

CASE STUDY

Sometimes, the potential for future interaction inherent in the relationship between two parties involved in a negotiation activates a norm of reciprocity and makes them reach an agreement that integrates their needs. It is because relationships entail an emotional quality and relational goals are aimed at creating and restoring trust so that parties involved honor exchange commitments and are not exploitative. Is it really the case? Talking about salary negotiations, this case is about a supervisor who is convinced that one of his employees deserves a better-than-average raise and obtaining it is primarily a negotiation process with his manager who is rewarded for controlling costs and not for recommending or approving better-than-average raises. Nevertheless, the supervisor's methods of lobbying for a raise and the inherent relationship between the supervisor and the manager makes the manager agree to a better-than-average raise. However, the supervisor's methods of lobbying for a raise make the manager think and worry about future negotiations between him and the supervisor.

Vineet and Jayesh work for a reputed pharmaceutical company, an MNC having operations in 50 different countries. They work for the



worked for this company for more than six years. Their reason behind staying with the company has been its employee friendly policies and

He is wise and prudent in his dealings with people - is what people around him say about him. Jayesh is considered to be a senior, experienced and sedate manager. He is known for keeping a cautious approach and strategically entering into niche areas. He has a strong focus on expenditure control and taking objective decisions. He believes in transparency and monitoring closely and regularly. Jayesh has been Vineet's boss for almost two years.

One of Vineet's employees has greatly impressed him. This employee is Ruhana Khanum. Ruhana was hired 11 months ago. She is 24 years old and holds a master's degree in Chemistry. Her entry-level CTC has been 3.5 lakhs per annum. She was told by Vineet that, in accordance with company's policy, she would receive an initial performance evaluation at six

Sometimes, the potential for future interaction inherent in the relationship between two parties involved in a negotiation activates a norm of reciprocity and makes them reach an agreement that integrates their needs.

company's Mumbai based R&D. Vineet supervises a research laboratory. Jayesh is the manager of the research and development group. Vineet and Jayesh have

practices. Vineet is considered to be very competent in his job. He believes in patience and restraint while dealing with people for which he is highly regarded by his team.

CASE STUDY



■ BY CHANDRIMA ROY

months and a comprehensive review after one year. Based on her performance record, Ruhana was told she could expect a salary adjustment at the time of one-year evaluation.

Vineet's evaluation of Ruhana after six months was very positive. Vineet commented on the long hours Ruhana was putting in, her cooperative spirit, the fact that others in the lab enjoyed working with her, and that she was making an immediate positive impact on the research project she had been assigned. Now that Ruhana is going to complete one year working in the company, Vineet has again reviewed her performance and thinks that she may be the best new person the R&D group has ever hired.

Salaries in the department vary greatly. The CTC range for the 15 department members is 2.5 lakhs to 7 lakhs. The lowest salary is a recent hire with a bachelor's degree in Physics. The two people that Vineet had rated above Ruhana have a CTC of 5 lakhs and 5.5 lakhs. They are both 27 years old and have been in the company for three and four years, respectively.

Vineet wants to give Ruhana a big raise. While she is young, she has proven to be an excellent addition to the department. Vineet doesn't want to lose her. More importantly, she knows in general what other people in the department are earning and she thinks she is underpaid. She is very ambitious and

it matters to her that she gets recognized for what she is doing. She feels that being underpaid, she is not being recognized for what she is doing and she has expressed this in very subtle ways during her performance appraisal meeting with Vineet. The company typically gives one-year raises of 7%, although 10% is not unusual and 15 to 20% increases have been approved on occasions. Vineet would like to get as large an increase for Ruhana as Jayesh will approve.

