



Public Lecture

**The role of Ethics in Cross-Cultural
Negotiation**

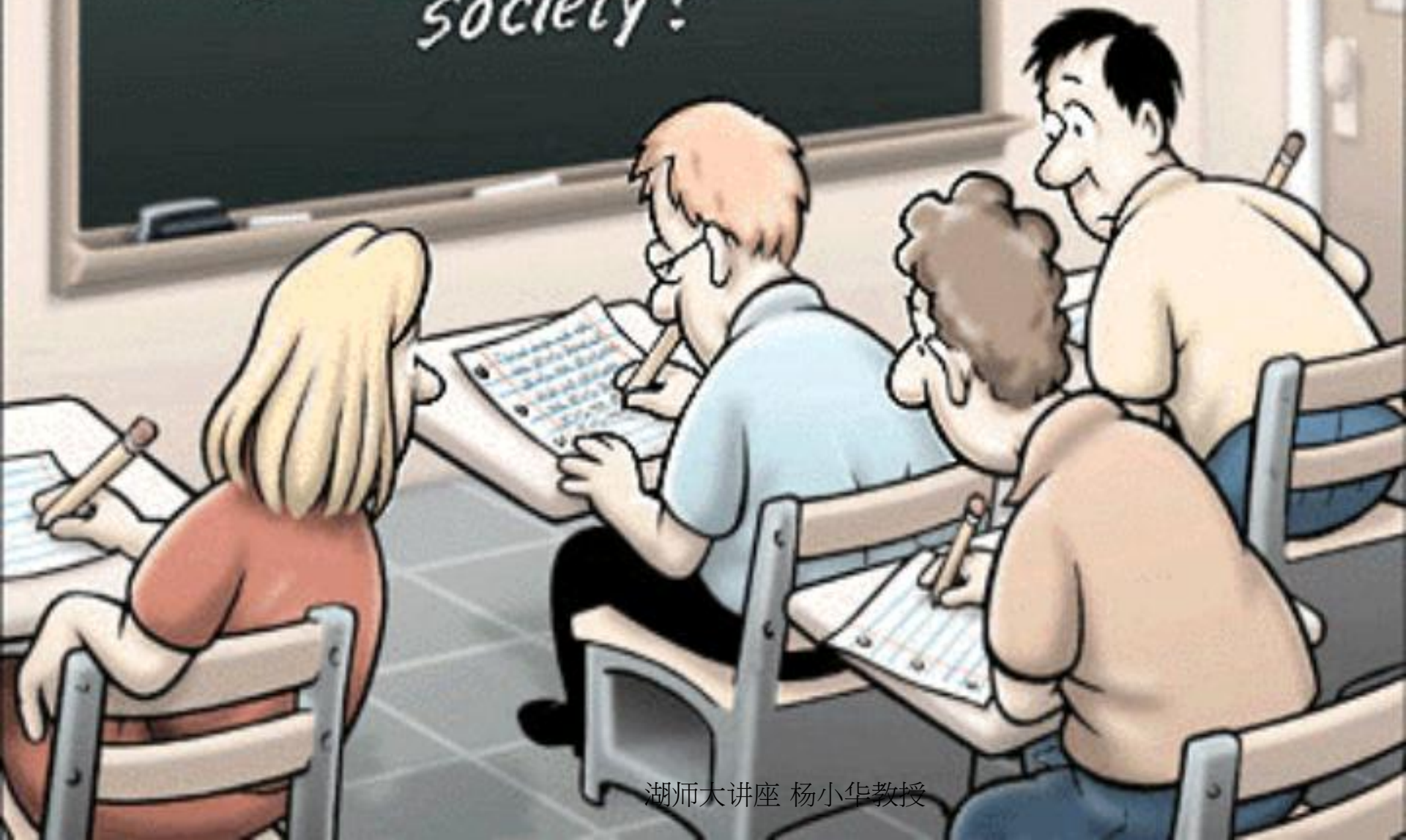
道德伦理与国际商务谈判

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湖南师范大学道德文化研究院415 会议室

How important are ethics in today's society?






Scenario: Relationships and Rules

You are riding in a car driven by a close friend. He hits a pedestrian. You know he was going at least 60 km per hour in an area of the city where the maximum allowed speed is 40 km per hour. There are no witnesses. His lawyer says that if you testify under oath that he was only driving 40 km per hour, it may save him from serious consequences.

