

Experiential Exercise

A Negotiation Role Play

This role play is designed to help you develop your negotiating skills. The class is to break into pairs. One person will play the role of Alex, the department supervisor. The other person will play C. J., Alex's boss. Both participants should read The Situation, The Negotiation, and then their role only.

Purpose

This role play is designed to help students develop their negotiating skills.

Time

Up to 1 hour.

Instructions

1. Break the class into pairs. Identify one person as Alex and one person as C.J.
 - One person will play the role of Alex, the department supervisor.
 - The other person will play C.J., Alex's boss.
 - It is easier to manage if all the student pairs sit facing the same way, so you can designate one side as C.J. and one side as Alex. It will help you keep students' roles straight during the discussion.
2. Have students read only their portion of the role play.
3. Students should take 15 minutes to think through the facts in this exercise and to prepare a strategy.
4. They then have up to 15 minutes to conduct negotiation.
5. When negotiation is complete, the class will compare the various strategies used and pair outcomes.

The Situation

Alex and C.J. work for Nike in Portland, Oregon. Alex supervises a research laboratory. C.J. is the manager of research and development. Alex and C.J. are former college runners who have worked for Nike for more than six years. C.J. has been Alex's boss for 2 years. One of Alex's employees has greatly impressed Alex. This employee is Lisa Roland. Lisa was hired 11 months ago. She is 24 years old and holds a master's degree in mechanical engineering. Her entry-level salary was \$47,500 a year. She was told by Alex that, in accordance with corporation policy, she would receive an initial performance evaluation at 6 months and a comprehensive review after 1 year. Based on her performance record, Lisa was told she could expect a salary adjustment at the time of the 1-year evaluation.

Alex's evaluation of Lisa after 6 months was very positive. Alex commented on the long hours Lisa was putting in, her cooperative spirit, the fact that others in the lab enjoyed working with her, and that she was making an immediate positive impact on the project she had been assigned. Now that Lisa's first anniversary is coming up, Alex has again reviewed Lisa's performance. Alex thinks Lisa may be the best new person the R&D group has ever hired. After only a year, Alex has ranked Lisa as the number-three performer in a department of 11.

Salaries in the department vary greatly. Alex, for instance, has a basic salary of \$76,000, plus eligibility for a bonus that might add another \$7,000 to \$12,000 a year. The salary range of the 11 department members is \$38,400 to \$66,350. The lowest salary is a recent hire with a bachelor's degree in physics. The two people that Alex has rated above Lisa earn base salaries of \$59,200 and \$66,350. They're both 27 years old and have been at Nike for three and four years, respectively. The median salary in Alex's department is \$54,960.

Alex's Role

You want to give Lisa a big raise. While she's young, she has proven to be an excellent addition to the department. You don't want to lose her. More importantly, she knows in general what other people in the department are earning and she thinks she is underpaid. The company typically gives 1-year raises of 5 percent, although 10 percent is not unusual, and 20 to 30 percent increases have been approved on occasion. You'd like to get Lisa as large an increase as C. J. will approve.

C.J.'s Role

All your supervisors typically try to squeeze you for as much money as they can for their people. You understand this because you did the same thing when you were a supervisor, but your boss wants to keep a lid on costs. He wants you to keep raises for recent hires generally in the 5-to 8-percent range. In fact, he has sent a memo to all managers and supervisors saying this. He also said that managers will be evaluated on their ability to maintain budgetary control. However, your boss is also concerned with equity and paying people what they're worth. You feel assured that he will support any salary recommendation you make, as long as it can be justified. Your goal, consistent with cost reduction, is to keep salary increases as low as possible.

The Negotiation

Alex has a meeting scheduled with C.J. to discuss Lisa's performance review and salary adjustment. Take a couple of minutes to think through the facts in this exercise and to prepare a strategy. Then you have up to 15 minutes to conduct your negotiation. When your negotiation is complete, the class will compare the various strategies used and pair outcomes.

Teaching Notes:

1. The process for running the exercise is self-explanatory.
2. Consider assigning some pairs a distributive strategy and some an integrative strategy. This will permit a comparison of results for discussion.
3. Consider your gender mix in the pairs, if you want to include a discussion of male/female negotiating strategies.
4. For the sake of time, this exercise can also be conducted as a "fish bowl" using only one pair of students and having the rest of the class observe.