As for Jayesh, all his supervisors typically try to squeeze him for as much money as they can for their people. He understands this because he did the same thing when he was a supervisor, but his boss wants him to keep a lid on the costs. He wants to keep raises for recent hires generally in the 5 to 8% range. In fact, he has sent a memo to all managers and supervisors saying this. However, Jayesh is also concerned with equity and paying people what they are worth. Jayesh feels assured that his boss will support any salary recommendation that Jayesh makes, as long as it can be justified. However Jayesh's goal, consistent with cost reduction, is to keep salary increases as low as possible.

Vineet has a meeting scheduled with Jayesh to discuss Ruhana's performance review and salary adjustment for which Vineet does a lot of homework specifically to overcome obstacles that will arise in the way of achieving his objectives

negotiation dilemmas

CASE STUDY



CHANDRIMA ROY
Associate Professor
■ MITCON Institute of Management

With an MS from North Carolina State University in USA, Chandrima has 12 years of teaching and research experience in India and abroad. She also has more than one year of research experience at IIM Bangalore. She holds a Master's degree in English Literature and is an MBA specializing in Human Resources. Her expertise lies in the area of Organizational Communication and HRD. She also facilitates career development and motivational workshops. She was a workforce development professional working in Michigan, USA before returning to India in July 2006. She has presented papers at several conferences and written quite a number of articles that appeared in reputed national daily. Chandrima's major areas of interest include - the role of emotion in conflict management, role of leadership in the changing economic times and creating workplace harmony.

or goals. Vineet starts with analyzing his goals because he believes that when goals are analyzed, the obstacles to the achievement of those goals become conspicuous. He focuses on what interests, or desires or concerns are motivating him to take this position of negotiating Ruhana's raise. His interest here is to not lose Ruhana as she has been an excellent addition to the department who can make significant contributions to the project and needs to be valued and recognized. Jayesh is not only interested in keeping a lid on costs, but, is also concerned with equity and paying people what they are worth. So, next, Vineet identifies a range of raise percentages that will be acceptable to meet his objectives and thus, sets a target and resistance point. His target point here is to get a 20% raise for Ruhana and he will not accept any offer of raise less than 14%, which is his resistance point. Vineet is aware of Jayesh's interest in keeping a lid on the costs, thus, he always believes in developing specific objectives prior to a negotiation.

Jayesh, on the other hand, was thinking on expanding the resources under consideration - the extent that other commodities can serve the same function as salary or meet a different interest of at least equal value (for example, sending her to conferences in foreign countries, giving her a designated parking space or a laptop to work with, membership to professional associations like American Chemical Society etc...). Jayesh thought that Ruhana felt a need to be recognized for what she was doing for the company and these options can serve the same purpose. Moreover, some of these options may not be as costly to the company as giving a raise of 20% and could be traded away.

During the meeting, Vineet's strategy was aimed at enticing Jayesh to give the maximum raise possible to Ruhana by stressing the legitimacy of his need - his need to motivate his employees and value them for their worth - and highlighting the advantages of having

Ruhana in the project and in the company. Since Jayesh is also concerned with equity and paying people for what they are worth, there is a similarity ('commonality' as it is known in negotiation literature) in attitude that Vineet identifies. He feels that expressing similar attitudes would probably increase the likelihood of co-operative endeavors. In the meeting Vineet tries to create a positive atmosphere (liking) by talking friendly and acting fair and concerned. He knows that opponents are more inclined to give in if they like the negotiator. Vineet starts with a bid that is higher than his goal and this way he is able to make concessions that activate a norm of reciprocity. In the end, Jayesh agrees to a raise of 13% that is a little below Vineet's resistance point (14%), but, compensates this by offering other resources (mentioned above) that are not as costly to the company as the salary and could be traded away.

Vineet is very happy to have got mostly what he wanted and feels that they could reach an agreement that integrated the needs of both his and Jayesh's. However, Jayesh does not feel this way after the meeting. Jayesh wonders what made him agree to a 13% raise along with other resources. Is it due to the potential for future interaction inherent in the relationship between him and Vineet? Jayesh is worried about future negotiations with Vineet regarding raise issues. Will this become a trend? Will this not raise Vineet's expectation from him in future interactions? Looking back at the situation, what is the least Jayesh could have offered without appearing outrageous? Jayesh felt that throughout the meeting, Vineet's dominant concern was to usually maximize his own interest. His goal in the entire situation was to increase value of his own argument. How many times in the meeting did he ever bring in what Jayesh values - such as keeping lid on the costs, etc? Could he not have framed options in terms of Jayesh's interests?