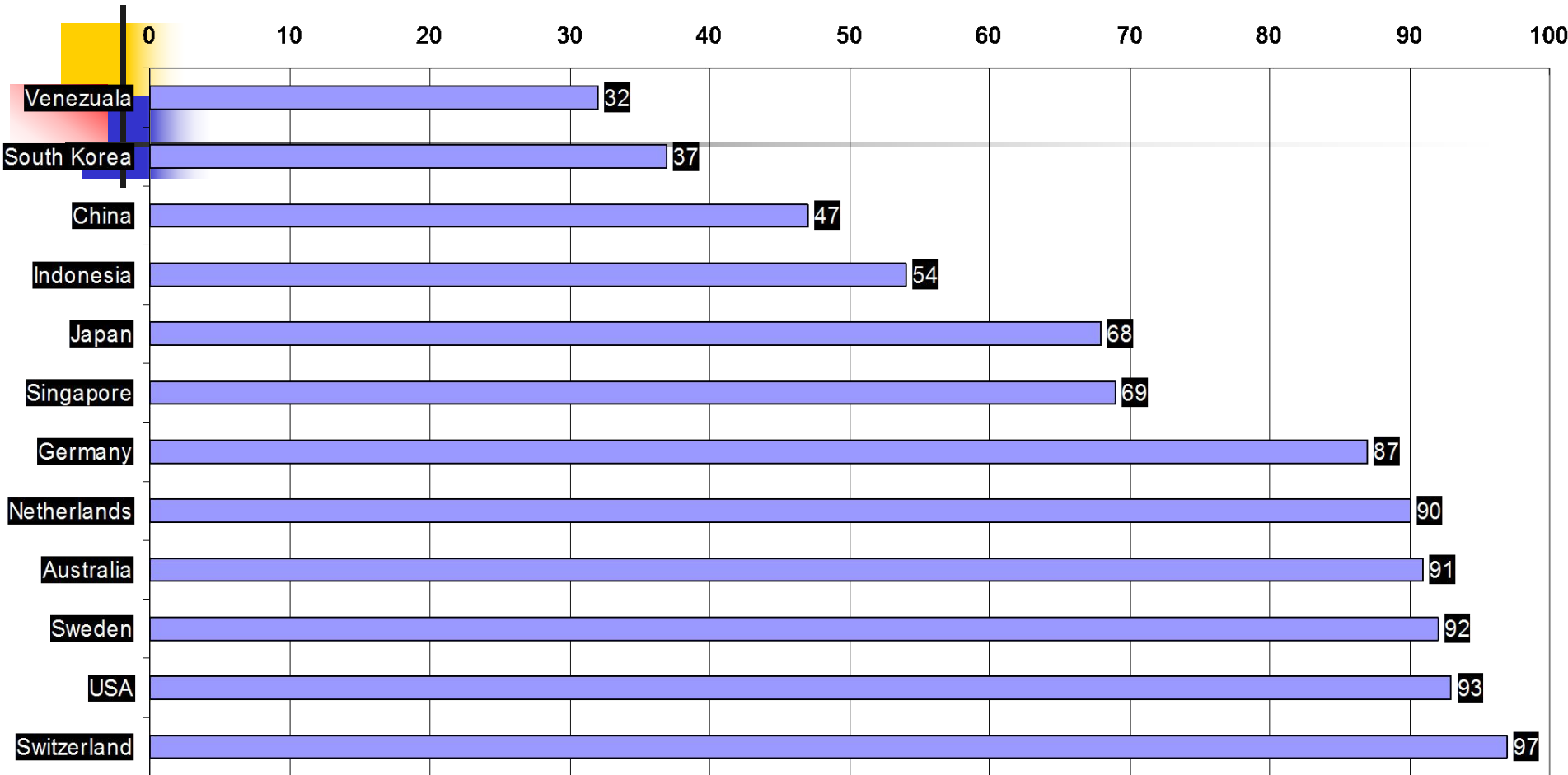
What right does your friend have to expect you to protect him?

- 
- A. My friend has a definite right as a friend to expect me to testify to the lower figure.
 - B. He has some right as a friend to expect me to testify to the lower figure.
 - C. He has no right as a friend to expect me to testify to the lower figure.

What do you think you would do in view of the obligations of a sworn witness and the obligation to your friend?

- D. Testify that he was going 40 km an hour
- E. Not testify that he was going 40 km an hour.

