

THE INDISPENSABLE FACTOR FOREVER

THE HUMAN FACTOR

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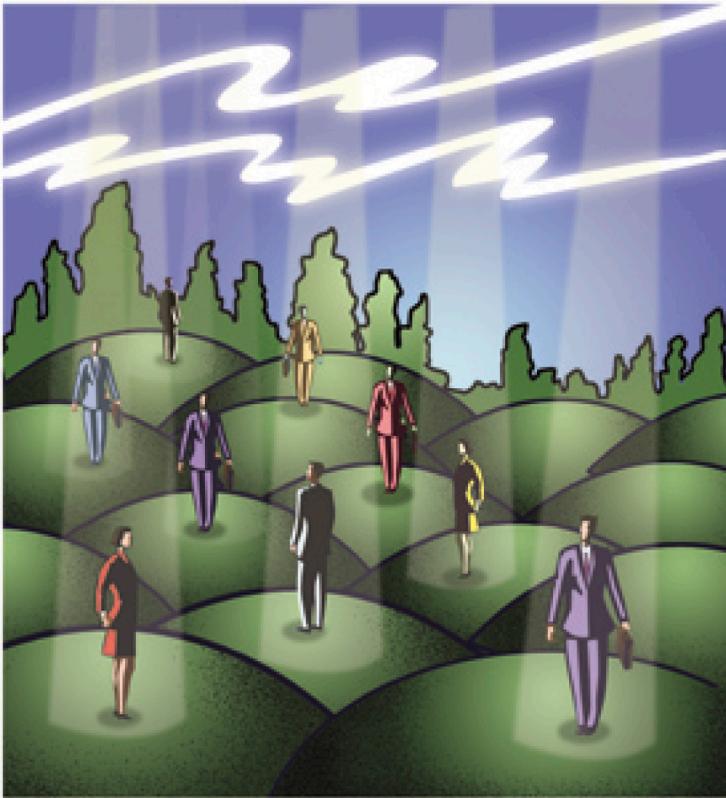
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How about people power!!!

Crossing Corporate Cultures Creativity in Organisations across Industries

Every market has its own unique business practices. People working in different business sectors develop subcultures that may include linguistic shortcuts, common expectations about what is likely to result from a given behavior, or elements of contracts that may not be relevant in other businesses.

Under these circumstances, one might generalize and say that if people only did business within their own sectors, things would tend to run smoothly and efficiently – perhaps with a rhythm with which all the ‘players’ are comfortable.

Life is not like that. People from, say, Information Technology, have to do business with office supply companies;

lawyers have to cope with the market expectations of appraisers, expert witnesses, or simply their own clients. Even within a business sector, individual differences between people can mean that instead of a smoothly running machine, the process of business decision-making can be chaotic because the participants have different cultural expectations. For example, purchasing agents tend to have different mindsets from salespeople. Moreover, even within business sectors, different organizations have different corporate cultures.

To make matters even more complex one must accept that inside companies there are likely to be multiple mindsets: people with different jobs within a corporation look at the same sets ▶▶

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of facts with different eyes. This can be further complicated by such issues as age differences, gender issues, and seniority within the company.

One organization with which I have worked is a multi-national professional organization which has grown by acquiring other firms in its profession in twenty-six countries. Developing a common corporate culture is a mind-boggling task for this company; the laws and customs of its professional practitioners in each different country are derived from historically disparate backgrounds. So even creating company-wide practice groups focused on, say, advising clients on financing deals requires developing an internal corporate style for making deals that somehow transcends national differences. The organization has undertaken a variety of internal culture-building activities: seconding professionals to offices outside their home countries, holding practice-group conferences, and utilizing external training organizations to work with the group's professionals drawn from several different countries. At the end of the day, however, one must question whether it is more realistic to try to be a transnational company with a single national identity and culture or a multi-national organization made up of a patchwork of different cultures which may, or may not, all be on the same page on crucial issues.

Thus in negotiation, the process of collaborating to reach agreement with others, cross-cultural factors must be considered whether the bargaining process is internal or external. In one

company I met an executive who'd been given five-minute's notice that he had to join a conference call between his organization and an important external client. Once on the phone, he listened to several of his own colleagues fight among themselves for thirty minutes – while the client team was listening – before he left the conference call in consternation and disgust. His colleagues (and he) should have done their homework – perhaps conducting internal negotiations – in order to avoid airing their internal disagreements during external negotiations.