The workplace of today is far too complex for anyone to be a breast of all issues. This changes the dynamics of traditional boss subordinate relationships. Bosses tremendously require assistance and strategic information that could emanate from below.

In these times, leading up is a significant workplace issue, though, it seems to be rarely discussed and appreciated in many organizations. Vineet's presentation of the facts for a raise is a case in point on how managers are taking ownership to retain good talent and willing to go an extra mile. For Vineet, leading Jayesh is a highly sensitive issue that thoroughly requires sustaining the overall interest of the organization, the boss, subordinate and the team.

To achieve success with leading up, it is necessary that it's embedded in the organization's culture that appreciates upward feedback as a tool for effective decision.

Culture that fosters decision making

Every organization has an intrinsic culture. When the culture of the organization is built on mutual inclusion, trust, and a common objective, it fosters enriching interactions. It creates a win-win situation despite whatever the decision.

Jayesh's struggle to come to terms with his decision brings up several issues:

(a) The case does mention that one of the prime reasons for Vineet and Jayesh's affiliation to the organization is because of its 'employee friendly' policies. Did Jayesh create a culture that empowered Vineet to take a decision that was towards the betterment of the organization? If yes, his feelings of having 'given in'

seem to be irrelevant.

(b) Most decisions tend to get made in a climate of fear—may be fear of rejection in this case. Fear creates a scarcity of good ideas, and a roadblock where tough issues get deferred rather than solved. Did Jayesh give in to Vineet's argument easily? Why this self doubt? You do whatever you have to do to ensure that you don't rock the boat because you are reviewed on "how you manage costs" not on what you could do or the value you could bring with the decisions. Even with all this, sooner or later you're going to have to ask yourself if it's "worth it" because when a career becomes a job we lose a little bit of ourselves. (c) If Jayesh had really weighed the options and was certain that his decision (on a 13% raise) was not in line with the organization's larger goals, he could have drawn Vineet into a conversation to help him open up his own agenda with the value proposition to the organization.

Relationships built on stewardship

In any organization, the relationship enjoyed by the employees usually goes beyond their operational/day-to-day transactions. Sound decisions are based on the strength of the case and not merely on the message or messenger. The focus is not on the tone and tenor of communication, but a mutually inclusive, amicable discussion can be pursued. The relationship in such cases remains intact irrespective of the outcome of the discussion. All employees (including managers and supervisors) need to consider themselves as stewards who have been entrusted the responsibility of driving the organization towards a common goal.

Relationship building is different from being a friend. Vineet to make



SHEELA K. L.
Head-Global-HR ■ Collabera

Sheela at Collabera is responsible for developing and implementing global policies and programs that support the organization's overall strategic direction. In the current role, she provides direction for staffing, human resources, learning and development, compensation and benefits and employee relations for Collabera worldwide. She has over 15 years of business, leadership and consulting experience in human resources within the information technology space. Her areas of experience include M&A integration, talent acquisition and retention, organizational development/ performance management and leadership development. Previous to joining Collabera, Sheela has worked with Motorola, Dell International, and Satyam Computers. She has a master's degree in communication and a bachelor's degree in business management from Hyderabad University.

CASE STUDY

a success at leading his manager, he needs to build a cordial rapport, act with integrity and honesty, communicate effectively, be proactive and deliver on his job, think through issues with his boss in an objective manner, give innovative and creative ideas freely other than insist on salary hike. For Vineet, building a good rapport with his boss transcends success in one transaction; hence his success at winning boss's confidence will ease the function of leading up in the future interactions. Perhaps Jayesh's apprehension of future relationship with Vineet is because of his own assumption of having 'given-in' to his long standing relationship with Vineet and not aligned to the organizations goals.