Percentage of Respondents answer C or B + E



Source: Trompenaars F., & Hampden-Turner C. (2002) "Riding the Waves of Culture, Understanding Cultural Diversity in Business"

湖师大讲座 杨小华教授



What Do We Mean by Ethics

Ethics:

- Are broadly applied social standards for what is right or wrong in a particular situation, or a process for setting those standards
- Grow out of particular philosophies which
 - Define the nature of the world in which we live
 - Prescribe rules for living together

Four Approaches to Ethical Reasoning

■ End-result ethics

- The rightness of an action is determined by evaluating its consequences

■ Duty ethics

- The rightness of an action is determined by one's obligation to adhere to consistent principles, laws and social standards that define what is right and wrong

■ Social contract ethics

- The rightness of an action is based on the customs and norms of a particular society or community

■ Personalistic ethics

- The rightness of the action is based on one's own conscience and moral standards

Approaches to Ethics in the international context

Three "middle-of-the-road" guiding principles

- Respect for human dignity and basic rights.
- Respect for local traditions (e.g., gift-giving)
- Respect for institutional contexts

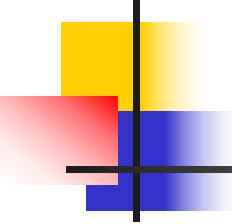
Ethical relativism

Ethical imperialism



The art of the deal: Is ethics in the picture? Interview with Prof. Falcao at INSEAD

- <http://www.youtube.com/watch?v=VbclRU400Zc>



Ethically Ambiguous Negotiation tactics (EANT)?

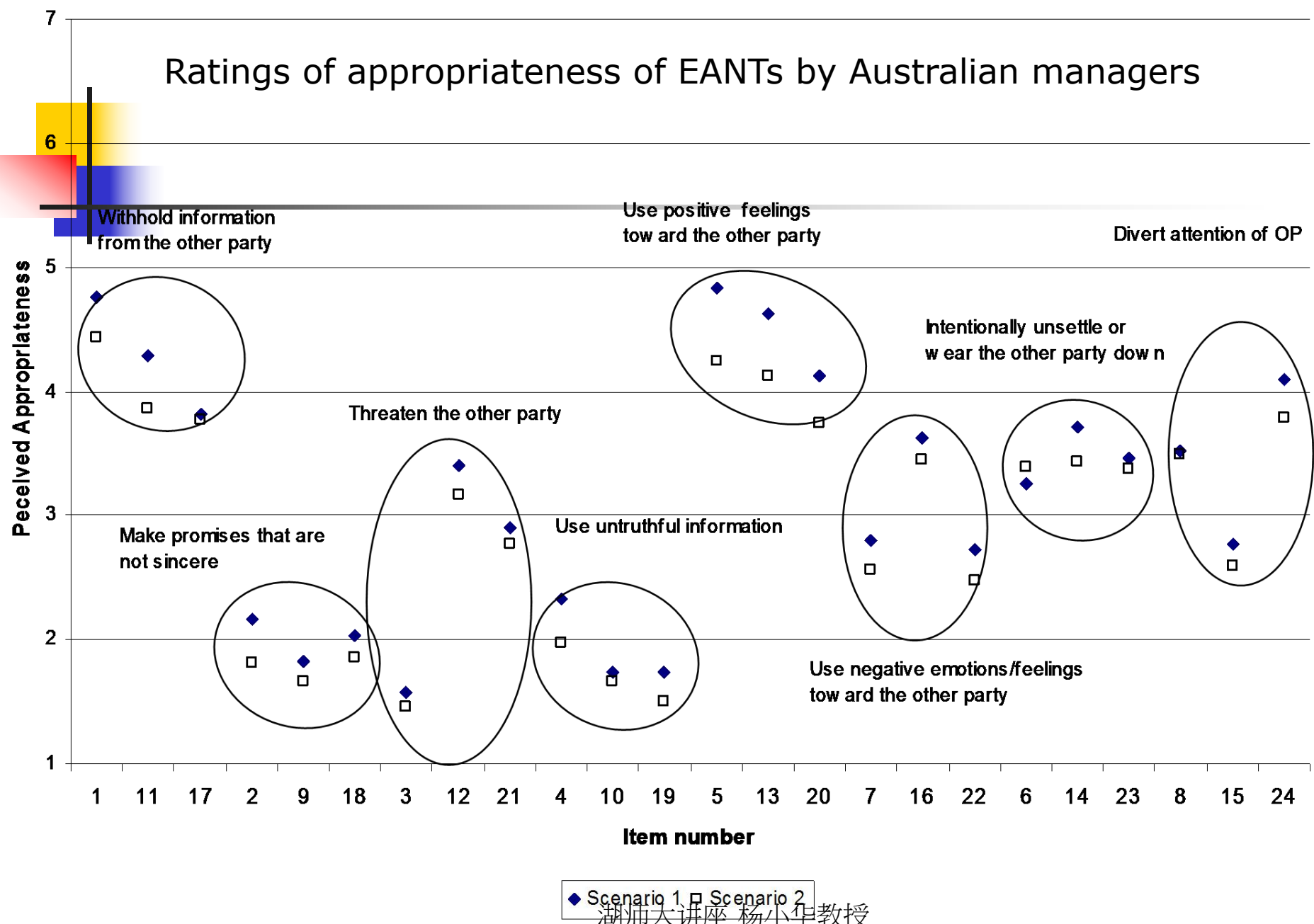
- What tactics are ethically ambiguous?
- Have you used any ethically ambiguous negotiation tactics



Types of EANT – are some more appropriate than others?

