Helping You Is Helping Me: Improving Students' Ethical Behaviors in a Negotiation by Appealing to Ethical Egoism and the Reputation Effect

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Abstract

It can be a challenge to try to improve the ethical conduct of students enrolled in a negotiation course. Many students believe that the best outcome is to maximize value for themselves without regard for the interests of the other party. Unethical negotiation behaviors often result from a short-term perspective of the interaction and myopic focus on maximizing self-gain. This article suggests how instructors can improve ethical behaviors among student negotiators by enhancing their long-term perspective, appealing to students' ethical egoism and reinforcing the idea of the reputation effect.

The question of what constitutes ethical behavior often arises in a negotiation course. It is difficult, if not impossible, for the instructor to define clearly what constitutes ethical and unethical behaviors in negotiation conduct. In addition, the very term ''ethics'' may be understood differently depending on the philosophical viewpoints of the instructor and/or the students. This article focuses on how to improve ethical behaviors among students engaged in a negotiation. Lewicki, Saunders, and Barry (2006) make a distinction between what is ethical and what is prudent behavior in a negotiation. They define ethical as ''appropriate,'' determined by some standard of moral conduct and define prudent as ''wise,'' determined by the efficacy of the tactic and the consequences it may have on the relationship with the other negotiator. I propose that in order to improve ethical behaviors among student negotiators, the instructor should closely tie prudent and ethical behaviors through the concepts of ''ethical egoism'' and the ''reputation effect.''

Ethical Egoism and the Reputation Effect

Although there is disagreement over whether it is possible to change the ethical viewpoint of students after they enroll in college (Davis, 1994), I have found that students

can be trained in a negotiation class to engage in joint value-creating behaviors and to resist exploiting the other party. This is achieved by emphasizing the long-term value benefits students can gain by engaging in ethical behaviors. The term ''ethical egoism'' in this article refers to helping other people in order to help yourself (Rallapalli, Vitell, & Barnes, 1998). In a negotiation situation, one ought to treat the other party well and make sure the outcome is balanced because the process can have a positive impact on one's long-term self-interests such as future earnings and increasing clientele (see Lewicki et al., 2006, for a review). The reputation effect in this article refers to the impact that impressions of a person's past behaviors can have on the quality of their future interactions (Glick & Croson, 2001). In their examination of the reputation effect in negotiations, Tinsley, O'Connor, and Sullivan (2002) found that those who maintain trustworthiness and reliability in a negotiation will enjoy repeated interactions and maximized outcome potential.

The Relationship Between Ethical Behavior, Social Outcomes and Economic Outcomes

Much of the empirical negotiation literature has focused on negotiation outcomes as being the product of an economically motivated transaction by rational strangers engaged in a one-time encounter (for reviews, see Bazerman, Curhan, Moore, & Valley, 2000; Carnevale & Pruitt, 1992; Pruitt & Carnevale, 1993; Thompson, 1990). This focus on economics neglects the countervailing view that both economic and social outcomes need to be considered when evaluating negotiators' success (Thompson, 1990). Economic outcomes are generally thought to derive from the rational allocation of material resources. Social outcomes are based on the subjective social and cognitive perceptions held by negotiating parties following an encounter. Thompson argues that both outcomes are important to include in comparative analyses of performance and that each may influence the other.

Negotiators frequently have encounters that have both a history and future beyond the immediate interaction, and the social outcome has great implications for the subsequent behavior of the negotiator (Oliver, Balakrishnan, & Barry, 1994). Negotiations in the real world are iterative and occur among people who have histories (O'Connor, Arnold, & Burris, 2005). The perceived ethicality of the behaviors of a negotiator may impact not only the social outcomes of the negotiation but also the subsequent economic outcomes. In order to better understand the relational dynamics between ethical behavior, social outcomes, and economic outcomes, I will first discuss how unethical and ethical behaviors may influence social outcomes. Then I will examine the impact that social outcomes have on economic outcomes and how they may influence each other.

There seems to be a basic tension in negotiation between claiming and creating value, both important skills for negotiators to have (Lax & Sebenius, 1986). One consequences of this tension may be that negotiators disregard the other party and engage in unethical behaviors (Cohen, 2002). Reitz, Wall, and Love (1998) contend that unethical behaviors in negotiation have four major social outcome costs that are often overlooked: rigidity

in future negotiations, a damaged relationship with the other side, a sullied reputation, and lost opportunities for future interaction. Boles, Croson, and Murnighan (2000) also found evidence that negotiators who perceive the other side as having acted unethically are less likely to want a future interaction with the other party. Negotiators also view a counterpart who acts unethically as less trustworthy (Boles et al., 2000; McCornack & Levine, 1990) and are more likely to retaliate against the unethical party (Boles et al., 2000; Schweitzer, Brodt, & Croson, 2002; Schweitzer, DeChurch, & Gibson, 2005). Using unethical behaviors in a negotiation is also harmful to a negotiator's long-term reputation (Schweitzer et al., 2005).