In negotiation, it is critical to comprehend the expectations and the sensitivities of the people with whom you are attempting to reach an agreement. Part of a negotiator's job is to know his/her priorities – which interests must be met to make an agreement worthwhile. Another job for a negotiator is to pay close enough attention to the interests of other parties to make sure that the agreement to be reached is one that all relevant parties are committed to fulfill.

Learning as much as possible about the variety of cultural differences that may exist in a negotiation is crucial. Good negotiators have to ask good questions, both of themselves and of other stakeholders in the process.

Framework to Develop a Strategy

In order to develop a strategy for dealing with representatives of other cultures – be they corporate, business sector, or nationality-based, the first

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set of questions a negotiator should ask relate to his/her interests, needs, and objectives:

- What needs am I hoping to meet by reaching an agreement with the other party or parties?
- Can my needs be met by resources over which I have control or influence?
- Is it possible to modify my objectives without losing face – or am I absolutely wedded to the 'my way or the highway' approach? If you are not open to possible change, your negotiation with outside parties is less likely to yield a mutually acceptable agreement. If you can't change because of the directions your boss has given you, you should negotiate with your boss before your external negotiations to increase your capacity to modify objectives to gain agreement.
- Although I have a pretty good idea – or my boss has told me what to think – regarding the ideal solution to our needs, is there reason to think that someone else's thought process might yield a more elegant solution responding to my needs?
- To what extent do I have a choice of ways to meet my needs – suppliers or customers competing for my business, different kinds of organizations, businesses at varying levels of the supply chain, or even different kinds of businesses? The classic example of that latter question needs to be faced by people with bad backs: should they go to an orthopaedic surgeon, a chiropractor, or a neurosurgeon – or perhaps an entirely different kind of healthcare provider?
- What can my colleagues tell me

about parties with whom I'll be negotiating – or other stakeholders in the situation – that will help me be better prepared?

- What information do I need to gain from others to help me understand whether the needs I'm pursuing can be met by reaching agreement with my first choice negotiation counterpart?
- How can I identify my BATNA (Best Alternative To a Negotiated Agreement) before negotiations begin –and how can I monitor my BATNA's changes as new information passes between other negotiators and myself?
- Who are the stakeholders and what are their interests? Each negotiator is a stakeholder, but s/he most likely has one or more constituents who are depending on the outcome. In addition there are OIPs (Other Interested Parties) such as competitors, regulators, or consumers who may derive some consequences from the negotiation's outcome. Thinking about this potentially broad range of stakeholders can prepare a negotiator for what might otherwise come as surprises during the bargaining process. It can be unpleasant to receive a surprise – but very effective to deliver surprises as negotiations go forward.

Here are some questions a negotiator should ask himself/herself regarding negotiating with folks who may have different ways of thinking, communicating, or negotiating:

- How does this business sector's

market culture compare to the culture of my business sector's market?

- Does the company with which I'm dealing have a reputation for any peculiarities in the way they do business?
- Is my negotiation style sufficiently flexible to respond effectively to the different choreography used by organizations with which my company does not normally do business?
- Can I rise above the obstacles cultural differences might appear to bring into the negotiation? For example, it might be a hot button for you when folks tend to exaggerate or bluff during negotiation; recognizing that such behavior is simply a normal part of their communication process can defuse your frustration and make it easier to focus on the more important substantive issues. Years ago a friend reminded me, "Don't get hung up on style." He was telling me to look to the substance and not to the style to determine whether dealing with others is likely to be rewarding.
- How do my own negotiation methods or communication habits impact on their sensitivities? In some market sectors or business cultures, foul language is not considered a problem; in others it can raise hackles and create an obstacle to the process. You need to develop a sense of whether you – or your negotiation counterparts – are going to be troubled by that kind of language. Of course language is only one potential hot button element in negotiation; forms of address,

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relative formality of one's clothing, or the means used for presenting information may all carry symbolism and varied significance depending on who's involved.

