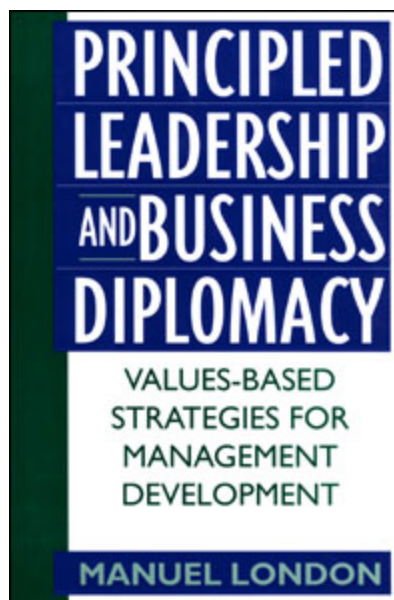


Cover



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<b>title:</b>	Principled Leadership and Business Diplomacy : Values-based Strategies for Management Development
<b>author:</b>	London, Manuel.
<b>publisher:</b>	Greenwood Publishing Group
<b>isbn10   asin:</b>	1567203477
<b>print isbn13:</b>	9781567203479
<b>ebook isbn13:</b>	9780585387819
<b>language:</b>	English
<b>subject</b>	Business ethics, Leadership, Conflict management.
<b>publication date:</b>	1999
<b>lcc:</b>	HF5387.L66 1999eb
<b>ddc:</b>	658.4/092
<b>subject:</b>	Business ethics, Leadership, Conflict management.

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# **PRINCIPLED LEADERSHIP AND BUSINESS DIPLOMACY**

Values-Based Strategies for Management Development

Manuel London



QUORUM BOOKS  
Westport, Connecticut • London

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Library of Congress Cataloging-in-Publication Data London,  
Manuel.

Principled leadership and business diplomacy : values-based  
strategies for management development / Manuel London.  
p. cm.

Includes bibliographical references and index.

ISBN 1-56720-347-7 (alk. paper)

1. Business ethics. 2. Leadership. 3. Conflict management.  
I. Title.

HF5387.L66 1999

658.4'092—dc21 99-27821

British Library Cataloguing in Publication Data is available.

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reproduced, by any process or technique, without the  
express written consent of the publisher.

Library of Congress Catalog Card Number: 99-27821

ISBN: 1-56720-347-7

First published in 1999

Quorum Books, 88 Post Road West, Westport, CT 06881

An imprint of Greenwood Publishing Group, Inc.

www.quorumbooks.com Printed in the United States of

America 

The paper used in this book complies with the Permanent  
Paper Standard issued by the National Information  
Standards Organization (Z39.48-1984).

10 9 8 7 6 5 4 3 2 1

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For Marilyn

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## **Preface**

This book is about applying the art of principled leadership and diplomacy to business. Principled leadership is the application of ethical business values, including mutual respect, trust, honesty, fairness, kindness, and doing good. Principled leaders are executives and managers who apply these values in their daily business lives. Principled leaders do not ignore the tough realities of business. They deal with market forces, make difficult decisions, resolve conflicts, and negotiate deals using business diplomacy.

Business diplomacy is a way of working with people to get things done effectively. Rather than work over, around, or through other people, the idea of business diplomacy is to help people understand each other's perspective and reach common ground without hostility. Principled leadership and business diplomacy are values-based management strategies. The underlying premise is that being ethical, tactful, and showing concern for others are positive, effective business strategies.

Principled leadership and business diplomacy provide directions for management and leadership development. This book provides a model for human-resource managers, management development specialists, and organizational development consultants (change agents and group facilitators) to follow in designing management and leadership development programs, selecting and training managers and executives, and changing corporate culture. Also, these professionals can be role models of principled leadership and business diplomacy and change agents in their organizations to encourage cooperation and get people to work together effectively.

I began thinking about the concepts of principled leadership and business diplomacy when I reflected on my own work experience as a corporate human-resource manager for twelve years and as a college professor and administrator

for thirteen years. I had seen too many examples of how organizational politics, unfairness, self-centeredness, and mean-spiritedness hurt people. These did not seem to be effective ways of doing business, and they certainly weren't enjoyable. Of course, I encountered many examples of encouragement, support, and integrity. I wondered what would be needed to create an organization where these would be the guiding values in both espoused philosophy and reality; where these values guided actions and decisions that occur behind the scenes as well as those that are visible. I wondered how this would be possible when conflicts in goals, cultural values, personalities, and behavioral styles are inherent in the situation. I observed that the people who were most successful in resolving disputes and maintaining the peace while moving the organization forward seemed to be business diplomats. Hence, business diplomacy appeared to be a way to make principled leadership possible.

I would like to thank my colleague, Dr. Robert Boice, for valuable and sensitive comments on an earlier draft of this book.

Principled leadership and diplomacy are positive values and actions for successful business relationships. Marriage requires an even deeper relationship and stronger values and actions. This book is dedicated to my wife, Marilyn, who showed me the value of kindness, understanding, honesty, and communication.

## **Introduction**

This book explains the meaning and benefits of principled leadership and business diplomacy and describes how these management strategies can be developed. Inculcating a principled, diplomatic organizational culture is likely to be a difficult, challenging process. It requires that executives be insightful about themselves and others and motivated to behave in a way that emphasizes ethics, tact, interpersonal concern, empathy, and kindness. These are not necessarily what people think of first when they consider business values. They cope with market forces which can be barriers to ethical practice. In a free market, individuals try to maximize personal gains. This suggests a win-lose mentality: “The more you get, the less is available for me,” and vice versa. Following this approach, trust, honesty, and benefiting others may not be the means to personal gain.

The time has come for principled, diplomatic leadership. Moral leadership and doing good for others promotes doing well. While win-lose strategies may seem to predominate these days, another view of the free market is a win-win mentality, the idea that “if we work together, there will be more for everyone.” Following this approach, cooperation, understanding of others’ feelings, and searching for joint goals enhances gains for all parties. The principled leader adopts this win-win mentality and uses diplomacy to convince others of its benefits and makes it work.

Principled leadership and business diplomacy are not just nice to do. There is a strong business justification for these complementary business strategies. The notion that doing well and doing good go together is not new. Many corporations recognize that social responsibility and

supporting community welfare are important elements of profitability. This also applies at the level of each individual executive, manager, and human-resource professional.

Principled

leadership enhances the reputation of the individual and the organization. A leader's good name is worth more than money, and the leader's reputation as honest and ethical can be a competitive edge.

Principled leaders are role models. They maintain employees' loyalty, possibly reducing turnover costs and enhancing productivity. Employees who are treated poorly have alternatives. They can leave (when jobs are available) or grieve to union officials and employee-relations departments. They can also file lawsuits and complaints with government offices. Laws often protect people against unethical and immoral behavior, and, these days especially, harassment, discrimination, and other forms of poor treatment are not tolerated by employees or customers. So principled leadership is a form of risk management. Even when there are cultural differences in what defines ethical business practices, maintaining high standards lets others know what they can expect and enhances the organization's and leader's stature in the business community.

Business diplomacy, as a means to implement principled leadership, is particularly valuable in today's increasingly fast-paced, competitive, global economy. Competition drives hard bargains and rapid decision making. Crosscultural business ventures and operations within multinational corporations require dealing with people who have different views of the world. Sensitivity to these differences and knowing how and when to compromise can be a competitive advantage. The workforce within the United States is increasingly multicultural. Diplomacy can be a fruitful way to manage differences in values between ethnic, gender, and age groups. More generally, diplomacy is a way to avoid and resolve conflicts and negotiate differences.

Diplomacy involves recognizing and valuing differences and identifying mutual goals. Diplomats use tact and understanding to build trust and develop relationships. This applies to business just as it does to foreign relations or almost any interpersonal situation. Diplomacy works well for leaders implementing change and trying to gain commitment and involvement from members of an organization.

Diplomacy helps to develop better interpersonal relationships, convince others of a preferable course of action, and give advice and coaching to coworkers. Diplomacy is important when others' commitment is required. Business diplomats develop a reputation in the organization as problem solvers. They can be relied on to focus on the issues and get decisions made in a way that involves others and gains their commitment.

Business diplomacy is most important when there are disagreements, interpersonal conflicts, and a lot at stake. It can benefit negotiators who represent strong groups with definite viewpoints. It can also benefit buyers and sellers who have limited resources and want the best deal. Diplomacy is a way to work within corporate politics to make things happen rather than get bogged down in turf battles, resource wars, and dysfunctional, unpleasant competition.

Overall, principled leadership and business diplomacy are important ingredients for enhanced customer and employee relationships. Ascribing to high

standards and holding others to the same standards encourages fairness and equity. Executives and managers become accountable for their actions. How one does business is as important as what one accomplishes (for example, making a profit), because the means of business can affect the ends in the long run, if not immediately. When employees recognize that they are responsible for their actions and face the consequences, they are likely to act more mindfully. When they internalize principled leadership and business diplomacy as central values, external accountability mechanisms become less important. People want to adopt principled leadership and business diplomacy because they are internally rewarding as well as good for business.

There have been other generic treatments of principled leadership and ethical management applied to business and the military.<sup>1</sup> However, there is a need for a human-resource perspective to understand the nature of principled leadership, how to link it with business diplomacy, and how to create principled, diplomatic leaders and organizations.

This book shows how managers and organization change agents put personal feelings aside, avoid anger, and resolve conflicts. It describes different styles of diplomacy, such as the trial balloon, shuttle diplomacy, coalitions, and co-optation. It shows how principled, diplomatic behaviors result when people really listen to each other and develop their own norms and values as the foundation for decision making, conflict resolution, and negotiation.

There are many examples to support these ideas. The public is well aware of discussions about ethics in the military, politics and government, medicine, law, health care, and

marketing consumer products such as tobacco, to mention a few areas. Ethical practice is also important in areas of human-resources management, such as hiring, selection, appraisal, compensation, workforce reduction, and supervisor-subordinate relations. Cases of discrimination, harassment, retaliation against whistleblowers, and inequity in pay and promotional opportunities have received public and judicial attention. There is ample psychological research to support the value of fairness in business and diplomacy in negotiations with the notion that cooperation and a win-win philosophy work better than backbiting and sabotage.

My thinking about principled leadership and business diplomacy derives from my research on how people learn about themselves and others in organizations and how they apply this information to develop effective business relationships. In my theory of motivation, three internal factors drive a person's behavior: their *insight* into themselves, including their strengths and weaknesses, and into others; their *resilience*, including their confidence that they can overcome barriers to their goals; and their *identity*, including the goals they want to accomplish.<sup>2</sup> Diplomats need insight to recognize why others are behaving as they do. They need resilience to stand up to others' objections and arguments and know how far to push. They need self-identity to focus on what they are trying to accomplish and keep their eyes on the big picture.

Being a principled leader and business diplomat requires interpersonal insight.<sup>3</sup> Principled, diplomatic leaders need to understand themselves well, including how others see them. They need insight into human nature; that is, what makes people behave the way they do. The book covers methods to develop self- and interpersonal insight, such as nonthreatening ways of getting valuable feedback.

People evaluate themselves and others in relation to their expectations. They see what they expect and ignore or deny everything else. To see the way things really are may require being shaken up a bit by events and feedback that disconfirm their expectations. Then people can form new ways of viewing themselves and the world around them. Principled leaders and business diplomats, whether they are in leadership positions or not, need self- and interpersonal insight to adjust their own behavior to others' feelings, attitudes, and moods. They need to be sensitive to differences in others, especially when multiple cultures are involved, as is the case in multinational corporations and global business ventures.

I initially developed the ideas in this book in an article published in the *Journal of Management Development*.<sup>4</sup> This book is an extension of that initial work. I use cases throughout the book to show alternative ways to approach often delicate or emotionally charged situations and why a diplomatic approach works best. These cases cover situations such as managing reports of sexual harassment, handling multiethnic conflicts, and negotiating with people from different national cultures. Every chapter offers tools and suggestions for human-resource professionals and organization development specialists to help communicate

the value of principled leadership and business diplomacy and apply these strategies in organizational settings.

The book is divided into four parts. The first three chapters define the meaning of principled leadership and business diplomacy as mutually supportive managerial styles. Chapter 1 shows how they work together to enhance interpersonal work relationships, overcome hostilities, and generally get things done. Chapter 2 describes how principled leadership and business diplomacy are used by people in a variety of organizational roles, including leaders, negotiators, mediators, and facilitators. Chapter 3 examines the politics of business diplomacy, discussing how to deal with difficult people.

The second part of the book provides examples of principled leadership and diplomatic behavior. Chapter 4 describes principled, diplomatic strategies as a general approach to problem solving, negotiation, and decision making. Chapter 5 describes tactics of diplomacy, such as shuttle diplomacy and trial balloons.

The third part shows how leaders, managers, and change agents learn about themselves and others in diplomatic relationships and how this fosters principled, diplomatic leadership. Chapter 6 describes the diplomatic personality and outlines diplomatic skills and behaviors that can be learned. Chapter 7 describes how leaders, managers, and change agents learn about others—how they anticipate others' decisions and actions and adjust to the situation.

The final part of this book describes diplomatic strategies in tough situations faced by leaders and change agents. Chapter 8 focuses on diplomatic ways to

resolve conflicts and negotiate agreements. Chapter 9 applies business diplomacy to doing business internationally, with emphasis on the need to be sensitive to cultural differences. Chapter 10 considers how principled diplomacy helps managers deal with performance problems in their departments and how managers, human-resource professionals, and external coaches can use principled diplomacy to advise and develop their subordinates and peers. Chapter 11 tells how to establish an organizational culture and reputation for doing business in a principled, diplomatic way. It presents ideas for human-resource strategies and programs that support principled leadership and business diplomacy. The concluding chapter offers general recommendations for using principled diplomacy to achieve win-win solutions to problems. An appendix provides a brief review of areas in the literature that support principled leadership and business diplomacy.

## **NOTES**

1. For instance, Blanchard, K., and N. V. Peale. 1988. *The power of ethical management*. New York: Fawcett Columbine. Also see L. R. Donnithorne. 1993. *The West Point way of leadership: From learning principled leadership to practicing it*. New York: Currency Doubleday.
2. London, M. 1985. *Developing managers: A guide to motivating and preparing people for successful managerial careers*. San Francisco: Jossey-Bass.
3. London, M. 1995. *Self and interpersonal insight: How people learn about themselves and others in organizations*. New York: Oxford University Press.

4. London, M. 1999. Principled leadership and business diplomacy: A practical, values-based direction for management development. *Journal of Management Development* 18, 170–192. Adapted here with permission of MCB University Press.

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## **Part I**

# **The Meaning of Principled Leadership and Business Diplomacy**

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## **Chapter 1**

### **Defining Principled Leadership and Business Diplomacy**

Principled leadership and business diplomacy are mutually supportive styles of management. They work together to enhance interpersonal work relationships and are valuable in making tough decisions, resolving emotional conflicts, and negotiating sensitive issues.

#### **PRINCIPLED LEADERSHIP**

Principled leaders promote ethical treatment of others within and outside the organization. Their objective is to help other individuals, groups, or organizations. Principled leaders establish organizational policies that are consistent with this objective. Examples of such policies are that harassment and discrimination will not be tolerated and that fair treatment will be expected and rewarded. More subtly, the organization makes it clear that business diplomacy is the appropriate and valued mode of behavior. Arrogant, autocratic managers are punished (or at least not rewarded). Leaders and managers are expected to work participatively, communicate with others honestly, and do business in an open and above-board way.

#### **Kyosei**

Principled leadership builds from several concepts embedded in non-Western cultures. One such concept is *kyosei*, the Japanese belief that people can live and work together for a common good or cause.<sup>1</sup> A similar concept in Hebrew is *tikkun olam*, which means to make the world better. Jews believe that this is a responsibility of every Jew.

It is also similar to the Buddhist message of goodness, equality, and getting along.

Kyosei applies to individuals and to organizations. Individuals show kyosei by taking responsibility for themselves and others and treating people with respect and kindness while they simultaneously attempt to be entrepreneurial, add business value, and make a profit. Companies apply kyosei by assuming global social responsibility that overcomes local labor-management frictions, social frictions, and international frictions. These firms value innovation and competitiveness, but they also value fair treatment of individuals and other corporations in their business dealings and being a responsible citizen of the local, national, and international communities.

Firms that practice kyosei care about the interests of all their stakeholders, including employees, suppliers, customers, and the local community. They try to apply this across professions, nationalities, and political regimes. Ryuzaburo Kaku, chairman and CEO of Canon, Inc., a diversified global manufacturer of business machines and optical equipment, explained kyosei this way: "Because this is a balance sheet, a corporation would have to be innovative, independent, fair, and willing to work together with competitors to balance interests for the common good. This is the key to long-term sustainable success."<sup>2</sup>

Kyosei means honest and fair leadership decisions and ethical organizational practices. Principled leaders and principled human-resource managers, organization-development consultants, and change agents try to be fair and kind. Whether they do this out of the goodness of their hearts or because they believe that it's good business (or both) doesn't matter. What's important is that they act in a diplomatic way to make decisions, resolve conflict, and negotiate agreements.

## **BUSINESS DIPLOMACY**

Business diplomacy is what principled leaders, managers, and change agents do to apply kyosei. Kyosei is not just an expression of values. It is the living embodiment of those values. Principled leaders are role models for business diplomacy. Corporations that practice kyosei teach, encourage, and reward business diplomacy. Managers and leaders who subscribe to kyosei could also be called business diplomats. They can act in a diplomatic way in their business dealings, even if the organization as a whole cannot be characterized by kyosei. In doing so, they move the organization toward the kyosei principles.

Principled leadership and business diplomacy provide directions for leadership and management development. Diplomacy makes principled leadership possible in Western culture. Diplomacy helps to get others to cooperate even when they initially disagree. It helps avoid or resolve conflicts. The essence of diplomacy is tact, treating people with dignity and respect, and recognizing and working with company politics.

## **APPLYING PRINCIPLED LEADERSHIP AND BUSINESS DIPLOMACY**

To think about how principled leadership and business diplomacy works, consider how to handle these tough business situations as a leader or consultant:

- Committee members disagree, and they cannot seem to collaborate on anything.
- You want to sell to a customer who is doing business with a competitor.
- You have information that is damaging to another party and you do not want to hide the information but rather use it to help the organization.
- You have a subordinate you cannot stand, and everything the subordinate does angers you.
- You are working with people in another country, and you cannot understand why they behave the way they do.

Consider some even tougher issues:

- An employee complains that her supervisor, who reports directly to you, is harassing her.
- You are chairing a quality-improvement team with six members, three white and three black, and the group seems to split along racial lines on every issue.
- You are negotiating a contract to purchase goods from a manufacturing plant in Japan; you have a tight deadline, but the factory seems to care less about working with you.

What are some alternative responses in these situations? Be aggressive and assertive? Escape from the situation as soon as possible? Do nothing? One could tackle the situation head on—express a definite position and explain what will happen. How are others likely to react? With hostility? Aggression? Respect? Exasperation? How can they be encouraged to be cooperative or to work together constructively? How can they be encouraged to see

alternative viewpoints? How can they be encouraged to compromise?

One solution is business diplomacy. We usually think of diplomacy in terms of foreign relations. Webster defines diplomacy as “the art and practice of conducting negotiations between nations for the attainment of mutually satisfactory terms.” Business diplomacy is the skillful resolution of differences between people in all kinds of corporate and competitive situations.

Diplomats try to get what they want without arousing hostility. They use tact and conciliation in dealing with touchy personal relationships. Again turning to Webster, tact is the ability to see the delicacy of a situation. For instance, tactful people do and say the kindest or most fitting thing. They are sensitive to what is appropriate at any given time, and they are able to speak and act without giving offense. They exhibit *savoir faire*, saying or doing the right or graceful thing. They use *finesse*, the artful management of difficult affairs. They are able to diagnose the situation and recognize others’ needs, interests, and moods. They do this instinctively, or because they have learned from personal experience, watching others, or classroom training.

Diplomacy requires strategizing and planning. A diplomat must understand human behavior in difficult situations. However, this does not mean you have to be cunning, shrewd, or crafty. Nor does it mean being Machiavellian, manipulative, duplicitous, or calculating. It is not tricking others into doing or agreeing to something. Nor is it being soft, and letting others get away with whatever they want. Principled, diplomatic leaders do not just go along with anything as long

as everyone is happy. Rather, they negotiate, mediate, and convince others in a way that is respectful and kind. They gain mutual advantage in a manner that is sensitive to and supportive of others' needs. This is difficult to do because diplomacy is most important and valuable when emotions are running high, tempers are hot, and the situation is potentially explosive. This happens when people have a lot at stake, they have conflicting interests, and there is no obvious solution.

### **SOME EXAMPLES**

Joan, the director of the evening news at a local TV station, wanted to move up story deadlines. In particular, she wanted all videotaped stories to be available a half-hour earlier, so she could do a better job of programming the six and ten o'clock news broadcasts. The reporters and their crews understood the new plan, but the editing room people felt that they couldn't meet the new deadline without spending considerable sums on increased staff (two more people) and new equipment. They wanted to know who would bear the cost. Even if the money could be found for the staff and equipment, they worried that they would not be able to do the same quality job with the tighter timeline. They held one meeting after another to examine the editing operation. Sherman, the news editor, felt that his professionalism was being compromised. Meanwhile, Joan kept insisting that something must be done and that as far as she could see Sherman was being inflexible and unreasonable. She complained to her boss, the station manager, who asked that they work out their differences without incurring added expense. What should Joan do?

- Tell Sherman that she understands his position and the reason for his concerns and do whatever he feels

will work.

- Give her boss an ultimatum—either Sherman goes or she does.
- Try to reach a compromise with Sherman: maybe push back the deadline by fifteen minutes instead of a half-hour.
- Get the reporters and the crew to back her up.
- Ask the reporters to get their stories in an hour earlier so Sherman has more time.

Trying to reach a compromise is one diplomatic solution. Another is to ask the reporters to get their stories in earlier. Diplomacy is not necessarily the easiest, most obvious, or most expedient solution here. In the long run, though, it is likely to develop harmony and teamwork, while a more direct but confrontational or aggressive solution will provoke anger or resentment.

Here is another example. George, a manager in a manufacturing company's marketing research division, finds that the sales department has not used available forecasting information to predict an upturn in sales. Had the sales managers done so, the manufacturing department would have been ready to meet the demand. As it stands, the company lost some key sales, and even had to

suggest that customers buy from a competitor to meet their needs. George felt that he had suggested many times to the sales managers that they should take advantage of sales data, and he would be happy to work with them to develop forecasts. They preferred to do their own forecasts based on their own sources of information. What should George do?

- Provide the information to the CFO and COO to show that the sales department is not doing its job by taking advantage of forecasting data.
- Meet with sales managers to communicate what data are available, show how the data could be used, and help them use the data in the future.
- Give the data to the sales department and let them draw their own conclusions—and hopefully realize the value of the data.
- Not say anything to anyone and let the sales department suffer the consequences it deserves.

Letting things continue as they are would be the easiest path. Going to a higher organizational level would threaten the sales department. Helping them use the data would take time and would require convincing them that the data are worth something to begin with. Yet this solution is likely to have lasting value for the company while it builds respect for the research department.

### **WHEN TO USE DIPLOMACY**

Diplomacy is valuable in handling performance problems, managing diversity, improving teamwork, overcoming resistance to change, and gaining cooperation from others. It is useful to mediate conflicting interests and negotiate agreements. It works when others' attitudes and behavior are obstacles to getting things done rapidly and effectively.

Diplomacy works best when one is working with others who are, or are trying to be, diplomats. Diplomats may disagree, but they can reach agreement faster when they are sensitive to each others' feelings and interests. However, diplomacy is often one-sided. Dealing with someone who is insensitive to others' concerns, opinions, or feelings requires extraordinary patience and insight. One has to be tough skinned and resilient to maintain decorum and tact and not give into one's anger and be oppositional.

### **THE CHALLENGE OF PRINCIPLED LEADERSHIP AND DIPLOMACY**

The challenge of being a principled leader and diplomat, or the dilemma, is dealing with others who are driven by self-interest. Some may view self-interest as the key motivation in a market economy. However, this is not necessarily the case. Compassion and relationship building lead to win-win solutions that are better for everyone.

Nevertheless, the principled, diplomatic leader is likely to feel alone. Others view themselves as opponents. They manipulate, attack, or lobby. They may be doomsayers, claiming that the sky will fall if they don't get their way (for instance, the corporation will go bankrupt or lose a key sale). They may be naysayers, giving you every reason in the book why something can't be done. They may have a chip on their shoulder, feeling the world is out to get them or not willing to give an inch. They may only be happy when others agree with them.

Principled, diplomatic leaders do not let these people irk them. They put aside (not just hide) their self-serving, Machiavellian tendencies. They do not get angry and let others know they have control. The appropriate attitude or posture as a diplomat is not to get what one wants no matter what. Principled, diplomatic leaders are not self-righteous. They may have an idea of what is best, and they want to communicate it to others and convince them that it is right. It will not help to have an underlying (conscious or unconscious) motive. Kyosei is not about winning or losing.

Principled leadership and diplomacy may be combined with other leadership styles, or they may be the main ways a manager or executive behaves. Principled leaders do not manage by fiat. They are not authoritarian and arbitrary. They have viewpoints, and they lobby others. They may be the main champions for a perspective, or they may be the ones calling the shots in order to bring about some change or redirect an enterprise. Sometimes they have to put their foot down and say, "This is the way things are going to be, like it or not." However, for the most part, they try to work with others in a way that recognizes differences in opinions and different ways of getting things done.

Principled leaders are not Pollyannas. They don't believe that kindness and empathy work in all cases. They recognize the political context and work within it. They know that politics involves competition between diverging interest groups or individuals for power or leadership. However, working in the political arena does not necessitate dishonest practices or taking advantage of others, although people often behave as though it does. The art of principled leadership and diplomacy involves formulating strategies that take others' viewpoints into account. The talented diplomat knows when to give up or turn to an alternative course of action.

Principled, diplomatic leaders do not go into a situation with a preconceived idea about what should or needs to happen. They are willing to change and adapt. They ask others who disagree with them for their opinions. They may ask others to recognize and resolve their disagreements themselves. They take time to collect all points of view and identify alternative solutions.

### **CREATING A PRINCIPLED, DIPLOMATIC ORGANIZATION**

When principled, diplomatic leaders make decisions, negotiate, and resolve conflict, they focus on the relationships between themselves and others instead

of focusing exclusively on each individual's viewpoints and needs. During discussions, they try to develop a shared meaning—really, a “third culture”—that facilitates the interaction. Benjamin Broome calls this “relational empathy.”<sup>3</sup> This is the process of working together to create a new interpersonal culture. They communicate more intensely, and discuss what they mean by different ideas. They disclose their opinions, rationales, and prejudices. They question each other's perspectives and eventually generate a new common viewpoint as the basis for future interactions. They generate a unique set of values and norms that did not exist before in their relationship. Moreover, they show commitment to the relationship. This increases the probability for mutual engagement and ultimately conflict resolution.

As an example, the emergence of relational empathy was evident in a recent debate about using the term “concentration camps” in the title of an exhibition about the incarceration of Japanese Americans during World War II.<sup>4</sup> The American Jewish Committee objected for fear it would diminish the suffering of Jews in the Nazi death camps. After a two-hour meeting, the two groups decided to display a footnote to explain the term's origins and shades of meaning. During the meeting, each side took pains to express publicly its sympathies for the other's historic plight. A spokesperson described the event as “a meeting of friends.” Another said, “It was done in a real spirit of graciousness and generosity. On both sides, we reiterated the communalities we have had, the past work we have done together and the future work we hope to do together.” Both groups took pains not to belittle the other's memories.

## **Management Is Not a Battle**

A popular management training technique, called Outward Bound, provides various challenging physical group experiences. A variant of this is the boot-camp experience that incorporates military principles into the business environment.<sup>5</sup> The training uses paintball wars, military drills and missions, and battlefield living experiences, complete with miserable weather conditions, to build more effective work units. Participating work groups go on daily missions to confront “enemy” troops with live paintballs. A mission could be to raid enemy headquarters and steal their weapons or to hover around their camp and observe. Presumably, work group members learn to clarify goals, develop and implement strategies, and in the process cooperate and communicate more effectively. In discussing the daily missions, the work group learns about trust, blame, and power. One of the benefits of the training may be simply sharing a common experience with one’s coworkers, which enhances their identity with the group and helps the members know better how to interact with each other.

However, the tenor of the training experience is “it’s us against them,” and that business is a win-lose battle. The group members may learn to work with each other better, but they learn that the way to confront other parties with whom

they have disagreements is to formulate a battle plan, attack, and survey your losses. They don't learn how to communicate with their opponents with respect, understand different points of view, explore alternative solutions, and reach agreements which allow all parties to win.

## **LEARN AND PRACTICE PRINCIPLED LEADERSHIP AND DIPLOMACY**

Like any set of behaviors, principled leadership and diplomacy can be learned and practiced. The training might include assigning people roles and asking them to work through difficult interpersonal situations. Participants can experiment with diplomacy and contrast it with other behaviors, such as being aggressive, argumentative, and inflexible.