In contrast, ethical behaviors do not seem to impact social outcomes as strongly as perceived unethical behaviors, but instead closely parallel some prudent negotiation behaviors that may have a positive effect on increasing joint value (Lewicki et al., 2006). For example, honest disclosure (against incentives to conceal) was found to increase the other party's willingness to share information and make concessions (Paese & Gilin, 2000). Negotiators, in response to honest disclosure, even in a distributive context, made less demanding offers and were more truthful about their own alternatives to settlement (Brodt, 1994). Feedback on ethical behavior can induce the negotiator to act more cooperatively when given positive-ethicality feedback and act more honestly when given negative-ethicality feedback allegedly solicited from the negotiation partner (Kim, Diekmann, & Tenbrunsel, 2003).

Cohen (2002) maintains that ethical behaviors in a negotiation need not be self-sacrificing and that such behavior can help prompt the other party's cooperation. Negotiators were found to be more receptive to reaching an agreement if they felt respected by the other side. Additionally, those negotiators who treated others ethically were seen as more effective by their peers. No evidence was found that treating the other party respectfully resulted in any disadvantage in a negotiation. This is similar to evidence and advice found in interactional justice literature (Bies & Moag, 1986). Negotiators are more satisfied with outcomes if they feel that they were treated fairly than unfairly in the process of reaching the agreement.

Curhan, Elfenbein, and Xu (2006) contend that social outcomes impact the economic outcomes of a negotiation and that social outcomes are a better predictor of future behaviors and intentions than economic outcomes. Their argument highlights the need for students to be aware of the long-term consequences of behavior and to understand that short-term ''wins'' may ultimately not really be wins at all if considered in light of the potential negative long-term impact on future business and earnings. Unfortunately, many business school students are myopic in their belief that any negotiation can be considered as a single event without any linkage effects. Negotiators often begin a negotiation by assuming a zero-sum game, i.e., one party's gain is the other party's loss (Lax & Sebenius, 1986). It can be argued that there is no such thing as a win–lose negotiation. If one side feels dissatisfied with the deal or interaction, then future negotiations will be negatively affected, leading to a lose–lose situation (Barry & Oliver, 1996). For the instructor trying to increase ethical behaviors in negotiation, it is a challenge to help students realize that their own long-term interests lie in making sure the other party is also satisfied. Appealing to students' ethical egoism and reinforcing the reputa-

tion effect can help students understand that they could ultimately "lose" value even if they are on the "win" side of the "win–lose" negotiation.

Loss of trust is one social consequence of unethical behavior that damages negotiators' ability to obtain good economic outcomes. Several studies have shown that without trust, negotiators are unlikely to engage in problem-solving behaviors which help bring about mutually beneficial solutions (Butler, 1999; Kimmel, Pruitt, Magenau, Konar-Goldband, & Carnevale, 1980; Pruitt, 1981). There seems to be a strong relationship between trust and the sharing of information. More information leads to a good outcome and less information leads to a poor outcome (Butler, 1999; Olekalns & Smith, 2005). Trust and satisfaction with the outcome are also instrumental for continuing sales relationships (Crosby, Evans, & Cowles, 1990). Gray (1989) suggests that postnegotiation trust issues can undermine the implementation of the terms of an agreement. The affective response associated with the satisfaction or dissatisfaction of an outcome can influence compliance with the terms of the deal (Oliver et al., 1994).

A second social outcome, reputation, is the impression (positive or negative) that the negotiator leaves behind after the encounter (Lewicki et al., 2006). The negotiators' ethics can greatly affect their reputation (Ferris, Blas, Douglas, Kolodinsky, & Treadway, 2005) which in turn can impact both joint and individual value gained in a negotiation (Tinsley et al., 2002). For example, fair treatment is likely to result in a good reputation, while unfair treatment is likely to lead to a poor reputation that impacts the utility of the negotiated outcome (Lewicki et al., 2006). Research in e-commerce has shown how critical a reputation can be for current and future business (Zacharia, Moukas, & Maes, 2000). These authors define online reputation as "the amount of trust inspired by a particular person in a specific setting or domain of interest. . . . It is regarded as asset creation and it is evaluated according to its expected economic returns." Online seller pricing strategies can be altered according to the risk implied by the reputation values of their counterparts. If negotiators feel that the other has acted fairly in the past, they will be more likely to trust the other party, increasing the opportunity for maximizing joint outcomes (Brockner & Siegel, 1996). The term "competitive altruism" has been used to describe competition amongst similar parties to be seen as more generous, with the goal of building a positive reputation that leads to preferred interaction partner status, thus increasing their long-term benefits (Hardy & Van Vugt, 2006).

