

Pay the Price for Lies in Negotiations: How to Retain an Angry Supplier

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Keywords: Lies, Emotion, Anger, Negotiation

Abstract: Perception pervades negotiations. This essay builds on the existing research on the solution to perceived lies in negotiations and the subsequent anger by introducing three essential stages of action, i.e., calming emotions, repairing trust and resuming negotiations. This essay argues that preliminary research on such relevant factors as culture and power is critical. By separating the trust restoration into short-term and long-term, this study suggests that reframing issues, effective apology, diagnostic questions and “structural solutions” are crucial in soothing anger and accelerating the negotiations in short-term trust rebuilding.

1. Introduction

Lies permeate negotiations, which, by some, is viewed as an acceptable norm. While it can be effective as a tactic, deception may lead to destructive consequences, especially when a long-term exchange relationship is involved. Negative emotions like anger often result from perceived deception, reducing trust and goodwill and causing possible impasses (Brooks, 2015). Therefore, multiple steps should be taken to avoid the potential adverse outcomes. This essay provides an available solution and suggests retaining the angry supplier with a course of action, specifically following the order of calming emotions, repairing trust and resuming negotiations. The rest of the essay proceeds as follows. Section 1 provides prior analysis on the backgrounds of negotiation. Section 2-4 describes the three essential stages. Section 5 presents the conclusion.

2. Prior Analysis

Evaluating the power distance and identifying any cultural differences between me and my counterpart set the cornerstone of further negotiation strategies. For example, in the Mattel case, culture plays a pivotal role in managing the long-term relationship as Chinese and American cultures vary significantly in terms of “relational contracting”. Negotiated relationships are diverse across global business cultures, and acknowledging the differences in the cultural background using Hofstede’s cultural dimensions theory is particularly critical in long-term relations.

Displays of anger work well for powerful negotiators, but much less so for low-power negotiators as the former feels more focused and claims more value while the latter experience opposite feelings (Thompson, 2014). Moreover, Powerful parties are prone to use threats to get their way (Van Kleef et al., 2006). Given all this, I consider it more likely that the angry supplier has higher power. However, I should still be fully prepared for the contrary case as making assumptions invites tunnel vision. Additionally, trust restoration is complex, and short-term trust repair is different from long term (Lewicki et al., 2016). Short-term trust repair strategies will be focused on, given the emphasis on getting the negotiation moving again.

3. Calm the Angry Supplier Down

The first step is calming the supplier. I should be observant, stay actively aware of his body language, tone of voice, and choice of words. The displayed anger might be strategic emotion that the supplier feigned to achieve better monetary outcomes (Thompson, 2014). For example, in the Nutrina case, the CEO of Vita Materials expressed anger as a strategy to act hard on the issues.

Moreover, negotiators who feel deceived tend to deceive the counterpart, i.e., faking outrage. However, those who misrepresent anger might eventually experience genuine anger, aggravating the tense relationship (Gaspar et al., 2017). Nonetheless, the supplier may truly feel rage and even moral outrage because deception is sometimes perceived as an unfair negotiation tactic (Bastian et al., 2013, as cited in Gaspar et al., 2017). Regardless of the forms of anger, I may experience anger or fear (Appendix 1). Controlling the inner wrath (fear), however, can well worth the great effort to do so (Overbeck et al., 2010). Moreover, expressing these emotions may signal weakness and induce the consequent exploitation. I advise negotiators to ask diagnostic questions based on the perceptions of the counterpart's real feelings, which always benefits the interpretation of his perspective (Brooks, 2015).

I then consider it necessary to acknowledge the lies about my company's long-term intentions, admit the potential negative outcome caused by the act and accept the personal responsibility for possible consequences (Lewicki and Bunker, 1996, as cited in Lewicki et al., 2016). I would suggest exerting direct influence on the counterpart's emotions. Tactics like infusing sincerity and empathetic reassurance into my words can "dramatically change the tone of the interaction" (Brooks, 2015).