Such a simulation is used by the Center for Creative Leadership, headquartered in Greensboro, North Carolina. Their Looking Glass Company simulation is a six-hour management training exercise incorporated into their leadership development programs. Participants in the simulation take roles of corporate executives and interact as they handle a host of problems. Another group role play might assign participants the roles of international corporate executives negotiating a megamerger. The roles can articulate varying goals and ambitions. After the simulations, the participants get feedback from observers and discuss their behaviors. Were they tactful and respectful? Did they listen to each other? Did they clearly understand each other's concerns? Did they express their own concerns? Did people agree? Were there arguments? Were decisions reached? Were decisions left hanging? Did the participants compromise? Was everyone pleased with

the end result? Did some people lose, or did everyone leave feeling they had achieved an important part of their goal?

## **THE BUILDING BLOCKS OF BUSINESS DIPLOMACY AND PRINCIPLED LEADERSHIP**

The key elements of business diplomacy include (1) core values that underlie principled, diplomatic behaviors and organizational culture; (2) the personal characteristics of the people involved; (3) situational conditions, including the broad organizational context and the circumstances of the particular situation; (4) the chance to follow a diplomatic strategy in resolving the situation; and (5) the outcomes in terms of resolving the situation and setting the stage for the future. The following is a list of these primary components of principled, diplomatic leadership and their elements:

### **1. Core values**

1. Ethics—integrity, honesty
2. Concern for people

## Personal characteristics of principled, diplomatic leaders and managers

1. Satisfaction (joy) from helping
2. Self-efficacy (can bring about positive outcomes)
3. Self-esteem, self-confidence
4. Self-objectivity (know own strengths and weaknesses)
5. Patience, endurance, resilience (not threatened by rejection, can overcome barriers)
6. Sensitivity to others and situations
7. Flexibility (vary behavior to suit the situation; willing to compromise when appropriate)

## Broad context and immediate situation

1. Support for diplomacy
2. Mutual respect and support, and ethical treatment of others as hallmarks of doing business
3. Demands of the situation (tension, risks, value of issues at stake)

## Diplomatic process

1. Principled leadership
2. Diplomatic actions and tactics

## Outcomes and learning

1. Consensus decision making
2. Conflicts resolved
3. Win-win solutions negotiated
4. Relational empathy—development of a new culture
5. Reinforcing diplomatic process as a way to confront tough situations in the future

The core values of principled, diplomatic leadership are ethics (having integrity, being honest), concern for people, and openness to new ideas and opinions.

In terms of personal characteristics, principled, diplomatic leaders and managers are people who gain satisfaction (joy) from helping others. They feel they can bring about good things for themselves and others. They have self-confidence. Also they have an objective self-identity, meaning that they know their strengths and weaknesses. In addition, they have patience, endurance, and resilience. They are not threatened by rejection, and they can overcome barriers. They are sensitive to others and the dynamics of the situation. They are flexible, able to vary their behavior to suit the situation, and willing to compromise when appropriate.

Principled leadership and business diplomacy thrive when the environment is supportive. The environment includes the broad organizational context and the immediate situation. In a supportive organization, leaders and managers are trained to be diplomats and are rewarded for it. People show mutual respect and support for each other. They treat each other ethically. This is the hallmark of doing business with these organizations, and people within and outside the organization recognize it. This applies even when the demands of the situation get tough: tensions loom, risks are high, and a lot of money is at stake. In a supportive situation, all parties in the decision, negotiation, or conflict adopt a diplomatic strategy. However, this is rare. Usually, most of the parties involved, and the organization too, are driven by self-interest. This is the challenge for the principled, diplomatic leader.

The principled, diplomatic process encompasses the leader's goals and actions. The goals are principled: Do good for others and do well (make money) for the corporation, in that order. Actions and tactics are diplomatic in style, showing tact, respect, and concern for developing relationships with the other parties involved.

The outcomes include arriving at consensus, resolving the conflict, and negotiating a win-win solution (one where all parties feel they have enhanced their gains and minimized their losses). As this happens, they develop a new culture, one that is their own and that serves them in the future. Also, they learn the value of principled, diplomatic leadership. Diplomatic behavior and principled goals are reinforced by these positive outcomes. They become the way to confront tough situations in the future.

## **A TOOL FOR UNDERSTANDING PRINCIPLED LEADERSHIP AND BUSINESS DIPLOMACY**

The following questions may be used as a tool to help leaders, managers, change agents, and human-resource specialists consider whether they use principled leadership and diplomacy now and how to do so increasingly in the future:

Think about the tough situations you have faced. What did you do? Could you have been diplomatic? How would this have helped?

Who's the toughest person you know to work with? Why? How do you interact with this person? Do you avoid the individual whenever possible? Are you timid around this person? Is being more aggressive the answer? Probably not, if for no other reason than you aren't likely to be aggressive, especially around this person. List the diplomatic ways you might approach the individual. For instance,

- ask for the person's opinions.
- show you understand and reflect back your understanding of the person's views. You might say, "I see, so you're saying . . ."
- be positive about the person's views and then express some alternatives. For instance, say, "You have a good idea. What are some other things we can try?" After listening, suggest some ideas of your own.

Learn to recognize the problems you face. Begin by considering some typical problems. Consider decisions, conflicts, negotiations, and, in general, difficult interpersonal situations. These may include performance problems, managing diversity, improving teamwork, overcoming resistance to change, gaining cooperation from others, mediating conflicting interests and negotiating agreements. For each situation, what is your role? Participant? Leader? Mediator? How do you feel when you're in these situations? Angry? Gratified when you get a rise out of others? Be self-reflective and honest with yourself. What tendencies on your part prevent you from being diplomatic? What are your dominant tendencies? Here are some tendencies that block diplomacy: being quick to anger, being Machiavellian (using people to get what you want), letting others know you are in control, confirming your self-image, being arrogant, wanting others to like you at any cost (you can't say no). Here are some tendencies that support diplomacy: trusting others, good communication, respect for others, desire to please, and desire to achieve.

The art of diplomacy involves formulating strategies that take others' viewpoints into account. The talented diplomat knows when to give up and when to turn to an alternative course of action. As a diplomat, you will communicate more intensely, discuss what you mean by different ideas, and disclose your opinions, rationales, and prejudices. Question each other's perspectives and eventually generate a new common viewpoint as the basis for future interactions. Generate a unique set of values and norms that didn't exist before in your relationship.

Next, evaluate your situation: Does your organization promote the ethical treatment of others? Do people avoid

accountability? Are they quick to blame others for failures? Are you rewarded for being diplomatic? How do top executives behave? Are they role models for diplomacy or aggression?

If diplomacy is inconsistent with your organization's culture, try to change the culture, be a role model and principled leader, find another employer, or be diplomatic in your individual business dealings even if the larger organization tends to be different. Champion *kyosei* within your organization to enhance everyone's feeling they are working together for the common good.

## **CONCLUSION**

The key to being a principled leader and business diplomat is acting in a nonthreatening way. Principled, diplomatic leaders do not want to arouse hostility or anger. Instead, they treat others with respect, don't act without asking or informing, seek others' views and use them, and involve other people in making decisions. Honesty and trustworthy are their key values. They act with prudence and wisdom built on experience. They try to be insightful about what others want and need, and don't put their personal needs above others' needs. They show concern for others' feelings. They explain issues and ideas to others as fully as possible, and they identify those people or groups who care about an issue and get them involved.

Chapter 2 explains how principled diplomacy applies to managers and executives in a variety of organizational roles and discusses when applying principled diplomacy is most critical.

## **NOTES**

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## **Chapter 2**

### **Who Uses Diplomacy?**

Developing an organizational culture that fosters principled leadership and business diplomacy requires understanding how these concepts can be applied by people in different roles. This chapter examines principled leadership and business diplomacy in the roles of leader, group member, partner, negotiator, lobbyist, advocate, coach, and manager. This chapter describes problems people in these roles face, and alternative courses of action that demonstrate how principled diplomacy works.

#### **DIPLOMATIC ROLES IN BUSINESS**

##### **The Principled Leader**

The leader's role is to create a vision for the organization, set goals, establish a strategy to accomplish the goals, and make the vision a reality. Leaders convey their ideas, generate enthusiasm for them, and get people engaged. In the process, they gather input from experts in the organization, usually subordinates and peers, who have their own ideas and ways to accomplish the organization's goals. These experts may disagree with the leader or with each other. They may even embark in a different direction on their own. Or they may take actions thinking they are doing the right thing but generating conflict, derailing goals, or causing delays. Diplomacy can help avoid such contrary activities and, if they occur, move people back on track.

Principled leaders garner respect by giving respect. They treat people well. They establish dialogue to keep people

informed and communication flowing. They involve people in decisions before the decisions are made. They ask for

input. Some leaders may be assertive and directive when necessary, but generally use a participative, democratic style of management. They show respect for their colleagues—subordinates, peers, supervisors, customers, and suppliers alike. Also, they reinforce others' constructive actions.

I have worked for at least three people whom I consider principled, diplomatic leaders. One was the head of an academic department and another a university provost. They were both alike in a number of respects. They were good listeners, asking for input and respecting others' opinions. They took every opportunity to recognize others' contributions and praise them often in meetings. They gave credit where credit was due, so we all knew that when they asked for something or wanted us to support a position or work on a project that our efforts would be appreciated, acknowledged, and rewarded. If we disagreed, our opinions were valued and frequently influenced the direction of the project—maybe even changing the direction. They were willing to compromise, yet they stood their ground when they felt their position was vital to the organization, and we respected them for that.

The other person whom I consider a principled, diplomatic leader was in a corporate setting. He had been with the company for many years, and directed a support unit that provided internal organization effectiveness and change management consultants to departments throughout the organization. He was respected by top management and peers for his expertise, gentility, and can-do attitude. His subordinates revered him. His job required him to convince other department heads to go along with a variety of programs that would enhance their effectiveness—for

instance, organization restructuring and job redesign programs. He had to convince them of the value of the change effort and then bring in his staff consultants to help make the change. He had to follow the change projects closely to be sure they stayed on track. Inevitably, the consultants would encounter resistance to change, and he would have to convince the department director to stick with it. He maintained channels of communication and didn't get put off by harsh criticism and strong resistance. If his ideas fell on deaf ears initially, he would try again later. If that didn't work, he might move on to another more successful project, and then use that to show others what they missed and convince them to move ahead. He was a model of patience and resilience.

These leaders were in contrast to a supervisor I observed who was not a principled leader or diplomat. He had a very directive style, was highly critical of others, and his behavior toward others depended on their status in the organization. He was deferential to higher managers and standoffish to those below him on the organizational hierarchy. Of course, his subordinates did what they were told, but they were not engaged or committed to doing all they could to support department initiatives. For instance, they avoided working evenings and weekends when work was pressing. He had a few close friends in other departments, mostly people at his own level. He had a reputation for being well organized and good at coordinating complex projects, but he had trouble when he had

to rely on other departments for getting things done, especially when the department heads were not friends of his. They did not respond positively to his commanding manner. His subordinates had to follow his directives, but others did not.

Sometimes organizations go for the strong arm. They select leaders who can set a course for the organization and use an aggressive, forceful style to stay on course. For instance, the board of directors may feel that the organization is floundering and that the CEO must have a direct, no-nonsense style to make the tough decisions and stick to them. Such a leadership style may indeed work well for the organization for a time.

Ann Reynolds, the former Chancellor of the City University of New York (CUNY) is an example. She had strong views, and she went about shaping the university with close control of its units. In the process, though, she locked heads with many key constituencies: the faculty, student groups, and members of the board. In 1997, Reynolds resigned to become president of the University of Alabama.

After Reynolds's resignation, the CUNY board appointed Christoph M. Kimmich as the interim Chancellor. His diplomatic style was needed to mend fences and heal wounds created by Reynolds. The *New York Times* called him a "voice of reason," and "an affable intellectual who . . . has an ability to seek common ground."<sup>1</sup> Kimmich described himself as being skillful in "getting things done by diplomacy, insight, persuasiveness, and a sense of timing." He did not have a reputation as a forceful leader, and some faculty worried that he would be a puppet of the board rather than provide a strong direction for the school.

However, as one professor said, “His personal style is not one that raises hackles or makes people nervous. It makes it easier to have reason prevail. There appear to be fewer knee-jerk, ideological reactions, and more of a view of the world as a complex place.” Kimmich got things done in a collaborative way. He spent his first two months in office making the rounds of policy makers and the business community, trying to clarify and enhance the value of the university to the city. Kimmich also worked to build similar lines of communication within the university by visiting campuses and meeting with students and administrators to give them a voice in university operations. Kimmich’s style fit the needs of the university at the time.

### **The Group Member and Partner**

Principled leadership and diplomatic actions are not limited to leaders. While leaders set the way, group members, rank-and-file employees, partners (for example, in a law practice), and first-line and middle managers implement the leader’s vision and goals. They need to work effectively with each other and with coworkers in other departments and companies to make things happen. Often this means getting others to go along with them. Maybe they have to convince a supplier to fill a rush order. Perhaps they have to convince their staff to work overtime. Or possibly they have to decide on the best way to accomplish a task.

Such everyday working relationships can be more effective with a diplomatic style founded on the values of principled leadership. This includes being open to others' viewpoints, being clear about your opinion, not showing frustration and anger when others do not comply, and communicating frequently. Group members who behave this way can facilitate change. Indeed, they can be their own organization-effectiveness consultants. They can try to understand what is going on by thinking about others' motivations. They can recognize differences of opinion, and when other people are right, admit it. Moreover, they can value and learn from differences instead of ignoring or belittling them.

### **The Negotiator as Principled, Diplomatic Leader**

The role of negotiator is very much tied to the role of diplomat. Employees may be appointed negotiators. An example is the employee elected to a union office who represents the union members at the bargaining table. A finance manager may be a negotiator when she is put in charge of working out a contract for a joint venture with another company. Salespeople and buyers are negotiators when they try to sell or buy a product or service for a favorable price. A talent agent represents her client in negotiating a contract.

The art of negotiating involves representing a constituency while bargaining with another party or group. Both parties in the negotiation have the goal of reaching an agreement while also meeting their constituency's needs and desires. Part of the bargaining process is convincing the opposing party to go along with a deal. Another part of the process is convincing the constituency they represent that the bargain makes sense for them.

Negotiators vary in their behavior depending on many factors: the value of the stakes to the constituency and the opposing party (the higher the stakes, the more difficult the negotiation); the resolve and resistance of the constituents; pressures from third parties, such as governments, competitors, and other suppliers; and the personality of the negotiators, particularly the extent to which their self-perceptions are tied up in their perceptions of winning or losing.

Negotiators as diplomats and adherents of principled leadership are generally very patient. They maintain dialogue with opposing parties. They give the opposition time to digest ideas and consult with their membership. They keep their constituents informed. They remain open to suggestions. They keep in mind what is really important, and they do not let little things bog down the works. They do not view the negotiation as a win-lose proposition. Rather, they seek outcomes that allow all parties to be winners. They respect opposing parties. They let opposing parties know that they realize how important it is for the opposing parties to save face with their constituents. They also clearly inform the opposition where their constituents stand and that their feelings are very important.

Diplomatic negotiation does not mean giving away the store. It means reducing, minimizing, or avoiding anger and hostility. It means keeping the lines of communication open, sharing ideas, and keeping an open mind.

Henry Kissinger was a creative, diplomatic negotiator. A mastermind of shuttle diplomacy and orchestrating roundtable discussions, he showed patience, overcame setbacks, and kept dialogue going to achieve a resolution of the Vietnam War, a highly charged and visible conflict, to say the least.

### **Lobbyist/Advocate/Champion**

Many of us take on the role of lobbyist or advocate for one cause or another at work. This is often the task of the human-resource specialist who tries to demonstrate effective ways of managing and designs development programs that foster such management strategies as principled leadership and business diplomacy. Their task may be to educate and convince others that these are desirable processes to help accomplish business goals. Human-resource specialists or organization-development consultants may be following the directive of the CEO or other top executive who wants to change the organization culture in a specific direction. For others, being a lobbyist is actually a job. Political lobbyists represent companies or nonprofit organizations to promote legislation and generate public interest and funding for a particular cause. Others are advocates—namely, attorneys—who represent clients and attempt to influence decisions or judicial rulings in their favor. Some may joke that being a lawyer and principled leadership are diametrically opposed. However, ethical practice is the foundation of the U.S. justice system and legal practice.

Many people who advocate for a position feel strongly about it. Indeed, they are likely to be emotionally attached to the issue and may have difficulty dealing with it objectively. They assert their position as forcefully as possible and in a

way that may close off discussion with opposing parties. This is why groups and companies supporting a particular cause often hire professional lobbyists. The professional understands human nature and knows how and when to communicate forcefully.

Advocates and lobbyists are successful only when other people are willing to listen to them. Others have to be willing to spend the time to hear them out and weigh their arguments against those from other vested interests. So lobbyists need to communicate clearly, concisely, and cogently. They have to do their homework and know what they are talking about.

Diplomatic lobbyists and advocates need to be respectful of their audience. If they have a self-righteous attitude that demeans others, they will quickly get the cold shoulder and doors will close. They need to recognize that there are other opinions out there. Also, they have to be insightful about the pressures facing their audience. Lobbyists need to understand others' motivations and be able to find areas of mutual interest that capture their attention and win them over.

### **Teacher/Coach**

Teachers and coaches can enhance their success by using principled leadership and being diplomats. Managers are often in a position to coach their

employees: Be mentors to them, give them advice, and serve as a role model. They may even engage in formal training or on-the-job training, teaching employees new techniques or procedures. Human-resource professionals and organization-development consultants may be in the position to teach or coach executives, one on one, or in leadership development programs. Education in the corporate classroom or on-the-job requires applying what we commonly think of as good educational practice. This includes working with students or employees to set learning goals; providing clear information and demonstrating new behaviors, track progress, give constructive feedback (feedback that focuses on the behaviors rather than the person); and providing rewards for goal accomplishment—all behaviors consistent with principled leadership.

### **The Manager as Diplomat**

Managers at all organizational levels, whether corporate leaders or first-line supervisors, need to deal with performance issues. They want to enhance performance in their work groups and overcome performance problems. They can do this in an authoritarian, rules-oriented, hard-nosed way, or they can manage in a way that brings subordinates along with them, that engages them in the work process, values their input, and rewards their contributions. These aspects of good management are especially hard to follow when the going gets rough; for instance, when subordinates are argumentative, disruptive, unkind, or insulting. This is also hard for managers who are in the middle, trying to handle complaints about a subordinate and support the subordinate at the same time.

## **WORKING WITH INDIVIDUALS AND TEAMS**

Principled diplomacy is most needed when it is most difficult to implement. That is, the tougher the situation (for instance, the more resistance and the more resources are at stake), the more principled diplomacy can help resolve conflict and get things moving.

Organization theorists Victor Vroom and Phillip Yetton argue in their theory of participative leadership that leaders should involve their subordinates in decision making when they have useful ideas or information and when they must accept the decision and be committed to it.<sup>2</sup> This applies to diplomacy as well, which, in essence, is a style of participative management. The manager as diplomat and principled leader lets subordinates know what's going on and gets them involved in making a decision, resolving a conflict, or negotiating an agreement.

### **One-On-One Diplomacy**

Decisions, conflicts, and negotiations may involve just two people. An example would be a two-party negotiation where one party is trying to arrive at an agreement with someone else. Another would be a two-party conflict resolution where

one party is in a dispute with someone. Consider trying to hire a person and negotiating the terms of the employment contract, or consider employees who disagree with their boss about a particular decision. Perhaps the boss did not back the employees up when others complained about something. The employees may feel that the boss should have confidence in them, and they are tired of the boss listening to rumors and not referring the person complaining directly to them.

There are several coping strategies in such one-on-one situations. One is to be assertive and insistent. Another is to express a clear viewpoint and refuse to listen to the other party's arguments or position. Another approach is to back off—just ignore or deny the problem and not deal with it further. This may be frustrating, but if there appears to be no good way to rectify the injustice, the best strategy may be to avoid the topic when talking with the other person or not talking to the person at all.

The diplomatic style requires restraint and patience. Diplomats may take the other person to lunch, broach the topic slowly and carefully, and listen to the person's point of view. Next, they may say that they understand the other person's perspective and maybe even agree with some points. Then they express their concerns. They may not ask for a decision or resolution there and then. Instead, they may wait for another opportunity to repeat the discussion, giving them a chance to say more about their viewpoint while they still take time to listen to the other person. Throughout these meetings they keep calm and show that they know what they are talking about. They may point out areas of agreement and suggest possibilities for compromise.

The one-on-one relationship gives diplomats the freedom to work on the issue deliberately and in relation to the other person's style. This is harder when others are involved. However, even when negotiating with just one other person, they may run into trouble when they desperately need this person on their side and they are under pressure to resolve the problem and get something done. In this case, the person may know he or she has them over a barrel. This is where negotiation tactics come in on both sides. How much the other person knows about their situation will affect his or her willingness to compromise or come around to another point of view.

### **Negotiating with Groups**

Another situation is when the decision, conflict, or negotiation involves a group or a number of different constituencies. For instance, suppose the business diplomat is a CEO of a health-related business that manufactures and sells nutritional supplements. The company is in the process of developing a new product, and the CEO wants to get it on the market as soon as possible. However, the CEO faces a business problem: The product is delayed because one of the raw materials is in short supply. The CEO has to negotiate with the firm's suppliers, inform the company's partners or stockholders, decide how soon to advertise the product to get an edge on the competition without misleading customers

about when the product will come out, and work with manufacturing to be sure that they still have the production capacity when the raw materials are available. The CEO might be tempted to use false promises or misleading statements to hold everyone at bay, but this is risky in the long run. The CEO doesn't want to be so directive and offputting that these critical relationships dissolve, taking the risk that the supplier will raise the price or decide to sell to a competitor. The CEO wants to maintain stockholders' confidence, and wants to be sure distributors are willing to work with the company. The CEO does not want to alienate consumers who value the company's products. Nor does the CEO want to incur the manufacturer's wrath.

Overall, this requires coordination and communication skills. It requires being tactful and respectful. The CEO wants to model the patience and willingness to compromise that are needed from each of these constituencies. The CEO needs to make these diverse and unrelated constituencies know that they are a part of a team, that the CEO values their contribution, and that they will benefit from working with the company cooperatively. In short, the CEO can use diplomacy to guide others' behavior and work through the problems.

### **Coordinating Departments**

Consider the case of getting departments to work together for a common end. Each department has a role in the process and may operate autonomously to do their work. So, for instance, a manufacturing company has a marketing department that sells the product, an engineering and manufacturing arm that works with the customer to design the product specifications and assemble the product to meet the customer's timeline, a distribution department

that delivers the product, a billing department, and a product quality and service department that handles questions, complaints, and warranties. Each department may work with the customer separately, and there may be little communication between departments within the organization.

To continue the example further, suppose customers have been complaining to the sales staff that they get a different story from each department they have to deal with. Each department has its own ways of doing things. Too often, information falls between the cracks because of little or no communication between departments. One time a customer was told by the sales staff that an order could be delivered in two months. The manufacturing department received the order but did not bother telling the customer or the sales staff that the order would take four months to deliver.

The marketing vice president got together with the manufacturing vice president to discuss the problem. One solution they considered was to establish a one-stop-shopping customer-service unit. However, this would require training unit employees on everything the organization does. These employees would have no control but would have to communicate issues and ride herd on departments to be sure there was follow-up to every problem.

Before deciding to implement the customer-service center, the vice presidents wanted the departments to recognize the underlying problems, so they called a meeting of all department heads. The department heads were asked to bring anyone else in their department they felt should be there. Here's the announcement and agenda for the first meeting:

We have a variety of interfaces: sales and manufacturing, manufacturing and distribution, distribution and billing, and billing and sales, to name a few examples. Many of these departments have their own processes, timelines, and data systems that don't work together well with those of other departments. We need better collaboration that will allow clearer and more consistent communication with new and repeat customers. Toward that end, we need to identify these interfaces and opportunities for improvement, establish a joint/coordinated timeline, and reengineer our work processes to fit this timeline and our quality objectives.

While this has the potential to be a major effort, we would like to contain it by focusing on several priority areas where we can get some immediate gains (that is, things that we can do now for our customers). Our agenda for this first meeting will be as follows:

1. Brainstorm issues and interfaces (the problem set).
2. Prioritize needs.
3. Scope out timelines in relation to priority areas and interfaces.
4. Develop action steps that are needed.
5. Appoint individuals or subgroups to map out plans of action.

6. Set the next meeting to examine progress and ensure implementation.

The first meeting brought together over twenty people. The group listed and prioritized points of interface and decided on four initial steps: First, each department would determine the steps to process an order. They would send these to the manufacturing vice president, who would put them all together on a single chart so that timelines, steps, and interfaces between departments would be evident. Second, the sales vice president would do a search of the business literature to locate information about best practices. Third, the director of accounts receivable volunteered to chair a subgroup to examine the forms and letters by the different departments to communicate with a customer. The intention would be to review documents for consistency of message and to be sure they have a positive, easy-to-do-business tone. Fourth, each department agreed to send the name of one representative from the department to the sales vice president. This representative would be the principal point of contact for all new customers. The sales manager would then contact this person, or refer the customer to this person, if a problem arose.

This was a diplomatic strategy, because it tried to involve all interested parties, get them thinking about the problem, and see if there were creative ways to improve processes. Of course, the group meeting was just the first step. At this point, the participants may differ in their perceptions of the problem, and

indeed whether there is a problem to begin with. They also may disagree about best actions to try. The idea of taking some immediate actions, such as having a liaison person for all new customers, is a way to get an initial success and make everyone feel that something constructive is being done and that they are part of the solution. Also, the idea of collecting forms for comparison, collating the steps and timelines for each department, and getting some benchmark information on how other companies deal with this coordination problem will provide some graphic data for everyone to examine and compare. As they move forward, group members may disagree on the meaning of the information, or they may draw similar conclusions. At least they will have a common reference point for discussion and brainstorming ideas.

### **Working within a Diverse Team**

Problematic relationships can arise within teams. The goal of a team applying principled leadership and business diplomacy is to work effectively together for a common purpose and outcome. However, each may bring a different point of view and possibly a different set of values. This is most likely when group members represent different ethnic and racial groups, genders, and/or national cultures. Also, each team member may bring a different set of skills to the table. Diplomats who are effective in this context are sensitive to intercultural diversity and usually have had experience on teams with members from different backgrounds. They know how to use group members' skills for different purposes. They do not get flustered by differences, but rather appreciate the different backgrounds and try to take advantage of the diversity. As team leaders, members, or facilitators, they try to get everyone participating. When differences of opinion arise, they try to

raise these differences during group discussion to ensure that everyone understands each other's position clearly and fully.

### **TOOL FOR DETERMINING WHETHER PRINCIPLED LEADERSHIP AND BUSINESS DIPLOMACY APPLY TO A PARTICULAR ROLE AND SITUATION**

This chapter has shown how principled leadership and business diplomacy apply for people in different roles. Here are some ideas for thinking about whether they apply in a particular situation. This simple tool may be used by human-resource professionals, organization-development specialists, or leadership trainers in working with executives and managers to analyze their roles and determine how principled leadership and business diplomacy would apply to them.

Think about the roles you have at work, in your profession, at home, and in pursuing a hobby or religious or community activity. You may be a leader, group member, negotiator, advocate, and coach in different parts of your life. For each role, consider one or two difficult situations you were in. Then consider what you did.

- Did you follow the values of principled leadership?  
Were you diplomatic?
- If not, what did you do?
- What could you do to be more diplomatic?

Next, think about a time when you worked with a diverse group.

- How did diversity influence how the group members worked together?
- Were there differences that you would attribute to the group members' backgrounds?
- What did you do to use these differences constructively?
- Did you help or hurt the process?
- What could you have done better to recognize, utilize, and cope with the intercultural differences and diversity?

In applying principled leadership and business diplomacy to your work and family life, consider what you have to do today. What roles and responsibilities do you have, and what challenges will you face? Resolve to be diplomatic and adhere to the values of principled leadership. Outline what you plan to do and how you will approach these problems. Then, at the end of the day, review your list. Try this for several days running to get in the habit of planning your responses to match principled leadership. This may help as you confront unexpected tough situations. Principled leadership and business diplomacy will slowly become a natural way of responding.

## **CONCLUSION**

Principled leadership and business diplomacy apply to leaders, managers, other organization members, negotiators, lobbyists, advocates, teachers, and coaches. People who apply principled leadership and behave diplomatically keep the lines of communication open, share ideas, and maintain an open mind. They operate with restraint, patience, tact, and respect for others. This requires coordination and communication skills. Diplomacy is most needed when the going gets tough, more is at stake, and the people involved are at odds with each other. This is when diplomacy is most challenging and also when it can be most valuable.

Diplomacy can be applied in one-on-one relationships and in groups. The goal of a team applying principled, diplomatic values is to work effectively together for a common purpose and outcome. The more diverse the group members in their skills, values, and opinions, the more the diplomat needs to be sensitive to member differences and try to make everyone feel they are part of a team in which their contribution is valued and from which they can benefit.

While a principled, diplomatic style can be used in different roles, these roles are not carried out in isolation. The politics of power and control underlie the relationships involved in carrying out these roles. This is the topic of the next chapter.

## **NOTES**

1. Arenson, K. W. 1998. A voice of reason comes to CUNY. *New York Times*, 4 February, B14.

2. Vroom, V. H., and P. W. Yetton. 1973. *Leadership and decision making*. Pittsburgh: University of Pittsburgh Press.

## **Chapter 3**

### **Politics and Diplomacy**

Politics is the competition between diverging interests for power or leadership. Principled leaders and business diplomats work within a political context and, in fact, they understand and take advantage of politics to influence people and get things done. Organizational politics is often at the heart of human-resource and organization-development efforts, in that power and influence need to be considered in change efforts.