Both loss of trust and reputation worsen negotiating relationships. This is especially problematic in ongoing negotiations, where past interactions do impact future negotiation behavior (O'Connor et al., 2005). People locked in an impasse on a prior negotiation are more likely to reach an impasse in their next negotiation or to attain deals of low joint value. If the strength of the negotiators' relationship is poor, then economic outcomes can also be negatively affected (Greenhalgh & Chapman, 1998; Valley, Neale, & Mannix, 1995). A willingness to negotiate in the future with the other side is a critical factor in ongoing relationships such as with a buyer-supplier (Eliashberg, La Tour, Rangaswamy, & Stern, 1986; Roering, Slusher, & Schooler, 1975) and in e-commerce exchanges (Zacharia et al., 2000).

Strategies for Negotiation Instructors to Help Improve Students' Ethical Behaviors

The negotiation instructor can use several strategies to help students think about their ethical behavior in a negotiation and the resulting implications on their long-term business success. The different strategies are organized as follows: (a) self-reflection based negotiation exercises, (b) partner-reactive feedback exercises, and (c) social cognition discussion strategies. An underlying message for all of these strategies is the effect of reputation and concern for the other party's satisfaction on the negotiator's long-term success in business.

Self-Reflection Based Negotiation Exercises

The exercise "Bullard Houses"[1] (Karp et al., 2006) is helpful in persuading students to reflect on the ethicality of their behavior in a negotiation. The exercise is designed such that unless one party lies to the other or the other party does not look out for his or her client's interests, there should be no agreement. The best deal is no deal. A key lesson of this exercise is that intentionally deceiving the other side will result in damage to one's reputation[2] not only affecting implementation of the immediate outcome but also the ability to continue to do business within their industry. In addition, if negotiators accept a deal for their client that disregards their client's interests, they have committed an ethical violation.

Students who normally see themselves as ethical may feel disturbed at how easy it was for them to lie to the other side. The exercise helps stimulate a discussion of what constitutes a lie in a negotiation. Students will often disagree over whether misleading, misrepresentation or lying by omission can be defined as a lie and whether the consequences should be the same independent of the form that deception takes. Richard Shell's (1991) article "When Is It Legal to Lie in Negotiations?" provides a strong basis for discussion of what is legal versus what is ethical in a negotiation. Appealing to those students who feel they were lied to during the exercise will generate a strong discussion of the importance of perceptions in defining lying behavior.

Participation in "Bullard Houses" or any other ethics-based exercises may not necessarily lead participants to act more ethically in their future interactions, but it can give them a framework for understanding and avoiding ethical traps. For example, discussion can focus on strategies for detecting and managing deception. Drawing on research by DePaulo, DePaulo, Tang, and Swaim (1989) provides the basis for examining how to detect deception. Similarly, Schweitzer and Croson (1999) provide a solid foundation

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[1]All negotiation exercises are available at The Dispute Resolution Research Center, Kellogg Graduate School of Management, Northwestern University.

[2]Acting as agents in this negotiation, some students believe the reputation effect does not apply to them because they are just a representative carrying out orders. Students need to be reminded that they still garner a reputation for the actions they choose to take and by the associations they choose to keep (including a disreputable client).

for discussing the kinds of questions that can curtail deception in a negotiation and other approaches for contending with deception. Students can increase their understanding of deception through discussion of how lying impacts on the person who tells the lie (Festinger & Carlsmith, 1959; Taylor & Brown, 1988), including the threat to the integrity of the individual and the reputation of the firm (Becker, 1998; Locke & Woiceshyn, 1995). Discussion can also focus on the rationalizations a person may use to justify lying and how these rationalizations may impact the lessons learned from such ethics-based exercises (Aquino & Becker, 2005; Robinson & Kraatz, 1998; Sykes & Matza, 1957).

Another self-reflective exercise in ethics, "Where's Alvin? A Case of Lost Ethics" (Calonico, Inchausti, & Schroth, 2006), is a negotiation involving an ethical dilemma between a manager and an employee who is also a close friend. The employee has stolen company property. The situation is exacerbated because the manager had not obtained a background security check on the friend, thus violating corporate hiring procedures. The exercise illustrates how to manage ethical problems when personal stakes are high, how ethics and power play a role in determining a problem's outcome, and the importance of considering a relationship's future before taking final action. Unlike "Bullard Houses", the negotiators *must* come to an agreement and either party may choose to act deceptively. In addition, the negotiators' perceptions of power can tempt them to use unethical behaviors to resolve the conflict. Students are asked to explore the boundaries of their own ethical behavior and analyze how their decisions might be influenced by the ethical or unethical behaviors of others. In addition, an often raised question is whether it is ethically acceptable to lie or deceive the other party in order to reach an agreeable resolution to the case (means–end ethic). Unique to this ethics-based exercise is the potential for outbursts of anger and other emotional displays. Emotions and their impact on the decision to act ethically or unethically may also be explored. Similar to the "Bullard Houses" exercise, many of the key lessons on ethical behavior in "Where's Alvin?" come from self-reflection upon debriefing the exercise. Many of the same questions regarding ethical behaviors used for the "Bullard Houses" debriefing may be used with this exercise as well.

