take a preventive approach, choosing to try to neutralize a counterpart's temptations before they materialize. Recognizing that individuals often weigh the risk of potential losses (i.e., the substantive and relational costs) that an action might produce (Tversky and Kahneman 1981; Steel and Konig 2006), we have presented a risk-based, two-by-two framework for identifying and understanding twelve neutralizing approaches, each offered in the form of a proposition.

These twelve neutralizing approaches suggest many follow-up questions. These include:

- the frequency and predictability of their use;
- the timing and format of their use;

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- their general effectiveness (as a function of timing and format); and
  - their ethicality.

In terms of frequency and predictability, for example, which approaches are used most frequently, either alone or in combination? Can use be predicted by demographic factors (e.g., age, gender, culture), personality variables (e.g., risk propensity, self-efficacy, locus of control, Machiavellianism), or situational factors (e.g., the style or reputation of a counterpart)? As we noted previously, the negotiators of some regions of the world are predominantly task-focused (e.g., North America, North-western Europe), while in other regions (South America, East Asia) they are more relationship-focused. Does this focus influence preferences for certain types of neutralizing approaches? At the same time, the reputation or style of a counterpart (e.g., a counterpart known to have strong affiliative needs) could influence which neutralizing approaches a negotiator employs.

As with many negotiation tactics or behaviors, when and how a negotiator employs a particular neutralizing approach can have an impact on its effectiveness. Although some approaches are bound by the process (for example, pointing to progress in the negotiation, Proposition Two, could not be employed at the beginning of a negotiation), other approaches can be used throughout a negotiation (for example, Proposition Seven, convincing a counterpart to personally identify with a respected organization). Is a neutralizing approach more effective at the very beginning of a negotiation — or, at the very least, before a counterpart has an opportunity to employ an EANT — or is it more effective after a counterpart has employed a questionable or unethical tactic? As a related question, what happens when a neutralizing approach fails, particularly at the outset of a negotiation? Does this signal that the counterpart is more ruthless (a scorpion)? How do users typically respond to a failed approach?

It is likely that how a neutralizing approach is executed also will influence its efficacy, as communications can vary broadly from direct or explicit to indirect or implicit (Daniels 1967). An attempt to neutralize a counterpart's likelihood of using EANTs by convincing the counterpart that there are serious legal implications to engaging in questionable or unethical behavior (Proposition Ten), for example, could easily backfire if the negotiator's direct approach is taken as a threat. Consequently, a more indirect/implicit approach might be more effective, as might employing a third party to convey the message (Rubin and Sander 1988). Future researchers will need to recognize and control this dimension of communication, which has implications for generalizing findings.

While moderating variables, such as the style of communication, are likely to influence the effectiveness of the neutralizing approaches presented, the communication medium can also affect the negotiation process generally and the parties' ethicality specifically. Negotiating via media with

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low-to-moderate information richness, such as electronic mail, could affect both the quantity and quality of EANTs considered (Logsdon and Patterson 2009). Additional moderating variables that are likely to be influential and which could be the focus of future research include the relationship between the parties (e.g., supervisor-subordinate, client-agent, buyer-seller), their relative resource dependency, and various situational factors (e.g., venue, time constraints). Future studies might also differentiate between the use of neutralizing approaches when negotiating with chronic users of EANTs (i.e., scorpions, if you will) versus situational users and when negotiators involve only the principal parties versus one or more representatives and agents.

Finally, the ways in which individuals employ neutralizing approaches raise additional questions regarding long-term effects, as well as ethicality. For example, Proposition Four suggests that a counterpart who believes that he or she has few if any viable, immediate alternatives will be less likely to employ EANTs. But what if a negotiator is aware of a viable alternative for the counterpart, an alternative that the counterpart does not know about? Is such an act of deception likely to have long-term implications if, for example, the counterpart discovers the alternative? Likewise, does alluding to long-term business opportunities (Proposition Eight) or future affiliative support (Proposition Eleven) that a negotiator has no intention of providing ultimately lead to loss of future business dealings with this individual (and others, due to reputational effects) when a counterpart perceives a lack of follow-through? Are particular neutralizing approaches most effective when combined with the sharing of valid (inside) information? These questions might also be studied.

In some quarters it could be argued that these neutralizing approaches represent the use of EANTs to discourage the use of EANTs. If so, is this justified? Gregory Dees and Peter Cramton (1991: 144) have argued that it is "unfair to require an individual to take a significant risk or incur a significant cost out of respect for the interests or moral rights of others, if that individual has no reasonable grounds for trusting that the relevant others will (or would) take the same risk or make the same sacrifice." (They call this the Mutual Trust Principle.) It would seem that this principle supports the use of these neutralizing approaches when there is reasonable cause (e.g., a counterpart's reputation, conditions ripe for producing EANTs) and if the negotiator's intentions were to neutralize a counterpart in order to advance a joint agreement versus to gain an advantage in a negotiation.

Whether some of these approaches are ethically more preferable than others remains to be determined. Just as Roy Lewicki and his colleagues (Lewicki 1983; Lewicki and Robinson 1998; Robinson, Lewicki, and Donahue 2000) found that some tactics were considered less appropriate than other tactics, it might be possible to identify an order of acceptability



for these neutralizing approaches. Would the use of such approaches for strategic advantage be considered more unethical than the tactics that they are supposed to inhibit, or would it matter who acted first (a frog becoming a prince, in the Machiavellian sense)? And how does one counter the inappropriate use of such approaches? These questions will be important to address within the context of assessing the twelve propositions.

In conclusion, research indicates that ethically ambiguous negotiation tactics are commonly used. It may be that, beyond frogs and scorpions, a sizable group of individuals are situationally motivated to employ EANTs. Of the various means for managing a counterpart's use of EANTs, this paper introduced a two-by-two matrix for categorizing and evaluating twelve neutralizing approaches that anecdotal and empirical evidence suggest are used by negotiators. While many questions remain to be answered, it is our hope that the relative efficacy and ethicality of these neutralizing approaches will be better understood through this framework and future study.

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