Principled leadership is not necessarily inconsistent with politics. Admittedly, though, the principled values of trust, honesty, and doing good do not pop up when one thinks of politics, whether in government or business. Politics has a negative connotation. It conjures up images of behind-the-scenes discussions and secret agreements. It suggests telling some people one thing and others something else, because that is what they want to hear. We think of politicians as shifty and underhanded, and out for their own self-interest at the expense of others.

Diplomacy has a more positive stereotype. While diplomacy occurs within political situations, it implies more care in building and maintaining personal relationships. While there is an element of game playing, diplomats try to overcome political partisanship. Diplomats try not to get their hands dirty, at least not publicly. If they do, they risk losing the trust and respect that their constituents and opposing parties have for them. Diplomacy may be thought of as a genteel application of politics. Diplomacy often requires

behind-the-scenes discussions and debates. Diplomatic agreements are not made public until everyone is ready.

Diplomacy is a productive way to work with others who are trying to be diplomats themselves. They want to be partners rather than opponents. They may

disagree, but at least they are sensitive to each others' concerns and interests. Diplomacy is a challenge when the other parties become opponents. They could not care less about others' viewpoints or feelings, and they use oppositional tactics, such as stalling or stonewalling.

This chapter examines the politics behind diplomacy. It recognizes that business activity takes place in a political arena, and that politics is a major component of successful diplomacy. The key for a principled leader is to be a diplomat in a way that preserves the values of principled leadership or *kyosei* (the Japanese concept of doing good for others described in Chapter 1). We begin by considering this challenge.

### **THE CHALLENGE OF PRINCIPLED DIPLOMACY**

Diplomats work in difficult political situations. They have to negotiate with people who are out to get what they want no matter what. Their opponents are not necessarily fellow diplomats. Indeed, in business, unlike international politics, the opponent is unlikely to have a diplomat's implicit expectations and values. Rather, in business, the "opponent"—whether a coworker, boss, supplier, or customer—is not likely to understand diplomacy. People fear uncertainty and resist change, especially when they feel threatened by it, so they use unsavory tactics to fight for their position.

Some of the severest challenges to diplomacy are criticism, threat, and manipulation. These challenges suggest not only that diplomacy isn't easy but that it doesn't always work. People don't say, "good guys finish last," for nothing. In the end, how you react to these challenges is a matter of values. Winning isn't everything. The idea is to create win-

win situations wherever possible. The diplomat's challenge is to maintain diplomacy in the face of such challenges.

### **Public Criticism, Verbal Abuse, and Personal Attacks**

Being a principled, diplomatic leader can be psychologically painful. In the extreme case, opponents may not only criticize but also spread rumors about principled, diplomatic leaders personally, perhaps doubting their sincerity, honesty, or trustworthiness. For instance, opponents might say, "Don't listen to her, she only wants to make more money," or, using innuendo, "Remember how he got to where he is today." Principled, diplomatic leaders' best defense in such cases is sticking to their guns, ignoring the criticism and personal attacks and maintaining their principled, diplomatic stance. Of course, this is easier said than done.

When Charles Wang, founder and CEO of Computer Associates, a large business software firm headquartered on Long Island, tried to purchase Computer Sciences, a California-based systems consulting firm, Computer Sciences believed that Wang's offer was too low. Wang was not known for his diplomacy as much as his aggressive acquisition strategy in buying companies across the

world to build a strong, highly competitive software business. Computer Sciences used threat and even implied personal disparagement against Wang's Chinese ancestry. Computer Sciences insinuated that Computer Associates would not be eligible for federal government service contracts because of Wang's supposed Chinese connections. Wang eventually withdrew his offer, put off by Computer Sciences' low tactics and fearing that the value of Computer Sciences would be severely diminished because the good will of the firm depended on the consultants who worked for the company doing their best.

### **Direct Threats**

Business diplomats may face direct threats. Opponents may threaten to exert control or power to hurt their career or finances. Such threats may be cancelling sales, delaying contracts, failing to deliver needed goods or services, or raising prices. For example, in a bitter, unwanted corporate takeover attempt, the company being acquired may threaten to take a "poison pill," maybe buying back its own stock regardless of the cost of credit, or selling the firm to a much lower but friendlier bidder. In the Computer Associates takeover example, observers assumed that Computer Sciences looked for a "white knight" to purchase the firm, but a friendly offer never materialized, so the company resorted to public criticism and verbal attack to ward off Computer Associates's overtures.

### **Manipulation**

Opponents can be sneaky. They may say they understand the principled, diplomatic leader's position but are willing to compromise. Then they completely reverse position and deny ever saying what they said or imply that they said the opposite. They may promise what they can't deliver, or

make secret deals with the principled, diplomatic leader's competitors. Their goal may be to manipulate the principled, diplomatic leader into complacency, taking the heat off them, or making themselves look good. When the principled, diplomatic leader finally realizes that they were disingenuous, it's too late. The principled, diplomatic leader becomes the fool, the person who refused to see the other side and compromise.

### **Doomsayers and Naysayers**

Doomsayers and naysayers give every reason in the book why something won't work. These attitudes are highly negative and certainly not constructive. No one can prove them wrong or guarantee that some disaster won't happen or that an approach will work with 100-percent certainty. One cannot reason with this attitude. However, the principled, diplomatic leader can provide a positive, constructive viewpoint, one that other people, especially those with more optimistic tendencies, will adopt in the long run.

### **Intransigence and Arrogance**

Stubborn, bullheaded, closed-minded, inflexible—these adjectives describe people who have a chip on their shoulder. They feel the world is out to get them, and they are not willing to give an inch. They believe that they should be as aggressive and immovable as they feel others are to them. One can only work with them by agreeing to whatever they want. They don't care who is the boss. They are self-righteous and holier than thou—in a word, arrogant. However, trying to fight fire with fire and give them some of their own medicine only results in power wars. One may win or come off being a bully, or the opposite, looking weak.

Is the alternative in such situations to compromise or essentially give in? This may be the only recourse. One can hope to win such people over slowly, although this isn't likely after reinforcing their stubbornness. One may minimize the impact they have on others by isolating them, allowing them to operate as they wish, but without being able to depend on others in the organization for resources or support. Obviously, this isn't a satisfying outcome.

### **Dealing with Tough People: A Case Example**

Dealing with people who are obstinate and intractable is frustrating, to say the least, and often exasperating. It's not surprising when tempers flair. Diplomats faced with such situations maintain their calm, are objective, and have a sense of empathy and kindness. The following is an example.

Sharon, the new finance vice president of a manufacturing firm, felt that Frank, her director of stockholder relations, was not working hard or smart enough to look for efficiencies and reduce costs while improving the company's

image with the stockholders. She wanted the stockholder-relations department to be more innovative, and she resented the director's bureaucratic, legalistic mentality. Sharon came away from each meeting with Frank more and more frustrated by his resistance to change. Frank's standard response to every suggestion was, "That's not the way we do things around here."

Sharon felt that Frank had been in his job too long. He was resting on his laurels and trying to do things the easy way. He was obstinate and uncooperative and seemed to resent the way the firm, and Sharon in particular, had been treating him. He offered to retire if the company came up with a rich golden parachute, but Sharon would be damned if she paid him to leave.

At one point, Sharon wanted to move the stockholder-relations office from its location in the city's financial district to the headquarters building in a suburb. This would increase integration with the other parts of the finance department. Predictably, Frank resisted this as well, arguing that there was no room in the headquarters for them to work efficiently, and anyway they needed to be near the financial markets to serve the investors. Frank let the employees know of the impending move, and Sharon was inundated with email from employees

arguing why this move was a bad idea. Frank was angry and frustrated. He resented Sharon's negative, independent attitude. How should Sharon react?

- Force the department to move.
- Reassign Frank to another, less prestigious job and find a more cooperative person to direct the department.
- Back off, and let Frank do just what he had been doing.
- Let the department stay where it is, give them the mandate to improve, and leave the rest up to them.
- Explain to Frank that there is a need to improve service, and he better get with the program or he would be transferred.
- Hold a group meeting with Frank and his employees together to discuss the idea of the move and be sure they understand the need to improve their operation.

Forcing the move to be done with it and show Frank and everyone else who is boss would be tempting. Moving Frank to another position would certainly incur his wrath as well, and probably lead to more performance problems. Backing off would be okay. It wouldn't change things in the long run, but it would eliminate an immediate problem. The trick here would be putting Frank out of your mind.

A principled, diplomatic strategy would be to put the burden on Frank. Be sure expectations are clear to everyone, and make Frank accountable. Have a private word with Frank that he better get with the program. However, this would likely make him angry. Sharon could try a more participative approach, meeting with Frank and his employees and emphasizing that they are part of the team. However, this

will not be easy because Frank is in control no matter what his employees want to do.

### **WHEN DIPLOMACY IS NEEDED IN BUSINESS**

Diplomacy is simple when there are few conflicts and everyone behaves rationally and objectively. However, this is unlikely when people have a lot at stake, they feel they are in competition for limited resources, and there is no obvious win-win solution. This is when diplomacy is needed most, and it's also when diplomacy is hardest.

#### **Need to Save Face**

Often, people are aggressive and inflexible because they are concerned about what others think of them. They are especially concerned about the people they represent. They don't want to be considered weak or ineffectual. Diplomats realize this. They are careful not to embarrass others in front of their coworkers. Diplomats are not overtly critical of their opponents and colleagues. They do not

insult them to their face or behind their backs. They focus on their opponent's behaviors and decisions, not their personalities or intelligence. They compliment their opponents in public for their good decisions and compromises. They may even embellish the effort and give them more credit than they really deserve.

### **High Pressure**

The pressure in a decision, negotiation, or conflict is highest when people have a lot to gain or lose. It is especially high when there is a time deadline. Diplomats seek ways to extend the time available to let tempers cool and give people time for reflection. On the one hand, people tend to be conservative and intransigent when they have a lot to lose. When the fear is loss, diplomats can try to turn the situation around by focusing on the positive—what the opponent has to gain. For instance, when the stock market goes down, brokers may remind their clients of past upturns in the market and that now is the time to buy.

On the other hand, people tend to be impatient and willing to take risks when they have a lot to gain. When the fear is not acting quick enough to take advantage of an opportunity, diplomats can try to turn the situation around by expressing wariness. So, when the stock market goes up, brokers may caution their clients not to have all their eggs in one basket and that they should diversify.

### **Major Disagreements**

Diplomacy is difficult when people are far apart in their views and goals. It is also hard when they differ in personality and style of communication. It is a challenge to be diplomatic when the other party is gruff, angry, or noncommunicative and, on top of it all, has a very different

perspective of how things should be. The diplomat needs to stick with the situation and try to communicate frequently and in different ways. Reflecting the other party's point of view ("So, you're saying thus and so") will help show that you understand their position and you are listening, even if they are not.

### **Managing Diversity**

Consider what it is like to manage a multicultural team. Say this is a group of managers from different countries in a multinational corporation. The team members may be dispersed across the globe and rarely actually meet together. Alternatively, they may be a domestic team with members differing in race, gender, and/or age. Managing such a team may be difficult if the group members are split along subgroup lines that are readily evident. For instance, half the group may be women and half men. Half may be black and half white. Three may be Asian and three Hispanic. Working with a diverse group, and indeed attempting to take advantage of the diversity of values and perspectives, requires sensitivity

to these cultural differences. Some people are naturally sensitive to differences, but being aware of differences does not mean you care about them. Indeed, people who ridicule differences are only too keenly aware of them. Diplomats value differences. They find ways to reveal underlying values and debate differences of opinion. Rather than let differences fester, the trick is to increase communication and get others involved in the conversation.

### **Managing Problem Performers**

Problem performers may be subordinates, peers, team members, or even bosses. Problems may be not meeting goals, lack of effort, poor attendance, inability to do the work, or lack of understanding, to name a few possibilities. This refers to marginal or borderline performance. These problem performers can be salvaged, meaning they don't have to be fired, at least at this point. They may be marginal performers because they are not able to do the work (suggesting their problem is related to ability), or they do not want to do the work (suggesting their problem is motivational). Ability-related problems may be overcome by training and experience or may reflect a mismatch to the job. Motivational problems may be overcome by increasing rewards (for instance, financial incentives) or changing the structure of the job to make it more challenging and meaningful. Problem performers often create difficulties for other people. They can poison the work environment, make others complain about the problem performer, or maybe even make others act in the same way.

Principled, diplomatic leaders and managers need to deal with these problems in a way that is both clear and kind. They need to recognize the person's limitations and find ways to make the person successful. They must convey the

idea that they are in this together. Problem performers are likely to doubt the diplomat's good intentions, and may be a bit paranoid, expecting a stab in the back rather than a helpful hand. Principled leaders need to be patient, understanding, constructive, and definitive about their expectations and goals.

### **Dealing with Complaints**

Complaints may come from customers, subordinates, and coworkers. They may complain about how others treated them or that others are not carrying their weight. Diplomats want to be understanding and let the complainer know that something will be done. A diplomat's view in dealing directly with the complainer should be, "The customer is always right." That is, diplomats want to be able to say that they understand the situation and how the other person feels. They want to agree with the person, because, after all, that's what the person is seeking. Sometimes understanding and agreement is enough to diffuse the situation. Sometimes an apology is needed, even if one is not to blame. In response, the complainers will realize and admit that they were at fault. Of course, the

customers may indeed be right. However, if the customers are wrong, diplomats still want to be kind, good listeners, and understanding.

Being aware of underlying motivations helps. Perhaps the complainers merely want attention or need to vent anger. The complainers' feelings may stem from something very different, possibly a general lack of confidence or frustration over not being able to do something that is not directly related to the complaint. Since complaining is a way of expressing emotions, it can be satisfying in and of itself. As such, there is a danger that a principled, diplomatic response will reinforce complaining behavior and lead to additional grievances from that individual or others. The complainer may be going over the subordinate's head to the manager. In this case, if the manager acts, the manager is undermining the subordinate's authority. Also, the manager doesn't want to give people the idea that all they need to do is complain to get what they want.

A principled, diplomatic strategy in handling complaints is to put the onus on the complainer. Principled, diplomatic leaders could say that they will look into the situation and even make some changes, but they want the complainer to be involved in making the changes and perhaps helping evaluate the changes and getting back to the leader with the results. They might say, "Okay, try it your way. We'll let everyone know what we're doing, and we'll track how well things work out." Now they have to put their money where their mouth is, so to speak. They need to take action rather than just sit back and attribute blame.

## **Facing Charges**

Hearing something negative about oneself can be a bitter blow, especially when one is accused of doing something that others feel is improper or affects them adversely. One's natural tendency is to feel hurt and defend one's actions and good name.

Unfortunately, we often see people who are in the public limelight facing this situation. President Clinton is a prime example. When accused of sexual harassment by Paula Jones, he was reported to express his anger and hurt in private. As a good politician, he was a master of diplomacy, taking care to say nothing in public that would hurt him further. He also tried to repair the damage by focusing on the business of governing the country. He faced other accusations as well, of course, yet maintained high ratings in public-opinion surveys. However, this does not mean that President Clinton was a principled leader. I will leave that for the reader to decide.

People in business may face charges as well; for instance, from subordinates who feel they were unfairly treated in some way. Employees may claim race discrimination or sexual harassment. These are serious accusations that need to be addressed forthrightly. Let us assume these claims have not reached the litigation stage. People who are the subject of such a charge will, first and foremost, try to defend themselves. They may deny the charge, or they may explain their behavior to everyone they meet and try to get others to interpret the situation their way. Alternatively, they may keep quiet and let others draw their own conclusions.

A principled, diplomatic response may take the form of meeting with the complainant in private, perhaps with a close associate present as a witness and adviser. Principled, diplomatic leaders may open the situation for discussion with their immediate work team, maybe with the complainant present. They may look for ways to change the situation so that the circumstance that led to the charge can never happen again. For example, they may apologize, saying that they are sorry the complainant perceived he or she was harmed. They may say that they are sorry for the complainant's hurt feelings but not necessarily admit they were wrong. Then they may try to agree on new ways of behaving. For instance, they can ask the individual to let them know as soon as he or she perceives a problem.

If another person is accused and principled, diplomatic leaders find themselves in the role of mediator, this situation may be similar to handling a complaint. The difference is that any charge against an individual is serious business. A principled, diplomatic leader's response has to do more than placate the complainant. It has to address the charge directly and seek input from all sides to understand what happened. The principled, diplomatic leader may try to get the parties together and facilitate some dialogue between them to help them understand each other better and develop a new, more productive working relationship.

### **Communication Problems**

Communication is a vital part of diplomacy and politics. After all, diplomacy works through dialogue with others. People try to influence and impress others in part through communication. Different styles of communication as well as language differences can raise barriers to effective working relationships. As should be evident from each of the

problem areas addressed, clear and frequent communication is at the heart of a diplomatic solution. Giving everyone a chance to participate is an important diplomatic strategy. When communication breaks down or when misunderstandings occur because of language barriers, a principled, diplomatic response shows patience. The diplomat can ask for clarification, restate issues, or say the same thing in different ways to be sure everyone is clear.

### **Influencing Others**

The main purpose of principled, diplomatic activity is to influence others. This is especially key in sales activities, where one wants someone to use their resources in a certain way. Here, consider sales in a generic way. Selling a product or service is one type of sale. Another is convincing someone of a certain viewpoint or encouraging them to take a certain action. Convincing others is all the more difficult in a competitive environment when there are others competing for the same resources. One may be tempted to promise anything to look better than the competitor and get the “buyer” to sign on the dotted line. The “hard sell” puts many people off. They don’t want to be bullied into buying something they

don't want or need. The "soft sell"—a more principled, diplomatic approach to sales—provides buyers with information and helps them make a thorough analysis and a reasoned, careful decision.

People attempt to impress others by making themselves look good. Sometimes they think they will look better if they make others look worse, so they disparage their coworkers in an attempt to look better. Or they may ask for positive feedback and reinforcement. A person might say to her boss, "Hey, I heard you liked what you saw at the presentation. Thanks for coming." This is a way of angling for a compliment. Diplomats don't fish for praise. They accept it graciously when it's offered. They don't ask for feedback in a way that ensures a positive response. Instead, they ask for feedback because they genuinely want to know what others think.

## **WAYS TO APPLY THE POLITICS OF PRINCIPLED LEADERSHIP AND DIPLOMACY**

This chapter made a number of suggestions for how to handle tough situations. They are as follows.

- Allow others to save face. Be careful not to embarrass others in front of their coworkers.
- Defuse time pressure. Try to extend the time available to let tempers cool and give people time for reflection.
- Resolve major disagreements by trying to communicate frequently and in different ways. Repeat the other party's point of view to be sure the other party knows you understand.
- Manage diversity by valuing differences. Find ways to reveal common values and debate differences of opinion.

- Manage problem performers in a way that is both clear and kind. Recognize others' limitations. Convey the idea that you are in this together. Be patient, understanding, constructive, and definitive about your expectations and goals.
- Handle complaints by showing that you understand the situation and how the other person feels. Say that you will look into the situation and even make some changes. Get the complainer involved in making the changes.
- Face charges with grace and forthrightness. Meet with the complainant in private, perhaps with a close associate present as a witness and advisor. Try apologizing in a way that recognizes the complaint but allows you to save face. For instance, say you are sorry that the person complaining was hurt in any way.

In general, clear and frequent communication is at the heart of a principled, diplomatic solution. Giving opponents an opportunity to participate is a key diplomatic strategy. When communication breaks down, principled, diplomatic leaders are patient. They ask for clarification and restate issues to be sure everyone is clear. They request feedback because they genuinely want to know what others think.

## **CONCLUSION**

Diplomacy takes place in a political context, and your opponents may not be fellow diplomats. Politics take over when people have a lot at stake, feel they are in competition for limited resources, or feel they cannot win fairly. This is when principled leadership and diplomacy are needed most; that is, when calm, objectivity, rationality, empathy, and kindness are most important and most challenging.

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## **Part II**

### **Being a Principled Leader and Diplomat**

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## **Chapter 4**

### **Values and Strategies of Principled, Diplomatic Leadership**

The idea behind principled leadership is to treat people ethically; that is, to be honest and socially responsible. This is done through business diplomacy. This chapter describes the underlying values and strategies of principled, diplomatic leadership.

Consider some basic guidelines of principled leadership and business diplomacy in business. Human-resource managers and organizational-change agents can use these guidelines as role models in communicating to managers and executives how to implement principled diplomacy:

- Work with others in a way that entices them to work with you, not against you.
- Become the role model for a diplomatic corporate culture, a culture based on a principled way of life and business.
- Treat your employees with respect and dignity, and they will treat your customers that way.
- Try to recognize when you have a chip on your shoulder and knock it off yourself. Think about what's really bothering you.
- Consider your own biases, for instance, the times when you were inflexible or you believed that others owe you. Then consciously try to change. While you're doing this, don't get lost in the details or petty office politics.

- Focus on the big picture. Stick to what is really important. Choose your battles carefully if you have to fight at all. Stay energized. Others will catch on and follow suit.

These are lofty ideals, and they are much easier to say than do. Nevertheless, they're important to keep in mind. Think of the type of person you want to be and emulate that ideal.

## **SOME STRATEGIES FOR PRINCIPLED DIPLOMACY**

The following is a list of the basic values and strategies of principled leadership and business diplomacy. Together they form the principled, diplomatic style of interpersonal behavior.

### 1. Principled, Diplomatic Values

1. Hold honesty and being trustworthy as key values.
2. Act with prudence and wisdom built on experience.
3. Don't put personal needs above others' needs.
4. Find and involve those who care about an issue.
5. Recognize differences in opinions.
6. Appreciate different ways of getting things done.
7. Don't try to get what you want no matter what.
8. Don't be driven by self-righteousness.
9. Don't lash out when frustrated or angry.

### Leadership Strategies

1. Be an advocate.
2. Take time to identify alternative solutions.
3. Lobby when you need to.
4. Champion ideas.
5. Put your foot down when necessary.
6. Recognize the political context and work within it.
7. Don't believe that kindness and empathy always work.
8. Don't get angry; others will know they can control you.
9. Emphasize gains when the other party fears loss.
10. Voice caution when the other party acts precipitously.

## Behavioral and Personal Tendencies

1. Put aside self-serving, Machiavellian tendencies.
2. Be willing to change and adapt.
3. Recognize and let go of biases.
4. Recognize your and others' ulterior motives.
5. Recognize your viewpoint.
6. Be willing to give up or try another course of action.
7. Be willing to relinquish power.
8. Don't go into a situation with preconceived ideas.

## Treatment of Others

1. Recognize what others want and need.

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1. Show concern for others' feelings.
2. Treat others with respect.
3. Ask, don't tell people what to do.
4. Don't threaten—act in a nonthreatening way.
5. Don't go behind others' backs.
6. Don't arouse hostility or anger.

## Communication

1. Disclose useful information.
2. Explain issues and ideas to others as fully as you can.
3. Be clear.
4. Communicate frequently.
5. Don't close off dialogue.

## Participation

1. Get advocates involved.
2. Get input from different perspectives and constituencies.
3. Ask others to resolve their disagreements themselves.
4. Ask others who disagree with you for their opinion.
5. Take time to collect all points of view.
6. Don't act without asking or informing.
7. Don't meet negative behavior with negative behavior.
8. Don't manage by fiat.
9. Don't be authoritarian.

## Interpersonal Relationships

1. Invest in the relationship in terms of time.
2. Be a team player.
3. Be responsive.
4. Remain cooperative.

5. Be helpful; perform tasks beyond the call of duty.
6. Promote the organization's image to those outside the organization.
7. Give encouragement, support, and reinforcement.
8. Be considerate.
9. Be socially responsible.
10. Don't close doors.
11. Don't offend.
12. Avoid being oppositional.

This is not an exhaustive list by any means. Instead, it highlights some of the key recommendations for becoming a business diplomat. The list has seven categories: values of principled leadership, leadership strategies, behavioral and personal tendencies, treatment of others, communication, participation, and interpersonal relationships.

### **Values of Principled Leadership and Business Diplomacy**

Principled leadership through business diplomacy means valuing honesty and trustworthiness. It also means taking reasoned actions. Be prudent, and draw on prior experiences as a rationale for decisions. Explain this to others so they understand where you are coming from. Do not put personal needs above others' needs. Show others that you care and that you are willing to go out on a limb for them even if you have to pay a price. The price may be a minor inconvenience or possibly something more substantial, but it is worth it.

Another element of business diplomacy is valuing others' viewpoints and indeed seeking out opinions that are different from one's own. Principled, diplomatic leaders show that they care by finding and involving others who have an interest in an issue. They don't act unilaterally even when it is easier. They inquire to see who else has a stake and who else has ideas and information that can contribute to the decision, and they acknowledge that other opinions are just as legitimate as yours. They appreciate different goals and different ways of getting things done. This may mean that they change their mind or at least go along with a different point of view or decision.

In general, principled, diplomatic leaders don't try to get what they want no matter what. While they can certainly champion their ideas, this does not mean they do so at all costs and at anyone's expense. They are not driven by self-righteousness. Also, they don't lash out when they're frustrated or angry. They may not be happy about how things turn out, but they do not take their anger out on others. They discover other ways to vent their frustrations, whether through exercise or a hobby. They are not so invested in work that they can do things only one way—their way. They need to adapt and be able to give in to others.

### **Leadership Strategies**

*Strategy* refers to establishing an overall approach for how to implement business diplomacy. How principled, diplomatic leaders act will depend on what they want to accomplish. They begin by thinking about their purpose and goals. For instance, they make up their minds that they are going to champion a set of ideas and that they are going to use diplomacy to do this. They advocate for their point of view every chance they get, but in a principled, diplomatic way. They establish and clarify their standards and expectations and put their foot down when these are not met.

Doing all this in a principled, diplomatic way means that principled, diplomatic leaders recognize the political context and work within it. They realize that others have vested interests that may not coincide with theirs immediately. They look for compatibility, and they find areas of agreement and ways of cooperating. That is, they discover win-win solutions. Principled, diplomatic leaders work with others in a kind and empathetic way, but are not naïve. They have to be forceful at times. They try not to get angry, realizing that this will only communicate that others can “push their button” and get the best of them.

Diplomacy requires using psychology. For instance, when the other party says he must be careful and avoid loss at all costs, the principled, diplomatic leader counters this by emphasizing what she has to gain. When people are fearful that they have a lot to lose, they become highly conservative in their decisions and behaviors. As a result, they delay action and get little accomplished. A useful way to turn this around is to focus the dialogue on what everyone has to gain.

The other side of the coin is that some people are too risk prone. That is, they thrive on taking risks. All they think about is what they have to gain. They don't see the potential losses. These individuals have to be drawn back, just as those who are too conservative. In this situation, become the voice of caution.

### **Behavioral and Personal Tendencies**

Being a diplomat suggests a certain temperament. Principled, diplomatic leaders have to be able to set aside their self-serving tendencies. They want to be genuine, not Machiavellian (i.e., self-serving) or duplicitous (deceptive).

They do not manipulate people to do what they want. They do not want to create false impressions of themselves by making others think they are someone they are not.

Another diplomatic trait is willingness to change and adapt. Principled, diplomatic leaders have to adjust their style to fit the situation. When they don't get the reaction they hoped for from someone, they think about their own views of the interaction. What was going through their mind? Did they judge or evaluate the individual? Could the individual tell? Were they biased by something about the person that really had nothing to do with the issue? Did they have preconceived ideas going into the situation that the person was going to react in a certain way? Were they bothered or irritated by something that had nothing to do with the individual at all, maybe a problem at home or traffic getting to work? Did they have an ulterior motive that they were not admitting, perhaps even to themselves? They review how these external factors influenced their behavior and what they could have done differently. Then they take a deep breath and try another approach.

Principled, diplomatic leaders are not powermongers or control freaks. They are willing to relinquish power. They focus on the job or work that needs to get done, not on their pride or what others think about them. When they get angry,

they think about what is really bothering them. Their anger may really stem from something that happened at home. Perhaps they are really angry at themselves for their lack of confidence or ability to make things happen the way they want. In any case, they recognize that anger is counterproductive. They get away from people and wait until the feeling passes.

### **Treatment of Others**

Effective diplomats cannot afford to be self-centered. They focus on others' needs and wants, not their own. Also, they focus on how others are feeling. They redirect their behavior when they see the smallest signs of others turning off. They avoid alienating people, even unwittingly. They do not arouse hostility or anger. A slight remark or faux pas can turn a person off. For instance, saying to someone, "I don't know how you do it. I get so bored when I do your job," is tantamount to saying the person is dumb. The person might not take offense at all, but as soon as one realizes what has been said, try to soften the remark. One could say, "Of course, I know you are under pressure to meet deadlines," or "The project I worked on was not at all as important as your work."

In general, diplomacy requires treating others with respect. When diplomats need to administer a directive, they ask people to do something, please. They do not just tell them what to do. People feel better about doing something when they feel they are in control. Diplomats do not threaten people directly or indirectly, implying that something bad will happen if they don't comply.

Principled, diplomatic leaders don't go behind others' backs and don't divulge others' secrets. Telling others what they

know can be tempting, but what they may really be trying to do is create an impression of themselves. They might really want to give the impression that they are “in the know,” that they are on the inside and have the ear of top management. This is neither forthright nor productive.

### **Communication**

Honesty and integrity do not require disclosing every bit of information immediately, but principled, diplomatic leaders do not keep information from people who need to know. Diplomats disclose pertinent information when it is useful to do so. They explain issues and ideas to others as fully as they can. They are clear. Also, they stay in touch and keep the lines of communication open. They do not close off dialogue even when it is tempting to do so. When things are not going well, the easiest response may be no response. But they will quickly lose touch, and their contacts will learn to rely on others.