The "Newport Girl Doll Company" (Schroth et al., 2006), although a reflective-based exercise, also focuses on corporate social responsibility and provides an excellent basis for discussion of how short-term, but ill-gotten, gains may impact long-term success of both the individual negotiator and the company. The exercise is a cross-functional team negotiation that involves several department heads coming up with a strategic plan for next year's doll product line. Several ethical dilemmas face the team as well as a few of the individual decision makers in this exercise. One ethical dilemma posed in the exercise is whether to use an ingredient for the plastic material that is potentially harmful to infants, but is much cheaper than the alternative. Another ethical dilemma is whether to promote the doll as made in the U.S.A., although a large percentage of the product is actually made in China. One member of the team must also decide whether to disclose that he or she benefits from promoting the licensing of a particular celebrity for the doll line. The instructor may also decide to introduce "news briefs" to one or more department heads (different briefs for different departments). The briefs contain new

information that could influence the decision of the team. It is up to those receiving the "news brief" to decide whether to disclose the contents that run counter to their personal interests in the negotiation. Finally, a key ethical decision must be made whether to produce a "promiscuously" dressed line of dolls to compete with their main competitor's "Bratz" dolls which are supposedly designed for "tweens," but typically marketed to girls age 6 and up.

This exercise is particularly useful in discussing how decisions made for short-term gains, ignoring ethical issues, may lead to long-term losses as a result of bad press and negative customer reaction. Corporate social responsibility is a concern today for many organizations which view a positive reputation as an asset to attract and retain exceptional personnel and grow their customer base (Reichheld, 2001). The instructor can have students compare their experiences in the exercise with similar situations that companies face in real life, especially focusing on the underlying ethical dilemma of meeting the immediate financial pressures to "make the quarterly projections" versus the possibility of the product or process causing harm to others. The instructor can ask if there are ethical concerns with using inexpensive foreign labor (especially with a country that has a poor track record for human rights) or allowing products to be produced in a factory that constantly violates safety standards (e.g., lead or cleanliness), and how this may impact the company's reputation and long-term success. It is also helpful to discuss how companies can build a positive reputation. For example, Toyota has built a strong, positive reputation for customer satisfaction and safety which was greatly enhanced when the company launched a costly recall of its Lexus brand, giving VIP service to all customers (e.g., on site fixes), despite immediate losses and embarrassment to the automobile manufacturer (being the first year of the model). Toyota continues to retain and attract loyal customers who continue to buy the product.

The discovery of new information that may change the course of the team's decisions, but conflicts with the negotiator's self-interest, also serves as a good point of discussion. Questions regarding whether and when to disclose the new information add further depth to the discussion. Similar to the other self-reflective exercises, debriefing can revolve around the following topics: what is ethical versus what is not, and does it matter, what questions negotiators can ask to protect themselves from deceit, what information is acceptable to conceal (Is a negotiator ethically obliged to reveal information that could harm his or her self-interests?), and how may peer pressure have influenced the ethical boundaries of the team members.

Counterpart-Reactive Feedback-Based Exercises

The "FG&T Tower" exercise (Goldberg, Galvin, & Brett, 2006) involves "shadow" negotiations (prenegotiations that occur behind the scenes) before an important multi-party meeting where decisions must be made by majority vote. It is useful to teach students of negotiation the importance of shadow negotiating because it is a common occurrence in business and can be fraught with unethical behaviors. The Kolb and Williams (2001) article, "Breakthrough bargaining," offers a good summary of the importance of shadow negotiating. The article introduces the "strategic levers" (power moves, process moves

and appreciative moves) that a negotiator needs to consider for negotiating behind the scenes. These strategic moves can "help to get stalled negotiations out of the dark of unspoken power plays and into the light of true dialogue."

When negotiating outside of class (behind the scenes) in the "FG& T Tower" exercise, students often focus on their own self-interests and lie to the other parties to persuade them to vote in favor of their own issues at the meeting that will take place during the class period. The outcome of the voting subsequently leaves many students feeling "backstabbed" because of outright lying and/or by the making of misleading statements of intent. This exercise leads to a valuable discussion of the consequences of short-term gain on the impact of the future relationship between the "company members" and emphasizes the importance of the reputation effect, especially as a stigma for the students who behaved deceptively.

