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Ma, Shan and Yang, Xiaohua (2007) Assessing Negotiation Outcomes Matters in Classroom Settings. In *Proceedings The 20th Annual International Association for Conflict Management (IACM) Conference*, pages pp. 1-6, Budapest, Hungary.

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**Assessing Negotiation Outcomes Matters in Classroom Settings**

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## Assessing Negotiation Outcomes Matters in Classroom Settings

(Extended Abstract)

It is hardly disputable that negotiation outcomes count in real world negotiation settings. In classroom settings, however, the negotiation outcomes often do not count. In many negotiation courses, for the negotiators it does not really matter in any tangible dimensions what kind of outcomes they achieve through the negotiation – not only that they do not need to bear the (hypothetical) consequence of the agreement (or its lack of), but also that the negotiation outcomes do not affect their performance assessment in the negotiation course. Thus on the issue of whether negotiation outcomes count, this type of class-room negotiation is drastically different from those in real world settings. But does that difference really matter? Would it make any difference in terms of student learning? These are the question the current study aims to address.

Conventionally, there are three approaches to grading student performance in negotiation classes. The first approach is that the emphasis is put on the learning experience itself, or students' analytical skills as reflected in their analysis of the negotiation process, rather than on the actual negotiation process or outcome. Different aspects of the negotiation (e.g. the use of different negotiation strategies or tactics) may be discussed during the debriefing after the negotiation, and students may be asked to write a report to analyse and assess the negotiation process, which is then graded by the instructor to assess student learning achievement. However, student performance in terms of how they conduct the negotiation, or what outcome they achieve during the negotiation, is not directly and formally graded.

The second approach is that student performance during the negotiation is assessed in terms of strategies or techniques that students use, including the ways in which communication and concessions are made. The third approach is that student performance during the negotiation is directly assessed by the outcome of the negotiation (i.e., the negotiated agreement), where a student's grade is determined by the comparison of his/her negotiation outcome with those playing the same role in the class, or with a predetermined grading scheme which is independent of other students' performance.

The first two approaches above (grading by analysis of the negotiation process, or by the way the negotiation process was conducted) have the benefit of low risk environment (it doesn't really matter if you made a bad deal), which allows students to feel free trying unfamiliar negotiation approaches which they may hesitate to use in real world settings because of the concern for the consequences. Although the extrinsic reward of negotiation outcome is absent, the intrinsic rewards of the negotiation experience, such as improving negotiation skills and confidence which may lead to future negotiation success (Trotman, Wright and Wright, 2005), the sense of achievement and self-efficacy, may stimulate student interests and enthusiasm. These approaches also do not create the burden for instructors to design a scheme to grade negotiation outcomes which is not always easy or controversy-free. Thus these two approaches are of important value in the learning process as formative assessment methods.

As a summative assessment method, however, these two approaches may have severe flaws in terms of student learning. First, because the negotiation outcome is not counted in student performance assessment, it creates a non-genuine negotiation setting, in contrast to most real life negotiation settings where the substantive outcome is the very reason and major purpose of the negotiation. Second, a negotiation where the outcome does not really count is likely to induce student perception that it is only an academic game, thus they may not take it as seriously as they would in a “genuine” setting where the outcome counts. Third, even when a student does take it seriously, the fact that he/she does not have to bear the consequence of the agreement or its lack of, means that he/she will not have the same economical/social pressure and psychological experience when making the choices as he/she would had he/she had to bear the consequence. Thus one has to ask whether student behaviour in this non-genuine negotiation simulation reflect what they will do in real life settings; and if not, what effect this may have on their learning. As an extreme example, in a recent classroom simulation on negotiation ethics run by one of the authors, a student claimed he would have no hesitation to choose a solution which was ethically sound but economical and career-wise costly (the person would have to sell the house, quit the job, and terminate a career which had been very successful up to that point). Had he had to face the real consequences, would he still choose the same solution? Or would he make the same decision without any hesitation? If not, would this exercise actually leave him a false sense of moral superiority, or at least an under-estimation of the complexity and difficulty of ethical dilemmas?

Fourth, from the assessment perspective, a student who fails to achieve good substantive outcome is not a good negotiator, no matter how thoroughly he/she can analyse the process afterwards. The good analysis in this case indicates that the student may have learnt a lot about negotiation theory, but the bad negotiation outcome may suggest that his/her learning remains at the theory level and need to be converted into skills. On the other hand a negotiator who can achieve good outcome is commonly recognised as good negotiator, although he/she may not always be able to explain why. Therefore to properly assess student achievement and deep level learning in negotiation courses, and to create a more genuine learning environment, the negotiation outcomes need to be included in the summative assessment equation.