### **Participation**

Frequent communication and participation in decisions go hand in hand. Principled, diplomatic leaders want to enhance cooperative relationships and

foster a team environment. They want to bring people from different perspectives and constituencies into the fold. They show people that they are all on the same side even if they have somewhat different objectives. When people disagree with each other, they do not play Solomon. Try asking them to resolve their disagreements themselves.

They want to get input from everyone who either has relevant information or ideas or must work with them in a committed and involved way. They get started by asking those who may disagree with them for their opinion. They take time to collect all points of view, and they don't act without asking or informing people who are affected.

The opposite of participation is managing by fiat or tight, authoritarian control. While this might seem easier and less risky in terms of being sure to get what one wants, in the long run it tends to alienate people. The next time they want something, people will be less apt to do what they want and more resistant. People will say they will do what the leader wants and then not deliver. Meeting negative behavior with anger and insistence will only escalate a poor working relationship.

### **Interpersonal Relationships**

Establishing positive coworker relationships keeps the door open for effective diplomacy. Coworkers who respect each other and cooperate set a solid foundation for principled leadership and establishing a principled leadership organizational culture. Principled, diplomatic leaders foster positive relationships between themselves and others (their subordinates, peers, supervisors, customers) by showing they are concerned and committed to the relationship. They show loyalty and dedication by investing time in

relationships. They are team players, meaning that they work with others to achieve common goals. They are responsive when others express their needs. They go out of their way to be helpful. They let people outside of the organization know they are proud of their coworkers. They give their coworkers encouragement, support, and reinforcement. They keep the lines of communication open even when they disagree. They go out of their way not to offend others, and if they do so inadvertently, they apologize without delay. In general, they avoid being oppositional.

In today's high-tech world, principled, diplomatic leaders are as considerate on the internet as they are in person. They show their commitment and involvement by responding to email in a timely way. These days, one can be on email constantly, and never get through it all before additional messages come in. Principled, diplomatic leaders do not feel they must respond to email immediately. However, they set some time aside first thing in the morning, early afternoon, and early evening to review their messages and write responses.

High tech does not necessarily mean low touch. It may be easier to offend people in writing because they cannot see nonverbal behavior. Also, some people are more inclined to be frank in writing than in person. Watch out. Principled leaders are diplomatic on email.

## **SOME EXAMPLES**

### **Changing the Organization's Culture**

A top executive who adopts a principled, diplomatic style can work wonders to change the organization's culture. But it is not easy. Take the case of Dr. Mary Marcus, a new hospital chief operating officer (COO) of a large city hospital in a major metropolitan area. Coming from a smaller suburban hospital, Mary found the new facility to be a veritable hornets' nest of problems. Hospital finances were in the red, all resources were tight, and there was a need to cut back. The facility's infrastructure was crumbling. Medical units were overflowing with patients, and many medical units were in small quarters. The patients and staff were from diverse racial and ethnic groups. The employees' union was strong, and there were several highly vocal community-advocacy groups. While the staff worked hard, and satisfaction surveys and outcome data indicated that the quality of medical care was excellent, there were numerous complaints from patients and families about poor customer service, including rude treatment, long waiting time, constantly busy telephone lines, ridiculous rules, and wrong information. Overall, Mary found the hospital to be a bureaucratic, fear-ridden, and distrustful organizational culture.

Mary's desire was to create a humane environment. This was a hospital dedicated to health and human service, after all. Mary's premise was that if the staff members were happy, then the patients and their families would be too. The keys to making the staff happy were to treat them with respect, help them to recognize that they had a stake in the institution, and get their involvement in making changes. Mary spent her first few weeks on the job visiting departments and meeting the staff. She did not believe in

managing by wandering around, but in this context, the staff, especially below the physicians, were impressed with Mary's approachability and willingness to take the time to introduce herself to them and ask about what's going on. This was in sharp contrast to the former COO, who was a distant and formal guardian of the bureaucracy.

Within her first two months on the job, Mary hired a survey consulting firm to conduct focus groups of employees and community members to get some data on what needed to be changed the most. This gave people a voice, but it also presented a challenge to show that she would use the information to make changes. Her intention was to focus on the big picture while she dealt with the innumerable details of the job. Also, she strived to maintain a cutting-edge enthusiasm rather than getting mired in routine and bureaucracy.

The principles of total quality improvement would work well here, she felt. These center on involving employees to improve some important and visible work processes and make a difference to the staff and patients. Mary established several teams to work on new scheduling and lab and emergency room procedures. A committee on visiting hours involved representatives of community

groups. Also, Mary felt that making improvements in the appearance of the hospital would make a difference. She found the money to reconstruct the hospital's main entrance, transforming it from a place that was dark, forbidding, and hard to find to one that was welcoming and easy to find, with helpful service representatives and useful signs. Mary believed that regular communication with all parties was important. Also, Mary felt that the union was not an adversary but a stakeholder in the hospital. She treated the union as an integral part of the operation, shared financial data with the union representatives, and got them involved in the quality-improvement groups.

This took time. Mary felt it would take five to ten years to really make a difference in the place. She recognized that there would be many frustrations along the way. It required being open to differences in attitudes and beliefs. The cultural context of the patient is critical in health care, and Mary was open to respecting and accommodating different religious practices, despite the costs and inconvenience. Mary did not have preconceived ideas. She was flexible and willing to negotiate to make change happen. She believed that the staff members would not improve customer service unless they were treated with respect and dignity.

Communication and participation were key elements of her leadership style. Her strategy was to take time to identify solutions, champion ideas for change, and be a role model for participative management. Over time, her values became clear to the staff and community groups. She understood and appreciated differences in values and remained open to new ideas. She did not let her personal biases get in the way of change. Nor was she a powermonger. She did not feel threatened by vested

interest groups, and she did not see involving people in decision making as relinquishing control. Also, she did not shy away from conflicts, and there were many.

All this was not a smooth process. But Mary had a dynamic, can-do attitude that was engaging. Also, she came along at a time when the institution had hit rock bottom. People were tired of despair and desperate for change. Fortunately, the economy was picking up and city finances were in better condition than they had been in a number of years. Moreover, Mary had the strong support of her boss, the hospital's chief executive officer, and the city's health and hospital department.

### **Making an Effort to be Diplomatic**

Some executives and managers may think that diplomacy takes too much time and effort, more than it's worth most of the time. While it takes time, effort, and perhaps some aggravation as well, it avoids problems and a great deal more aggravation in the long run. The following is another example.

A committee was formed by the president of a firm, Jake Terman, to develop a proposal for a new function that would require cooperation between each of the

departments represented by the committee members. The committee members came from different VP groups. Jake reviewed the committee's recommendations and judged them to be too expensive. Sue, one of Jake's vice presidents, agreed with Jake, and privately asked the committee member representing her department, Ed, to revise the proposal and cut the cost by one-third. However, there was another stipulation: Ed should work alone and be sure not to disclose his efforts to the other committee members.

When Sue accepted the proposal and sent it to Jake, the other committee members were told what happened. The other committee members viewed this as an attempt by Sue to obtain resources and gain control of the function. The resulting feelings of distrust undermined the committee members' effective working relationships on this project as well as others.

Sue probably wanted the function in her division, and, indeed, this was not unreasonable. Also, taking the initiative to get the proposal moving was an expedient thing to do. However, given that the committee had already been established to develop a proposal for a joint project, why didn't Sue or Jake ask the committee as a whole to revise the proposal? What would you have done?

Sue could have presented an argument for putting the function in her division. There might have been several reasons. Probably she didn't want to risk losing the function and the associated resources. Unfortunately, this was at the cost of bad feelings and the need to rebuild effective working relationships. Alternatively, Sue could have met with the committee members and told them what she had in

mind and that she had asked one of them to develop an alternate proposal that would place the function in her division. The other committee members may have objected, but at least what was happening would have been above board. Other members would have had the chance to develop other proposals for comparison. Sue would have had to face contention early on, but the long-run result of maintaining trust and communication may have been worth it.

### **METHODS FOR SELF-ASSESSMENT AND PLANNING FOR PRINCIPLED DIPLOMACY**

As a way to help executives and managers understand principled leadership and business diplomacy, human-resource managers and organizational-change agents could ask executives to rate themselves on the items in the list of basic values and strategies. Human-resource managers and change agents might rate themselves as well, to determine the extent to which they are role models for principled diplomacy. Use a simple five-point scale from 1 (low) to 5 (high) for the dos (the positive items), and the reverse for the don'ts (the negative items). Then consider the responses.

- Look first at the lowest ratings, especially the 1s. Ask the respondents what they can do to change. Suggest that they select one or two things and resolve to try them out later today.

- Look next at the strengths, the 5s. Ask whether they find these easy or if they struggle to make them happen. If the former, encourage them to keep up the good work. If the latter, ask what they can do to make them easier. Suggest that they resolve to increase their frequency.
- Finally, consider the items they rated 2 through 4. Ask the respondents how they can enhance these and make them more a part of their life.

For the most difficult items, those that are hard because they do not seem to fit their personality or the way they usually do things, encourage respondents to experiment with them—take a few small steps to change. For instance, suppose a respondent is not the type of person to go out on a limb to champion an idea, especially one that is not popular. Ask the respondent to think about what it means to champion an idea, to let people know where they stand, and argue for their point of view. The respondent may want to do this in a way that isn't repetitive or obnoxious. Suggest that the respondent select a position to champion that isn't too risky. Ask the respondent to write down the position and circulate it in a memo, and get a group together to discuss its pros and cons in a way that emphasizes the gains and minimizes the losses. Encourage the respondent to develop an implementation timeline with a completion date and then begin to work on the idea.

Suppose the area a respondent seems to have the most trouble with is being flexible or compromising. Suggest that the respondent select an issue that is going on right now. Ask the respondent to think about the reasons for his or her position. Ask the respondent why others hold the positions they do? Why do they disagree? Is their way really the best?

Could they at least try another way? Would it hurt? How? Are they protecting their self-image more than their beliefs about what's truly best for the organization?

Consider another area: building positive interpersonal relationships. Suppose respondents think that the people in their area could do more to communicate with each other and with them. Suggest that they start more frequent communication themselves. Email may be an easy way to keep people informed or ask how they're doing. Over time, their goal is to adopt principled leadership wholeheartedly and completely in terms of their values, leadership strategies, behavioral and personal tendencies, treatment of others, communication, participation, and interpersonal relationships. This takes time. It also takes practice. The next chapter should help in suggesting behavior tactics for doing this. Subsequent chapters suggest ways to increase sensitivity to one's own behaviors and how others react.

## **CONCLUSION**

Principled leadership means treating people ethically. It means being honest and socially responsible. Business diplomacy is the path to the principled way of organizational life. This chapter reviewed principled, diplomatic values, leadership strategies, behavioral and personal tendencies, treatment of others, communication, participation, and positive relationships. Several examples showed that

a top executive can adopt a principled, diplomatic style to change an organization's culture, but this is not without some trial and tribulation. Business diplomacy takes time, effort, and, often, aggravation. However, it can avoid trouble in the long run.

## **Chapter 5**

### **Principled, Diplomatic Tactics**

Chapter 4 focused on the values and strategies of principled leadership and business diplomacy. Their hallmarks are treating people with kindness and respect and enhancing communication and participation in achieving common goals. When executives, managers, human-resource professionals, or organization-development specialists decide on a strategy, they decide that these are the values and types of behaviors they are going to emulate. The tactics are how they apply the strategy in particular situations. This chapter focuses on principled, diplomatic tactics—that is, different ways of implementing a principled, diplomatic strategy.

A business diplomat can select from alternative tactics. If one doesn't work, then another may. Alternatively, the diplomat may favor one tactic, perhaps because it worked well in the past in another situation. The tactics fall into three categories: (1) those that are fairly conservative (that is, the diplomat doesn't lose much trying them), (2) those that are risky for the diplomat, and (3) those that are somewhat shifty or dishonest and should be avoided. The following are the principled, diplomatic tactics.

#### **1. Conservative Tactics**

1. Trial balloon
2. Systematically collect data and ideas
3. Shuttle diplomacy
4. Roundtable discussions
5. Establish decision rules

6. Wait and see

1. Co-opt potential dissenters
2. Announce a decision, but be ready to back off
3. Build a coalition and move forward unilaterally
4. Make your perspective known and lobby for it

### Negative Tactics

1. Machiavellian
2. Ingratiation
3. Creating a false impression; impression management
4. Withholding information that could influence the decision, negotiation, or conflict resolution adversely

## **CONSERVATIVE TACTICS**

### **The Trial Balloon**

Businesses often float ideas to see how stakeholders react. For instance, companies test market products and services before making a large-scale investment. They may hire a person on probation to see how things work out. A temporary committee or task force may be established to develop an idea before establishing a new formal corporate division. In negotiating a labor contract, management may test the waters by making a tentative offer to labor. In dealing with conflict, a neutral party may suggest an idea to see if it might be mutually agreeable.

The advantage to a trial balloon is seeing how others react before making a solid proposal. The disadvantage is that too many people may have time to digest and criticize your ideas.

### **Systematically Collect Data and Ideas**

The principled, diplomatic manager may meet with all relevant parties to collect ideas, or announce to the department or company that all ideas are welcome. In a department meeting, the boss may ask each person for his or her input, or the boss may meet with each subordinate separately to get everyone's opinion.

The advantage is that everyone has a chance to be heard, and no one can claim that he or she wasn't asked about a decision before it was made. Also, data collected can be used to show the strength of support for an idea. A disadvantage is that people may feel that while their ideas were heard, nothing was done about them.

### **Shuttle Diplomacy**

Used by Kissinger as a key diplomatic tactic in resolving the Vietnam War, shuttle diplomacy is meeting with each party separately and making the rounds

repeatedly until agreements are achieved. In business, an example is the product manager who meets with representatives of engineering, manufacturing, marketing, and finance to coordinate the development of a new product or achieve a breakthrough in a major disagreement about product design, resource needs, or delivery dates. Consider how this would work in a multinational company where components are designed in England, manufactured in Asia, assembled in South America, and sold in the United States, Canada, and Europe. The diplomat/manager works with each party separately over time as the product and sales plan evolve, using air travel, cell phones, teleconferences, and email.

Advantages of shuttle diplomacy are that the parties can share their ideas with the diplomat confidentially, and the diplomat can explain ideas and perspectives in ways that are understandable and timed to fit their moods and feelings. A disadvantage is that the process takes considerable time and energy on the part of the diplomat and may not bear fruit for awhile. The parties may tire of visits from the diplomat or may be inflexible because they don't hear from other parties directly to more keenly grasp their viewpoints.

### **Roundtable Discussions**

"Coming to the table" is the most common form of negotiation. In orchestrating a principled, diplomatic negotiation, decision, or conflict resolution in business, the manager may invite all parties to a meeting. Or the manager may form a task force to work on the issue and keep the group together until the problem is solved or the decision is made. The manager may facilitate discussions that get all ideas out on the table, identify points of common

interest, clarify disagreements, and look for compromises around areas of mutual interest. Participants must be willing to devote the time to the meetings. Also, the participants must be the actual decision makers. If some or all of the parties merely represent the decision makers and do not have decision-making authority, then the decisions may be delayed or nothing may happen at all and the entire process may be for nothing.

The advantage of roundtable discussions is that all parties are present at once, so the issues can be hashed out and something can get accomplished. The disadvantage is that the session may dissolve into heated disagreements as participants try to save face and maintain their power in front of others.

### **Establish Decision Rules**

As the diplomat begins the initiative, whether through shuttle diplomacy or committee work, the first step may be establishing rules of interaction. Here the focus of the participants is on how the diplomatic process will work. The diplomat suggests the rules, and the other parties discuss them until they agree. This is difficult if everyone isn't in the room at the same time; for instance, when people are communicating via email or telephone or in shuttle diplomacy meetings. Nevertheless, establishing the ground rules up front can be valuable in making

things work smoothly in the long run. So, for instance, members of a committee or task force can agree to be at meetings on time, not be interrupted by phone calls to do other business, and not interrupt others when they have the floor. They may agree to make decisions by majority rule, or not reach decisions until there is 100-percent agreement.

Advantages of starting out with a set of rules is that the rules facilitate the group process, and the group begins by agreeing on something. A disadvantage is that the rules might not work, perhaps because members don't abide by them. In this case, there is a need to have a process discussion at various points in time to review whether the rules are working, revise them, or get recalcitrant members to recommit to them.

### **Wait and See**

Delaying is another diplomatic strategy. Sometimes problems are best resolved on their own. Others take care of themselves, and there is no reason to get involved. If a problem lies around for awhile, it may seem less important later. Of course, managers may be tempted to get involved because they have a chance to exert control, show others who is boss, or demonstrate that they can be an effective facilitator or negotiator.

The advantage to wait and see is that it may prompt others to realize they are responsible for their own actions and resolving their own problems. The disadvantage is that the problem may fester or a decision may be delayed while the competition gets a leg up on the firm.

### **RISKY TACTICS**

#### **Co-opt Potential Dissenters**

Co-optation is trying to win others over, especially those who are, or could be, opponents. Businesses do this when they make merger deals with competitors. They make the deals sweet enough that cooperation is in the competitor's best interest. Corporate leaders use co-optation when they appoint committee members to make a decision. They want to get people involved so they will be committed to the outcome.

I used this tactic recently in appointing faculty and staff to a search committee to find a new university registrar. The registrar's function was problematic because it serves a variety of constituencies, including students, faculty, and administration. The office's systems for course and classroom scheduling, student registration, and records maintenance and reporting needed to be efficient and customer friendly. Unfortunately, the office had a number of critics, especially among faculty and college deans who felt the processes put too great a burden on academic department administrators and was not sufficiently responsive to faculty desires to use certain classrooms at the times they wanted.

Recognizing this situation, I asked a faculty member who had been particularly critical of the registrar's office to co-chair the committee. The other co-chair was a highly respected administrator. I invited the president of the university faculty senate to be a member of the committee. The senate's role was to advise administrative departments, and this person often had constructive criticisms of the registrar's office. The committee's ten members represented key administrative and academic departments. The committee conducted a national search, eight candidates were interviewed from around the country, and an excellent candidate was identified. The committee members and other important officials from campus had a chance to meet and interview the candidates. The result was that the person chosen had the backing of top administrators and vocal faculty and received a cordial welcome to campus. While still in the "honeymoon" period, the new registrar was invited to participate in a variety of committees and groups on curriculum policy and student data systems, which suggests a recognition that he and his staff have much to contribute.

The advantage of co-optation is that potential opponents see other perspectives when they have some responsibility for decision making. Their role is no longer just to criticize, but to accept accountability for decisions and their consequences. The disadvantage, and the reason why this is a risky tactic, is that it may backfire. The critics may refuse to be part of the decision process, or worse yet, they may participate and then undermine the effort. They become naysayers who thwart constructive suggestions and prevent the group from making progress. Peer pressure within the group may take care of this. The group can ostracize the dissenting member or members, maybe meeting without

them, withholding information from them, or just not speaking to them unless they need to. If there are too many of them, they may overpower the group, using their own peer pressure to get what they want or prevent what others want.

### **Announce a Decision, but Be Ready to Back Off**

This takes the trial balloon tactic one step further. Here, principled, diplomatic leaders make the decision according to their best judgment and announce it along with a full explanation and rationale. Then they step back and wait for the reaction. This is a way to force opponents to fish or cut bait. Essentially, they have to take a stand or back off. If they take a stand and lobby forcefully for another decision, then principled, diplomatic leaders decide whether or not to back off. Diplomats in such a situation may end up looking like a wishy-washy fool, or they could suggest a compromise and come out looking like heroes. The compromise position forces diplomats' opponents to follow suit and compromise lest they appear intransigent or take the blame for preventing progress. The key to this strategy is that diplomats must be willing to back off from their original choice. They cannot be so committed to it or so caring about how others see that they can't back off when necessary. Politicians are expert at this tactic, but it doesn't always work. Some are criticized for not having any position or for trying to please all audiences.

The advantage of this tactic is that it gets things moving. Either diplomats get their way immediately, or they force their opponents to take a stand. The disadvantage is that their opponents remain inflexible and gain strength in the process as they become increasingly vocal.

In business, when the CEO makes a decision, the corporation follows suit. Only the board of directors can say no, so reactions to the decision, at least within the company, may not be easy to discern. This is different when the decision affects parties outside the company; for instance, a price or product design decision that affects customers, a decision on locating a plant that affects community members and environmental interest groups, or a decision about hiring a new top executive that generates reactions in the industry and among stockholders.

### **Build a Coalition and Move Forward Unilaterally**

Another tactic diplomatic leaders may follow is to find those who agree with their position and take action. The diplomacy here is building the coalition. An extreme example is when a group of top managers join forces for a leveraged buyout of their company. A less extreme example is when a group of employees organizes a holiday party at a place they want even though they know others want something else. Someone takes the initiative and runs with it. If others don't want to come along, then so be it. This works when there are enough people in agreement to move ahead.

The advantage to this approach is that things happen. The disadvantage is that this doesn't do much to build a sense of team. Cooperation on other work and social activities may be hard to come by in the future.

## **Make Your Perspective Known and Lobby for It**

Here, principled, diplomatic leaders go on the offensive. They let others know where they stand, provide cogent and forceful arguments, and present their position every chance they get. This is not a behind-the-scenes tactic. Others will know their opinion and hopefully respect them for it even if they disagree. For this to work, they need a good strong argument and the energy and aggressiveness to drive it forward. Others may join forces and help them out, or they may not.

I did this when I worked in the human-resource department of a large corporation. An organization-development consultant suggested that I take initiative for a strategy to improve communication and attention to performance throughout a major division of the company. The idea was to implement a 360-degree feedback survey which asked managers to rate each other, their supervisors, their subordinates, and themselves. Managers received feedback reports comparing their self-ratings to how the other raters saw them on a series of performance dimensions.

At the time, I didn't have responsibility for surveys in the company, but I did manage a group of internal organization-effectiveness consultants whose roles

were to work with managers to improve the work relationships and productivity in their units. I wrote a proposal for the 360-degree process and began circulating and talking about it to top executives and my peers. The idea caught the imagination of one vice president, who formed a task force to get the process started. Also, a few managers in other departments formed groups of employees to develop and implement a 360-degree feedback survey tailored to their work.

The advantage principled, diplomatic leaders have in building a coalition is that they don't have to depend on others to get things started. They simply gather the data or evidence to support their argument and start talking. The disadvantage is that others might think they are crazy, especially if they don't have a really good argument or if they are bucking more powerful people. Moving ahead without knowing where key managers stand could be unwise.

## **NEGATIVE TACTICS**

Some influence tactics are less than savory, yet they may work, and unscrupulous managers use them regularly. Managers with integrity may be tempted to use them on occasion because these tactics are expedient. Also, they may try them in frustration when nothing else works. These tactics are contrary to the spirit of diplomacy.

Machiavellian tactics are self-serving. One example is ingratiation, which is flattering others and leading them to believe that they are all wise and knowing. Another is deliberately creating a false impression by providing wrong information, withholding important information, or saying something that just isn't true. Back stabbing—saying

negative things about others and deriding their ideas and opinions—is yet another negative tactic. People generally recognize these negative tactics quickly when confronted by them. However, some individuals are really good actors and can get away with a lot.

In summary, there are conservative and risky diplomatic tactics. Which work best for principled, diplomatic leaders will depend on the situation and their ability. They need to be on the look out for negative tactics and avoid using them. The idea behind business diplomacy is to build effective working relationships, essentially creating a culture where people are open to dialogue about new ideas and willing to try new initiatives. Principled, diplomatic actions, when applied and rewarded in the organization, can create an organizational culture of open and honest communication, mutual understanding, involvement, and cooperation. This is the idea behind relational empathy.

## **RELATIONAL EMPATHY**

Developed by Benjamin Broome, a professor of communication at George Mason University's Institute for Conflict Analysis and Resolution, relational empathy is not just understanding another person with whom one disagrees, but working with that individual to develop new means of interacting.<sup>1</sup> These new

behaviors define the relationship and become a “third culture” separate from one’s own culture or background and that of the opponent. This third culture supports mutual engagement and ultimately conflict resolution. Essentially, people are open to new interpretations.

### **Guidelines for Relational Empathy**

The following are steps principled, diplomatic leaders can take to develop relational empathy when working with one other person or a group.<sup>2</sup>

- Don’t be attuned just to the other party’s meaning.
- Go beyond understanding the other party.
- Be open to the meaning that is being created between yourself and the other party.
- Recognize a merging of each party’s perceptions of the other to form a whole new culture.
- Work with each other to generate a unique set of values and norms that may not have existed before in the relationship.
- Be open to new meanings, participate in dialogues, and respond to the emerging demands of the situation.
- All parties need to understand how their own prejudices affect the development of their interaction. Also, they must build mutual understanding rather than just try to ascertain “where a person is coming from.”
- Together, develop new meanings as the foundation for continued dialogue and relational growth.
- Work hard to understand and accept differences.
- Show commitment to the relationship.
- Discuss and negotiate alternative meanings for ideas and experiences.

*Don't Be Attuned Just to the Other Party's Meaning.* Think about the broader context, including other vested interest groups. Who else cares, and what do they think? Pay attention to how others react, and how the other party's responses and viewpoints are a reflection of what you have said and done. How are they influencing the dialogue?

*Go Beyond Understanding the Other Party.* Build mutual understanding rather than just trying to ascertain "where a person is coming from." Think about not just what the other party means, but also the meaning of the interactions between you and the other party, you and others, and the other party and others. What pressures are everyone under? What are the time pressures? What are the pressures to demonstrate progress? What results have to be achieved? Whose expectations are relevant? How realistic are their expectations? Do these pressures affect you and the other party in the same way? Do differences in goals and pressures affect the nature of the interaction?

*Be Open to the Meaning That Is Being Created between Yourself and the Other Party.* As interactions progress, think about what you mean. Does the other party seem defensive? What emotions do you feel—anger, fear, excitement, enthusiasm? What emotions do you perceive in the other party? Are they the same as yours? Do you feel that you and the other party are more in synch than when you began, or do you feel further apart? Do you seem to be establishing patterns of interactions that both of you expect and that you repeat over time? Do you seem to be thinking in the same way? Are you finishing each other's sentences? Are you agreeing on more points? Do you feel you have mutual objectives and that you both have as much to win and lose?

*Recognize a Merging of Each Party's Perceptions of the Other to Form a Whole New Culture.* As work progresses, do the parties involved feel increasingly comfortable with each other and the work environment? What is unique about the relationship? That is, what distinguishes it from other work relationships? Do you see each other as equal in skill and ability? Do you each bring different expertise to the table? If so, do you both appreciate these differences? Would the other party answer these questions in the same way you are? Try asking.

*Work with Each Other to Generate a Unique Set of Values and Norms That May Not Have Existed before in the Relationship.* Be explicit about the values and behavioral norms that characterize the relationship. Talk about them directly. What are they? Do you agree on them? Discuss what they mean to you. Explain why they are important. Embellish them over time. Are new values and/or norms emerging over time? Take time out to recognize them. Are

there things you feel you should be doing that you are not that would improve the work relationship?

Maybe you feel you are not spending enough time collecting information before making a decision, or perhaps you feel you are not giving each other equal time to express views. Maybe you are making joint decisions implicitly, or one feels a decision is made when the other is not sure. If you feel this way, you could simply say so, and suggest a process rule that will help introduce a new norm to address the concern. For instance, whenever one feels he or she has arrived at a decision, he or she can say, "So it's agreed. We will do such and such." Or one could agree to write down joint decisions and implementation plans. This will help ensure that nothing falls through the cracks and there will be a mechanism for tracking progress.

*Be Open to New Meanings, Participate in Dialogues, and Respond to the Emerging Demands of the Situation.* Don't be content with falling into a comfortable groove. Revisit the relationship by having periodic process discussions. Don't take meanings for granted. Don't let uncertainties and ambiguities go by the wayside. Ask for clarification when unsure about what the other party means. Keep communication flowing.

Consider what to do when something unexpected happens. Say an emergency arises. There is a need to get something done post haste. What should the people

involved do? Should they rely on each other? Are they each willing to devote time and resources to the problem? Do they have trouble agreeing on a course of action? Do they both follow through to implement the course of action? Do they find they complement each other in getting things done? Does all this happen with a minimum of confusion? If the answer to most of these questions is “yes,” then they are probably developing a unique culture that typifies how they work together.

*All Parties Need to Understand How Their Own Prejudices Affect the Development of Their Interaction.* People cannot understand each other and the meanings underlying their interaction if they do not understand themselves. Consider your prejudices, the special way you like to do things, the likes and dislikes you have for people and procedures. What assumptions and stereotypes underlie these preferences? These are hard to identify without someone pointing them out, and when someone points them out, they are hard to accept.

Consider ways you can work with each other to identify their prejudices. When you make a judgment about someone and let the other party know how you feel, you can create a norm that requires you to ask why you feel that way. You can ask each other to justify the evaluation. You can try to justify your judgments, and evaluate each other on whether the judgments are accurate. As you do so, you can guard against being defensive when you don't like the response. Hearing that you are wrong or prejudiced in some way is hard to take, and the natural reaction is denial or avoidance. Being open to unexpected and negative information, especially about oneself, is extremely difficult. You can question whether these assumptions are justified.