The key lessons from this exercise are derived mainly from the team's self-debriefing where they give each other feedback regarding the strategies and tactics that they felt were effective and ineffective in influencing the different team members and outcome of the vote. The debriefing also focuses on the consequences of the students' actions for their future relationships. Those who felt "duped" vow never again to trust or work with the accused party. Students accused of the deceptive behavior may justify their behaviors or deny wrongdoing, further increasing tensions. The typical feedback from peers reinforces the idea that, although negotiators are interested in achieving maximum gains for themselves, they must consider the ramifications of their actions on others, especially in this case their colleagues. To dupe or lie to the other party ultimately will not serve their own interests, especially given that they have to continue to work with them and there is a realistic threat of retaliation or revenge (Tripp & Bies, 1997). The "FG&T Tower" exercise can also help students to reflect critically on how they feel when they have been accused of deceptive behavior or are the victim of deceptive behavior. In addition, this exercise can foster discussion regarding how to identify behaviors that negotiators may exhibit when they are not being fully truthful, how to ask questions to uncover deception, how a reputation can be built quickly and impact subsequent negotiations, the danger of overly focusing on self-interests to the detriment of working relationships, the effects of rationalizing selfish behaviors, and the role of emotions in the satisfaction of negotiated outcomes and future interactions.

An additional ethics lesson may be of value immediately after debriefing the "FG&T Tower" exercise. The instructor may give students a distributive exercise in which there is only one issue to negotiate and the parties will not expect to work together again. The purpose is to determine if students can apply the lessons of the reputation effect in the earlier exercise in a different context where it is tempting to seize upon short-term gains. Some students demonstrate that they learned the earlier lesson and are proud of themselves for not engaging in deceptive behaviors, gambits, or other pressure tactics in the process of negotiating a deal. Other students continue to engage in behaviors to maximize individual gain at the expense of the other party's satisfaction with the outcome and process. Those who act in their own self-interests without regard for the other side are reprimanded by their fellow classmates. For many students this is a crucial

turning point as they realize *it is in their self-interest to make certain that the other side is satisfied* and that maximum gains should be viewed on a long-term scale rather than a one-shot deal.

Most instructors of negotiation ask students to record their negotiated outcomes on the board for everyone to see. After the first negotiation debriefing with the class, students often acquire a reputation based on both the perceived fairness of the outcome (defined as whether it is balanced or imbalanced) and the quality of the process (defined as how easy or strained the interaction was in terms of sharing information and problem solving). The instructor should emphasize that future interactions with other students may be affected if a person is given a negative image (the reputation effect). The *Reputation Index*[3] is a peer assessment exercise that gives students an indication as to whether classmates have a positive or negative impression of them. Research has found that being labeled with a negative reputation causes the other party in a negotiation to engage in defensive tactics, such as extreme anchoring and minimal information sharing, which reduces potential gains for both (see Tinsley et al., 2002). This attack and defense spiral leads to further poor outcomes and diminishes the ability of the person with the initially poor reputation to change those perceptions. The goal of the *Reputation Index* is for students to understand the effects of their behaviors in the negotiation class on other students' attitudes toward them. It is a quantitative and qualitative measure that gives rich feedback to participants. There are several variations of the exercise, but all require that students evaluate classmates' reputations (good or poor) and provide an explanation for the rating. A sample *Reputation Index* and instructions appear in Appendix A. All students receive a *Reputation Index* score,[4] the number of students who commented about them,[5] comparison means for the class, and a written report of the comments (identities of the writers are withheld). The comments help illustrate what leads to a good reputation or a poor reputation. Verbatim comments made about two students with an extremely poor reputation and two with an extremely positive reputation appear in Appendix B. The comments may appear redundant, but were made by several different students, thus reinforcing the value of the feedback as being consistent.

It is important for an instructor to take the time to discuss the feedback with students and to suggest how they can improve their future negotiation interactions. The reputation index can help the students learn what behaviors are perceived by their partner as either helpful or harmful to a negotiator's reputation. For example, behaviors that can help build a strong, positive reputation include being well prepared, spending time

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[3]Roy Lewicki was instrumental in introducing me to the concept of using a reputation index in the classroom.

[4]In accordance with the sample reputation index, those who had direct positive experience receive a +2 score, an indirect positive experience receive a +1, a direct negative experience receives a −2, and an indirect negative experience a −1.