1. Withholding information from the other party
2. Making promises that are not sincere
3. Threatening the other party
4. Using untruthful information but not as a threat or promise
5. Using positive feelings towards the other party
6. Using negative emotions / feelings toward other party
7. Intentionally unsettling or wearing the other party down but not by threats or lying
8. Divert attention of the other party away from the current negotiation topic

Ratings of appropriateness of EANTs by Australian managers





Context is important in ethical decision making

Ethics are ‘the rules, standards, codes or principles which provide guidelines for the morally right behaviour and truthfulness *in specific situations*’ (Lewis, 1985)

Why Use EANTs?

Motives and Consequences

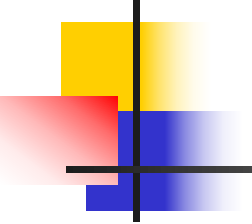


- The power motive
 - The purpose of using ethically ambiguous negotiating tactics is to increase the negotiator's power in the bargaining environment
- Other motives to behave unethically
 - Negotiators are more likely to see ethically ambiguous tactics as appropriate if they anticipate that the other's expected motivation would be more competitive
- Possible consequences
 - Loss of trust
 - Cause anger and anxiety
 - Breakdown of communication and negotiation



What influences our willingness to use EANTs?

- Ethical decision making is contextual.
- What did you think about when making a decision (in role)? How did it influence ethical decision making?
 - Reputation?
 - Organisational goals?
 - The law?
 - The company code of ethics?
 - Desire for self?
 - Own cultural values?
 - Own personal ethics – what is right and wrong?



What things do you take into consideration? --Exercise

You are lead negotiator for Company X and are engaged in developing a joint venture project with a company from overseas, company B.

You have just discovered that the lead negotiator for company B is someone you know and was a friend at school. However, you have lost touch over the years. Your classmate has a reputation of being a good negotiator. Your company wants the majority share of equity in the joint venture and you believe company B will not be happy with this.



Some Counter Tactics

1. Recognise the tactic
2. Tell the OP the tactic they have just used (don't be rude unless you want to be)
 - “Hmm – I see your company has decided to change negotiators to attempt to throw me off balance”.
3. Ignore it
4. Use the same tactic back – be careful of escalating an argument
5. Ask a question. What if? ... then...
6. Delay – time out.



Countering unethical tactics

Caveat – advice is for low-context Western negotiators

- Suggest that if you were in your counterpart's position you might be inclined to withhold information.
- Chink in the armour – “so if that fact isn't completely true, can you tell me if I have all the facts on Y, before we proceed any further?”
- Be ‘up front’ – I can't help but feel you are not being completely honest with me.
- Use silence (works on Western negotiators).
- Try to bring the negotiation to a higher plane “this game is beneath us both.” “Is this an act of desperation or exhaustion? It certainly isn't the way we normally deal with each other.”



BEWARE How You Use Tactics

- Be credible – think of the consequences
- Think through the likely impact of your tactic on the OP – it is **THEIR** perception of it, not your perception that is important
- Don't get lost in the moment – remember to think about your outcome goal.

What happens when there are differences in levels of ethicality in a negotiation?



NOT HAPPY NEGOTIATORS.....

Lewicki et al (2006) describe 'discomfort, personal stress or even guilt'.

The receiver is likely to be angry and embarrassed and 'most victims are likely to seek retaliation and revenge'

Studies indicate Australians feel they are 'appalled, unhappy, angry, being uneasy and frustrated'.



Ethics in Negotiation

- How did you manage the emotional aspect of the negotiation?
- What happens when one party does something that the other party thinks is 'unethical'?



Ethics in Negotiation

- Do the same rules apply in negotiation as in other communications? Why/why not?
- What tactics were used?
 - Apologies? Threats? Anger? How did you make them seem credible?
 - Was there any misrepresentation?
 - How did you misrepresent? What about? Was it convincing / what was the response of the OP?
 - Was it ethical to misrepresent? Why?
 - Did anyone manage to come up with a stronger relationship? How?

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A study of Australians say they are 'appalled, unhappy, angry, being uneasy and frustrated'.

Are these good feelings to elicit in a negotiation?



Summary:

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QUESTIONS?



The END





Types of Negotiation

- **DISTRIBUTIVE** = fixed-pie = competitive = win-lose
 - (One party gains, the other loses)
- **INTEGRATIVE** = cooperative = collaborative = Win-win (interest based; work together to find solutions that fill both parties' needs).