Chapter 6 deals with the characteristics of an effective business diplomat, including self-insight and how people learn about themselves. Chapter 7 deals with how people learn about others. These chapters will help executives, managers, human-resource professionals, and organization-change specialists understand the thought processes that underlie how they integrate information about themselves and others and reevaluate their self-concept and judgment about others.

*Together, Develop New Meanings as the Foundation for Continued Dialogue and Relational Growth.* This process of relational empathy takes time and energy. It develops over time. The norms the parties establish, the joint goals, and the unique culture that characterizes the relationship are the foundation for continued dialogue and growth.

Everything will not be rosy. Problems and emergencies challenge the effectiveness of interaction and the viability of the new culture that has been established. Similarly, you shape the interaction and underlying culture, moving to new insights about each other and the relationship.

*Work Hard to Understand and Accept Differences.* The differences between the parties can be constructive or destructive. These differences are constructive if the parties recognize and value the different contributions that each of them can make to the relationship. These differences are destructive if the parties resent these differences. They can take frequent process breaks to discuss their differences, and explore whether they are really different. They

can discuss these differences openly and clearly, and try to apply these differences to problems so they can both see how they help get things done. If they have to give a presentation on their progress and one of them is a good writer and the other is a good speaker, then they can divide the work that way, or they can take turns tutoring each other.

*Show Commitment to the Relationship.* As you interact, you can admit to each other that you value the relationship. You can demonstrate this by showing up to meetings on time and allocating time and resources to the joint effort. If you feel this is one sided—you are giving more than the other party—then you can say so. You shouldn't harbor resentment and let frustration fester.

*Discuss and Negotiate Alternative Meanings for Ideas and Experiences.* When one party is unclear about why the other party did or said something, he or she should not just let it go. If the parties disagree, they can acknowledge their disagreement quickly and indicate their beliefs about the reasons for the disagreement. They can explore their views about why they differ. They can identify alternative explanations for these differences. Also, they can identify areas where they do agree so that they don't get the impression that their relationship is moving backwards. They can view their relationship as an evolving process, and enjoy the excitement of continuously re-creating the relationship.

### **An Example**

The following dialogue portrays the development of relational empathy. This type of dialogue, or a role play similar to this, can be used to demonstrate the development

of relational empathy to executives and managers. The situation deals with negotiations for a merger between two consulting firms: E. M. Jones & Associates, headquartered in New York with most of their business in the United States and Canada, and Fennemann and Posner Ltd., headquartered in Basel, Switzerland with primary business in Western Europe. Morton Coughlin is the CEO of Jones & Associates. Thomas Matsen is the CEO of Fennemann and Posner. The conversation occurred after hours of negotiation between the top executive staffs of the two firms. The sticking point seemed to be which CEO would head the merged firm and where the headquarters would be located. Both staffs saw this as critical to the future direction of the firm since most of the people involved believed that the chosen CEO's home firm would dominate the other company after the merger. If the CEOs don't come to an agreement, the merger will probably be off altogether since each firm has other potential merger partners. The meeting took place in a hotel suite at midnight. The other executives had gone to bed, exhausted and exasperated. The two CEOs stayed behind.

COUGHLIN: This doesn't seem to be working, Tom. I'm sorry. It seems we've both wasted our time.

MATSEN: Mort, how about a drink?

COUGHLIN: Fine with me. I need something to relax.

MATSEN: You know Mort, we haven't known each other very long. I was excited and impressed when I received your letter suggesting we talk about our joint interests. That was just three months ago, and at the time, a merger made a world of sense. It seemed like all we needed to do was share our consulting methods and client lists, and we could expand our business threefold at least. But now I don't see how we can work together.

COUGHLIN: Tom, I'm not the problem. I let my people have free reign to do what's best. But in your firm, you call all the shots. Everyone in Fennemann & Posner looks to you for direction. They don't make a move without you. And you seem to like it that way. I don't think that's healthy.

MATSEN: You know that's not so, Mort. Sure, I watch the numbers. I have to consider the changing situation in Europe. I have to pull together the right people to suit our clients. A client in Denmark, say, is likely to have a very different approach to business than a client in Italy. My consultants have considerable experience, but they are not interchangeable.

COUGHLIN: Your people can see this themselves. You don't have to think for them.

MATSEN: I hardly do that. I carefully chose my people. They are highly expert and experienced.

COUGHLIN: In this business, we need creative, self-motivated people. This is the kind of person I hire. This is the kind of person I reward.

MATSEN: Europe is a very diverse place. It's not the United States, where everything is pretty much the same wherever you go.

COUGHLIN: Every company is different no matter where you are. I have to compete hard for my business. My people are my most important asset. They are why E. M. Jones has the competitive edge in the United States. Fennemann & Posner is losing ground every day.

MATSEN: Europe is headed for a recession. We have to be on our toes. The business needs to be orchestrated. Everyone has to march to the same beat if we're going to maintain our identity. Our clients know what Fennemann & Posner has to offer. They know we deliver.

COUGHLIN: You lost two huge clients last week. Jones can get them back. We'll do it without you.

*A long pause.*

COUGHLIN: This isn't getting us anywhere. Tom, what's really bothering you?

MATSEN: What do you mean? I don't know what you mean?

COUGHLIN: You're an honest man, Tom. I know you care about your company. I can see that it's the most important thing to you, the most important thing in your life.

MATSEN: Of course, it's been my life. E. M. Jones has been your life. You can't deny it.

COUGHLIN: It may be my life. But I respect my people. I respect their professionalism, and I am confident that they know what they're doing.

MATSEN: Are you implying I don't?

COUGHLIN: I didn't say that. I'm saying that you have to let go.

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MATSEN: Let go of what?

COUGHLIN: Maybe your need to be in control.

*Again, a long pause.*

COUGHLIN: Listen. We need to get to know each other better. We both want this to work. We have a lot to offer each other. We can do better together than we can alone or with any other merger partner. The time is right.

*Still no response from Masten.*

COUGHLIN: I have a lot to learn about doing business in Europe. Our methods can work here. We've proven that with several multinational clients. But you know the business like no one else. We can't do it without you. One of us has to give. We both can't be CEO. You knew that going into the deal. There's nothing that says we can't be partners, and equal partners at that. We'll just have different roles. We each have different styles. Maybe our styles don't mesh right now. So let's create a new style. Let's create our own way of managing the business.

MATSEN: I'm listening.

COUGHLIN: We need to do this together, create this together. I mean, maybe you can be the outside guy. Keep tabs on the European business situation. Let us know the trends and what clients need. Keep an eye on currency issues.

MATSEN: And your role?

COUGHLIN: What do you think?

MATSEN: Maybe I have something to learn. I can do things differently. We can do things differently. Your people look up to you. They seem to be more—how would the Americans put it—self-directed. They have more initiative. Can you make that happen if we merge?

COUGHLIN: I can try. Suppose we sleep on it and start fresh in the morning, just you and I at the beginning? Then we can bring the others in. We'll let them know we're talking. Let them talk among themselves. We'll come up with something and then listen to what they come up with. Then we'll try to put it together. What do you say?

MATSEN: Yes, I agree. It would be bad business to do otherwise. We both have too much at stake.

This may be the start of a new culture between Matsen and Coughlin and for the combined firm. The culture shows signs of mutual accommodation, open dialogue, and supporting roles. Dialogues don't always go so smoothly, especially after tough bargaining, when emotions are still hot. Maybe being alone together after a long, frustrating day helped these two executives. Coughlin was able to be more frank than he had been all day, and Matsen was able to be more open to change without having to prove to his executives that he was in control. Maybe too much was at stake for them to walk away from the deal, and they both knew it. Perhaps it took one of them to be more forward and direct.

Coughlin took a risk in saying what he thought and suggesting a middle ground. Matsen was still smarting from Coughlin's brashness, but he was willing to give

in, at least enough to keep the dialogue going. Matsen needed to admit some painful things about himself. It would have been easy for him to be defensive and unyielding. He seemed to like the idea of establishing a new way of operating and creating new roles. Coughlin and Matsen needed to create a new meaning to their relationship that transcended their old styles of management. The idea of continued dialogue and broader discussion with their colleagues appealed to both of them. At this point, they saw the light at the end of the tunnel, a glimmer of something new.

Now the challenge will be to take it to the next step between the two of them, communicate the vision to their colleagues, and get them involved in creating a new culture. This will be a negotiation process. It will also be an evolution. There will be frustrating moments. They will inevitably get bogged down in their old styles. Matsen will show signs of wanting to maintain control. Coughlin will probably end up being the CEO and will re-create the E. M. Jones corporate culture. Or maybe this is optimistic. If relational empathy continues to develop, the emerging new culture will allow them to restrain each other's old behavioral tendencies and reward each other for new behaviors and a new relationship.

### **SUGGESTIONS FOR USING PRINCIPLED, DIPLOMATIC TACTICS**

The challenge is to try the principled, diplomatic tactics described in this chapter. Start with several conservative approaches to diplomacy, and then venture to use a few of the more risky ones. Try several together or in succession. If you have used these before, did they work? Why or why not?

In trying to develop relational empathy with a coworker or group of coworkers, you may be at a loss for words, especially at the start. The following are some statements and questions that might help begin a dialogue of relational empathy.

“Let’s take time out and think about what we’re doing.”

“What else can we do?”

“We’re both in this together.”

“What could I do to move things along?”

“How do you see me?”

“What do you really want?”

“Here’s what this means to me.”

“What does this mean to you?”

“Let’s think beyond today. What kind of relationship do we want to create?”

“How do you envision how things will work?”

“I care about our relationship.”

“I’m not going to walk away from this, no matter how tough things get.”

## **CONCLUSION**

This chapter considered the advantages and disadvantages of different principled, diplomatic tactics, some conservative and some a bit risky. Then the chapter described how to work with others to develop a new culture, a relational empathy based on an effective working relationship. The culture evolves as you use diplomacy to make a decision, resolve a conflict, or negotiate an agreement. This culture is then the foundation for future interactions.

## **NOTES**

1. Broome, B. J. 1993. Managing differences in conflict resolution: The role of relational empathy. In *Conflict resolution theory and practice: Integration and application*, edited by D.J.D. Sandole and H. van der Merwe, 97-111. Manchester, England: Manchester University Press.
2. Adapted from *ibid*.

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## **Part III**

### **Learning about Oneself and Others in Diplomatic Relationships**

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## **Chapter 6**

### **Characteristics of an Effective, Principled, Diplomatic Leader**

This chapter outlines the individual characteristics that describe principled leaders and business diplomats. For the most part, these are behavioral tendencies and competencies that can be learned. Some are more a matter of personality and cognitive ability, such as insight into oneself and others. However, even these can be acquired over time. The characteristics covered here are the following:

1. Key Behavioral Tendencies, Values, and Motives
  1. Acts with integrity
  2. Tries to make a difference
  3. Shows cultural sensitivity
  4. Shows sensitivity to others' feelings
  5. Shows patience with others
  6. Shows optimism
  7. Learns for mastery, not performance
  8. Shows motivation
  9. Is not intimidated by power or strong personalities
  10. Conveys power and resources

Antecedents to Principled, Diplomatic Skills, Values, and Motives

1. Has resilience
2. Has self- and interpersonal insight

## **KEY BEHAVIORAL TENDENCIES, VALUES, AND MOTIVES**

### **Integrity**

Integrity can be viewed as a value or an adjective that describes an individual's behavior. It means honesty, trustworthiness, and principled behavior. Diplomats, above all, must be people others can count on, not just to stand by their word, but to do the right thing, treat others with kindness and respect, and not take advantage of others. To some extent this is cultural. As we will cover in Chapter 9 on cultural differences, the meaning of integrity may vary from culture to culture. (Also see the description of integrity in the appendix.) In Eastern cultures, it may refer to someone who does favors and repays favors. In Western cultures, it may refer to a generalized value of "goodness," as in being a good person. At very least, it means not doing anything illegal or immoral. At best, it means never lying, cheating, or even talking behind another's back.

### **Tries to Make a Difference**

This means trying to bring about positive change: in the organization, in society in general, and/or in the lives of specific people, including one's family, friends, coworkers, and other associates. It also may mean attempting to bring about major positive changes, such as the merger of two large enterprises. Principled, diplomatic leaders have a sense of purpose, but while the purpose may seem larger than any one individual, its accomplishment can't be at others' expense. This is an important distinction. The end does not justify the means.

In addition, trying to make a difference can refer to smaller, everyday changes, such as making others feel better or good about themselves with a compliment or show of trust

(for instance, telling subordinates what a good job they are doing and giving them an important assignment). Going out of one's way to do the unexpected, show kindness, be considerate, or help others is very consistent with our definition of a principled, diplomatic style.

### **Shows Cultural Sensitivity**

This is another topic that is addressed in Chapter 10. Principled, diplomatic leaders recognize cultural differences, relate to others with different cultural backgrounds, and adapt to cultural differences, and act differently depending on culturally appropriate behavior. This is done in a respectful way, not a self-serving, demeaning, or patronizing way. For some diplomats, this may come naturally. For others, it takes considerable time and experience to develop. Sometimes it requires learning the hard way, unintentionally offending others and then having to do damage control.

### **Shows Sensitivity to Others' Feelings**

Principled, diplomatic leaders think before they act. They put others' interests ahead of their own. They care about the effects they have on others—not just on big things that affect their lives and livelihoods, but the little things that affect their feelings and self-respect. This requires good perceptual skills, being able to anticipate others' reactions, and sensing how others are feeling as a conversation progresses. This also means refraining from being judgmental. Principled diplomats don't deride others, belittle their actions, or make fun of or ignore their feelings, no matter how well they know them. Also, they don't take personal relationships for granted. Letting their guard down can be a fatal mistake in a tough negotiation. Offending others can cause emotional damage that in an instant can ruin relationships that took years to establish.

Interpersonal sensitivity goes further, to include a sense of timing in understanding when people are most receptive to new ideas or proposals. If others are angry, frustrated, or indifferent, they are not likely to be receptive to their approach.

Sensitivity entails short- and long-range thinking to anticipate immediate and delayed reactions. Suppose you suggest a new idea for compromise. The immediate reaction may be polite consideration that could be misinterpreted by less insightful people as mild agreement. The long-term reaction, especially after the other party goes home and shares the idea with colleagues, may be disdain, ridicule, embarrassment, or feeling insulted. Later attempts to make contact and progress may be ignored or met with silence.

### **Shows Patience with Others**

Another key characteristic is patience. Being patient may be the most frustrating part of diplomacy; for instance, when the goal is in sight and others back off or renege on agreements. A central element of diplomacy is letting others' ideas and insights grow and develop. It means nurturing interpersonal relationships.

Principled leaders and business diplomats need to be toughskinned and resilient. They should not give in to their anger or resort to oppositional behavior. They need to control their temper and maintain decorum and tact almost no matter what happens. Patience also implies not making knee-jerk, rapid-fire decisions or revealing instant negative or off-putting reactions. The effective diplomat is measured and deliberate, though not necessarily to the point of stoicism (that is, showing no reaction or indifference).

Note that patience does not necessarily mean sticking to one's viewpoint no matter what. Such tenaciousness, while perhaps an admirable quality up to a point, can be counterproductive. It can lead to a standoff that goes nowhere. Indeed, an important part of effective diplomacy is knowing when diplomacy is not likely to succeed and another strategy is necessary. For instance, in making a sale, working with a customer may be worthwhile only if it is likely

to bear fruit. Time spent with one customer may be at the expense of opportunities with other customers. Similarly, if a negotiation reaches a stage of impasse, all the patience in the world may only delay the inevitable: backing off and seeking other opportunities. The effective diplomat senses when enough is enough.

### **Shows Optimism**

Another valuable quality for a diplomat is an optimistic attitude. Optimism can be catchy. Principled leaders and business diplomats with a can-do attitude communicate their enthusiasm. Effective diplomats are not oppositional, but rather are encouraging of new ideas and perspectives. They try to be affable; that is, friendly and well liked. They have a presence, perhaps a charismatic quality that is open and approachable, not self-absorbed. They may be self-effacing at times, but not overly so. They show self-respect, just as they respect others. This is part of an optimistic, positive attitude.

### **Learns for Mastery, Not Performance**

While some of these characteristics, such as optimism and patience, are a matter of personal style or general traits that are established throughout one's upbringing, they can be acquired and fine-tuned. Diplomats should be active learners, constantly practicing and seeking feedback to see how well they are doing. (The importance of feedback to self-understanding is addressed later.) People who are performance oriented learn to accomplish specific tasks. In contrast, mastery-oriented learners seek continuous improvement of their skills by trying out new behaviors and testing their effect on others, all the while learning to be sensitive to others' thoughts and feelings.

Age sometimes helps the diplomat. Older people engender respect, especially in Asian cultures, where age is associated with wisdom. Government officials often choose seasoned, retired executives or statespeople as envoys (for instance, President Clinton dispatching former Senator George Mitchell to help negotiate peace in Ireland, or the role that former President Carter has fashioned for himself as arbitrator and facilitator in foreign relationships around the world). However, it is not age per se, but experience—and having learned from experience—that matters. Diplomacy can be learned, but initially it may go against the grain of preferred, habitual, or natural behavioral tendencies.

### **Shows Motivation**

Effective diplomats are motivated, and it shows. They want to achieve a meaningful, diplomatic decision, conflict resolution, or negotiated agreement. The operative word here is *achieve*. They want a solution that is successful, so that they

and their colleagues, opponents, or fellow negotiators not only accept the solution, but feel they too have achieved success.

Of course, the agreement or decision is the cornerstone of this success. This is the *instrumental motive*, the desire to enhance material and pragmatic well-being through the principled, diplomatic process. However, another element is the positive interpersonal relationship that is established and nurtured in the process. This is the *expressive motive*, the desire to provide meaning to oneself and others by enhancing emotional and spiritual well-being. A key to expressive motives is to maintain the integrity of one's identity, values, and principles while developing and maintaining friendships and collegial work relationships.<sup>1</sup> This relationship is satisfying in and of itself to the parties involved. Moreover, it is likely to serve the diplomat well in the future when new concerns or issues arise. As such, it is like a bankable resource that can be called on when needed.

### **Is Not Intimidated by Power or Strong Personalities**

Effective diplomats, while they care what others think of them, are not paralyzed by evaluation apprehension. Working with others in power does not change their demeanor. They are not shy or meek, and they are not easily intimidated. They don't shy away from confrontation or avoid unpopular positions just so others will like them. However, this does not mean that they aren't responsive to others' feelings. It doesn't mean that they plow over others regardless of their viewpoints. Instead, they maintain their positions up to a point. They are flexible and compromise when others do the same, not when others get angry and judgmental.

## **Conveys Power and Resources**

Another aspect of personal style is communicating the power and resources that principled, diplomatic leaders bring to the table. In part, of course, this is a matter of having power and resources behind them. They have support from their bosses or their organizations matters. However, the effective diplomat needs to communicate this in ways that are clear but not threatening. Being optimistic, likeable, and sincerely concerned for others are important characteristics. However, their positive effect can be enhanced when the opposing party knows that they have ample resources or the respect of their superiors behind them. Their superiors need to be consistent in the message that they communicate. As soon as they waffle, they undermine their credibility.

Another aspect of power that can support a positive personal style and caring attitude is having rules and regulations to back them up. These may be the unwavering policies of their organization. For instance, in a merger negotiation, this may include the clear policy, known to everyone concerned, that employees will not lose their jobs. This may actually be a rule bound by union contract, in which case there is legal as well as moral authority and good will behind the commitment.

## **ANTECEDENTS TO PRINCIPLED, DIPLOMATIC SKILLS, VALUES, AND MOTIVES**

Several characteristics are the foundation for effective principled diplomacy. They are basic aspects of motivation. Motivation requires not only having a desired goal but also the spark to generate that motivation (self- and interpersonal insight) and the willingness to stick with it and, when necessary, overcome barriers to goal accomplishment (resilience). The goal is whatever the diplomat hopes to accomplish. Insight determines whether this goal was reasonable to begin with. People with insight set goals that are realistic. They are worth striving for, but they are not so grand that they are unreachable. Resilience helps them maintain their motivation for achieving the goal when the going gets rough. Consider the following components of resilience and insight.

### **Resilience**

Resilience is the tendency to persevere in the face of barriers to goal achievement. Resilience is an overarching concept that covers a set of personality characteristics that generally go together; that is, people who are high in one are also likely to be fairly high in the others. These include need for achievement, self-confidence, and internal control.

Need for achievement is the desire to accomplish fairly difficult goals. People who are high in achievement orientation want to excel in whatever area they choose, not for extrinsic outcomes, such as making more money, that may go along with achievement, but for the sake of achievement itself and the feelings of accomplishment and pride that result. Self-confidence is belief in oneself. People who are high in self-confidence feel good about themselves. That is, they have high self-esteem. Moreover, they believe

they can bring about positive outcomes. People who are high in internal control believe that the positive things that happen to them are due to their own efforts, not to luck or outside forces that are beyond their control.

So, resilient individuals face barriers with an underlying belief in themselves. They believe that if they try, they can make good things happen. As high achievers, they want to do well at whatever they try, especially when the goal is important to them.

### **Self- and Interpersonal Insight**

Insight refers to having an accurate view of oneself and others. Both are important for diplomacy. Diplomats need to accurately interpret the meaning behind others' behaviors and statements. Gaining a realistic view of others is the subject of the next chapter. Here we focus on self-insight, although self- and interpersonal insight are related. Self-insight is the basis for understanding how

and why others react the way they do. However, self-insight begins with an internal focus; that is, developing a self-concept that matches one's capabilities, needs, and interests. People with self-insight have a realistic view of their strengths and weaknesses, and they set goals that are realistic in terms of their competencies and desires and in terms of the level of support in the external environment.

Self-insight allows people to answer some basic questions about being a good diplomat: Do I have the skills to be diplomatic? Are my values and motives consistent with diplomacy? Have I been diplomatic in the past? Has this been successful? If not, what went wrong?

Self-insight gives one the chance to be self-reflective; that is, to question oneself. Ask yourself these questions: What are my personal values? Are they consistent with diplomacy? Am I diplomatic now? If not, do I want to be? Why? Because I don't like confrontation? Because I want others to like me? Because I think it is more effective in the long run? Recognize your underlying motives. It is okay to be diplomatic because you think it will get you further than being more authoritative. As long as you behave diplomatically, your underlying motives may not matter, at least in the short run. Yet you want to get to the stage where you really mean it. You want to learn how to develop and improve your principled, diplomatic skills and beliefs. Developing self-insight is an important step in this process.<sup>2</sup>

## **DEVELOPING SELF-INSIGHT**

Understanding oneself is central to being an effective diplomat. Acquiring self-insight entails having some of the personality characteristics and behavioral tendencies that are important to diplomacy in the first place. These include

patience, openness to new ideas, having a sense of control, not feeling threatened by a lack of control when others get in your way, caring about others, and being sensitive to their feelings and needs.

In general, seeking self-knowledge is a prerequisite for, and motivator of, personal growth and improvement. People cannot develop new skills until they know what types and level of skills they have now. People frequently evade personal growth and new self-knowledge because it is tough to take. They don't want to hear negative things about themselves. Seeking feedback means risking that new information will be negative or that it will lead to feelings of inferiority or weakness. The best feedback comes from sources that are verifiable and reasonably objective.

### **Self-Concept**

All people have a self-concept, a picture of themselves in relation to the environment. This may include what others think about them and their capabilities to

perform various tasks under different situations, and their feelings (their likes and dislikes, emotional states, and personality tendencies). People may have different self-concepts to match different situations. For instance, they may believe they are effective in business situations but have trouble in social situations.

### **Forming a Self-Concept**

Our self-concepts develop over time as a result of our experiences. Self-perception as a diplomat comes from successful experiences in mediating and resolving conflicts and handling crises or dilemmas.

*The Importance of Feedback.* Once we have a particular self-concept, it is hard to shake. When we get feedback from others and think about what happens to us, we are inclined to interpret information and recall events in ways that support our pre-established self-concept. However, if we get feedback that is unusual or varies in some way from our self-concept, we pay attention to it and try to make sense of it in some way. We might rationalize that the source of the information is inaccurate, or we might believe that, while the feedback is accurate, what happened was a result of the situation, not us. We want to hold onto illusions about ourselves because they are self-serving. They make us seem more skilled, intelligent, and moral than we really are. On the other hand, we might own up to our weaknesses and gain new self-insights. This is most likely when the information can't be denied and when there are no external explanations or rationalizations. Then, and only then, are we likely to try to change our behavior.

Some people are inclined to maintain a positive self-image no matter what. This is narcissism. It is also called *self-*

*enhancement bias*. This means having a grandiose sense of self-importance and a tendency to exaggerate accomplishments and talents. People with high self-esteem are likely to be self-enhancing, while people with low self-esteem are likely to be self-deprecating. Overestimating one's performance (for instance, rating oneself higher than your coworkers rate you) is a narcissistic tendency. People who have negative views of themselves tend to evaluate themselves lower than other people rate them. People who have an unjustifiably positive view of their performance tend to evaluate themselves higher than others rate them and in fact produce poorer organizational outcomes compared to people who see themselves as others see them. People who evaluate themselves too highly are likely to set goals that are too high and can't be accomplished, and they won't see the need for improving their performance through training or some other means.

People who are high in self-esteem are likely to evaluate themselves more accurately than those who are low in self-esteem. They are more open to new ideas about themselves, and they don't feel as threatened by negative feedback as those who are low in self-esteem. Since self-esteem is one of the underpinnings of a successful diplomat, diplomats are likely to evaluate themselves fairly accurately.

## **Self-Regulation**

Self-insight helps us control our actions. We routinely set our own standards, act, and administer rewards and punishments to ourselves. We do this through the psychological mechanisms of self-affirmation, self-monitoring, and self-protection.

Self-affirmation is the process of maintaining a consistent image of ourselves. As suggested, we do this by constantly interpreting and reinterpreting information about ourselves. This is constructive up to the point that it leads to deluding ourselves about our abilities and situational conditions needed to accomplish the goals we set for ourselves. Self-monitoring refers to being attuned to what the external environment requires and expects of us. Self-monitors are able to vary their behavior to meet the needs of the situation. They compare and adjust their own behaviors to an external or internal standard. However, low self-monitors don't vary their behavior to meet the situation. They show the same attitudes and values consistently from one situation to another. Self-protection mechanisms are ways people limit threats to their self-concepts. These include the following:

### **1. Denial**

- Reacts negatively to feedback
- Blames others for failure
- Never admits mistakes
- Inhibits other's performance
- Accurately perceives one's own performance (Inverse)
- Frequently asks for feedback (Inverse)

- Gives credit where it is due (Inverse)
- Accurately perceives other's performance (Inverse)
- Accurately describes events (Inverse)

### Giving Up

- Abandons difficult tasks
- Avoids being compared with better performers
- Tunes out others who perform better
- Would leave a job because coworkers perform better
- Negative feedback lowers performance
- Dislikes better performers
- Tries hard on difficult tasks (Inverse)
- Sticks to tasks until success (Inverse)

### Promoting Oneself

- Makes sure others know about successes
- Asks for praise

- Concerned about status symbols
- Talks about own good performance
- Makes others feel compelled to say good things about his or her performance
- Does not admit one's own contribution to a group's success (Inverse)

### Fear of Failure

- Points out own strengths when criticized
- Afraid of failure
- Gets upset by own poor performance
- Tries to prevent others from doing well
- Tries to convince others they are wrong
- Tries to raise others' opinions of self
- Downplays own weaknesses
- Concerned about making the "right" career moves

Self-affirmation can be helpful to diplomats in maintaining their self-image during trying times. However, as suggested, this is only effective up to a point. Self-monitoring may help keep self-affirmation or self-enhancing bias in check.

Otherwise, self-protection mechanisms will interfere with diplomat's rational evaluation of the goals they set and their success in influencing others.

### **Self-Insight and Goal Setting**

Our self-insight determines the expectations we have about how well we can do in a certain situation. This, in turn, affects the goals we set for ourselves. We estimate how well we expect to do, and we want to be as accurate as possible. That is, we want to set goals that we can, in fact, accomplish. We may set goals based on our expected level of performance (that is, what we think we can accomplish)

or on our expected degree of improvement in performance (that is, how much better we intend to do).

Having a positive image motivates us to set ambitious goals, especially when we try something new. Once we gain some experience and insight into our ability to do a task (and as we learn to do the task better), our prior performance guides the goals we establish for subsequent performance.

Principled, diplomatic leaders need to have a pretty good sense of what they can accomplish. High self-esteem provides them with a foundation for taking some risks—going out on a limb in making a proposal or trusting others that they will make decisions that are in the best interests of all parties involved, just as they do. However, this is likely to be tempered by experience. Diplomats learn who to trust and what is possible and what is not. Gaining agreement and reaching consensus are difficult interpersonal tasks, especially when the issues are emotional and a lot is at stake. Having insight into their own capabilities allows

diplomats to guide their actions to fit the situation. However, this requires having keen insight not only about themselves, but about others as well. This is the topic of the next chapter.

### **INTERVENTIONS TO HELP PEOPLE OBTAIN FEEDBACK**

Feedback is often hard to take, especially if one doesn't agree with it. When people don't agree with the feedback they receive, they may simply deny its validity or rationalize why it isn't relevant. However, feedback is the basis for self-insight. The following self-assessment and accompanying exercise may be used to aid executives and managers gain self-insight through feedback.