[5]It is helpful for students to know how many people have commented on them so they can see how much of an impact they have had on their classmates. Those students who were commented on by several others *did* have an impact (positive or negative) on their peers whereas those who received a few or no comments did not have an impact on their peers and need to examine why this is the case. They need to reflect on how they can have a greater impact on their peers, especially to build a strong positive reputation.

sharing information and asking questions, being concerned with the others' interests and working for common good, taking time to build a relationship, and acting in a sincere, open, and honest manner. Those behaviors viewed negatively include acting aggressively or competitively, ignoring the interests and needs of the other side, acting stubbornly and refusing to make concessions, using gambits, acting dishonestly, and being unprepared. Discussion can also revolve around how reputations are built, whether it is possible to change a person's reputation, what may destroy a previously good reputation, and how a person's reputation may affect a negotiation encounter. Even with a good track record, one poorly executed negotiation can impact future negotiations if the other party feels victimized and is highly vocal in telling others (Anderson & Shirako, 2007).

Instructors can use the *Reputation Index* at the end of the course as a surprise assessment and feedback tool or as a part of the students' grade both midway through the course and at the end. If the goal is to encourage students to try different tactics without the specter of experimentation hurting their course grade, the instructor should not grade students on their reputation score. Learning may be increased for all students if they are encouraged to try different tactics and to discover for themselves and through discussion the consequences of their actions. Some instructors evaluate trustworthiness and reputation by having students give each other a score from 1 = poor to 10 = excellent on these dimensions after *each* exercise, but do not include the scores as part of the students' grade. This tool can give students instant feedback which could be helpful in encouraging ethical behavior. Regardless of how the instructor chooses to use the reputation index, it is a powerful feedback tool for students to understand what behaviors are seen as positive or negative by their negotiation counterparts. Students will be better able to recognize if they need additional development of their negotiation skill set.

To further demonstrate the reputation effect and its consequences, the instructor can conduct an *inter-class negotiation* between students in an MBA negotiation class and undergraduate negotiation class, or any two negotiation classes (regardless of whether they are with the same instructor or within the same school, business or law). The lessons are twofold. First, students must research the reputation of their paired partner to prepare well for the exercise. Second, in the debriefing, students must reveal what they have learned about their partner's reputation and how this altered their negotiation strategy and implementation of tactics. The discussion is often quite illuminating to students. Some are upset to learn of their reputation while others are quite pleased. Those pairs who enjoy positive reputations have a very satisfying relationship and often maximize joint gain, whereas those with negative reputations have a very strained negotiation that often leads to impasse or low joint value creation. The result of the exercise is a strong lesson that there is no such thing as a one-shot deal and that a person's reputation precedes them in business.

Social Cognition Strategies

Social cognition entails how people think about social situations. According to Fiske and Taylor (1991), people's cognitions help determine what they will do and which

direction their behavior will take in a social interaction. Moscowitz (2005) suggests that changing the way people think about their social interactions may cause them to change their behaviors. The following are ideas to help students think differently about their ethics in a negotiation, and will hopefully have a positive impact on their subsequent choice of behaviors. These approaches are intended to either reinforce the reputation effect or appeal to the students' ethical egoism.

Cognitive Distraction Theory—The Value of Being Upfront About Ethical Issues

People have limited information processing capacity and experience reduced processing capability when required to pay attention to more than one task (Baddeley, Chincotta, & Adlam, 2001). A distracted person is less able to engage in issue-relevant thinking (Harkins & Petty, 1981). In a negotiation, if attentional resources are drawn away from the key issues of concern, the negotiator may not adequately process all the relevant information in the situation, resulting in poor decisions and unsatisfactory outcomes.

In data that I have collected over the past 3 years, I found that when I give students (MBA and undergraduates) their own ethical issue to grapple with during a negotiation, they are much less attentive to the other side's unethical behavior (in this case lying and misleading behaviors). For example, in the "Bullard Houses" exercise where one side is hiding information in order to secure a deal, 52% of students were able to recognize no deal was the best deal (sample size of 221). However, when I added a minor ethical issue to the other side (e.g., the possibility of leaky septic tanks under the property), 89% of students (sample size of 346) made a deal. Students who were struggling with whether to reveal their own ethical issue, although minor, were much less attentive to the deceptive behaviors of the other party. Those students failed to see that their questions were not being answered clearly and/or that the other side was inconsistent or evasive in answering their questions. In contrast, students without their own ethical issues were able to pick up more easily on inconsistent behaviors and deceptive answers given by the other side, leading them to walk away from the deal. Interestingly, those students who brought up their own minor ethical dilemma early in the negotiation were more likely to walk away than those who never disclosed or disclosed late in the negotiation. The instructor of negotiations can illustrate to students that when they are distracted by their own ethical issues, they can suffer from a lack of focus and cognitive processing ability which reduces their own ability to satisfactorily evaluate the behavior of the other side.