Ethical Dilemma

Is It Ethical to Lie During Negotiations?

In Chapter 11, we addressed lying in the context of communication. Here we return to the topic of lying but specifically as it relates to negotiation. We think this issue is important because, for many people, there is no such thing as lying when it comes to negotiating.

It's been said that the whole notion of negotiation is built on ethical quicksand: To succeed, you must deceive. Is this true? Apparently, a lot of people think so. For instance, one study found that 28 percent of negotiators lied about at least one issue during negotiations, while another study found that 100 percent of negotiators either failed to reveal a problem or actively lied about it during negotiations if they were not directly asked about the issue. Why do you think these numbers are so high? The research on negotiation provides numerous examples of lying giving the negotiator a strategic advantage.

We can probably agree that bald-faced lies during negotiation are wrong. At least most ethicists would probably agree. The universal dilemma surrounds the little lies: The omissions, evasions, and concealments that are often necessary to best an opponent.

During negotiations, when is a lie a *lie*? Is exaggerating benefits, downplaying negatives, ignoring flaws, or saying "I don't know" when in reality you do considered lying? Is declaring "this is my final offer and nonnegotiable" (even when you're posturing) a lie? Is pretending to bend over backward to make meaningful concessions lying? Rather than being considered unethical, the use of these "lies" is considered by many as an indicator that a negotiator is strong, smart, and savvy.

Or consider the issue of colluding, as when two bidders agree not to bid against one another in a (concealed) effort to keep the bids down. In some cases, such collusion is illegal, but even when it isn't illegal, is it ethical?

1. When are deception, evasiveness, or collusion out of bounds?
Answer: When they cross the legal boundaries. The goal is to win-win at the end and retain an ongoing relationship in most instances.
2. Can such tactics be legal and still be unethical?
Answer: Yes, there are many situations where things are unethical but not illegal. The law cannot cover every instance, nor should it attempt to.
3. Is it naive to be completely honest and bare your soul during negotiations?
Answer: Yes, baring your soul or being naïve will probably not have a good result. You can be a good negotiator without being unethical or deceptive. Timing is important.
4. Are the rules of negotiations unique? Is any tactic that will improve your chance of winning acceptable?
Answer: Yes, negotiation is a skill that needs to be learned and honed. The rules

are somewhat unique but you need to negotiate with integrity. No, many tactics are not acceptable. The ground rules should be set upfront.

Source: Based on R. Cohen, “Bad Bidness,” *New York Times Magazine*, September 2, 2006, p. 22; M. E. Schweitzer, “Deception in Negotiations,” in S. J. Hoch and H. C. Kunreuther (eds.), *Wharton on Making Decisions* (New York: Wiley, 2001), pp. 187–200; and M. Diener, “Fair Enough,” *Entrepreneur*, January 2002, pp. 100–102.

Class Exercise

Lead a discussion, or break the students into groups to discuss the questions raised in the last paragraph of the dilemma. Ask them to apply these questions to various situations. Do they come up with different outcomes depending on the scenario? Why or why not?

Suggested Discussion

The issues raised in the Ethical Dilemma focus on negotiations and deceptive practices. To enhance the discussion, the instructor may wish to provide students with two models of negotiations—distributive and integrative. The former model assumes limited resources in fixed amounts and falls into the category of zero-sum activities (in order for one party to gain, the other must lose); the integrative approach is thoroughly discussed in the book *Getting To Yes*. Here the assumption is that negotiations are principled affairs that are based on establishing goals, not engaging in deceptive practices. Other areas for discussion should focus on relationships between the parties (and whether or not those relationships are on-going). One topic to explore could be using deceptive practices in negotiating with individuals with whom you have an on-going relationship. Ask students what may happen to issues of trust and cooperation.

Suggested Scenarios

1. Negotiate your salary and benefits package for a job you have just been offered with a new employer. The employer would like to know what you were compensated in your last job.
2. Negotiate with a vendor who will do extensive renovations of the company headquarters over the next year. You are on a very tight budget and if you come in under budget, you will be a “hero” and receive a promotion and bonus.
3. Negotiate a divorce. Your retirement and the savings for your children’s education are at stake. You suspect your to-be ex-spouse will fritter it away.
4. Negotiate the sale of your house. You are in deep debt and need to maximize the selling price to come out “unscathed.” You are moving into a very small apartment to save money once the sale is complete.