



Global Negotiations/Neg. Challenge

15.665
Power and Negotiation

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Agenda

- Due Next Week-Last Assignment
- Global Negotiations
- Break
- Double Negotiation Challenge



Negotiation Take Aways

Assignment, 1-2 pages

Negotiation as a Corporate Capability

1. Select an industry, firm, or job of interest
2. Describe **one (1)** typical negotiation situation in that industry/firm/job.
3. Develop a set of recommendations for a one or two-day negotiation-training curriculum in that industry, firm, or job
See Ertel Article-Turning Negotiation...



Global Negotiations

Differences

- Players and Process (corporate governance)
- Protocol and Department (greeting, punctuality)
- Deeper Values and Norms (style, preferences)



-Players and Process

-Sebenius 2002

In a U.S. transaction, merely owning enough equity often allows the acquirer to control the target.

German corporate governance provides a structure in which other key players can block even a majority of Shareholders.

- a supervisory board
- labor
- management board can prevent any single shareholder from voting with more than 5% of total company shares



-Players and Process

-Sebenius 2002

-Companies traded on the New York Stock exchange cannot increase their share base by a significant amount without shareholder approval.

- French LVHM acquired 35% of Gucci
- Gucci is based outside of the US
- Gucci issues 20% new shares to employees
- 42% to French rival of LVHM



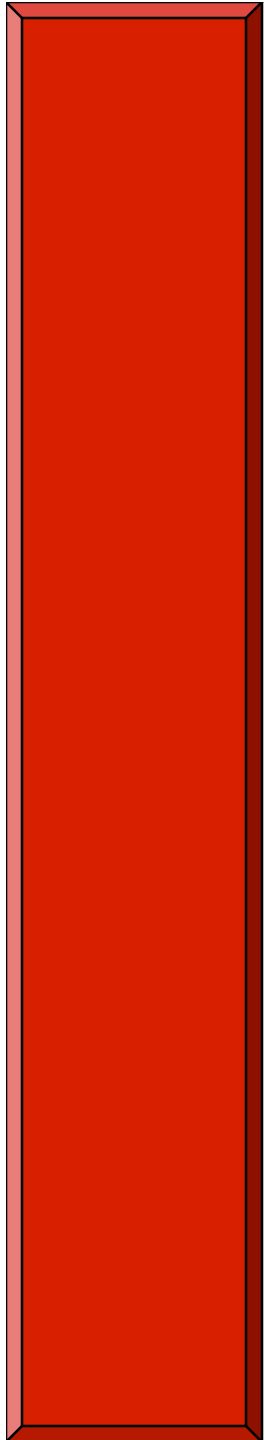
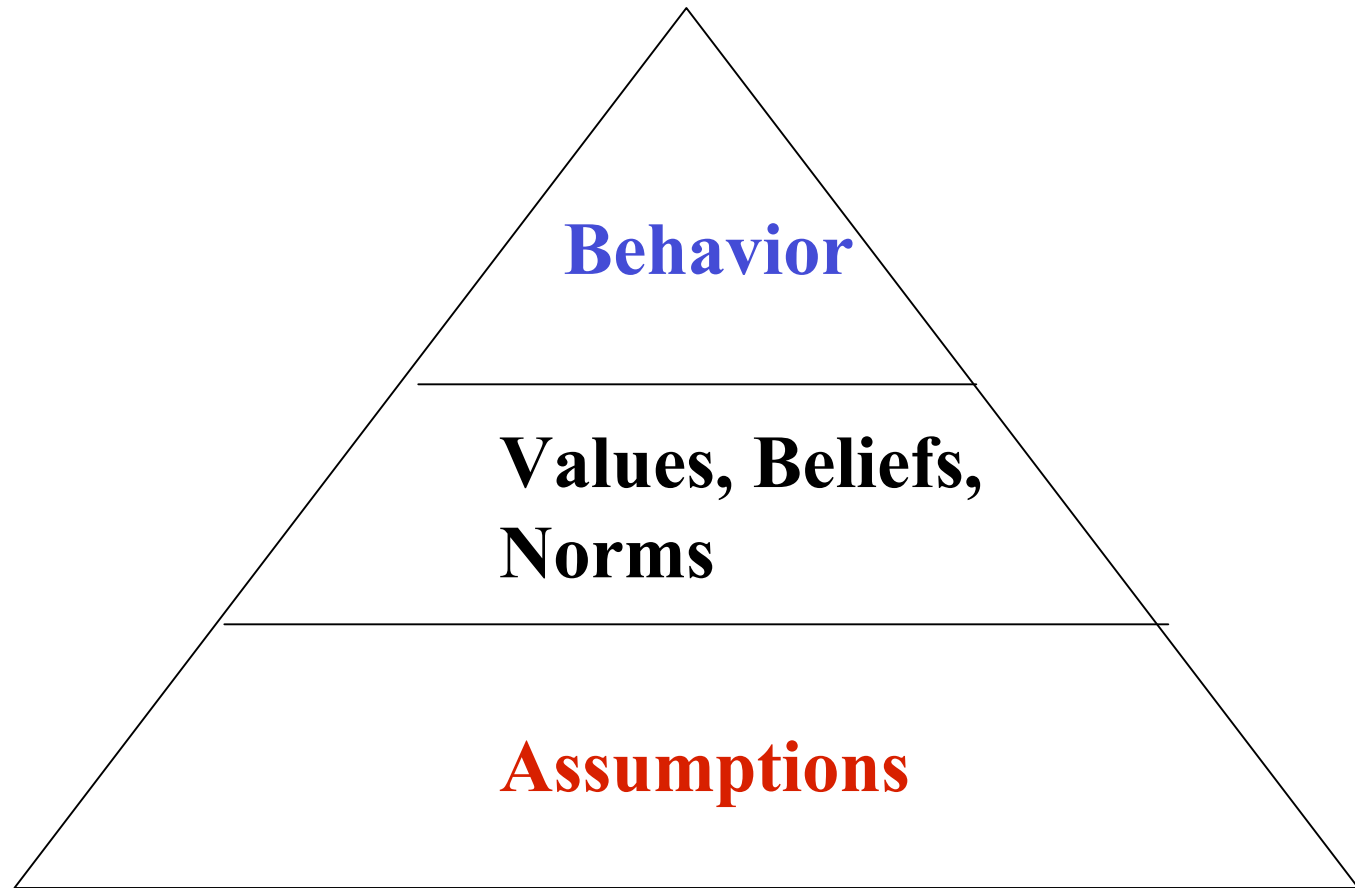
Cultural Orientations