Evaluate yourself on the personal characteristics listed in this chapter. Use a five-point rating scale from 1 (low) to 5 (high) for each item. Then ask coworkers, friends, and/or family members to rate you and give you the ratings as feedback. Did you see yourself as others saw you. Were your ratings higher, lower, or about the same? If your ratings were different, consider why. You might want to discuss these differences with the raters. Then consider what you learned about yourself that you didn't know before. How will this change the way you behave?

The technique of 360-degree feedback (ratings from subordinates, peers, supervisors, and customers along with self-ratings) has become popular in major corporations.<sup>3</sup> This type of feedback recognizes that performance review should not be just from the top down. Since managers have multiple roles within and outside the organization and since supervisors don't have complete knowledge of a subordinate's performance, direct input should be sought from other constituents. Human-resource managers, change

agents, and executives who want to encourage principled leadership and business diplomacy can include items that reflect principled, diplomatic behavior in these employee attitude surveys. Managers then receive systematic feedback on their behavior from different perspectives. They can compare the results to their self-ratings.

Organizations often provide outside facilitators to work with individual managers to help them understand the results and establish plans to improve their performance in the future. The facilitators guide the managers through their results so that managers focus on their weaknesses. Without such facilitation, managers may find low feedback difficult to internalize and do something about. As the 360-degree survey is repeated annually over two or three years, managers come to recognize the importance of the items rated and they attend to how they have changed. This becomes a way to support a change in organizational culture toward a more principled, diplomatic environment. The feedback process promotes increased communication about performance management throughout the organization, and creates an environment in which everyone participates in the performance-management process—a culture consistent with principled leadership.

If the organization does not adopt 360-degree feedback, another suggestion is to incorporate dimensions of business diplomacy into the annual performance appraisal form evaluated by supervisors. This calls attention to the importance of principled, diplomatic behavior. Hopefully, the results of the performance appraisal are used to reward managers for their principled, diplomatic efforts.

## **CONCLUSION**

This chapter described business diplomats' key behavioral tendencies, values, and motives, such as acting with integrity, trying to make a difference, and showing sensitivity to others' cultural backgrounds and feelings. Business diplomats are people who tend to be patient, optimistic, and desirous of learning to acquire skills not just because the skills will achieve certain rewards. The business diplomat is motivated to achieve, is not afraid of what others think, and conveys a sense of power and authority. These characteristics can be learned. However, it helps to start by being resilient and having a good understanding of one's own and others' goals, strengths, and weaknesses.

People become more insightful about themselves from the feedback they receive from others or other information they have about the effects of their actions. However, they filter this information in ways that help them maintain a consistent self-image. People who are more insightful are able to monitor the effects of their behaviors and draw reasonable conclusions about themselves. Others never gain much self-insight because they are too concerned about protecting their self-image.

## **NOTES**

1. Etzioni, Amitai. 1988. *The moral dimension: Toward a new economics*. New York: Free Press.
2. For more on this topic, see London, M. 1995. *Self and interpersonal insight: How people learn about themselves and others in organizations*. New York: Oxford University Press.
3. Walter Tornow, a researcher at the Center for Creative Leadership in Greensboro, North Carolina, and I recently edited a book on the topic. See Tornow, W. and M. London. 1998. *Maximizing the value of 360-degree feedback: A process for successful individual and organizational development*. San Francisco: Jossey-Bass.

## **Chapter 7**

### **Learning about How Others React**

Effective principled leaders and business diplomats need to be sensitive both to their own motives and behavioral styles and to how others react to them. Also, they need to understand others' motives and behavioral styles in order to interpret their behavior and predict how they will react to ideas under different circumstances. The last chapter covered self-insight. This chapter examines interpersonal insight—how principled, diplomatic leaders accurately “read” others.<sup>1</sup>

#### **LEARNING ABOUT OTHERS**

Just as people have a self-concept, they also have a concept of what each person they meet is like. This may be based on general assumptions that they happen to hold about people. For instance, they may go into a situation believing that people are generally good, cooperative, honest, and similar to them in wanting the best possible outcome. Or they may have very cynical attitudes about people that undermine their ability to trust them; for instance, believing that people are generally wily, unpredictable, and/or out for themselves. Similarly, they may hold stereotypes of others based on their national culture, race, ethnic group, gender, occupation, or other factors.

Effective diplomats have a realistic view of others. They don't have an overly positive or negative view of human nature. Nor do they believe in stereotypes, or at least they try to recognize when their behavior toward others is guided by erroneous or unsupported beliefs about them. Their first

goal in dealing with others as a diplomat is to determine whether their expectations or beliefs about them hold water. Or, to put it another way, they try to form beliefs and expectations based

on others' actual behaviors. They test their expectations and try to avoid preconceived opinions about others, and develop ways to form realistic beliefs based on experience.

### **Testing Expectations**

There are several ways to test expectations about others and form fresh opinions of them. One way is to ask a set of questions about their background, questions that get at behaviors; for instance, what they did when something specific happened. Job interviewers guard against drawing conclusions about others based on first impressions. They do this by asking a set of structured questions to all job candidates. They ask about behaviors—how the interviewee handled, or might handle, a certain situation—rather than asking for opinions about something. Reports of behaviors are more concrete and verifiable compared to statements of opinion.

Another way to test expectations is to observe the person's reactions over time. In doing so, however, diplomats must consciously try to tune out information that does not confirm their initial impressions or stereotypes. Similarly, diplomats must guard against paying attention only to information that confirms their initial opinions about the other person. This is easier said than done, and requires some training and experience.

In psychology, the term *person perception* refers to the recognition of emotion in others, the accuracy of appraisals of other personalities, and the process by which personality impressions are formed. People often make mistakes in perceiving others. This happens for several reasons: We may erroneously think that others behave in the same way across situations, we assume that another person's situation

is the same as our own, or we simply have insufficient or inadequate data to form an accurate judgment.

### **Thought Processes**

Four factors are important to how we make judgments about others: feedback, categorization, attribution, and evaluation.

Feedback is the information we have about others. Often this is information about how they react to us.

Categorization is how we label this feedback. In general, our first tendency is to try to categorize the information as consistent with preconceived notions of what we think the other person is like. When the information doesn't fit preconceived notions, we are forced to make an attribution that explains the behavior. That is, we need to attribute the reasons for the behavior to some factor or factors other than what we initially thought. When this happens, our first tendency is to attribute the behavior to external factors that don't require us to change our preconceived views of the individual. This might be the situation for another person who made the individual do what he

or she did. Evaluation is making a judgment about the person. If we can't attribute the information to external factors (because such an attribution is irrational or inconsistent with other information), then we attribute the information to the individual and change our opinion of the person. If we have a weak preconception of the individual to begin with, it is easier to use the information to make a judgment.

Thus, we form impressions of others in the same way we form impressions about ourselves. In meeting others, we have a preconceived notion of what they are like based on a variety of bits of information about them. This may be based on stereotypes we hold about their characteristics, or it may be based on hearsay; that is, information other people have told us about them. These preconceived notions act as filters for new information that we glean as we interact with the person for the first time. Our natural tendency is to ignore information that does not fit our preconceived or initial impression. If we obtain contradictory information, we may rationalize it away, saying to ourselves that the behavior we observed was due to some other factor, maybe the situation or other people who influenced the person. Or we simply give the disconfirming information little weight, saying to ourselves that this is an anomaly, that the person is not really like that in most situations.

Here is an example. Suppose we meet a woman in her late fifties. She has some gray hair and soft, almost grandmotherly features. She is dressed conservatively, and she seems soft-spoken, polite, and very attentive the first time we meet her. However, in our second meeting, we are surprised to hear her argue in a loud authoritarian voice with someone we haven't met. We are impressed that the

woman was able to stand up for herself, and we are angry that the other person provoked her to resort to such uncharacteristic behavior. We attribute what we believe is unusual behavior, at least not fitting our initial impression, to factors outside the woman's control. In our view, she is responding to an extreme and very unusual situation. We may later learn that our initial, stereotype-based impression of the woman was not accurate at all. In fact, she is a powerful corporate executive who controls a vast enterprise in a commanding way. We may have learned the hard way by suggesting an idea and expecting a polite, considerate response only to be ignored or told in no uncertain terms to mind our own business. Of course, if we didn't have any information about the woman before we met her, we might likely find out about her from others, especially after having observed the surprising confrontation during the second encounter, and this may have guided our later impressions.

Similar situations can occur when we think we know something about someone before we meet them. Suppose we had been briefed about the woman before our first meeting. We knew her background and were told about her behavioral style, although when we met her for the first time, we had trouble believing it was true. We might be wary, avoid testing her ire directly, but rather closely observe others who interact with her. We might discover that indeed her seemingly strong

bite is a reflection of the way others behave toward her. Perhaps they are more forceful than they need to be because they start with the belief that she doesn't respond unless they are as aggressive as they believe she is. We might discover over time that indeed she is a very reasonable, kind woman. We may learn that she is aggressive when she has to be, in part because she has had to confront negative stereotypes about a woman in command. She realized years ago that if she didn't make her position of authority clear immediately, others would walk all over her.

## **Biases**

The way we view others may be influenced by our own characteristics or idiosyncrasies. For example, in evaluating someone, we may prefer to make ourselves look good, at least in our own minds if not the minds of others. This is called a *self-serving bias*. We may be prone to evaluating others negatively. Ultimately, the individual will prove himself or herself to us. Or we may be forced to rely on the individual to accomplish an important task. It would be inconsistent to trust someone we don't evaluate highly to do something important, so we shift our evaluation of the individual, or rationalize the previous negative judgment. We might believe that the individual has changed, or that the person's previous behavior must have been due to the situation, but now, under different circumstances, the individual can be himself or herself.

Consider some other biases. We may suppose that others share our beliefs and expectations and will see things in the same light as we do. This happens because we want to appear normal to ourselves and others. If we perceive that someone is acting in a negative way, we tend to think that

others will interpret the behavior in the same way. This may not be the case at all, however.

Another bias is our tendency to attribute our own actions to the situation but the same actions when carried out by others to those other peoples' dispositions. When something negative happens to us, we may tend to blame others, but if the same thing happens to someone else, we blame them. For example, imagine we cannot find an important document. We may blame the cleaning person for disturbing our desk. But if a coworker loses a report, we may call him careless.

### **DRAWING ACCURATE CONCLUSIONS ABOUT OTHERS**

Some people call being perceptive of others having a "sixth sense." This is the ability to interpret others' motives and "read the signs" to anticipate their reactions. When we observe interpersonal interactions, we need to explain them. We first look for causes that fit our initial perceptions. We are likely to change our views only after we have trouble attributing the cause to our initial perceptions. The more we recognize our initial biases, the less likely we are to make mistakes of judgment. But this is tough to do.

Consider the case of Ann, a company vice president of human resources, whose new director of the firm's human-resource diversity department, Brian, a minority, faced charges of abuse and harassment. Brian felt he was trying to handle some difficult performance problems in his unit. Yet others, such as the company's employee advocate, were all too willing to take the side of complaining subordinates who reported to Brian. To listen to them, Brian was abusive and harassing. Indeed, he was a strong, no-nonsense person. However, Ann was all too willing to believe the complaints, especially because the employee advocate had been with the company for years and was highly respected.

Ann's initial judgment was to dismiss Brian. Only after learning more from Brian and others about the subordinates' poor quality performance did she realize that Brian was right all along. Had Ann not been predisposed to believe everyone but Brian, the situation might have been different. (This case is described in more detail in Chapter 10.)

### **Observation Skills**

People who are keen and accurate observers of others generally have considerable experience observing. Moreover, they tend to be high in characteristics such as intelligence, self-awareness, and the ability to process complex information. These people may be termed *socially intelligent*. They understand and feel comfortable in social situations.

Being able to make rapid and accurate judgments of others does not require a profound understanding of them. It simply means that you have the ability to predict their most likely behaviors. You are able to monitor cues in various

situations and make educated guesses about how others will behave based on this knowledge.

*Self-Monitoring.* People who have insight into their own actions are called self-monitors. These individuals are generally also more accurate in judging others' emotions, possibly because they are more sensitive to how others react to them.

*Empathy.* Another characteristic of good observers is empathy. This is the ability to perceive accurately how another person is feeling. People who are empathetic can take the perspective of another. They can understand how others perceive the world without necessarily adopting that same perspective. As such, the empathizer can remain at a social distance from the individual observed.

## **MISREADING OTHERS**

Making a mistaken evaluation of another's intentions can be dangerous in diplomatic situations. Principled, diplomatic leaders want others to behave the same way. If they inaccurately assume that others are going to be principled and diplomatic, they may fail to recognize behavior that can undermine their goals. They have to be on the look out for people who don't "play fair" from their viewpoint. This may include people who

- disagree with them.
- have different agendas from them.
- reject diplomacy.
- are insincere, ingratiate themselves to them in order to manipulate them into going along with something.
- mislead them.
- stonewall (simply don't respond, or promise to respond but procrastinate and hold them off).
- do an end run around them (work with them in seeming good faith while working with others behind their backs and contrary to their interests).
- promise them anything, but fail to deliver.
- exert power and authority over them.

### **Dealing with Tough People**

Here is an example of racial tension. The example, which comes from a university administration, demonstrates the importance of control and power in a relationship.

The director of a university's Learning Enhancement Program (LEP), Shirley, was upset and embarrassed in front of her fellow black administrators because the program's incoming freshmen class was predominantly Asian. The program, which provides tuition assistance, tutoring, and close monitoring, is for underrepresented students from historically disadvantaged backgrounds (the urban poor). Shirley argued that Asian students are not underrepresented on campus. Also, she believed that some of these students had hidden assets (e.g., their parents owned homes and businesses) even though they had low income levels. The bottom line was that she wanted more blacks and Hispanics in the program.

The admissions office was responsible for recruiting and admitting students. Shirley wanted more control over the selection process, and in fact insisted on receiving copies of all the application files and making the final decision on who was admitted. As a way of bringing political pressure to bear on the admissions office, Shirley presented her case to her advisory board, and the board wrote a letter agreeing with her.

To deal with these issues, the associate provost for enrollment management, Henry, arranged a meeting with Shirley and the dean of admissions, George, as well as the director of financial aid, Maria. George and Maria worked for Henry, but Shirley reported directly to the provost. George and Henry were white, and Maria was Hispanic. Trying to be a diplomatic mediator, Henry began by outlining the LEP director's goals (ensure all students in the program are from historically disadvantaged backgrounds and focus on students from racial groups who are underrepresented on the campus).

Everyone agreed with these goals. George and Maria wanted to ensure that the process was fair and could be explained to outside constituencies (guidance

counselors, parents, students) so that certain groups (namely Asians, not to mention whites who could also be urban poor) were not systematically omitted from participation in the program. The group also agreed on ways to involve the LEP staff in recruiting students; for instance, developing closer relationships with feeder high schools with large populations of black and Hispanic students, sending the LEP staff out with admissions staff on recruitment trips and to college fairs, and involving the LEP staff in working closely with prospective students to help them complete their applications, especially the complex financial aid forms. Another point of agreement was that the LEP staff could help encourage admitted students to actually enroll. So, the LEP staff could work on the front end (recruitment) and the back end (yield) to achieve their goals.

The sticking point was that the LEP director wanted to gain control of the admissions decision. She said the state's program guidelines gave her the right to make this decision because she alone was accountable for the program. George strongly disagreed. He wanted to know what additional criteria Shirley would use, but Shirley refused to be specific about this. She would not come out directly and say that she would base the decision on race. George assumed that Shirley would use race as the dominant and final admissions criterion. George and Maria feared that this would throw fairness and equity to the wind and make any other efforts (e.g., help with recruitment) unnecessary. Shirley would simply take all the files and select the class she wanted to gain the representation she wanted. This put the university at risk of being sued for reverse discrimination. (The university had never had to make admissions decisions based on race because it had strong minority representation, with people of color making up fully

half the undergraduate student body.) If George was forced to give up control, he said he needed to make it known publicly, especially in the high school guidance community, that the admissions office merely helped recruit students for the program but did not handle inquiries and did not make the decision.

Another sticking point centered on Shirley's claim that some of the new Asian students didn't meet the financial requirements because they had unreported assets. This came from anecdotal information—LEP staff members overhearing students talking about their families' homes or businesses. Maria was taken aback and indicated this was unlikely, since income and assets were checked thoroughly, and any students who didn't meet the guidelines would have committed fraud. Nevertheless, Shirley wanted to add an additional form and background check, which would slow down the process and cause the school to lose students who had options to enter LEP programs at other state schools.

Despite agreement on the front- and back-end procedural initiatives, the parties were deadlocked on the question of control over the final decisions and use of extended financial aid background checks for LEP applicants.

Henry, as George and Maria's immediate supervisor, had several options:

- Give in to Shirley—let her have all the applicants' records, collect more detailed financial background information, and admit the students she requests.

- Give in to Shirley and let her have decision-making authority, and move the decision totally to her office so that she would be fully accountable—she would process the financial aid checks and signs the offer-of-admissions letters.
- Refuse to budge on the point of maintaining control over admissions and not changing the financial aid procedure.
- Escalate the problem to the provost to be sure he understands the pros and cons of the alternatives and to show George and Maria that he (Henry) supports their viewpoints but will abide by the provost's decision.

This situation required Henry, especially, and George and Maria as well, to have some insight into political dynamics on campus. They needed to know who cared about this issue and whether they mattered. They needed the resilience to withstand Shirley's political pressure and self-righteous attitude. They needed to separate their dislike for her personal style from the issues. Also, they needed to recognize that Shirley was not going away; they would have to work with her in the future. They needed enough cultural and interpersonal sensitivity to understand the motivation of a minority woman with strong convictions, an aggressive management style, and an unwillingness to compromise.

Not surprising, Henry opted to let the provost decide. The provost really didn't want to deal with the issue but said he would hear the arguments and "try to be wise." Henry orchestrated a meeting for the provost with Maria and George, but without Shirley, so they could present their views without being intimidated by Shirley.

## **WAYS TO ENHANCE INTERPERSONAL INSIGHT**

Here is an experiment for a work group. Find a video that focuses on one or two people doing a task. This could be someone being interviewed, or it could be someone demonstrating a product or a service. You could tape an interview or infomercial on television. Be sure that none of the participants in this experiment have seen the tape or the people on it before. Then gather everyone together and play the tape.

Stop the tape after fifteen seconds and ask the participants to write down adjectives that describe the individual observed on the tape. Then ask everyone to rate the individual's performance on a scale from 1 (low) to 5 (high). Be sure not to discuss the observations or ratings. Then play the next minute, and repeat the task: Write another list of adjectives describing the person and do another rating. Do the same after the next five minutes, and then again after the following five minutes.

Next, share your perceptions and evaluations. Begin by discussing the observations after the first minute and proceed to the subsequent observations and judgments. For each comparison, ask the group to address the following questions:

- How different were the adjectives? Did they focus on different aspects of the individual? Why? Were different aspects of the individual important to them? Did some

- Did they differ in their ratings? Why? Did they have different standards? Why?
- Did their judgments change over time and were they similar to their initial evaluations? Did their initial perceptions and judgments influence their later evaluations? That is, were they consistent over time, or did their evaluations change as they gathered more information?
- If some of them changed their evaluations over time, what was the cause? Was there something major that occurred on the tape that they keyed in on? Did others see the same thing? Did they have the same reaction?

One purpose of this exercise is to help the participants understand the extent to which their perceptions are guided by first impressions. Another purpose is to show how people differ in their viewpoints and conclusions. Some participants may be more inclined to change their evaluations over time, while others may be consistent over time right from the first fifteen seconds.

The discussion will sensitize the participants to how they process information about others. Try the exercise again with a different tape. Are the participants more open to new viewpoints? Do their perceptions initially disagree, but agree more over time because they are all evaluating the individual more objectively?

## **CONCLUSION**

Principled leaders and business diplomats need realistic views of others. They try to be as realistic as possible in judging people and avoid biases. Knowing the thought processes they go through in observing others' behaviors may help them keep themselves honest. As they observe

others' actions, they avoid jumping to conclusions. They realize that they may evaluate information in relation to their preconceived ideas of what people are like. They separate their perceptions from their judgments or evaluations. They question their judgment by asking themselves whether they are jumping to conclusions. Also, they try to be savvy enough to understand when others are trying to mislead them.

**NOTE**

1. For more details on the concepts presented in this chapter, see London, M. 1995. *Self and interpersonal insight: How people learn about themselves and others in organizations*. New York: Oxford University Press.

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## **Part IV**

### **Applying Diplomacy**

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## **Chapter 8**

### **Strategies for Resolving Conflict**

The payoff for being principled and diplomatic comes in handling tough situations. This chapter considers how to resolve conflicts diplomatically. It explores reasons for conflicts, types of conflicts, and diplomatic and nondiplomatic (dysfunctional and counterproductive) conflict resolution strategies. It shows how being a diplomat, while not easy, can be an effective way to resolve conflict in the long run.

Negotiation is a means of conflict resolution. It implies that the parties have agreed to talk to one another to resolve their dispute. However, this does not mean that all parties are equally willing to compromise. Nor does it mean that the parties will be successful in their negotiation.

This chapter also examines principled, diplomatic negotiation strategies. On the face of it, one might think that principled leadership and negotiation are inconsistent. The principled leader upholds standards of honesty, trust, and openness while focused on achieving the common good, while the stereotypic successful negotiator is secretive, wily, and unpredictable. This is where business diplomacy comes in. The business diplomat as negotiator seeks solutions that allow all parties to win. The diplomat can maintain high integrity by attempting to focus the negotiation process on clarifying each party's values and perspectives, identifying higher-level goals to which everyone can agree, and concentrating on what each party

has to gain by a common solution, not on what each party could lose.

### **REASONS FOR CONFLICT**

How conflicts arise has implications for principled, diplomatic resolutions. Differences in goals, opinions, ideas, or values are a principal source of conflict.

For example, two workers who were assigned to the same project may have different views about how to do the work. Maybe they were trained in different disciplines, or one person believes in studying all facets of the task before beginning while the other believes in jumping in and trying the approach that seems most workable. One coworker may want to involve others or be sure that everyone understands what they are doing, while the other coworker may want to keep everything hush hush until the project is completed. One coworker may want a product that everyone can accept, while the other may want a product that seems like it will be the least expensive to produce. One coworker may be concerned with making the most money while the other may be concerned with giving clients what they want, regardless of the profit.

These disagreements may stem from differences in background and experiences, or a variety of personal characteristics such as age, gender, race, and/or personality. The more fundamental, entrenched, or ingrained these differences, the more diplomacy is needed to resolve the conflict. Opinions that are associated with an individual's identity are hard to change. They are part of the person's self-perception or perception of the world, and the individual is not likely to change them at the drop of a hat. In fact, the more forceful the opposition, the more likely the individual is to adhere to his or her viewpoint, and the more a sensitive, respectful response is needed to get the individual to listen to different ideas.

Another source of conflict may be fights about power and influence. This stems from a person's need to control others; that is, to be in control and have an effect on others, even if it is a negative effect or doesn't go beyond holding up a

decision. Once power enters the picture, the conflict gets tied to the person's self-concept, and winning the battle becomes a matter of saving face. Losing would undermine the person's self-image. The conflict becomes integrally tied to the person's ego, and the person feels a need to stand fast to protect that ego. The more egos are involved, the more diplomacy is needed to resolve the conflict.

Yet another source of conflict stems from individuals' personalities or behavioral tendencies. Consider several destructive personality tendencies that often engender conflict:<sup>1</sup>

1. Some people are hard to work with and are difficult to please for lots of possible reasons. For instance, they
  - need to be the center of attention.
  - act defensively.
  - have a win-lose orientation ("It's either them or me!").
  - have an underlying lack of self-esteem.
  - have a strong need to be right.
  - need to win.
  - desire to control.
  - show a basic distrust of others.

- fight aggressively, thus creating enemies.
- feel uncomfortable expressing their true feelings.
- often send double messages, generating distrust.

Some people have more extreme tendencies. Most people have trouble getting along with them. About the only way to work with them is to comply with their every need and wish. These are people who

- flare up unpredictably.
- act arrogant.
- are paranoid and distrustful.
- speak with contempt of others.
- feel that others don't have a clue, and show their contempt for others.
- are bitter and contemptuous.

On the opposite extreme, there are people who back off from difficult situations. These may be the most frustrating people to deal with. They don't address you or the situation at all. They don't confront or address the issues. While they avoid confrontation, they don't give up their position or compromise. They don't put themselves in a situation that recognizes and works on differences in opinions. As a result, nothing gets resolved. They continue on, oblivious to their or others' differences.

### **TYPES OF CONFLICTS**

The type of conflict depends not just on what the conflict is about but also on the value of what's at stake to the parties in the conflict. Value is not just monetary. It may also be over principles (values, beliefs, feelings of right and wrong) as well as power or influence. Value is in the eye of the beholder. What's important to one person may not be to another person. This goes for money too. Some people will

go to the death for a few dollars even if they are rather well off. Others will sacrifice a lot of money relative to their wealth because money just isn't important to them.

The more complex the conflict, meaning the more factors at dispute, the greater the perceived value of these factors. The more equal the conflicting parties are in their strength of feeling, the more hot and heavy the conflict and the less likely the parties will be to give up, at least not without a good fight. This is where diplomacy comes in handy. First consider what happens when less than principled, diplomatic solutions are tried.

### **DYSFUNCTIONAL CONFLICT-RESOLUTION METHODS**

Let's assume we're dealing with a major conflict. The issues are hot and the opposing parties feel strongly about their viewpoints. The heat of the conflict

is likely to generate efforts to end the conflict that actually make it worse. These include confrontation and withdrawal.

Confrontation refers to facing the conflict head on. The parties confront one another with forceful arguments and accompanying language to drive home their viewpoints. Voices rise. The parties resort to name calling and psychological, if not physical, abuse.

Another dysfunctional strategy is to withdraw from the situation altogether, to avoid facing the opposing party, perhaps in the hope that ignoring the conflict will make it go away. People who are shy and withdrawing may use this approach. However, this does not mean that they don't care about their viewpoint. Nor does it mean they are willing to let go. As a result, they won't make needed decisions, sign the contracts, or do whatever is required to make the problem go away. It simply persists, to the aggravation of everyone. This is especially frustrating for the party who prefers to confront the conflict. If both parties don't give an inch and they are both withdrawing personalities, the conflict may persist for years, perhaps with both parties suffering loss and embarrassment in the long run.

### **PRINCIPLED, DIPLOMATIC STRATEGIES AND TACTICS**

Chapter 4 described the meaning of a principled, diplomatic strategy. Essentially, this is the decision by the leader or other individual to be a principled, diplomatic leader—especially, to be ethical, tactful, and concerned about others. Chapter 6 covered principled, diplomatic tactics, such as shuttle diplomacy and trial balloons. When applied to conflict resolution, the decision to use diplomacy means that one or more of the parties want to rise above the disagreements to find common ground. Diplomatic conflict

resolution means transferring the parties' passion from the disagreement to common ground. The underlying reason for the conflict may remain, but the parties may find a basis for agreement, perhaps a common goal, that supersedes their differing viewpoints.

Principled, diplomatic strategies can be initiated in several ways. One of the parties in the conflict may adopt a diplomatic stance, maybe from the outset, or at least eventually, after more confrontational efforts have failed. They may try to reason with the opposing party, recognize the other party's point of view, and suggest a compromise. This may prompt the opposing party to respond in kind—maybe. It may take some time, but eventually reason is likely (but not guaranteed) to prevail.

Another option is for an independent, unbiased third party to mediate the dispute. Mediation techniques use diplomacy to reach a resolution. This may happen by finding a superordinate goal (one that is important to everyone), or reaching a compromise that allows each party to have a piece of what they want. The mediator may highlight the positive, that each party will be seen as a hero or winner by others whose opinions they value. The mediator's role is to find a

win-win solution, one that allows each party to get something out of the bargain while ignoring or putting on the back burner the areas where they didn't win.

Consider the following diplomatic strategies for managing conflict.<sup>2</sup> These strategies nurture rather than limit relationships, and are built on relational empathy.

- Establish mutual expectations at the outset of the relationship.
- Realize that the stability thereby created cannot last.
- All parties take full responsibility for the relationship.
- Take appropriate action at the first sign of trouble.

Next, the following are ways to deal with difficult people:

- Ask a series of leading questions to help the subject become aware of his or her feelings (for instance, contempt of others).
- Clarify the issues.
- Acknowledge differences.
- Give supportive feedback.
- Listen.
- Be aware of destructive behaviors as they take place.
- Describe their feelings.
- Care more about the relationship than being right.

Now, the following are ways to resolve conflict through effective listening, a behavior that is especially difficult for people who are angry.

- Show concern about what the other party has to say.
- Pay attention to the other person (full and undivided attention).

- Find a quiet, nondistracting environment where both parties can concentrate.
- Face the other person with an open body stance.
- Maintain eye contact.
- Lean forward to hear and observe every nuance and expression.
- Feedback (paraphrase) the other's message to express your perception of the other's feelings.
- Avoid judgmental, evaluative statements, such as, "That's a stupid idea!" Especially avoid name calling, for instance, "They must be crazy, that will never work!"

## **WORKPLACE CONFLICTS**

Interpersonal conflicts are inevitable in organizations. They stem from personality clashes, petty irritations, infighting, turf battles, and backstabbing. Such conflicts are potentially costly. They may result in lost productivity, lost sales,

legal costs, costs due to negligence or low quality, and the costs of not having the best people in the right jobs. Conflicts are not all bad, however. They can be opportunities to learn and be creative.

