

# Ethics in Negotiation

Compiled by Dr. Renu Girotra

- Ethics are broadly applied social standards for what is right or wrong in a particular situation, or a process for setting those standards.
- They differ from morals, which are individual and personal beliefs about what is right and wrong.
- Ethics grow out of particular philosophies, which purport to
  - (1) define the nature of the world in which we live and
  - (2) prescribe rules for living together.

- **Frameworks that capture competing ethical standards**

- Choose a course of action on the basis of results I expect to achieve (e.g., greatest return on investment). ***End-result ethics***
- Choose a course of action on the basis of my duty to uphold appropriate rules and principles (e.g., the law or regulations in my industry). ***Duty ethics***
- Choose a course of action on the basis of the norms, values, and strategy of my organization or community (e.g., the usual way we do things at this firm). ***Social contract ethics***
- Choose a course of action on the basis of my personal convictions (e.g., what my conscience tells me to do) ***Personalistic ethics***

(the approach to ethical reasoning affects the kind of ethical judgment made)

# Four approaches to Ethical Reasoning

Ethical System	Definition	Major Proponent	Central Tenets	Major Concerns
End-result ethics	Rightness of an action is determined by considering consequences.	Jeremy Bentham (1748–1832) John Stuart Mill (1806–1873)	<ul style="list-style-type: none"> <li>• One must consider all likely consequences.</li> <li>• Actions are more right if they promote more happiness, more wrong as they produce unhappiness.</li> <li>• Happiness is defined as presence of pleasure and absence of pain.</li> <li>• Promotion of happiness is generally the ultimate aim.</li> <li>• Collective happiness of all concerned is the goal.</li> </ul>	<ul style="list-style-type: none"> <li>• How does one define happiness, pleasure, or utility?</li> <li>• How does one measure happiness, pleasure, or utility?</li> <li>• How does one trade off between short-term vs. long-term happiness?</li> <li>• If actions create happiness for 90% of the world and misery for the other 10%, are they still ethical?</li> </ul>
Duty ethics	Rightness of an action is determined by considering obligations to apply universal standards and principles.	Immanuel Kant (1724–1804)	<ul style="list-style-type: none"> <li>• Human conduct should be guided by primary moral principles, or “oughts.”</li> <li>• Individuals should stand on their principles and restrain themselves by rules.</li> <li>• The ultimate good is a life of virtue (acting on principles) rather than pleasure.</li> <li>• We should not adjust moral law to fit our actions, but adjust our actions to fit moral law.</li> </ul>	<ul style="list-style-type: none"> <li>• By what authority do we accept particular rules or the “goodness” of those rules?</li> <li>• What rule do we follow when rules conflict?</li> <li>• How do we adapt general rules to fit specific situations?</li> <li>• How do rules change as circumstances change?</li> <li>• What happens when good rules produce bad consequences?</li> <li>• Are there rules without any exceptions?</li> </ul>
Social contract ethics	Rightness of an action is determined by the customs and norms of a community.	Jean-Jacques Rousseau (1712–1778)	<ul style="list-style-type: none"> <li>• People must function in a social, community context to survive.</li> <li>• Communities become “moral bodies” for determining ground rules.</li> <li>• Duty and obligation bind the community and the individual to each other.</li> <li>• What is best for the common good determines the ultimate standard.</li> <li>• Laws are important, but morality determines the laws and standards for right and wrong.</li> </ul>	<ul style="list-style-type: none"> <li>• How do we determine the general will?</li> <li>• What is meant by the “common good”?</li> <li>• What do we do with independent thinkers who challenge the morality of the existing social order (e.g., Jefferson, Gandhi, Martin Luther King)?</li> <li>• Can a state be corrupt and its people still be “moral” (e.g., Nazi Germany)?</li> </ul>
Personalistic ethics	Rightness of an action is determined by one’s conscience.	J.Martin Buber (1878–1965)	<ul style="list-style-type: none"> <li>• Locus of truth is found in human existence.</li> <li>• Conscience within each person calls them to fulfill their humanness and to decide between right and wrong.</li> <li>• Personal decision rules are the ultimate standards.</li> <li>• Pursuing a noble goal by ignoble means leads to an ignoble end.</li> <li>• There are no absolute formulas for living.</li> <li>• One should follow one’s group but also stick up for what one individually believes.</li> </ul>	<ul style="list-style-type: none"> <li>• How could we justify ethics other than by saying, “it felt like the right thing to do”?</li> <li>• How could we achieve a collective definition of what is ethical if individuals disagreed?</li> <li>• How could we achieve cohesiveness and consensus in a team that only fosters personal perspectives?</li> <li>• How could an organization assure some uniformity in ethics?</li> </ul>

Source: Derived from William Hitt, *Ethics and Leadership: Putting Theory into Practice* (Columbus, OH: Battelle Press, 1990).