Cultures shape people's values and values influence the predictions that can be made about people's negotiation preferences, interests, and behavior.

- professional/functional area cultures
- organizational culture
- national culture
 - religious culture
 - ethnic cultures
 - gender expectations

Cultural Iceberg

(Thompson, L., 2001)





Multiple Cultural Frameworks

(Thompson, L., 2001)

- **The Kluckhohn-Strodtbeck Framework**
- **Hofstede's Framework**
- **Brett culture and negotiation Framework**



The Kluckhohn-Strodtbeck Framework

(Thompson, L., 2001)

- **Relationship to the Environment**
- **Time orientation**
- **Nature of People**
- **Activity Orientation**
- **Focus of Responsibility**
- **Concept of Space**



Hofstede's Framework

(Thompson, L., 2001)

- **Individualism vs. Collective Orientation**
- **Power Distance [equalitarianism vs.]**
- **Uncertainty Avoidance**
- **Achievement vs. Relationship orientation [Assertiveness vs. Empathy]**



Cultural Values and Negotiation Norms (Brett, 2001)

- **Individualism vs. Collective Orientation**
- **Equalitarianism vs. Hierarchy**
- **Communication: Direct vs. Indirect**



Individualism vs. Collective Orientation

1. **Self- interested and completeive tactics like bluffing more acceptable in individualistic culture [US MBAs versus non-US MBAs; (Lewicki and Robinson, 1998)]**
2. **In-group favoritism is likely to be stronger in a collectively oriented cultures**



Individualism vs. Collective Orientation

3. people from individualistic cultures are more likely to make the **fundamental attribution error** (over estimate role personal characteristics have in behavior relative to situational influences)
4. people from collectively-oriented culture are traditionally more likely to cooperate in mixed motive situations than those from individualistically oriented cultures



Equalitarianism vs. Hierarchy

Chinese students in Hong Kong and American students were asked how they would respond to a conflict scenario.

- **Hong Kong students preferred relational bargaining (asking a superior, third party or a social group)**
- **American students preferred an individual interests approach (offering information, asking the other person for more information, suggesting that the other party make a proposal) (Tinsley and Brett, 1997)**



Communication: Direct vs. Indirect (a)

[e.g., **Asking direct questions** vs. making a lot of proposals]

- **U.S. negotiators were more likely to reciprocate direct information.**

- **Japanese negotiators were more like to reciprocate indirect information exchange.**

(Adair, 1999)



Communication: Direct vs. Indirect (b)

- **Asking direct questions is critical for efficient integrative solutions**

- **Negotiators from Russia and Hong Kong (indirect communication countries) generated the lowest joint gain**

- **Japanese negotiators (also from an indirect communication country) had high joint gains. They engaged in more direct information exchange (asking questions) than negotiators from Hong Kong or Russia.**
(Adair et al., 1998)

(Intracultural studies)



Communication and Power

(Thompson, L., 2001)

US negotiators exchanged information directly and avoided influence intra- and interculturally

Japanese negotiators exchanged information indirectly and used influence intraculturally but adapted their behavior when negotiating interculturally . (more direct and less indirect information)

Lower joint gains interculturally.



Take aways

1. Key recognize difference in perceptions may exist
 - a. **Individualism vs. Collective Orientation**
 - b. **Equalitarianism vs. Hierarchy**
 - c. **Communication: Direct vs. Indirect**

2. Observe, analyze, test your understanding of the situation, and be flexible
 - Your behavior may be interpreted in ways that you never intended.
 - You may interpret another's behavior in a way it was never intended.



Distributive Negotiation Challenge

You have

- **15 minutes to prepare**
- **20 minutes to negotiate**
- **15 minutes to Turn in forms and prepare**
- **20 to try again with a new counterpart**