Effective apology plays a crucial role in soothing an angry counterpart. Although some scholars object to the apology, which gives the other side the license to bargain, I argue that lying about intentions differs from making an inappropriate offer (Malhotra, 2015). A good apology should be offered soon after the supplier's accusation of the deception in a sincere and regretful emotional tone. I should take personal responsibility for creating the trust violation to separate the issue from my company's conduct and reassure the supplier that it was an isolated event. If the supplier does not feel comfortable talking with me any longer, it is essential to let other representatives proceed with the negotiation. As suggested by Lewicki et al. (2016), I recommend communicating an offer to repair the subsequent damage and a request for forgiveness to the counterpart.

Furthermore, expressing disappointment can be a powerful tool by prompting the other side to assess his actions and ponder on whether he should change his tactics to reduce the negative feelings caused by his anger (Brooks, 2015). Negotiators often concede more when the opponent shows supplication because some see disappointment as a threat to achieving their goals. Displays of disappointment also elicit guilt and result in better outcomes, regardless of the power distance (Thompson, 2014). I would consider reframing my inner anger or fear as sadness, worry and desire to restore our long-term partnership to shape my counterpart's interpretation of my emotion, encouraging the supplier to reconsider concessions (Brooks, 2015).

If all suggestions above fail to take effect, I advise that the final yet most thoughtful way to calm an angry supplier is to take a break. Many negotiations proceed over multiple meetings, which gives anger the time to dispel (Brooks, 2015). Negotiators should progress slowly and steadily to avoid hasty actions, which might cause tensions and relationship breakdowns.

4. Repairing Trust

The next stage is trust repair. Lewicki & Wiethoff break trust into two types, i.e., "calculus-based trust" (CBT) and "identification-based trust" (IBT). I argue that the relationship between the supplier and me is more of a CBT one, as this is often related to the workplace and includes specific transactions, which builds slowly (Lewicki et al., 2016). An individual's trust may fall back several steps, and both parties need to rebuild trust if one mistake happens (Lewicki & Wiethoff, 2000). Across different cultures, low trust leads to fewer information exchanges, reducing negotiators' shared understanding and value creation (Gunia et al., 2015). Rebuilding trust is crucial in long-term interdependent partnerships where the parties often lack suitable alternatives (Lewicki et al., 2016). However, despite the great effort, one can never fully restore the trust harmed by self-interested informational deception (Gaspar et al., 2017). Still, I hold that I should spare no effort in fixing the relationship and rebuilding trust.

To rebuild trust, I need to talk about the perceived trust violation with the supplier. Determining the cause is, among all steps, the first and foremost one. I should be careful with the choice of

words and frame the deceptive act to be perceived positively. As the misrepresentation of more elastic information is more acceptable, I may emphasise the uncertainty and imprecision of my company's long-term intentions and justify the perceived trust violation by borrowing external sources, including changes in the market and my company's strategic adjustment of long-term goals (Gaspar et al., 2017). However, attributing to external events may backfire as they signal my shirking responsibility. Hence, I propose choosing external reasons with extra care and backing them up with relevant industry benchmarks.

I suggest communicating the prosocial intention as another way of framing. Contrary to self-interested deception, prosocial deception benefits the other party and increases his payoffs. People perceive prosocial deceptions as more permissible and are likely to experience more positive emotions. They also trust those who use prosocial deception more and regard them as more moral (Gaspar et al., 2017). I may explain to the supplier that my company strategically adjusts the long-term intentions for the common benefits and that we aim to expand the pie and increase each party's payoff. In the Bullard House case, the buyer could frame the commercialisation to benefit both economically and politically. To further validate my point, I should specifically illustrate how the change in my company's long-term intentions can benefit the supplier.

Miscommunication clarification is often used as a way to frame the deception as well. I could further explain to the supplier that the perceived difference in my company's long-term intention may partly result from miscommunication, and we can seek ways together to clarify any potential misinterpretations. As negotiations feature information asymmetries and dependence, I should encourage the supplier to ask questions and fully prepare for any challenges (Gaspar et al., 2017).

Next, I should reaffirm my commitment to cooperate and actively seek common interests. In this stage, I need to ask questions strategically to "shift the focus" from the trust violation, explore new information and test my assumptions about the priorities we share in common (PON, 2021). In negotiations, information is paramount, and the more we learn, the better we understand each other (Brooks, 2015). By asking questions, I am also offering the supplier a voice channel to express their requests and expectations in order to avoid costly exits. Moreover, I should proactively provide financial paybacks to the supplier with some tangible compensations. Making voluntary compensation expresses more repentance than a forced one, particularly when the likelihood of forgiving is low (Thompson, 2014).