Social Networking Theory—Six Degrees of Separation

Technology continues to make the world increasingly interconnected. Some believe, based on Milgram, 1967 "small world" studies, that there are six degrees of separation between people. This idea led to the creation of the popular game "Six Degrees of Kevin Bacon" and is also the foundation of social and business networking websites such as *Facebook*, *MySpace,* and *LinkedIn*. It is a common practice among recruiters to "Google" potential employees to learn more about them. There have been newspaper stories about

employees being fired for what they had posted on their blog or MySpace page. "Trust" networks such as *Spock* and *Rapleaf* are becoming more popular as a method of hiring employees and services because the recommender "trusts" that person. It is important for students to understand that the content of their postings can impact their reputation and that there is an incentive to engage in ethical behaviors to prevent others from posting information about them that may be harmful to their future business encounters and opportunities (Neufeld, 2007). I recommend to my clients that they "Google" people with whom they will negotiate to help them prepare for the encounter. A tremendous amount of information about people can be learned this way. Students should be reminded that the Internet exponentially increases the reputation effect.

Students of negotiation often respond well to personal experiences of people who have succeeded or failed because of their negotiation tactics. The instructor can ask students whether they have stories where they have taken advantage of a person thinking that they would never see them again and then to their surprise meet them years later. Students can also be asked to share experiences when they took advantage of a person and any negative consequences that resulted. Students may also describe how they felt and reacted when someone took advantage of them. Business students often tell stories of how their companies increase rates for certain clients who are known to be "difficult" (e.g., most often described as a distributive negotiator) to allow them to negotiate a "little something off." The result—clients with a poor reputation pay a premium over others even though they are "negotiating" a discount. Guest speakers who describe their experiences with short-term versus long-term gains can also emphasize the importance of reputation in the real world.

It takes a long time to build a good reputation, but a single incident can quickly destroy one. It is not uncommon for my students to refuse to work on a team with another person who they felt took advantage of them in a negotiation exercise. Furthermore, many students have contacted me, years after graduating, to tell me that they refuse to do business with, or to hire, a former classmate because they remember how the classmate took advantage of them or others in the negotiation class. I tell my classes these stories to reinforce the reputation effect. Ethical behaviors in the classroom impact not only interactions with classmates at school, but also interactions outside the classroom, including their future business interactions.

Changing Mindsets: Taking the Allure Out of Using Gambits

A person's mindset is composed of their beliefs about themselves and their interactions; changing these beliefs can have profound effects on their actions (Dweck, 2006). Mindsets can influence subsequent information processing (Higgins & Chaires, 1980). Several different mindsets can affect judgments (Moscowitz, 2005). Many negotiation students are fascinated with gambits (negotiation tactics that achieve gains in the short term but damage the long-term relationship) but just as many feel these tactics constitute unethical behavior. Some of the more common gambits are good cop/bad cop, limited authority, nibble, and red herring. It is not uncommon for students to use gambits in business and believe that the tactics are successful because they "won" as a result of using gam-

bits. The problem in the use of gambits is the lack of immediate, bad consequences. The effects are only felt much later. Therefore, the challenge is to try to change the students' mindset away from gambits being a successful strategy for long-term success.

Some authors of popular trade books and articles on negotiation promote gambits for "negotiating success." Gambits are attractive to a reader because they are easy to understand and implement. However, there is little discussion of the long-term negative repercussions of imbalanced deals and/or the use of tactics that irritate or frustrate the other side. Students of negotiation must face the consequences in a timely manner to increase the likelihood that more ethical behaviors will occur (Kim et al., 2003). In class debriefing, some students admit proudly to using gambits. Their negotiation partners should then be called upon to discuss their inevitably negative reactions to the gambit. Immediate, negative feedback from classmates may help students realize that the quick gain from a gambit can hurt not only their reputation, but chances for long-term benefits. It is also helpful for the instructor to ask students who use gambits if they could have achieved the same outcome in a more collaborative way. Many students will reflect on this and conclude that they did not need to use the gambits because the gambits actually set back the negotiation at points. One last lesson that can appeal to students' ethical egoism is for the instructor to show students that, when caught using a gambit (such as having the other side identify and call out the good/cop bad cop strategy), they lose credibility and power in the negotiation. This lesson can be reinforced when classmates give their perceptions of the interaction.

Conclusion

There are many strategies that the instructor can employ to increase the ethical behaviors of students in a negotiation course. This article advocates appealing to students' ethical egoism; it is in the students' self-interest as a negotiator to be concerned about satisfying the interests of the other side. This article also asserts that utilizing the reputation effect as part of ethical egoism can enhance negotiators' use of ethical behaviors. Both ethical egoism and the reputation effect can be used to help students increase their long-term versus short-term perspective on negotiation strategic thinking.

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Appendix A

The Reputation Index

This questionnaire is designed to give you feedback regarding your negotiation reputation during the semester. Your score on the index in no way will impact your grade in the class.

