

## MANAGEMENT AND ENTREPRENEURSHIP

### Ignatian Mentoring Program Project: Ethics and Negotiation

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#### **Introduction:**

“Negotiation is an interpersonal decision-making process necessary whenever we cannot achieve our objectives single-handedly. Negotiations include one-on-one business meetings, but also multiparty, multicompany, and multinational relationships. Whether simple or complex, negotiations boil down to people, communication, and influence” (Thompson, 2012, p. 2). Negotiation is omnipresent in the daily lives of all individuals. Representing one’s organization and negotiating relations with another organization, attempting to garner internal firm resources for increased task performance, negotiating compensation packages throughout one’s career, settling disagreements with college roommates, and determining who will complete household chores with one’s significant other all represent instances in which negotiation and conflict management skills are vital to one’s success in achieving what he or she desires.

For the majority of individuals, the nature of negotiation often results in a fixed-pie perception, which is the belief that the other party has needs and wants that are in direct opposition to one’s own needs and wants (Fisher & Ury, 1981). When individuals are competitive in nature, in an attempt to persuade, deceive, or trick the other party, they may resort to questionable tactics when negotiating, including nondisclosure, deception, and lies (Reitz, Wall, & Love, 1998). However, even when not typically competitive in nature, many people lie in what one could view as an act of self-defense. Indeed, Gino and Pierce (2009) found that the primary reason for lying in negotiation was an emotional response to the perception that the other party might be lying, and that one must lie to restore fairness.

As a result, the use of questionable tactics is pervasive, both in business-related negotiation and conflict management, as well as in our personal lives. In an effort to address the inescapable nature of ethical dilemmas present in negotiation with others, I sought to incorporate content into course lessons that align with many Jesuit values. As described further below, course content addressed Xavier’s values of reflection, cura personalis, and magis.

#### **Course Information (MGMT 312: Negotiation and Conflict Management):**

Negotiation and Conflict Management is a newly developed course for the spring 2018 semester. The overarching goal of this course is to offer a practical framework for understanding individual and group conflicts as they operate in organizations, and to develop skills for managing and navigating these conflicts. This course creates an opportunity for self-analysis, participation, and skill development around competencies that are highly prized in the modern workplace. Other key objectives include:

- Students are able to demonstrate an understanding of the information that is needed to analyze a conflict and its context, are able to collect relevant information, and assess the conflict and potential remedies (e.g., negotiation) with that information.
- Students are able to apply strategic and tactical tools and theories that enable them to plan appropriately for a business negotiation.
- Students are able to identify the challenges in executing plans to remedy a conflict (e.g., negotiation).
- Students are able to recognize ethical considerations related to conflict remedy options and make a recommendation.
- Students are able to demonstrate an understanding of the human social dynamics that result in conflict.
- Students are able to demonstrate the applicability of this knowledge by using it to better anticipate, comprehend, and influence the thinking and behavior of others as conditioned by organizational structure and policy.
- Students are able to demonstrate a more reflective posture about one's own aptitudes, aspirations, and interactions.

### **Course Content Related to Jesuit Values:**

In an effort to both better inform myself, as well as better incorporate Jesuit values into the negotiation and conflict management course, I referred to the Xavier University Center for Mission and Identity website. After consuming several resources available on the website, I found that three of Xavier's values, as listed on the website, could directly be incorporated into the course.

**Reflection.** Students participate in a role-playing negotiation activity every class period. Each of these negotiations attempts to address different aspects of negotiation and the greater forces that can affect each contextual situation. The negotiations address contexts ranging from as minor as purchasing a sugar bowl or settling conflict with a roommate, to as major as multi-party real estate acquisition and long-term union versus management compensations settlements.

After every negotiation activity the results of every group are posted, experiences are discussed, and learning points are explained. Students then are required to reflect upon their own actions within the negotiation activity, what went well and what can be improved upon, and how considering the bigger picture of the simulated context might inform what they hope to change and address moving forward into the next negotiation activity. These reflections are accumulated into part of each student's individual portfolio, which builds throughout the semester and provides each student with a source to reference in the future.

**Cura personalis.** Throughout the course there are several instances where I focus on the importance of recognizing the other party in the negotiation as a person with unique beliefs, emotions, needs, and wants. This is critical in negotiation, as often individuals view the context as “me against them,” and neglect to consider the importance of the person. At the beginning of the semester students complete the Thomas-Kilmann Conflict Mode Instrument (TKI). This analysis provides students with insight regarding how they handle conflict, and provides them scores in five categories (i.e., competing, collaborating, compromising, avoiding, accommodating). A focus is to help those who score very highly on competitive become aware that they might want to spend extra times asking questions of the other party and attempting to build a relationship. This helps them to recognize the uniqueness and importance of that person.

Also, throughout the semester an emphasis is made to highlight the results of each negotiation activity. Despite pairs of students receiving identical roles, the results always vary greatly. Displaying this to students and discussing how each person is unique, with unique experiences, differing subjective valuations of identical issues, and differing comfort levels regarding the use of negotiation tactics demonstrates the variance that exists within people. The emphasis is to focus and prepare for the person you are meeting, as establishing a relationship with that person, and recognizing the ability to create your negotiation protocol as a pair (or more) is important.