To avoid aggravating the situation and developing distrust, I should find strategies to minimise future misunderstanding, ideally together with the supplier. The most effective approach is the structural solutions, including a formalised mechanism or specified punishment to prevent violation of agreements, contracts, monitoring committee, a "security deposit", and regulations (Lewicki et al., 2016). I should also demonstrate how my company would deal with the perceived difference in our long-term intentions internally to avoid the risk in future negotiations. It is critical not to develop the counterpart's "no trust" into "distrust", with the former suggesting high negative expectations of the other side and the latter a lack of faith (Lewicki & Wiethoff, 2000). Moreover, the belief that the other side would deceive may create a deception norm, so I find it imperative to work on trust rebuilding and minimise the supplier's possible stereotype of my company as an unreliable partner (Gaspar et al., 2017).

However, if the conflict has grown to the point that the parties cannot talk peacefully at the negotiating table on their own and distrust pervades the whole progress, I recommend the involvement of a third party (Lewicki et al., 2016). As in the case of Southern Electric, third-party interventions can create a cooling-off period, enhancing the communications, switching the focus, discovering underlying interests and, most importantly, repairing strained relationships (Lewicki et al., 2019).

5. Resuming Negotiations

The final stage is resuming negotiations, which involves longer-term trust restoration (Exhibit 4). Rather than fearing for a possible impasse, I may change the focus of the negotiations to what would happen to the supplier if they walk out of the negotiating room, given that we are

interdependent long-term partners. By doing so, I aim to shift the frame to the unique value that my company offers and the greater joint value we can create, which helps justify my commitment to mutual benefits (Malhotra, 2015). As displays of anger can cause negotiators to exchange less information about interests and propose fewer integrative packages, I find it essential to have open communications with the supplier to reconfirm the priorities of both parties (Liu, 2009).

Mayer (2000) points out that efforts at three levels are required, i.e., cognitive, emotional and behavioural, to resolve possible impasses (as cited in Lewicki et al., 2016). I aim to establish common ground and create shared expectations for where the negotiation is headed by improving the communication, including asking pointed questions and suggesting role reversal. I would advise setting an agreed rule, which specifies the minimal use of negative tactics, including self-interested deception and unwarranted angry outbursts, the pause button if the conflicts escalate to a point beyond control, and the limited number of issues discussed at each separate meeting to confine the focus on the immediate, current issue (Lewicki et al., 2016). By proposing an agreed rule in the following meetings, it changes how both parties behave in the future to reduce the risk of tension or harm to relationship restoration, which facilitates mutual efforts to seek ways to reach an agreement and create new confining practices (Mayer, 2000, as cited in Lewicki et al., 2016).

6. Conclusion

In sum, retaining an angry supplier can be challenging because it is never easy for an angry person, especially those who feel deceived, to hold back when his fight-or-flight response drives him to escalate (Brooks, 2015). As Gaspar et al. (2017) argued, trust can never be fully restored in some cases. However, I hold that negotiators try hard to rebuild the trust and regard impasses as the last choice, which, by all means, should be avoided. This essay suggests following the course of calming emotions, repairing trust and resuming negotiations, which takes into account both short-term and long-term partnership restoration. Reframing issues, effective apology, diagnostic questions and “structural solutions” are crucial in soothing anger and getting the negotiation moving again. If the tension grows out of control, a third party should be involved in the meeting to switch the focus and repair the tense relationship.

7. Appendix

Appendix.1 Prisoner’s Dilemma between the supplier and I

	Supplier becomes angry.	Supplier yields.
I become angry.	-1, -1	3, -2
I yield.	-2, 3	2, 2

The best overall outcome requires both parties to stay calm. However, according to Nash Equilibrium, the possible scenario is that both parties become angry. The key issue lies in the long-term relationship that the supplier and I share, implying that this is not a one-shot game. If I become angry in response to the supplier’s anger, it will negatively affect the future relationship and I may experience retaliation from the supplier. The best tactic for the moment is to avoid expressing any strong negative emotions like anger.

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