On the next page you will find a list of all of the students in the course. Please do the following:

1. Write your own name in the upper right-hand corner.
2. In the first column labeled "Good Reputation," regardless of whether you have had direct negotiation experience or not with the person, put a mark (x) next to 10 people who you think have developed a good negotiation reputation. Good negotiation reputations are gained by displaying honesty, competence, trustworthiness, integrity, etc.
3. In the second column labeled "Bad Reputation," regardless of whether you have had direct negotiation experience or not with this person, mark (x) next to 10 people who you think have developed a bad negotiation reputation. Bad negotiation reputations are gained by displaying dishonesty, incompetence, lack of trustworthiness or integrity, etc.
4. In the third column mark whether you base the individual "good" or "bad" reputation on direct (mark with a capital "D") or indirect (mark with a capital "I") experience.
5. Brief comments *must* be made about why you are giving the mark. This information will be summarized and passed along to that person. Your identity will not be disclosed.

Name	Good reputation	Bad reputation	Direct or indirect experience	Comments
Student 1				
Student 2				
Student 3				
Student 4				
Student 5				
Student 6				
Student 7				
Continued				

Appendix B

AB (Male): "Too controlling and domineering. Too aggressive and too competitive. Wants to win too much. Very aggressive negotiator. He comes off as very intimidating a lot of times. Doesn't listen, self-involved. Too dominating during negotiation. Doesn't seem sincere, interrupts, feels patronizing. Too pushy and overbearing. Hard to expand the pie when being intimidated. Talks too much, doesn't let the other party share information. Has an overbearing attitude during negotiations. It seems as though he comes off to people as being too pushy and aggressive. More concerned about getting his own way than genuinely concerned about the other party. One sided. Overbearing. Talks a great deal without saying much. Likes to use gambits, abrasive. Tries to take over negotiations. Uses arguments and speaking style that comes off quite inauthentic. Interrupts, doesn't appear to be listening. Distributive. Both in class discussions and the one time I negotiated with him, it seems that he does not hear the other side's concerns and interests, only his own. It also seems that he is somewhat naïve to how others are feeling after a deal is made, he always feels that the conversation went well but later we learn the other side feels like they were taken advantage of. People have commented that he is overly aggressive during negotiations, using push rather than pull tactics. He was described as a bully. Overpowering and stubborn from reputation."

CP (Female): "Aggressive and competitive. Has unbalanced outcomes. Very tough negotiator who insists on what she wants. The negotiation process is rough and painful. Emotional, argumentative, interrupts, and talks over people. Stubborn and unwilling to make any concessions. Dishonest and no integrity. Never seemed prepared. Heard she was stubborn. Extremely aggressive, shows low concern for others' feelings, constantly interrupts, always has need to show that she is right. Negotiates distributively, doesn't seem to care much about the other person. Does not listen, "know it all." Reactionary, aggressive. Didn't listen, lied, untrustworthy, loud, unprepared, over talked during group negotiations. Was very stern and distributive; condescending tone. Not easy to work with. Always wanting more; very distributive and pushy. Prepare more and know what the realistic (and ideal) outcomes are and work toward that instead of your own aspiration point. Don't be shady—be straightforward with your interests and don't mislead others. Squeezes out every concession possible, regardless of what is "fair;" in multiple negotiations, always seemed to take advantage of other side; uses short-sighted gambits; is aggressive, abrasive, and self-serving. She tries to railroad the opposing party and disrespects them; not trustable; tries too hard to get an outcome she likes at everyone else's expense."

PM (Male): "Maintains good relationships. Good group leader, seeks to find out interests, not confrontational. Trustworthy—will opt for what's fair. He is soft yet persuasive. Honest and competent. Good listener, agreeable but looks out for his interests. Honest, eloquent, trustworthy. Very sincere and open. Persistent without being pushy. Well-balanced negotiator. Will say what needs to be said to get his point across. Heard he was very nice. Well prepared; fair, balanced, understanding; Friendly, split the pie,

worked for common good, built relationships; seemed to work well with others, logical/ fair; good listener; looks for a balanced deal and is great at establishing a relationship.''

EC (Female): ''Likable, logical, but still firm. Easy to work with, well prepared, good collaborator. Able to maintain calm during tense situations. Is always receptive to other's needs. Good at figuring out people's interests. Uses negotiation strategies well, good personality. Built relationships, worked well with others, tried to expanded pie. Worked well while staying firm on her goals/interests. Amicable, easy to work with. Communicates her interests very well, very amicable and built good rapport as a result and asks good questions that facilitate a good outcome. It was a pleasure to negotiate with her. Well prepared, good team player, enjoyed working with; well prepared; fair, balanced, understanding; friendly, split the pie, worked for common good, built relationships; seemed to work well with others, logical/fair; good listener; looks for a balanced deal and is great at establishing a relationship.''

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