**Magis.** The universal good is a very important aspect of negotiation. Hofstede’s (1984) cultural dimensions analysis reveals that the United States is the most individualistic country in the world and, relatedly, that business dealings in the United States culture rarely focus on the societal good or care for others. An emphasis was made throughout the class to look at the bigger picture when planning for a participating in a negotiation.

One particular point of emphasis aligns with what celebrated negotiations expert William Ury describes as the Third Side (2000). Ury describes the Third Side as “a way of looking at the conflicts around us not just from one side or the other but from the larger perspective of the surrounding community. You can have natural sympathies for one side or the other and still choose to take the Third Side” (2018). In class I showed a TEDTalk with Ury as he described the importance of acknowledging the Third Side and frequently commented on the importance of this mindset when negotiating. Doing so allows negotiators to recognize that they can work together, develop trust and strong relationships, and consider not just one’s own needs and the needs of the other party — which often results in conflict — but also in the strength of the Third Side.

### **Ethics-Based Negotiation Activity:**

The lecture during the eleventh week of the course focused on maintaining ethical behavior while effectively utilizing logic-based and emotion-based power. Emphasis was placed on considering potential variance in contextual and cultural norms. For example, although considered the norm in the United States, attempting to “win” or gain a large amount of resources in a negotiation with a firm from a long-term oriented national culture (e.g., Japan) could be perceived as unethical. This part of the lecture discussed the importance of considering the bigger cultural realities when strategizing for a negotiation. Further, a great deal of time was

dedicated to why lying — both passive and active misrepresentation — is unethical in negotiation and can lead to damages to both the other party and oneself.

The activity section of the eleventh week of the course was The Bullard Houses negotiation (Tan et al., 1995). The negotiation is focused upon the purchase of a piece of property, with one party acting as an agent for the buyer (a hotel development firm) and the other party acting as an agent for the seller (a group of wealthy family members who jointly own their ancestral home). The buyer representative is explicitly directed that he or she cannot reveal who they represent or the plans for the property after purchase (i.e., turn the property into a high-rise hotel). The seller representative is explicitly told that he or she cannot sell the property if they cannot confirm what will be done with the property, and they must verify that it will not be used for commercial use. Both parties are provided with alternatives (i.e., BATNAs) should the current negotiation fail. There are several other minor details, but both principal parties are far less concerned with the financial aspects of the deal than with their top priorities, as described above. As a result, unless the buyer representative lies about the usage of the property or the seller representative fails to honor the direct requests of the family, there should be no agreement.

The purpose of this lesson is to first lecture and discuss with the class the importance of ethical behavior in negotiation, and to then provide an opportunity to roleplay a negotiation in which ethical limits are tested. The Bullard Houses activity is loosely based upon a real-life negotiation, and discussion of the actual repercussions of unethical behavior (e.g., lawsuits and tarnished reputation) are presented and discussed. It offers an opportunity to challenge what students say about ethics with how they act when placed in an ethical dilemma.

### **Activity Logistics, Results, and Student Reflection:**

Students were provided with their roles and all background information three days prior to the negotiation. The roles are provided early to offer students the time necessary to properly prepare for the negotiation. The students were placed in twelve pairs (i.e., one seller representative and one buyer representative) to perform the activity. Pairs were given sheets to record the results of the negotiation. The results sheet provided an opportunity to state whether an agreement was reached or not, and to provide relevant details. Individual negotiations lasted between 17 and 36 minutes. Results were compiled and discussed in class.

Ten of twelve pairs came to an agreement. The two pairs that did not come to an agreement cited the fact that the buyer representative would not reveal what would be done with the property, and the seller representatives, as a result, noted that they were not permitted to come to an agreement. Of the ten agreements, two seller representatives noted that they neglected the direct requests of the family and wanted to get as much money as possible in the agreement. Seven of the ten agreements were the result of active misrepresentation by the buyer representative. Lies primarily involved telling the seller representative that the property would remain residential. One of the agreements was due to confusion and a misunderstanding of activity details on part of the seller representative.

Students were asked to complete a brief survey after the negotiation. They were permitted a few days to consider responses to three questions. Below are the questions and selected associated responses.

(1) Briefly, please describe what it means to do business the “Jesuit” way?

- *Conducting business in the "Jesuit" way, refers to a constant presence of ethics, leadership, social justice, and service to others. Most specifically, I would say a strong presence on being morally and ethically minded is one of the main principles. This type of business is difficult to achieve, because in a world of half-truths, the Jesuit ideal is to always make the just decision. Sometimes it is more difficult to make the ethical decision because there is substantial temptation and greed in this world. For example, history can prove so many companies that did not behave with Jesuit ideals: Enron, Wells-Fargo, Worldcom, Tyco, etc.*
- *As a Jesuit, you are supposed to live life "for and with others". This idea should be reflected in business as well. Doing business the "Jesuit" way includes conducting yourself to not only better yourself but also other people you interact with in every aspect of your professional life.*
- *My understanding, from what I have learned in a wide range of courses that consists of philosophy, theology, and different business classes, business in the Jesuit way is a of thinking that if you do the right things then things will be okay. Not everything will go as planned, but if you are true to yourself that is what brings happiness. Building relationships is very important, and when we look in the business world, it is bonds between people that can make all the difference.*
- *I think that doing business the “Jesuit” way is rooted in creating the greatest good for the greatest amount of people. Xavier's mission is to serve society by forming students intellectually, morally and spiritually, with rigor and compassion, towards lives of solidarity, service and success. I think this speaks to the fact that there are many components that play a role in doing business the “Jesuit” way, and so I believe that it is important to keep all of these pieces at the forefront of your mind when you are doing any type of business.*

(2) Do you believe courses within the Williams College of Business address ethics? Please briefly explain.