For these reasons, we argue that in a summative assessment, the negotiation outcome needs to be taken into consideration, as in the third approach discussed above. It creates a more authentic negotiation setting, thus is more conducive for learning purpose as compared to the other two approaches. Studies have shown that negotiators tend to work harder and strategize more to achieve the best outcomes when they value the outcomes (Lax and Sebenius, 1986; Lewicky, Sanders, and Barry, 2006, Savage, Blair, and Sorenson, 1989). Similarly, in classroom settings, assessing performance by outcomes may force the student to value the negotiation outcome, thus work harder and strategize more in the negotiation as well. While intrinsic reward for negotiation, such as learning negotiation techniques, strategies, and fun experiences have been traditionally associated with non-direct assessment of negotiation outcomes, extrinsic rewards for negotiation outcomes such as course grades, getting prizes are believed to be more attractive to students as they involve substantive interests, similarly to tangible rewards such as price or money being attractive to negotiators in the real world (Lax and Sebenius, 1986). Stuhlmacher,

Gillespie and Champagne (1998) suggest that the availability of incentives for good performance (in the form of tangible benefits such as an opportunity to earn money or course credit) has impact on student negotiation behaviour. Grading student performance in negotiation by negotiation outcomes adds an important substantive dimension to the negotiation process, thus it should stimulate student interests and enthusiasm considerably, at the same time raises the stakes involved, forcing students to evaluate their positions and strategies more carefully and take the process more seriously. In that sense it should enhance the learning effects of the negotiation process.

However, grading negotiation by outcomes is not always easy or even possible, nor is it always controversy-free. To argue for its case, we need to demonstrate that it makes real difference in terms of student learning in comparison with approaches where outcome does not count. To our knowledge this has not been properly tested, which is what we aimed to do in this study. Thus our research question is: to what degree it matters whether to take into consideration negotiation outcomes when assessing student performance?

To answer our question properly, we need to test the difference in student behaviour and learning outcomes in two systems, where the negotiation outcome is taken into consideration for substantive assessment in one system but not in another. This test would be difficult to implement, however, because it requires two types of negotiation classes with similar settings except that in one type negotiation outcome counts for final grades, whereas in another it does not. This will create equity problem and will not be approved by university policy. To deal with this issue we designed a different approach in our study which we believe will still address the research question indirectly, but without the equity difficulty, as explained below.

In the negotiation experiments run for this study, we used the Office Rental negotiation, adopted from Volkema (1999), where the property management and a private company negotiate for the terms of lease of an office building. The negotiated outcome can be measured by the number of “points” for each party determined by the final agreement. The participating students were randomly allocated into two equal-sized groups: Participants or Non-Participants of a movie-ticket competition. For the Non-Participants, the negotiation was a normal class exercise, and they had no chance to get the free movie tickets regardless of their negotiation outcome. In this sense the negotiation outcome did not matter for them. For the Participants, however, the negotiation outcome mattered: the top one third people (in terms of “points” one gets) in the same role would get free double-pass of movie tickets, worth \$23 (Australian dollar). Thus the participants had a 33% chance to get the free tickets, depending on the outcome of their negotiation. Both the benefit and the chance of winning were real and arguably significant. In this design, ignoring the role difference (the lesser vs. the lessee), there were four experimental settings for the students: 1) both parties were participants; 2) I (the experiment subject) was a participant but the Other Party was not; 3) the Other Party was a participant but I was not; 4) both parties were non-participants. We argue that the comparison between the two groups, Participants (where the outcome counts) and Non-Participants (where the outcome does not count), across these four settings in terms of student behaviour and learning outcomes, can serve as an acceptable proxy for the test of our research question.

More than 200 uner- and post-graduate students enrolled in 4 business units in a major Australian university participated in the negotiation simulation during 2006, as an class exercise at the beginning of the unit. Participants were asked to answer questions both before and after the negotiation, including, among others, manipulation checks, the time they spent in preparation, whether they took the negotiation seriously and were committed to get a good result, whether they did what they would do as in real life settings, whether they tried everything they could to achieve a good result, whether they felt they had learnt a great deal from this negotiation. Then there were asked to imagine if they were in a different setting (ie, for Participants, if they were in a non-participating setting; for Non-Participants, if they were in a participating setting), how they would answer the same questions listed above. And a set of student bio-data were also collected.

Of the questionnaire returned, 176 were complete and usable, including 60 post-grads and 110 undergrads. The preliminary analysis of the data reveals the following findings:

1. In comparison with the Non-Participants (where outcome did not count), the Participants (where outcome did count) felt that in the negotiation they
  - Spent longer time in preparation for the negotiation;
  - Took the negotiation more seriously;
  - Were more committed to get a better outcome;
  - Were more likely to treat it in a similar way as in real-life negotiation;
  - Were more likely to try everything to get a better result;
  - Were more likely to agree they learnt a great deal from this exercise.
2. For the Participants, their answers to the above questions were consistently lower when asked to imagine if they were in a setting where they were *not* a participant for the movie-ticket competition (ie, outcome did not count). In other words, in a situation where outcome did not count, they would be much less likely to take the negotiation seriously; much less likely to treat it in a similar way as in real-life negotiation etc.
3. For the Non-Participants, while their answers to the questions in (1) were lower than those of Participants, their answers raised significantly when asked to imagine if they were in a setting where the outcome counted.
4. The Participants group in general had a better outcome (in terms of “points”) than the Non-Participants group.
5. The differences discussed above were larger for the undergrads than for the post-grads.

In summary, our preliminary results suggest that assessing student negotiation outcomes affects student behaviour, experience, and learning outcome in classroom settings. If students put more time in preparation, were more committed, felt they learnt more from the negotiation simply because their negotiation outcomes affected their chance to get the motive tickets, we can expect the similar effects if they know that their negotiation outcomes will affect their grades in the negotiation course. We caution the reader that the above results were only from our preliminary analysis and more rigorous and systematic analysis is needed for them to be confirmed.

**Key words:** negotiation grading; negotiation outcomes

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