- What forms of communication and mechanisms for sealing deals are appropriate in this business? Can we go forward based on a handshake or a phone conversation or do agreements have no life until the lawyers have produced documentation?
- How can I determine whether I can count on my negotiation partner to fulfill his/her side of the agreement – and how can I demonstrate my own dependability. In some industries trade associations or other neutral bodies can be utilized as monitors of parties' fulfillment of their obligations. Sometimes contracts

call for mediation or arbitration before a disagreement escalates into conflict or litigation.

- To what extent are there standard contract forms used by the professional association to which my negotiation counterpart belongs? Does my counterpart's company insist on using their own pre-printed contract form?

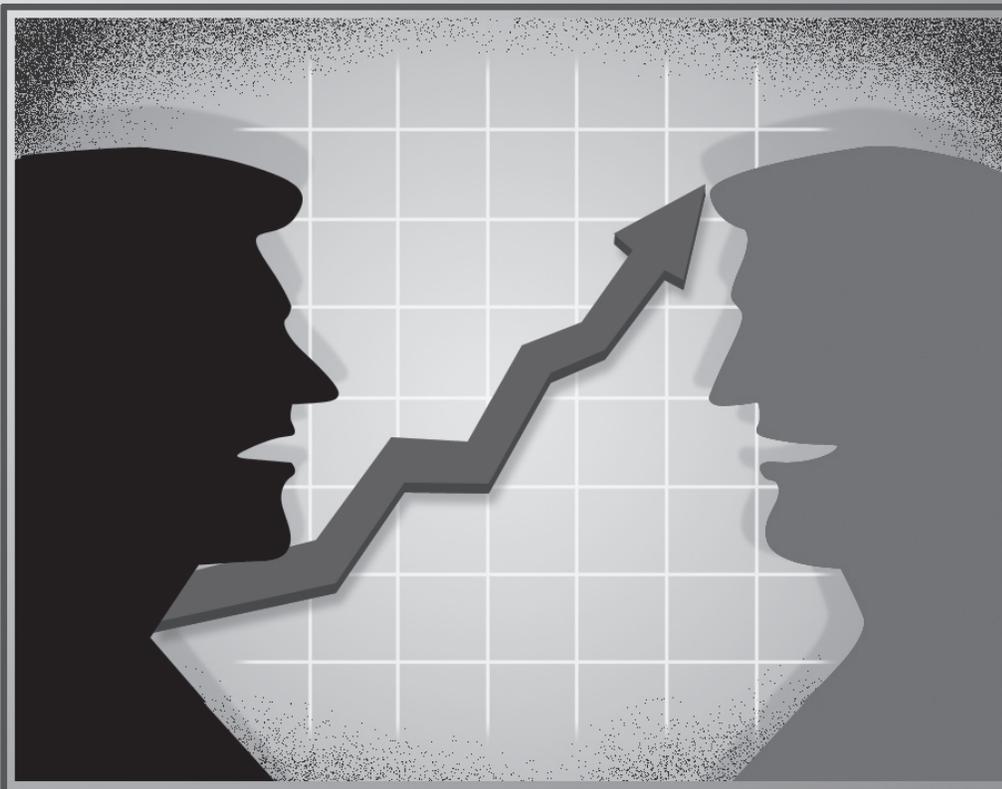
The bottom line is that, to negotiate effectively, one must do a considerable amount of homework beforehand about one's own needs or interests, those of other parties, and how to deal with whatever cultural differences might create difficulties in the process of reaching agreement. After the homework we are left with some facts – and most likely, a great many assumptions. This is particularly true

when we think about negotiating across cultures. Salespeople might think that purchasing agents are 'out to get them'; manufacturing folks may feel grossly misunderstood by the corporate tribe controlling financial investment in equipment or personnel.

In spite of those assumptions, we must embark on negotiations with open minds. The reason we negotiate with others is because their different view of the world may lead to more 'out of the box' thinking. No matter how creative each of us might be, adding another party's different analytical framework to developing a solution to a problem increases the likelihood we'll be able to reach a better result as a team than either of us could as individuals.

Good negotiators value the different mind-sets of the people with whom they deal. They recognize that someone else may come at the same situation from a significantly different angle – and, as a consequence, contribute ideas that lead to more elegant solutions.