## Ethically Ambiguous Tactics

- Most of the ethical issues that arise in negotiation are concerned with standards of truth telling—how honest, candid, and disclosing a negotiator should be. (*Most negotiators would probably place a high value on a reputation for being truthful. Yet what does being truthful mean*)

**“Is Business Bluffing Ethical?”**

# Some Categories of Marginally Ethical Negotiating Tactics

Category	Example
Traditional competitive bargaining	Not disclosing your walkaway; making an inflated opening offer
Emotional manipulation	Faking anger, fear, disappointment; faking elation, satisfaction
Misrepresentation	Distorting information or negotiation events in describing them to others
Misrepresentation to opponent's networks	Corrupting your opponent's reputation with his or her peers
Inappropriate information gathering	Bribery, infiltration, spying, etc.
Bluffing	Insincere threats or promises

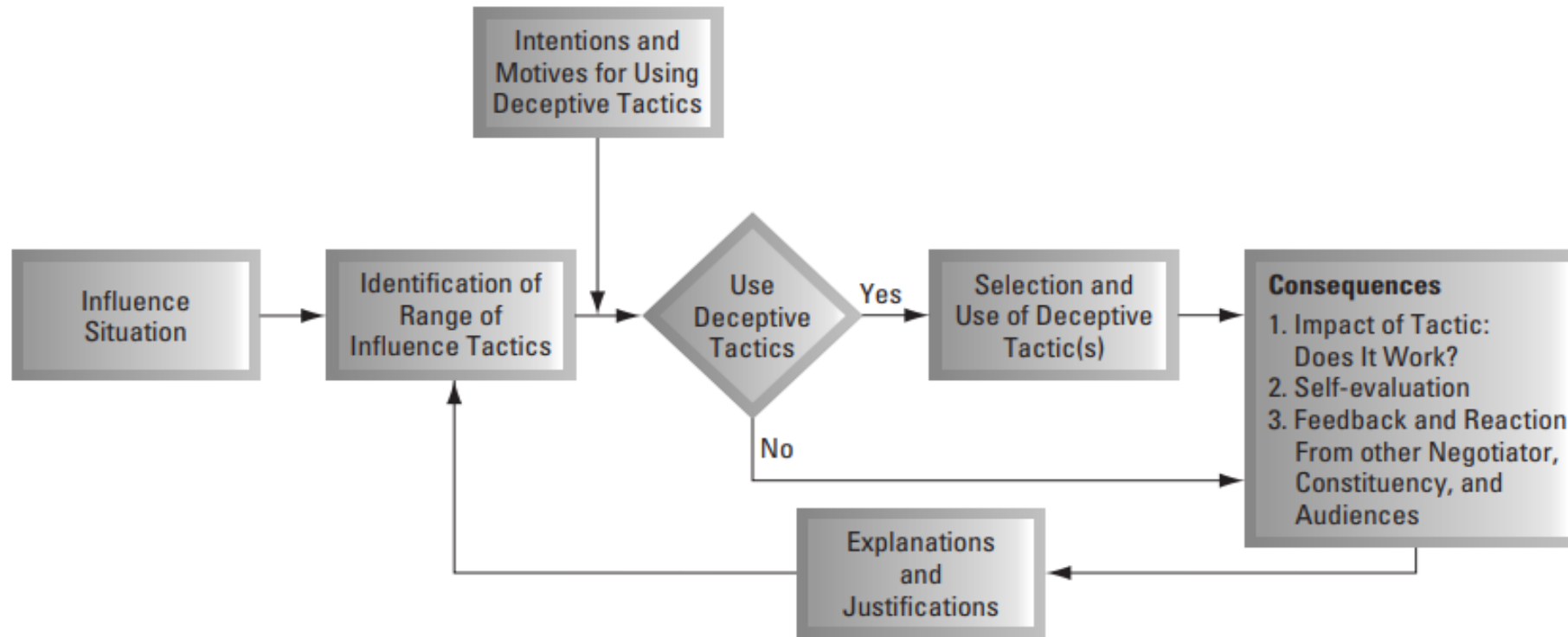
Sources: Adapted from Robert J. Robinson, Roy J. Lewicki, and Eileen M. Donahue, "Extending and Testing a Five-Factor Model of Ethical and Unethical Bargaining Tactics: The SINS Scale," *Journal of Organizational Behavior* 21 (2000), pp. 649–64; and Ingrid S. Fulmer, Bruce Barry, and D. Adam Long, "Lying and Smiling: Informational and Emotional Deception in Negotiation," *Journal of Business Ethics* 88 (2009), pp. 691–709.

**Is It All Right to Use Ethically Ambiguous Tactics?**

## Deception by Omission versus Commission:

Negotiators often use two forms of deception in misrepresenting the common-value issue: misrepresentation by omission (failing to disclose information that would benefit the other) and misrepresentation by commission (actually lying about the common-value issue)

*A model that helps explain how a negotiator decides whether to employ no/ one or more deceptive tactics:*





- beyond ethics, the matter of legal obligations to be truthful.  
Deception in negotiation can rise to the level of legally actionable fraud

# Some Motives of using Deceptive Tactics

- The Power Motive
- Goal Pursuit/ Competitive Motivation
- Cultural dimension

# Some Consequences of Deceptive Tactics

- A negotiator who employs an unethical tactic will experience consequences that may be positive or negative, based on three aspects of the situation:
    - whether the tactic is effective
    - Reactions of others: how the other person, his or her constituencies, and audiences evaluate the tactic
    - Self-reflection/ Self-Reaction: how the negotiator evaluates the tactic
- \* On being noticed of deception, negotiators give justifications to explain themselves. Refer to 'Explanations and Justifications' sections of the chapter in T1

# Ways to deal with deceptive tactics:

- Ask Probing Questions
- Phrase Questions in Different Ways
- Force the Other Party to Lie or Back Off
- Test the Other Party
- “Call” the Tactic
- Ignore the Tactic
- Discuss What You See and Offer to Help the Other Party Shift to More Honest Behaviors
- Respond in Kind

\* Refer to ‘Detecting Deception’ sections of the chapter in T1.

# References

- Negotiation by Roy J Lewicki, Bruce Barry & David M Saunders , 6th edition
- Conflict Management: A practical guide to developing Negotiation Strategies by Budjac Corvette, Barbara A , first edition

THANK YOU