- *I think WCB does a sufficient job of teaching ethics. Assuming those that attend this University already have a decent moral compass, it is nice review!*
- *I believe the Williams College of Business does a good job addressing ethics. For many of my upper level finance courses, we have devoted several classes and even weeks talking about carrying out business ethically and how there can be challenges associated with that. Specifically, ethically investing is something repeatedly discussed in the classroom.*

- *Sometimes. A lot of business courses lose site of the importance of ethics and purpose. Professors would much rather talk about stocks and profit.*
- *I do think the classes I have taken address ethics in a great way. The thing that really helps are the examples of real life stories that so many professors have shared.*
- *I do believe that (Williams) tells us the importance of ethics. However, I do not think it puts us in situations to learn an ethical way. A case study or question presented to the class with a chance to think about a decision could be an easy way to see the class' stance on an ethical topic. I believe that with this live negotiation simulation where there was an ethical element present was huge and put the "buyer" in an uncomfortable position and that is what it is all about. If a student learns business ethics in college and gets exposed to the uncomfortableness then, they will have a higher chance of making an ethical decision later.*

(3) Briefly discuss if ethics education has affected the way you view and approach ethical dilemmas? If applicable, as it pertains to conducting business (both real and via class simulations)?

- *Ethics education has affected the way I approach ethical dilemmas because it has changed how I view money-making opportunities. Even if there is a clear chance to make a profit in a certain scenario, I now reflect on whether there are any ethical violations. Particularly, for the Capital Fund I had a long discussion with several classmates on whether or not there was an ethical issue investing the school's money in a big tobacco company. We identified a profitable opportunity but took time to discuss ethics associated with the company.*
- *Ethics in education makes you aware of situations that might not be ethical and to stop and question it, rather than just go along with what's been taking place. In general, I think that I view things similar to previously, but now entering the working world, I think that I am more aware of that type of behavior and better equipped to deal with it if I were to witness that going on in work environment.*
- *It is difficult to answer this question because I feel that coming into Xavier, I already had a decent understanding of ethics. I can say however, as I have matured and become more exposed to the education provided by Xavier, I am definitely more ethical with my actual decisions vs. thoughts alone. In my opinion, one can be completely educated in ethics, but that may not stop them sacrificing said ethics for some other extrinsic motivation.*
- *I have always had an ethical way of thinking, but I do believe the addition of it in my courses was/is beneficial.*
- *I think there are some ways that an ethics education has affected the way that I view and approach ethical dilemmas. But, I don't necessarily think that Xavier's ethics education has had any impact. Because of my upbringing and growing up at a Christian school/in*

*church, I feel like I learned most of my information and knowledge on ethics through those two institutions. I think moral and ethical values are something that each person needs to learn on their own, because in the end everybody is going to live and operate by their own ethical values, and an individual's ethical values is not something that can be taught.*

- *I can't truly say whether or not ethics education has affected how I view and approach ethical dilemmas, because I don't know if the way I view the world is through my own personal growth as a human and connecting with others, through the classes I've received at Xavier, or (most likely) a mix of both. If a mix of both, where does one end and the other begin?*

*The last simulation related to the Bullard Houses really pushed the limit of ethics for real life scenarios. If I told the truth about what my client wanted, we wouldn't get the contract. I also thought in a side comment about bribing the mayor. Ethical? Probably not. Between society and classes I think I've learned how to properly spot what isn't ethical, but from then on it's up to me to decide what route I want to take regardless of education.*

### **Conclusion:**

Personally learning more about Jesuit values and purposefully incorporating these values and ethics-based concepts has undoubtedly improved the MGMT 312 course. However, despite greater incorporation of these principles, the results of the in-class ethics related activity revealed problems that continue to plague the business community. Most students lied or failed to honor the directions of their principals and, in doing so, violated ethical standards. A review of the survey responses and comments put forth in class demonstrate that although students considered what was right and wrong, they simply wanted to get the deal done.

A cognitive dissonance appears to exist, as the majority of students argued that they are ethical, and that upbringing has a large effect on how one will act. However, when asked why they had acted unethically in the negotiation activity, little explanation was offered. I concur with one student's response; that case studies and role-playing simulations should be incorporated with greater frequency into courses. Doing so may provide greater opportunity for students to act and reflect upon ethical dilemmas. This will increase knowledge of the importance of ethical behavior prior to entering the workforce, and hopefully lead to less ethics-related violations in the business community.

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