The global market place gives negotiators greater challenges – and opportunities – to discover that alternative approaches exist. At the same time, a mixture of





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business cultures we face can also be quite unsettling to the extent it may force us to accept or ignore things to which we are not accustomed. Thinking in that direction should cause each negotiator to focus on his/her own hot buttons. Which of those hot buttons are simply the results of habit or what one might call aesthetic considerations? Are there issues about which we're sensitive because we might be embarrassed by having to answer questions about them? Do some hot buttons reflect bad prior experiences with one's current negotiation partner—or another company from a long time ago?

We need to assess the role of humor in the negotiation process. Certainly unless a negotiator has a reasonably good sense of humor or at least a personality that is relatively comfortable accepting the unusual, it can hamper his/her capacity to deal with the cultural peculiarities out there in the global marketplace. In some business cultures, opening discussion with a gentle joke can be considered good manners – but this is not always true and it is critical to learn as much as possible about what's acceptable in a different business sector, corporate culture, or foreign environment before starting off wrong footed.

While many people analyze its merits or faults for a variety of reasons, the existence of the global marketplace is both good news and bad news from a negotiation standpoint as well. Doing business in dynamic circumstances requires diplomacy, open-mindedness, and the capacity to maneuver

successfully through cultural minefields. To a very significant extent, one can view the globalization of business as reflecting the challenges of working in a large national marketplace – only more so.

The bad news of negotiating in the dynamic, ever-changing global market can be found in the demands it presents to do even more homework to prepare for making deals with people from disparate national and business cultures. Business people need to be able to deal with more than just varied marketplace etiquette; varying laws and payment customs can be learned from written materials – the challenge is to comprehend how 'national traits' are carried over into business dealings.

Recently one of my clients complained to my amazed American brain that in her country people have to get paid whether or not they show up for work – and that day two-thirds of the people in her office were missing and, as a consequence, our project's progress would be delayed. In fact, the circumstances led to a six-month delay in the project's completion.

Sometimes these factors create complexity within transnational corporations when there's a need to deal with differing approaches to other governing factors such as different interpretations of how issues are to be dealt with under the law of different countries. Different fiscal or tax years can also add complexity to negotiations when those differences create external limits on negotiators'

ability to agree on elements of a joint project. On the other hand, globalization helps negotiators to the extent it might lead to increasingly common business practices. Whether it is as formal as the rule of the World Trade Organization, or as casual as the consequences of increased communication between people who have a long-term business relationship, in each case this offers negotiators what is, in effect, a common language for doing business. At the moment, this is particularly true with English having become the lingua franca of international business.

There is a serious risk in relying on a single language when it is the mother tongue of a mere minority of the world's business population. It requires learning from more than the famous dictum of Winston Churchill, describing the USA and the UK as two great nations divided by a common language. Business people from countries where English is the common internal language know that the meanings of words can vary from region to region and from profession to profession. When it is a matter of dealing with the English spoken in other countries, different meanings or shades of meaning are even more likely. Then, when negotiations are conducted involving one or more parties for whom English is a second language, the communication process is even riskier.

One often hears the story of an extended negotiation between a team of native English-speakers and another team for whom English is

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a second language. There is a lot of internal conversation among the non-native English-speakers in their national language right in front of the English-speaking team. Unbeknownst to the 'foreigners', the English-based team includes someone who knows the other language well – and so there are no secrets. In the real world, however, this is a very rare occurrence; generally the advantage lies with negotiating teams who can communicate in both the common language of the transaction – and their own language which is not shared with their negotiation counterparts.

Some people take their negotiation cues from old cowboy movies; they figure they can simply grab their six-gun, shoot from the hip, and hit the target. Negotiation with others, whether they represent different corporate cultures or our next-door neighbors, requires preparation. Expert marksmen don't shoot from the hip, they take a more 'ready, steady, go' approach. They get ready by understanding the whys and wherefores of their own priorities. They get as much buy-in from their

colleagues as possible to develop a reasonably steady approach to the negotiation process. And then they go, always conscious of the need to think fast, but talk slowly.

People who practice the habits of good preparation when they have the opportunity to do so enhance the instincts they will need to bring into play when they're faced with an unexpected situation which requires negotiation. Asking the right questions about one's own needs and priorities as well as the needs, priorities, and sensitivities of others is the most effective way to undertake cross-cultural negotiation with equanimity – and acceptable or even better results.