Consider some alternative plans for resolving interpersonal conflicts in companies.<sup>3</sup> Plan A is to look for shared goals and win-win solutions. If this doesn't work and the parties are still miles apart, go to Plan B: clarify, sort, and value differences. Clear up misunderstandings and turn different points of view into strengths instead of sources of conflict. Differences may melt or become less important until it's possible to go back to Plan A. If people are still pointing fingers at each other, go to Plan C: gain commitment to change. As change is proposed, people will resist. The trick is to reassure them that the needed changes are really very small, always under their control, and directed by their motives, not those of others.

If the conflict recurs, Plan D is to analyze the recurring cycle. Examine the repetitive, predictable patterns, then block them and establish and reinforce constructive patterns. Ask people to think about what they are doing—stop and reflect on their habits. Use shared insights to establish some new procedures or routines that overcome the conflicts.

If people won't change, then you need to change unilaterally (Plan E). Start doing things in a different way. This disarms others and gives them something new to respond to. Make this less risky by letting people know what to expect from you. Focus on your own behavior, not what you expect from others. Be careful not to expect something in return. You won't be appreciated instantaneously. Reinforce even small moves on the part of others. Thank

people profusely when they help you out or do something constructive in response to your changed behavior.

If this works, celebrate the gains. Let everyone know what was accomplished, give people credit, and use this as a model for successful change. If none of this works, cut your losses. Quit or go to war (for instance, start litigation).

### **Conflicts between Departments**

Robert Blake and Jane Mouton, two leading researchers in the field of conflict resolution and organizational development, address the breakdown of cooperation and trust at organizational interfaces.<sup>4</sup> An interface is any point of contact between organizational groups at which interchanges are necessary to achieve a desired result. An example is a conflict between the sales department, which wants to meet a customer's needs for product delivery by a certain date, and the manufacturing department, which does not want to retool fast enough to meet this deadline because of technological or engineering requirements or because the product as designed cannot be manufactured as quickly as the sales department wants.

In organizational conflicts, dynamics between groups need to be considered as well as interpersonal relationships. These are organizational issues, such as

adequacy of information flow, coordination, and decision making. Effective cooperation is difficult when problem-solving relationships have broken down. Also, conflict is enhanced by organization structures that form different departments with different goals. Top managers may try to resolve these conflicts by changing reporting structures and building linkages, simply having one department report to another manager with the hope of aligning the moved department's goals to those of the new division.

Another strategy is to create dotted-line relationships, perhaps temporarily, so that the department manager is responsible to several divisions. This formalizes a service relationship, and hopefully encourages the department and division managers to realize each others' goals and purpose. The moved department can't respond to its new division by simply giving up the goals and objectives of its former division. The new division now has some responsibility for the moved department, so the division cannot ignore the department's other clients. The dotted-line relationship provides a basis for increased mutual understanding.

Blake and Mouton offer a six-step interface conflict-resolution model:

1. Each group develops the optimal model for effective interface to address specific problems and needs.
2. Groups work together to develop a consolidated optimal relationship.
3. Describing the actual relationship—described by each group separately—and reviewing historical factors.
4. Consolidating the actual relationships—a joint picture.

5. Planning for change—specific operational terms are jointly agreed upon and described in detail; plans for follow-up.
6. Progress review and replanning with follow-up dates.

This works when

- tensions at the interface are intense.
- fewer participants are affected by the conflict.
- the groups don't rely on power for coercing solutions.
- each group has more to gain by resolving the conflict.
- everyone is dedicated to organizational excellence.

To enhance the effects of the six steps, Blake and Mouton recommend the following interventions:

- Stop attack between group members.
- Refocus the task.
- Handle conversations outside joint sessions.
- Avoid dependency relationships.

## **THE NEGOTIATION PROCESS**

During negotiations, the parties learn a lot about each other. As they hear about each other's views, they test the appropriateness of their own positions. Walton and McKersie, two leading researchers in the field of labor negotiations, point out that while negotiators often begin the process with one view, their perspective is likely to change as negotiations progress.<sup>5</sup>

### **Barriers to Principled, Diplomatic Negotiation**

How much negotiators learn about each other depends on their openness to new ideas. The fact that negotiators are initially biased in favor of their own views may be a barrier to understanding others' perspectives. Their biases may prevent them from searching for more complete information; for instance, asking the other parties what they mean. Or they may misinterpret or just simply forget what the other parties said.

*Framing a Position.* Framing refers to the favorability of the words used to describe one's position and other parties' positions. Positive frames mean stating things in optimistic, constructive, or generally favorable ways. This may be simply using positive, evaluative adjectives to describe ideas (for example, saying, "Gee, that's a good idea"). Negative frames mean stating things in pessimistic or generally unfavorable ways (for example, saying, "That's a ridiculous idea"). Positive frames generally lead to faster, mutually agreeable solutions that are of greater value to both parties.

The frames negotiators use influence their language and behavior. This in turn influences the opposing negotiators. Negative frames tend to increase conflict and the likelihood

of deadlock. So, for example, sounding off early in the negotiations as a way to force the resolution of minor issues quickly may weaken one's later bargaining power or may make the opposing parties more resolved to stick with their positions when it comes to important issues. Colorful and colloquial language and nonverbals can force other negotiators to reassess the cost and value of different issues. Threatening other negotiators, for example, by saying you will walk out, is another negative frame. Just being inconsistent in expressing one's position is another way to undermine negotiations.

*Building Friendships.* Negotiators may reframe positions as they develop a different perspective for understanding their own and others' agendas. As negotiators disclose information about their positions, they learn more about each other. How they express their positions (whether using positive or negative frames) also conveys information. As they learn more about each other and become more comfortable with each other, they develop positive expectations and a higher level of trust. Over time, in a long-running negotiation or when the parties have negotiated with each other before, the negotiators develop subtle ways to assess the position and intentions of the other person.

## **PRINCIPLED, DIPLOMATIC NEGOTIATION TACTICS**

Principled, diplomatic negotiation suggests that the parties have achieved a certain level of mutual trust and understanding. Hopefully, all parties have decided to give diplomacy a try. Otherwise, the effort will be one-sided, and possibly place the diplomat at a disadvantage in the negotiation. If one party tries to be diplomatic, what's the advantage of the other party (or parties) following suit? One benefit is to attain a win-win solution, one where both parties can achieve some of their goals with minimal effort and little cost. The idea is to search for an agreement with the greatest benefit and lowest possible cost to all parties.

There are two types of negotiations: *distributive*, in which opposing parties perceive a win-lose situation, and *integrative*, in which both parties can win (a point made by Walton and McKersie).<sup>6</sup> The diplomat's goal is to move the negotiation from win-lose to win-win.

When we think of negotiation, we tend to think of labor problems or disputes between countries. In these cases, the negotiators come to a bargaining table. Some or all of the negotiations may take place behind closed doors to give the parties a chance to test ideas without making commitments or give the impression to outsiders that they are weak or giving in. However, negotiations happen in business situations every day.

The essence of negotiation is the creation of doubts.<sup>7</sup> Nothing will be achieved until each party doubts his or her position. Another important element to negotiation is the creation of confidence that the results of the negotiation are likely to be mutually beneficial. Two types of negotiators are *stabilizers*, whose primary interest is in getting an

agreement, and *destabilizers*, whose primary focus is their own interests.<sup>8</sup> Stabilizers are not always constructive, at least not right away. They may be so intent on an agreement that they accept nothing less. They assume the role of a mediator as if they are an objective third party when they are not, or they hammer out points of agreement and sometimes ignore their own constituency.

Principled, diplomatic negotiation tactics depend on the stage of negotiation. Generally speaking, there are four stages of negotiation: (1) the preparation or planning period, (2) the initial meetings between the negotiators where the stage is set for the discussions, (3) the in-depth discussions over an extended period of time, and (4) the final stage, perhaps as a deadline approaches, during which the final agreement is hammered out.

Dan Druckman, a leading researcher on international diplomacy and conflict resolution, outlined productive, diplomatic approaches for each of these stages.<sup>9</sup> These productive approaches can be summarized as follows:

1. During Planning

1. Study the issues
2. Gain perspective of the other parties

1. Separate the issues
2. Aim for a comprehensive agreement
3. Consider partial agreements
4. Maintain friendly relationships
5. Get decision-making authority
6. Hold informal meetings

#### During Discussions

1. Make initial concessions
2. Identify win-win solutions
3. Form a coalition with weaker parties
4. Continue informal meetings

#### As the Final Stage Approaches

1. Suggest a self-imposed deadline
2. Suggest bringing in a mediator

During the prenegotiation planning stage, principled, diplomatic negotiators study the issues from the perspective of other parties as well as their own. They try to develop an empathetic understanding of what the other parties perceive and feel.

During the early periods, when parties set the stage for the discussion to come, principled, diplomatic negotiators separate issues into clear and discrete areas. They aim for a comprehensive agreement, but also consider the possibility of partial agreements should a comprehensive agreement not be possible. They maintain friendly relationships. They work with the groups they represent to ensure that they have the responsibility and latitude to suggest solutions and reach an agreement. They hold informal meetings

outside the negotiating sessions, and meet with others on their side of the issue to generate ideas for possible resolution. They may also meet informally with the other negotiators to extend trial balloons. They may meet socially to get to know each other better and in the process develop an understanding of each other's perspectives and areas where they agree. During the early stages in the relationship, negotiators will find that sharing their perspectives is helpful. Knowing where everyone stands early on will lead to more discussion of fact and more attention to facts and logic and reasoning later. This is also likely to maintain a positive relationship over time after the negotiation.

During the give-and-take discussions, principled, diplomatic negotiators begin making concessions to test the other negotiators' reactions and willingness to bend. They identify solutions that work for both parties. In addition, if there is more than one other party in the negotiations (say, three or more companies or departments trying to reach an agreement), they may form a side agreement or

coalition with weaker parties to increase their influence. Also, they may continue informal meetings with the negotiators.

During the last stage, as an agreement appears or when the negotiations have continued without much headway, the principled, diplomatic negotiator may suggest that the group agree to a self-imposed deadline for concluding the talks.

### **MEDIATING BUSINESS DISPUTES**

Sometimes negotiation involves mediating disputes. Consider the role of corporate executives and managers as they facilitate relationships; for instance, a leader who mediates between a subordinate and the leader's peers (heads of other departments). The goal is to find a way to please both parties and not say anyone is wrong.

#### **Case Example**

Department heads want to be responsive to the managers who report to them. At the same time, department heads need to build cooperative relationships with other departments. These two objectives can be at odds, as when one manager reporting to a department head wants the department head to say no to the head of another department.

Consider the example of a Sandra Valliant, vice president of marketing. One of her department managers, Mason McHenry, the director of new product development, was asked by the manufacturing department to provide some funds for the development of a product prototype. Usually, the manufacturing department foots the bill for its role in prototype development, and indeed has several people who

are responsible for working with the product developers in marketing. However, one product required some new and costly equipment. After all the specifications were established and the project was well along the way, the manufacturing department suddenly said that it needed additional funds to cover the project.

Mason was disgusted that the manufacturing people would do this at the last minute. First, he felt that manufacturing had a large budget and should view prototype development as part of their responsibility. Second, months ago when the project was first discussed, he indicated that additional funds could be put into the marketing budget request to cover these costs; however, the manufacturing people didn't think this was necessary. Third, he argued that changing the source of funding for prototype development should be a corporate policy, not something that is established on an ad hoc basis because a project has to be rescued. Now Mason wants to tell the manufacturing vice president, Herman Hennessey, "No way, I won't pay!"

Mason is forceful with his boss, Sandra, but Sandra doesn't want to be as forceful with her colleague, Herman. Indeed, Sandra knows that there may be some slack in Mason's prototype development budget and he possibly could cover

the additional costs. What should Sandra do?

- Stand by Mason and make his arguments as forcefully as he does.
- Get out of the line of fire by letting Mason face Herman.
- Override Mason and tell Herman that they will pay for the resources.
- Try to convince Mason to recognize the tough situation manufacturing is under and that it would be wise politically to foot the bill.
- Insist that this is a policy issue that needs to be decided at higher levels.
- Express the arguments to Herman, raise the policy issue in an appropriate forum with the CEO, but also admit that she might be able to pay.
- Suggest that in the future all costs be borne by Mason's department so that he has control over the entire project.

The last two options are perhaps the most tactful. They recognize all the issues and avoid saying that anyone is wrong. Also, they recognize that there is a funding problem that has to be resolved for this particular project as well as for others that will come along later. Sandra could outline these issues in a memo to all involved and suggest to the CEO that this be discussed in a forum with everyone present. Meanwhile, Sandra is suggesting a resolution, namely that it may be reasonable for her department to cover the costs now since she indeed may have the funds, and that in the future it may be better to have control over all the funds needed to develop a project and not have to rely on another department. If Sandra or Mason control the funds, they become the customer, and the manufacturing

department's prototype department may be more responsive to their needs in the future.

### **Mediator Roles**

Another principled, diplomatic alternative is to suggest bringing in a mediator. Mediators do the following:<sup>10</sup>

- clarify the situation.
- make parties aware of relevant information.
- clarify what parties intend to communicate.
- act as spokespeople for the weaker side.
- help a party undo a commitment.
- reduce tension.
- summarize agreements.
- reward parties' concessions.
- act as sounding boards for positions and tactics.
- threaten to quit or to bring in an arbitrator who will impose a solution.
- convince a party that a proposal is salable to constituents.
- bring third-party ultimatums to the negotiation.

- exaggerate the costs of disagreement.
- help parties save face.

*Help with Dispute Resolution.* Mediation has become an important method of conflict resolution in the United States. In 1926, the American Arbitration Association was established as a not-for-profit, public-service organization dedicated to the resolution of disputes through the use of mediation, arbitration, negotiation, elections, and other dispute-settlement techniques. To give an indication of the volume of activity, in 1995, more than 62 thousand cases were filed with the association. These covered a full range of matters, including commercial finance, construction, labor and employment, environment, health care, insurance, real estate, and securities disputes. The association has thirty-eight offices nationwide and cooperative agreements with arbitral institutions in fifty-two other nations. The association offers hundreds of education and training programs each year throughout the world. To request information or assistance with dispute resolution, see their website at <http://www.adr.org>.

### **WAYS TO EXPERIMENT WITH PRINCIPLED, DIPLOMATIC CONFLICT RESOLUTION AND NEGOTIATION**

Negotiation should be practiced. This is especially true of principled, diplomatic negotiation, since negotiation processes do not easily lend themselves to principled behavior. As stated at the outset of this chapter, the idea is to focus the negotiation process on clarifying each party's values and perspectives, identify higher-level goals to which everyone can agree, and concentrate on what each party has to gain by a common solution, not on what each party could lose.

The following are some group exercises to help promote principled, diplomatic negotiation and principled conflict resolution. They can be used to address conflicts or disagreements in one-on-one relationships or groups.

At the start of a discussion where you intend to address a dispute, ask each individual to express their viewpoint. Ask the others to listen and take notes as you go around the room. Then, taking one person or perspective at a time, go around the room and ask the others to read your notes. Did everyone hear the same thing? Did people disagree about the important elements of what they heard? After going around the room (and not before), ask the individual whose perspective was summarized to clarify and explain the perspective further. Discuss the perspective until everyone feels they understand. You might want to go around the room a second time to give everyone a chance to express their interpretation of the viewpoint, and then get additional clarification.

After each person's perspective has been addressed, ask the parties to write down a common goal or overall solution that addresses all the perspectives. This is meant to be an initial try at identifying an overarching goal and win-win solution. Each person reads his or her proposed goal or solution statement, and discussion ensues. Then repeat the process to see if there is more agreement the second time.

If disagreements persist, try a values analysis. Ask each person to identify what he or she feels is most at stake. Is there disagreement? Does this analysis suggest concessions or compromise positions?

Meet informally. Find an informal setting where the pressure is low and people are out for a good time. This will help the group members get to know each other better and understand each other's values and ways of communicating.

## **CONCLUSION**

This chapter examined reasons for conflicts, types of conflicts, and diplomatic and nondiplomatic conflict-resolution strategies. In addition, it covered principled, diplomatic negotiation strategies as an important means of resolving disputes. Reasons for conflict include differences in goals, opinions, ideas, and values. Principled, diplomatic strategies for managing conflict nurture relationships and are built on relational empathy. These include establishing mutual expectations at the outset of the relationship, realizing that the stability thereby created cannot last, and taking appropriate action at the first sign of trouble.

Conflicts also arise because of personalities, and I suggested a variety of ways to deal with difficult people, such as acknowledging differences, giving supportive feedback, listening, and trying to be alert to destructive behaviors. Ways to resolve interpersonal disagreements include looking for shared goals and win-win solutions, clarifying and highlighting the value of differences, and gaining commitment to change. Principled, diplomatic negotiation entails studying the issues, developing an empathetic understanding of other parties' viewpoints, separating the issues into clear areas, making initial

concessions to test other negotiators' reactions and willingness to compromise, and encouraging negotiators to reach agreement by a designated deadline to which they all agree.

## **NOTES**

1. These destructive personality tendencies were identified in Mayer, R. J. 1995. *Conflict management: The courage to confront*. Columbus, Ohio: Battelle Press.
2. These strategies for resolving conflict were developed by Mayer. See *ibid*.
3. Kaye, K. 1994. *Workplace wars and how to end them: Turning personal conflicts into productive teamwork*. New York: American Management Association.
4. See Blake, R., and J. Mouton. 1985. *Solving costly organizational conflicts*. San Francisco: Jossey-Bass.
5. See Walton, R. E., and R. B. McKersie. 1991. *A behavioral theory of labor negotiations: An analysis of social interaction systems*. 2d ed. Ithaca, N.Y.: Institute for Labor Relations Press.
6. *Ibid*.
7. See Colosi, T. R., and A. E. Berkeley. 1994. *Collective bargaining: How it works and why*. 2d ed. Miami: American Arbitration Association.
8. *Ibid*.

9. See Druckman, D. 1993. The situational levers of negotiating. *Journal of Conflict Resolution* 37: 236-276.
10. See Wall, R. E., and A. Lynn. 1993. Mediation: A current review. *Journal of Conflict Resolution* 37: 160-194.

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## **Chapter 9**

### **International Business Diplomacy**

Business has become increasingly global with the growth of multinational companies and international commerce. As a result, many managers and executives who do business with counterparts in other countries need to understand the cultural differences that affect business. The manager who tries to be a principled leader and business diplomat in the United States may find that Western values and principled, diplomatic behaviors don't work well in other cultures. For instance, trying to get input from a variety of sources before making a decision may be diplomatic in the United States but not in Japan. Behavior that is not diplomatic in the United States, such as making unilateral decisions, may be expected in other cultures. So managers should be aware of, and sensitive to, these cultural differences, and change their behavior to fit the situation. This does not mean that diplomacy goes out the window. Indeed, the essence of diplomacy is being sensitive to business associates' needs and expectations.

Business diplomacy is all the more challenging when particular business deals cut across multiple cultures. Say a team from different divisions of an international firm are brought together to solve a problem or work on a new product. Leading and being a member of such a group requires interacting with people who have different cultural backgrounds and languages. The group may meet face to face and/or it may meet via video and telephone conference calls. The group may have a common goal to begin with, but

the members may not agree about how to go about achieving the goal.

In another case, business representatives from different firms and government agencies may need to work together to resolve a conflict, negotiate an agreement, or make a key decision. Here, the group members do not necessarily start off with a common goal. Indeed they may have very different vested interests.

Expressing these interests and sharing different perspectives may be all the more difficult because of cultural barriers to effective communication as well as cultural differences in the importance of asserting one's position and achieving one's goals.

Cultural differences pose challenges to human-resource and organization-development specialists who support multinational corporations.<sup>1</sup> They may design processes to select and develop executives with global responsibilities. These executives may move across national boundaries and/or manage geographically dispersed teams. Change agents may also deal with international teams as they lead or participate in selection committees, assessments of multinational executives, and leadership-development programs with students from around the world.

This chapter considers cultural values that underlie national differences. It discusses the implications of these value differences for being an effective business diplomat in an international situation. The chapter defines the meaning of cultural sensitivity. Finally, it considers principled, diplomatic conflict-resolution and negotiation tactics in international settings.

## **CULTURAL VALUE DIFFERENCES**

Gerte Hofstede, a social researcher from The Netherlands, conducted a classic study, initially published in the early 1980s, based on employee-attitude data collected in IBM offices throughout the world.<sup>2</sup> An analysis of the employee attitude survey identified four distinctive values:

*Power distance* refers to dependence relationships in a country. Low power distance indicates a limited dependence

of subordinates on their supervisors and a preference for participation (consultation) and interdependence between supervisor and subordinate. High power distance indicates a strong dependence of subordinates on their supervisors. They may have a preference for paternalistic or autocratic treatment from their supervisors.

*Individualism* indicates loose ties between individuals. The job leaves employees with sufficient time for their personal and family life and gives them freedom to adopt their own approach to the work while giving them personally challenging work. *Collectivism* refers to high integration of people in cohesive societal groups.

*Masculinity-femininity* captures social gender roles. In most cultures, gender-role differences are clearly distinct. Men are supposed to be assertive, tough, and materialistic, while women are supposed to be modest, tender, and quality-of-life oriented. The organization provides employees with opportunities for high earnings, recognition for excellent job performance, opportunities for advancement, and challenging work. Femininity refers to societies in which gender roles overlap such that both men and women are supposed to be modest, tender, and quality-of-life oriented. Employees have favorable relationships with their supervisors, cooperate well with one another, and have employment security.

*Uncertainty avoidance* refers to members of a culture feeling threatened by uncertain or unknown situations. High uncertainty avoidance occurs in organizations that have a stressful work environment and rules and regulations that should not be broken, and where employees expect to stay with the same employer for the long term. Low uncertainty avoidance is evident in organizations that support employees' experimentation with new products, services, and work methods.

Other researchers have come up with different ways of conceptualizing and comparing national values. For instance, one such study was conducted by S. H. Schwartz.<sup>3</sup> Schwartz identified ten motivationally distinct value categories that are recognized within and across cultures and used by people to form value priorities. These values include virtually all the kinds of values that people view as important. The categories and examples are as follows:

1. Security—sense of belonging, national security, family security
2. Conformity—politeness, obedience, self-discipline
3. Tradition—respect tradition, devout, humble
4. Benevolence—spiritual life, forgiving, honest, loyal, helpful, responsible
5. Universalism—equality, broadminded, protecting environment
6. Self-direction—creativity, freedom, choosing own goals, curious, independent
7. Stimulation—varied life, daring, exciting life
8. Hedonism—enjoying life, pleasure
9. Achievement—influential, ambitious, capable, successful

## 10. Power—authority, wealth, social powers, social recognition

The importance placed on the values may differ between cultures. For instance, Schwartz found that students and teachers from the United States give high importance to values expressing a desire to get ahead personally in the social hierarchy (e.g., attain wealth, authority, and success) and give low importance to values expressing social concern (such as social justice, equality, and loyalty). Students and teachers from Spain and Italy showed the opposite pattern.

### **Country Comparisons**

Consider the country differences Hofstede discovered on his five values. The levels (high, medium, low) indicate where the countries stand in relation to all the countries in the study. Here six countries were selected for comparison: Germany, the United Kingdom, Spain, Brazil, Singapore, and the United States. The ranks (1 = highest) are how these countries rank in relation to each other based on the Hofstede data.

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance
Germany	L (5)	M-H (3)	H (2)	M (3)
United Kingdom	L (6)	H (2)	H (1)	L (5)
Spain	M (3)	M-H (4)	M-L (6)	H (1)
Brazil	M-H (2)	M (5)	M (4)	M-H (2)
Singapore	M-H (1)	L (6)	M (5)	L (6)
United States	L-M (4)	H (1)	M-H (3)	L (4)

Now consider how these values apply in each of these countries.<sup>4</sup>

### **Germany**

German managers value collegiality (*Kollegialitat*). They face strong pressure to conform. Nonconformism is shunned. Newcomers are viewed with a degree of mistrust until they establish their credentials, their ability, and whether they pose a threat. In lower levels of management, processes are well defined. Managers are not expected to cut corners, take initiatives on their own, or skimp on the formalities. Newcomers are especially likely to stick to the rules until they are very sure what is acceptable. A strong respect for perfectionism supports the rigid bureaucracy and makes it work. However, managers have trouble adapting and taking actions when emergencies or unexpected events occur. They are at a loss unless they can find a procedure or mechanism that already works.

German managers are not used to constant change. They work best in a routine manufacturing environment. Germans have trouble handling uncertainty, ambiguity, and unquantifiable risk. Managers tend to be highly conservative and fear the unknown. Opportunism is a sign of failure to organize, not a creative talent.

Employees in Germany tend to be deferential to top managers. They rarely criticize or contradict their boss. Orders are obeyed out of respect for the boss's role and competence. Germans respect their top executives for their expertise, not their strong personalities. Boss-subordinate relationships in Germany are formal with high power distance. Subordinates are deferential to their superiors. Increasingly, however, younger employees expect more accessibility and opportunities for input and feedback. Feedback is not given or received easily. There is little open and honest discussion of performance and progress, particularly in traditional companies.

CEOs in Germany are expected to be strong, decisive leaders who are looked to for unequivocal direction. However, being a martinet with a dictatorial manner is not acceptable. Moreover, top executives are not expected to use strong language or exhibit a short temper as a sign of getting tough. Such behavior is seen as a sign of weakness. While employees obey instructions, they don't expect managers to provide close supervision. They expect leaders to provide clear, precise, and preferably written orders with clear expectations for delegation.

## **United Kingdom**

British reserve and an inbred awkwardness with interpersonal relationships generates an arm's length, loose link between people. Fairness is more important than closeness when it comes to relationships. There is some support for the idea that the boss should be a coach and facilitator providing feedback and encouragement, but this is not yet universal by any means.

The United Kingdom is the only EU country not to have mandatory conscription for young men. As a result, unlike other European countries, there is not a built-in organizational culture that follows from the nature of military authority systems that males in EU countries tend to adopt and feel comfortable with.

The British seem to thrive in committees, preferring the security of a group within the clearly identifiable, established order of the organization. People are motivated by contributing to a common goal.

The employee in the United Kingdom is viewed as the "servant" of the company, implying that all employees are at the service of the firm, have a duty to the firm, and are expected to exhibit personal commitment and even self-sacrifice. Individualism is viewed negatively as nonconformance, not self-reliance. As a result, individuals seem hesitant and vacillating until they see which way the wind blows.

The work group is a way to diffuse responsibility in British firms. Groups are reluctant to take responsibility for errors. When mistakes happen, employees look for someone to

blame rather than trying to alter the situation or change the system to prevent similar mistakes in the future.

Mole reported that women in the United Kingdom comprise 45 percent of the workforce, which is considerably higher than other EU countries.<sup>5</sup> Women earn less, and because half are part time, there are lower benefit costs. Women are also more likely to be in management than in other EU countries.

Effective leaders in U.K. companies are those who are able to conduct meetings efficiently and establish good relationships with subordinates. Instructions are disguised as polite requests. Subordinates expect to receive instructions and then be left alone to do the job.

Being a reserved, “nice” person—meaning courteous, unassuming, and unabrasive—is respected. Increasingly, however, younger executives demonstrate great energy and enthusiasm without inhibition.

## **Spain**

Family connections are important in Spain. When it comes to getting a choice job, family counts for more than ability. Intelligence in the sense of being clever is not valued as highly as character and breeding. The term *listo* implies being sharp but also connotes being not altogether trustworthy. The best compliment is *bueno* which implies being clever, honorable, and valiant.

Work relationships in Spanish companies focus on the boss and individual subordinate as opposed to the work group. Because of this, relationships among peers are often fraught with jealousy.

In the past, women achieved top corporate positions because of a family relationship and the lack of a male line. Generally, women are not found in management, or at any level of an organization for that matter. They tend to leave the job market in their thirties to raise a family. This is changing a bit, however, due to the skills shortage. Recently, women have been welcomed into education and management.

People are rather informal in the Spanish business setting. They quickly get to know one another on a first-name basis (although business people in Southern Spain are somewhat more formal). They tend to be quite relaxed with one another—men take off their jackets and loosen their ties in restaurants.

Human relationships are of central importance on the job. Saying someone is a good friend is the highest compliment and best recommendation. While in the United Kingdom and Germany this would be viewed as an invasion of a personal barrier, in Spain it is evidence of a relationship built on trust and a personal sense of honor (*orgullo*) and respect.

Spaniards do not tend to be assertive, and they don't sell themselves to others as do the Italians and French. They don't try to give the impression that they know best, as do the Germans and British, but instead appear diffident or vacillating.

The ideal CEO in Spain is a benevolent autocrat who is firm and decisive. Leaders are expected to be courageous (*valiente*), and sharing decision making with subordinates is likely to be viewed as a weakness. Authority doesn't stem from the position so much as the quality of the interpersonal relationship with subordinates. Their loyalty is to the person, not the institution or proper protocol or chains of command. Still, lines of authority are clear, and delegation needs to be concrete and specific.

## **Singapore**

Singapore is the ninth richest country in the world, and almost all Singaporeans (92%) own their own homes, compared with 60 percent in most developed countries. Singaporeans are driven to achieve. They use the Hokkien word *kiasu*, which means "afraid to lose," to describe themselves.