The relationship between bosses and subordinates is not just a matter of leadership it also requires honesty and trust. Consciously, working with your boss to obtain the desired results makes both the boss and subordinates a definite winning strategy.

Rational response to emotional stimuli

The guiding principle - opposite of fear is hope. In an environment of hope, intelligent teamwork becomes feasible as everyone focuses less on "What should we do?" and more on "How can we achieve what we really want to accomplish?" Hope also allows a group to collaborate together to make a sound decision rather than trying to second guess what the other party wants.

It is important to analyze ideas and ensure that necessary information to make it holistic and, that one's proposition does not contradict company's policy and that the economic value is clearly visible. In the end, have you made a good decision? The answer is yes if it causes less stress, and it is easier to explain the reasons for the decision that was made. That is, one should make decisions skilfully in a way that is adapted to the end one wishes to achieve. To make strategic decisions requires that one takes a structured approach following a


formal decision making process. Otherwise, it will be difficult to be sure that one has considered all the key aspects of the decision.

One of the factors that Jayesh could reflect upon was his own reason for his decision. Was he considering all the data points provided by Vineet or was he being moved by the emotional intensity with which the case was presented? Was he merely looking at the numbers and the % of the raise rather than the effect of such a raise towards maintaining equity and parity within the organization? Was he equally giving consideration to retaining the right talent within the organization? Was he giving into duress or did he weigh the accrued value to the organization because of his decision? If he were certain of having made a rational decision without being swayed by his emotions, he would have had a real case to contend with Vineet's proposal and also guide him to focus on the organization and steering clear of any vested interests.

Points to ponder

To enhance his assertiveness at work, Jayesh may wish to consider the following points in his future interactions in similar circumstances:

- List the shared hopes and common agenda as part of the presentation
- Identify all possible options and not just the ones he favours
- Validate all options from the perspective of what each accomplishes for the organization
- Present the pros and cons of each option
- Provide insights on Vineet's presentation and pave way for his development

An effective decision is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skilful persuasion; it represents the wise choice of many alternatives. In all aspects of our lives, and importantly in the business context, an amazing diversity of data is available for inspection and given insights. 

GLOBAL HR LEADERS DISCUSS HR AS VALUE CREATOR

200+ senior HR leaders will be joining the Human Asset 2011 7th Annual People Management Summit which will take place on 25th and 26th October in the luxurious New York Palace Boscolo Budapest to shed a light on how HR can play a strategic role in stakeholder value creation.

The two-day highly interactive event features academic thought leaders and global corporate experts from across various industry verticals. Professor Dave Ulrich of the University of Michigan, one of the world's leading experts on people strategy and practice will be delivering a keynote and a masterclass session.

During the 2-day summit, attendees may customize the program according to their interest by attending presentations of their choice as there will be 3 parallel streams on the first day, covering Strategic HR, Talent & Performance, Pay, Reward and Employee Benefit topics.

Presenters include: Orlando Ashford, CHRO at Marsh & McLennan, Jonathan Ferrar, VP HR Workforce Analytics at IBM, Ingrid Eras, VP People Development EAME, Starwood, Kumar Kymal VP Global Rewards at Research in Motion, Karl-Heinz Oehler, VP Global Talent Management at Hertz, Anthony Cerquone, VP Global Talent and OD at Novartis, Geoffrey Matthews VP HR Strategy & OD at Merck Serono, Sergi Garcia, VP HR Europe at SONY, Simone Oremovic, Group HR Director at Telecom Austria Group and Usha Kakaria Cayaux, Global Talent Manager at Heineken.

For further information please visit <http://www.humanassetsummit.com> or contact Mihaly Nagy of Stamford Global on mihaly_nagy@stamfordglobal.com