Racial stereotypes abound in Singapore. The Chinese are labelled as enterprising and materialistic business types. The Malays are perceived to have a keener focus on family relationships and personal day-to-day happiness. The Indians are described as emotional public speakers who enjoy argument. This is not a melting pot, but rather an example of intercultural harmony supported by strict laws and a sense of real camaraderie as a common motivation to succeed. Across all the immigrant groups there is a spirit to strive for economic success and establish a better life for themselves and their families. Racial riots

erupted in the 1960s, and the violence and oppression from living under curfews are still a keen reminder of the pain of intolerance. Also, Singapore is a small island with little room for disharmony. In giving gifts, it is important to know the religion of the recipient. Cognac would be ideal for a Chinese business associate, but not if he is Muslim or Hindu. Some gifts are taboo, such as knives and scissors, which suggest severing relationships; clocks, which suggest the passing of time; and handkerchiefs, which are meant to wipe away tears. Gifts should be small, inexpensive, and business related (e.g., a pen or an inexpensive calculator with a business logo on it or simply candy or flowers).

Face is a critical aspect of doing business in Singapore. Avoiding embarrassment, or “giving face,” means ensuring that whatever you say or do, you allow the Singaporean to “show his or her face” rather than having to hide it in humiliation. This means being diplomatic rather than confrontational, and not undermining another’s position in any way. Today, while saving face is still important, Singaporean businesspeople are intent on making their views known to avoid being misunderstood.

Common behaviors in Singapore include lack of eye contact. Eye contact may be perceived as staring and disrespect. Pointing is considered rude, as in most Asian cultures. “Aunty” or “Uncle” are polite forms of address toward an older person, since they signify respect. Despite the prevalence of high technology, superstition abounds. This includes such matters as *feng shui* (geomancy) and numerology for choosing office space. Westerners perceive that Singaporeans shy away from voicing strong opinions about anything considered “sensitive,” such as politics and human rights. In general, Singaporeans tend not to express

their views. Others say that they talk about nothing but money and how to make it. Singaporeans tend to be uncomfortable with public displays of affection.

In greeting someone, a soft handshake is appropriate. A pat on the back or other forms of touching should be avoided because some may see them as overfamiliar and intimidating. Crossing your legs in the presence of elders in a way that exposes the soles of your shoes or feet is a sign of disrespect. Hitting a fist against the open palm of the opposite hand to show emphasis has obscene connotations.

An evening at the karaoke lounge is an important function of business entertainment. A well-practiced rendition will be noted and appreciated. Businesspeople keep their families apart from their business lives, and this includes business entertaining. Fighting over the bill is common, since the one who pays it is perceived to hold the guest in a form of obligation, which can be helpful in business.

Financial rewards go to groups, not single individuals. Individuals are motivated by supervisors who deliver a dignified personal gesture which conveys trust and affection. Disciplining an employee must take into account the employee's need to save face and the company's need to maintain close personal relationships among employees. Business decisions cannot be made with

respect to economics and efficiency alone. For instance, cutting costs by slashing jobs may make it difficult to hire new employees later.

Bargaining, while a subtle and prolonged process in Asia, is a bit quicker and more direct in Singapore. Singapore businesspeople are tough, inscrutable negotiators, especially when it comes to prices and deadlines. Friends get better deals than strangers, and loyalty is more important than being fair.

Earley and Erez found that Singapore is a high power differential, group-focused culture.<sup>6</sup> It emphasizes downward communication and impersonal communication methods, such as written memos and email, and maintains the difference between supervisor and subordinate. In communicating upward, subordinates try to be positive. They don't want to bear bad news that might embarrass their supervisor. Teams occur within functional units. There are tight connections between people in these groups, but leadership is strong. The leader's direction takes precedence over the group.

Leadership stems from the dominant group in the company, which is usually gained from family or personal connections. Rank is important. Leaders are all-powerful and keep their distance from work groups.

### **United States**

A hallmark of the U.S. workforce is cultural diversity, and many U.S. firms are putting knowledge about diversity to their best advantage. This entails coping with negative gender and ethnic stereotypes, the persistence of old

cultural values, linguistic diversity, as well as information overload and unfriendly technology.

Cultural traits and values in the United States can be thought of in five ways.<sup>7</sup> First, regarding language, business is done almost exclusively in English, and those whose language, or in some cases even accent, deviate from standard English are viewed outside the dominant culture. However, the increasing diversity of U.S. demographics is making bilingualism and multilingualism a plus for profitable business communication. Managers must learn to keep biases in check.

Second, the United States is a low-context culture in that it values objective data over information that is embedded in a larger context of meaning. U.S. managers prefer direct and precise communications that are not tied up with the social milieu. U.S. managers are known for their individualism and desire to be in control, and generally dislike teams and committees. However, nondominant groups in the workplace may not share these values—for example, Japanese Americans. Low-context Americans may seem distant and remote with their preference for quantitative or written information. As a result, workplace clashes over context are likely, especially on crosscultural teams. Recent immigrants from high-context cultures may have difficulty coping with rapid decision making and an in-their-face communications style.

Third, regarding time, the dominant U.S. business culture has a limited, goal-focused orientation. This leads to short-term thinking and a concentration on the present and near future instead of the long run. Decision making is fast, and results

are expected immediately. U.S. managers often feel uncomfortable working in teams, preferring individual control and independence over their work.

Fourth, U.S. workers are less status and power oriented than many cultures. The focus is on fairness and equality. Avoidance of social-class distinctions is a primary American value. People value themselves and others for who they are and what they accomplish, not the status of their positions. However, this is not an absolute by any means, and status by virtue of education, position, wealth, and birth do matter. There is a growing distinction in the United States between the “haves” and “have-nots.” This may be countered by the increasing percentage of citizens of color who will demand equality as their political, educational, and economic accomplishments grow. This is likely to be a painful process that unfolds over an extended period of time.

Fifth, in U.S. companies, the flow of information is usually highly compartmentalized and zealously protected. Access to information is restricted in order to guard privacy and ensure the proprietary nature of corporate data. Goals are set and completed. Progress may be reviewed and the course changed in light of a shifting environment, but such changes are barely tolerated—they are not viewed as opportunities. As a result, valuable information may be missed or ignored until it is too late. This flow of information parallels the low-context culture. It often results in information overload and prevents people from spending time building relationships. Nonnative Americans may need help adapting to the sequenced information-flow practices of workflow charts and detailed project-management plans. O’Hara-Devereaux and Johansen suggest that as the workforce becomes more diversified and as organizational

structures become less hierarchical and more flexible, different ways of managing information and work processes may emerge.<sup>8</sup> This will result in less detail and insistence on writing everything down. It should also lead to freer access to information.

The United States is a low power differential, self-focused culture. It emphasizes an open flow of communication. Email and teleconferences are substitutes for person-to-person contact. Teams are loosely connected. They are self-governed and don't place excessive demands on any team member.

Leaders come from the rank and file. They attempt to understand and meet the individual needs of employees in their units. The leader treats employees as individuals and differentially rewards them as justified by their performance.

### **CULTURAL SENSITIVITY**

Sensitivity to cultural differences is an important skill for the business diplomat. Intercultural sensitivity is the ability to make judgments or interpretations that are similar to those made by people from the target culture. Successful international executives have a high level of cognitive complexity, excellent interpersonal skills, the ability to learn from experience, and advanced moral reasoning and integrity. They need to learn from experience, seek feedback, try

new things, and be flexible.<sup>9</sup> Successful international executives show patience, a sense of independence, the ability to curb the tendency to dominate and put achievement first, and the ability to work collaboratively with others.

A study conducted by D. A. Weeks for the Conference Board, a consortium of U.S. companies, found that international executives need to be free of national prejudices, understand world marketing pressures and global resources, be aware of political and regulatory developments, and be comfortable with almost continuous travel.<sup>10</sup> The report indicated that international executives undergo stages of adjustment as they learn and adapt to foreign environments. For instance, there is generally a “honeymoon” stage, during which the expatriate observes but does not come to terms with the new environment. This is followed by a period of learning during which adjustment occurs.

The following are seven cultural competencies that measure intercultural sensitivity:<sup>11</sup>

1. speaks and understands the primary language of the country.
2. lived in host-country communities.
3. is committed to the transfer of technical and business skills to host-country persons.
4. is sensitive to the image of his or her native country in the host country.
5. is knowledgeable about the host country (its history, religion, geography, politics, economics).
6. is sensitive to the political climate of the country.
7. has a high tolerance for stress and uncertainty.

In designing its management development program, Fiat, the Italian auto maker, outlined culturally related skill dimensions for executives.<sup>12</sup> These include the following:

Strong cultural identity, defined as the ability to reconcile flexibility and openness with a firm grounding in one's own culture.

Wide cultural experience in a variety of national contexts.

Winning leadership, defined as managing resources on the basis of results and the possession of a "charisma" which expresses the highest level of professionalism.

Professional expertise in a particular discipline or function.

Global expertise, defined as the ability to communicate with other cultures in their own language, negotiate effectively, and to optimize professional relationships with other cultures.

Management insight, defined as the ability to pick out and recognize those values that guide managerial behavior and a company's *modus operandi*.

Global insight, which is simply the knowledge and recognition of cultural differences.

People with intercultural sensitivity have a greater awareness of cultural patterns and how they operate as well as how they differ from one's culture of

origin. Also, they are able to interact effectively with people from other cultures with little or no misunderstandings or conflicts. Such conflicts can occur because people expect the same behavior that they find in their own culture or interpret the same behavior differently. Intercultural sensitivity involves learning to understand a culture from the viewpoint of the insider.<sup>13</sup>

Cultural sensitivity is realizing the importance of having a correct understanding and interpretation of other cultures and behaving in a way that is receptive and responsive to cultural differences. The major elements of cultural sensitivity include the following:

1. Comfortable versus uncomfortable—the extent to which the executive feels comfortable working in different cultures.
2. Biased versus neutral or positive evaluations—the extent to which the executive evaluates culturally different phenomenon as negative, neutral, or positive.
3. Misunderstanding (confusion) versus understanding—the extent to which the executive accurately recognizes cultural differences in values and behaviors.
4. Ignoring or belittling cultural differences versus empathizing with other cultures—the extent to which the executive puts himself or herself in the place of others in another culture and understands how they feel.
5. Devaluing differences versus valuing differences—the extent to which the executive derogates cultural differences or uses these differences for the benefit of the organization and the individuals involved.

6. Closed-minded versus open-minded—the extent to which the executive avoids learning or shows a willingness to learn by seeking new information, clarifying explanations, and trying new behaviors.
7. Protecting one's culture versus generating a shared culture and fluency of understanding—the extent to which the executive continues to behave in culture-bound ways or shares multicultural ideas.
8. Ignoring or denying feedback versus actively seeking feedback—the extent to which the executive rejects performance feedback or actively seeks it.
9. Inflexible versus adaptable—the extent to which the executive continues old behaviors or tries new behaviors in response to others' reactions.

## **INTERNATIONAL BUSINESS NEGOTIATIONS**

In the global marketplace, international negotiations occur in multinational corporations and governments. Bargaining occurs over economic, human-resource, legal, and procedural issues. Firms and governments try to attain access to markets, make international investments, and import and export goods and services.

Culture can be viewed as learned behavior or shared values.<sup>14</sup> As learned behavior, national negotiating styles can be identified. For instance, the Japanese rarely say no directly. Saudi Arabians use the first meeting for building trust rather than conducting business.

The shared-values approach to culture explains some of these behavioral differences. For example, collectivism may explain the Asian approach to negotiation, which places more emphasis on interpersonal harmony than on accomplishing tasks. This is in contrast to the individualism of the United States, with its more brash, controlling, and direct negotiating style. Compromising, integrating styles of negotiation are more likely in collectivistic than individualistic cultures.

The diplomat needs to understand how culture influences how to gain cooperation. For example, in individualistic cultures, people are self-centered and out to maximize individual gains. In collectivistic cultures, people put the group or organization ahead of their own personal interests. Indeed, they may not even think in terms of personal interests. Cooperation is working together to achieve a common goal. Behaviors for successful cooperation include coordination, helping each other, communication (exchanging information, ideas, and resources), supporting and encouraging each other, and division of labor. Cooperation is encouraged in six ways:

1. having superordinate goals that everyone can agree to and feel committed to.
2. having a sense of group identity.
3. trust.
4. accountability or perceived criticality of goals.
5. communication.
6. reward structure and incentives.<sup>15</sup>

In individualistic cultures, cooperation is enhanced when

- individuals need each other to accomplish their individual goals.
- belonging to the group gives each member a sense of pride and self-enhancement.
- the members learn from experience that they can trust each other (membership is based on mutual exchange and members do what they say they are going to do).
- each individual is held accountable for achieving the outcome.
- communication is efficient (saving time and avoiding hassles), and so may not necessarily be direct or face to face.
- rewards are based on each individual's contribution (equity based).

In collectivist cultures, cooperation is enhanced when

- group members share common goals.
- the group's identity is enhanced.
- trust is based on an emotional bond.
- the group as a whole is held accountable for its conformance to standards.
- communication is face to face so individuals can fully communicate social and emotional cues.
- rewards are shared equally by the members.

### **Culture and Conflict Resolution**

Catherine Tinsley at Georgetown University studied conflict resolution in several countries.<sup>16</sup> Tinsley argued that preference for how to resolve conflict depends on culture. She outlined three models for resolving conflict: (1) deferring to status or power, (2) applying regulations, and (3) integrating interests (parties share information about interests, prioritize and trade off interests, or engage in brainstorming to discover novel, innovative resolutions that bridge both parties' interests). Integrating interests pertains to the substance of the conflict situation, while regulations or status discussions concern the method for conflict resolution. She studied the extent to which the conflict models of Japanese, German, and American business managers were predicted by their rankings on three dimensions of cultural variation that were hypothesized to be associated with each country.

Japan was expected to be highest on deferring to status because Japan is highest on power distance or what Tinsley calls "hierarchical differentiation." They are more likely to accept power inequalities, autocratic leadership, and centralized authority than a culture with lower levels of hierarchical differentiation. Germans were expected to prefer the regulations model because they are high on explicit contracting, meaning that they value formal agreements and communication over informal, indirect arrangements. As a low-context culture, information needs to be codified explicitly. Placing value on explicit agreements is conceptually connected to the assumption of governance by standardized law, in that both notions suggest that social interaction should be governed by standardized law or formalized rules. U.S. managers were expected to prefer the interests model of conflict resolution

because the United States is a polychronic culture, meaning that people are used to processing many tasks simultaneously (in contrast to monochronic cultures, which are used to processing issues separately and dealing with one task at a time). This is conceptually related to being governed by free-market principles, which suggests that relationships are dynamic and change as people look for multiple alternatives. Parties in conflict can keep multiple issues on the table at once, and they are more likely to see potential trade-offs in interests.

Tinsley surveyed 116 managers from Japan, 157 from Germany, and 123 from the United States. As predicted, Japanese managers preferred a status power model, Germans preferred a regulations model, and U.S. managers preferred an interests model. This suggests that resolving conflicts among managers from different cultures may become complicated. U.S. managers may be surprised to find that their counterparts from other cultures do not share the interests model. They may be frustrated by a German's desire to discuss bureaucratic regulations or a Japanese manager's desire to solicit advice from superiors. Of course, Germans and Japanese may be frustrated by a U.S. manager's desire to focus on interests.

### **A CASE EXAMPLE**

Franz Marcus, the general manager of a clothing manufacturing division of a large British conglomerate, is in charge of factories in Hong Kong, Budapest, and Brazil and sales offices in London, Munich, Paris, and New York. Franz's office is in the firm's London headquarters, but he constantly travels between offices. The Budapest factory was recently purchased from the Hungarian government. Franz transferred an experienced factory manager from Brazil and replaced him with a young British manager from headquarters. This was the Brazilian manager's first assignment abroad. The Brazilian factory was highly efficient and consistently delivered a high-quality product. The Hungarian factory had a poor track record. The machinery was old, and the people did not work as hard or fast as those in Brazil. After three months, the production figures from both factories showed steady declines. The investment in the Budapest factory seemed to be a big mistake. The Brazilian factory, once the pride of the company, now seemed to be floundering. Skilled people were leaving and could not be replaced fast enough. How should Franz handle this situation?

- Reassign the managers to their original jobs as soon as possible.
- Visit the factories, meet with the managers and the workers, and try to make some changes.
- Work with the managers to set goals for improvement, and give them a chance to show what they can do.
- Call in consultants to investigate each situation and make recommendations.

Franz visited Brazil and found that the British manager, Giles Thomkins, had already implemented a number of

innovations. Giles dropped the profit-sharing plan that gave every employee an equal share of increased profits to implement a plan that measured and rewarded each employee based on his or her performance. He also stopped the practice of hiring relatives of employees. The previous manager had a practice of putting almost any relative on the payroll regardless of the person's qualifications and whether the person was needed. If an employee recommended them and they needed work, the factory hired them. This seemed absurd. Despite these changes, or maybe because of them, the factory had lost its quality edge, and employees were leaving in droves. The changes seemed like good ideas to Franz, but he was not sure what to do. Here are some options:

- Stick to the changes and expect that employees get used to them.
- Bring back the old manager to get things rolling again.
- Visit other factories in Brazil to see how they are run.
- Ask the employees what they recommend.
- Fire Giles (or move him back to the United Kingdom), and find a highly qualified local factory manager—maybe someone already in the factory management who could be promoted.

- Tell Giles to stop the changes and go back to doing what the former manager did as closely as possible.
- Send Giles to a cultural training program to learn about Brazilian culture.

The situation in Budapest wasn't much better, but for different reasons. The new factory manager in Budapest, the manager from Brazil, Carlos Torres, had made a number of changes. He implemented an incentive system similar to the one he had in Brazil. All employees would share in the profits from increasing their productivity. Also, he did an evaluation of each employee's skills and experience and reorganized the work to make the manufacturing system more efficient. As a result, there were fewer jobs and many layoffs. The employees who survived complained bitterly, according to the union officials who met with Franz when he visited the factory. What should Franz do here? He could

- support Carlos and give the changes a chance to work.
- listen to the union officials and go back to the old system.
- hire back the employees who had been dismissed as a gesture of good will.
- get the union officials together with the factory manager for in-depth discussions.
- visit other factories in Hungary and elsewhere in Eastern Europe, especially those that were privatized recently and have become successful.

## **WAYS TO ENHANCE CULTURAL SENSITIVITY AND INTERNATIONAL BUSINESS DIPLOMACY**

Value differences underlie differences in business practices between nations. Successful international executives and

managers need to understand these differences. More than that, the diplomat needs to use these differences to enhance communication and understanding of mutual goals and work methods. Principled leaders, especially, must be aware of the values that guide their business partners. Toward that end, the principled leader and business diplomat should study country differences before embarking on an international business venture. Frequent travel will help. While a great deal of work can get done via electronic communication these days, face-to-face interaction is particularly important in international business deals. Initial “get-to-know-you” meetings can be a critical way to enhance the success of an international business effort.

There are ways to learn about other cultures before experiencing them directly. Companies who assign managers to positions abroad often send them first to cultural-assimilation training. This training uses lectures, videos, and role-playing exercises to help these soon-to-be expatriate managers understand their new location.

Teambuilding is important for an international work group. This could involve exercises such as the one listed at the end of Chapter 7 on understanding differences in how people perceive others. As you go around the room and reveal your perceptions of a given event (the exercise suggests using an excerpt from

a videotaped interpersonal interaction such as an interview), different ways of viewing the same situation will become apparent.

Another way to get at differences in values is to list a set of values and ask everyone in the room to rank them privately. Then compare their rank orders. Ask for examples of how each value operates in the cultures. This is a way for the group members to consider their own values, what they mean by them, and how they influence their business interactions.

To consider how culturally sensitive they are, ask managers to think about the extent to which they do the following:

- feel comfortable working in different cultures.
- evaluate cultural differences negatively (or positively).
- misunderstand cultural differences in values and behaviors.
- are confused by cultural differences in values and behaviors.
- ignore cultural differences.
- belittle cultural differences.
- put themselves in the place of others in the other cultures.
- use the cultural differences for the benefit of the organization and the individuals involved.
- show a willingness to learn (for example, by seeking new information, clarifying explanations, and trying new behaviors).
- behave in ways that are exemplary of their culture.
- adopt ideas from other cultures with which they have worked.

- seek performance feedback (versus rejects performance feedback).
- try new behaviors in response to others' reactions.

Cultural sensitivity can be learned. One way managers can become more interpersonally sensitive is to do the things that comprise cultural sensitivity. For instance, they can ask others for performance feedback. If they are leery about asking for feedback, which may itself be countercultural in some countries, then they can try some new behaviors to see how others react. If that's too risky, they can formulate a particular situation and ask others how they would respond and why. Then they can compare the answers to what they would do and why. Were they surprised at the outcome? Ask them to consider how they can be sensitive to different behavioral tendencies and values as their international business dealings progress.

## **CONCLUSION**

This chapter showed that international business executives need to understand the cultural differences that affect business. The principled leader and business

diplomat in the United States may find that Western values and principled, diplomatic behaviors do not apply in the same way in all cultures. Cultural values that underlie national differences include power distance, individualism, masculinity-femininity, and uncertainty avoidance. The chapter gave some examples of country differences with respect to these values and implications of these value differences for the way people in business behave.

Intercultural sensitivity is a prime skill for effective business diplomacy in an international setting. This is the ability to make judgments or interpretations that are similar to those made by people from the target culture. This is important for international negotiations and conflict resolution. For instance, in individualistic cultures, cooperation is enhanced when people need each other to accomplish their individual goals and when each individual is held accountable for achieving the outcome. In collectivistic cultures, cooperation is enhanced when group members share common goals, trust is based on an emotional bond, and the group as a whole is held accountable for its conformance to standards.<sup>17</sup>

## NOTES

1. This chapter's discussion of cultural and country differences and the meaning of intercultural sensitivity is based on London, M., and V. Sessa. 1999. *Selection of international executives: An introduction and annotated bibliography*. Greensboro, N.C.: Center for Creative Leadership; and London, M., and V. Sessa. 1998. Selecting leaders for global positions: Cultural dynamics affecting job requirements, characteristics for success, and the decision process. Working paper, Center for Creative Leadership, Greensboro, N.C.

2. The study was reprinted in Hofstede, G. 1991. *Cultures and organizations: Software of the mind*. London: McGraw-Hill.

3. See Schwartz, S. H. 1992. The universal content and structure of values: Theoretical advances and empirical tests in 20 countries. In *Advanced experimental social psychology*, edited by M. P. Zanna, 1-65. New York: Academic Press.

4. On common practices and culture, see Mole, J. 1997. *Mind their manners: Managing business cultures in Europe*. London: Nicholas Brealey. On Singapore, see Perera, A. 1996. *The simple guide to customs & etiquette in Singapore*. Folkestone Kent, England: Global. These are excellent sources of information for business travelers. For another good source of information about cultural value difference in business, see Earley, P. C., and M. Erez. 1997. *The transplanted executive: Why they need to understand how workers in other countries see the world differently*. New York: Oxford University Press.

5. Mole, *Mind their manners*.

6. Earley and Erez, *The transplanted executive*.

7. O'Hara-Devereaux, M., and R. Johansen. 1994. *Globalwork: Bridging distance, culture, and time*. San Francisco: Jossey-Bass.

8. Ibid.

9. See Spreitzer, G. M., M. W. McCall, and J. D. Mahoney. 1997. Early identification of international executive potential. *Journal of Applied Psychology* 82: 6-29.

10. Published in Weeks, D. A. 1992. *Recruiting and selecting international managers*. New York: Conference Board.

11. See Hawes, F., and D. Kealey. 1981. An empirical study of Canadian technical assistance. *International Journal of Intercultural Relations* 5: 239-258.

12. For a description of Fiat's training program for their international executives, see Auteri, E., and V. Tesio. 1990. The internationalization of management at Fiat. *Journal of Management Development* 9 (6): 6-16.

13. Albert, R. D. 1996. A framework and model for understanding Latin American and Latino/Hispanic cultural patterns. In *Handbook of intercultural training*. 2d ed., edited by D. Landis and R. S. Bhagat, 327-348. Thousand Oaks, Calif.: Sage.

14. See Wilson, S. R., D. A. Cai, D. M. Campbell, W. A. Donohue, and L. W. Drake. 1995. Cultural and communication processes in international business negotiations. In *Conflict and organizations*, edited by A. M. Nicotera, 201-238. Albany: State University of New York Press.

15. See Chen, C., X. P. Chen, and J. R. Mendl. 1998. How can cooperation be fostered? The cultural effects of individualism-collectivism. *Academy of Management Review* 23: 285-304.

16. Tinsley, C. 1998. Models of conflict resolution in Japanese, German, and American cultures. *Journal of Applied Psychology* 83: 316-323.

17. Ibid.

## **Chapter 10**

### **Managing People: Using Principled Diplomacy to Coach and Develop Coworkers**

What kind of manager is a principled, diplomatic leader? As a manager, principled leaders try to do good things for their employees and behave ethically while they accomplish the goals of their department. They treat employees with respect and compassion, recognize their personal and professional needs, provide them with the information and resources to excel in their jobs, involve them in the continuous performance-improvement process, and reward them for their accomplishments. Diplomatic leaders resolve interpersonal conflicts and manage performance problems with tact, honesty, and understanding. They communicate clearly. Also, they collaborate effectively with others in establishing and reviewing performance expectations and outcomes.

This chapter considers how a principled, diplomatic leader carries out basic management functions such as task design, goal setting, training, appraisal, and feedback. It also considers how the principled, diplomatic leader handles marginal performers and abusive employees. Finally, it reviews the hallmark of the principled, diplomatic leader as a supervisor: providing support for subordinates' professional growth and development as a coach and mentor. These concepts can be used by human-resource and organization-development specialists as they design basic management and leadership training and performance appraisal methods that evaluate managers on how well they manage people.

## **BASICS OF GOOD MANAGEMENT**

Basic elements of management are task design, goal setting, training, appraisal, and feedback. Consider how the principled, diplomatic leader would tackle each of these. Together, these areas form a continuous cycle of performance management and career development.

### **Task Design**

The principled leader wants employees to have jobs that they enjoy and find motivating and challenging. These are jobs that fit with their skills and abilities, meet organizational standards and expectations, and allow individual autonomy in deciding how to do the work. The principled supervisor does not micromanage or overcontrol the employee, but rather allows the employee to have freedom in controlling how the work is done and, often, what is done.

### **Goal Setting**

Principled, diplomatic leaders help subordinates choose challenging goals that they feel they can accomplish and be proud of. They use diplomacy to involve subordinates in setting performance goals and gaining their commitment to these goals. The goals are challenging but not so difficult that they can't be accomplished. Also, they are coupled with clear information about organizational and departmental objectives and how the individual's goals contribute to them. Principled leaders listen to subordinates' ideas and concerns about performance objectives, and, when they disagree, find points of compromise.

### **Training**

Principled leaders provide employees with time on the job for training and development to enhance their chances of success and give them the opportunity to grow personally and professionally. The employees will have a chance to learn new skills to improve their current job performance, prepare for future changes in the job, and prepare for career growth and advancement within the department or for higher-level positions elsewhere in the company or the profession. Principled leaders do not hold employees back if

they want a chance to develop and move into another position; indeed, such leaders encourage this growth and job movement. Doing so gives the leader's department the reputation of being a stepping stone to bigger and better things and will help the leader attract the best and the brightest to the department.

### **Performance Appraisal**

Principled leaders evaluate subordinates' performances using objective indicators where possible. However, in many positions, especially managerial jobs, judgment is needed, and the performance appraisal is generally a rating task. In such cases, principled leaders seek training to avoid rating errors and improve accuracy. Also, they provide this training for the managers in their unit to insure that the ratings are as accurate as possible.

In addition, principled leaders construct performance dimensions that are important to the job and the organization, so that the evaluations are meaningful and

useful. They may involve employees in writing these dimensions. This gives employees a chance to reflect on what the key elements of performance are, and increases their commitment to using the measures in evaluating others and using the results when they get feedback on their own performance.

Performance appraisals measure employees' goal accomplishments. They also focus on behaviors—that is, what the employee did. They should not be a judgment of the employee's personal characteristics, such as general intelligence. They definitely should not reflect characteristics that are not job related.

Principled leaders don't rely solely on their own perceptions of employees' performance, but may also try to gather performance information from multiple sources (for instance, subordinates, peers, supervisors, customers, and the employees themselves). They may implement a 360-degree feedback survey that collects such information and provides written feedback results to managers.<sup>1</sup> Whether the data are gathered by survey or by simply asking for others' input, principled leaders carefully guard the confidentiality of their sources.

Principled leaders appraise their subordinates performance frequently. They don't wait for the annual performance appraisal. When there is a problem, they let the employee know. When the employee has done something well or accomplished a key goal, they celebrate the success right away, without waiting for the formal appraisal.

## **Feedback**

Feedback provides information on goal accomplishment and is the basis for refining goals and setting new goals.

Feedback helps the individual calibrate his or her abilities relative to the difficulty of the task. Without feedback, the individual has little idea whether he or she should continue in the same vein or do things differently.

Principled, diplomatic leaders initiate a purposeful and constructive feedback discussion. They ask the subordinate for a self-evaluation, perhaps doing this first as a way to break the ice. Often, the subordinate is more critical than the leader would be. They avoid putting the subordinate on the defensive. Rather, they create an atmosphere where discussions about performance are welcomed and sought by subordinates rather than avoided like the plague, which is the case in many organizations.

The literature on feedback suggests dimensions for effective, constructive feedback. These include the following:<sup>2</sup>

- Be clear and easily understood.
- Take into account the recipient's ability to comprehend and absorb the information.
- Give feedback frequently. Feedback should be a common practice, not an unusual occurrence that has serious implications.
- Feedback should be given immediately, or at least soon, after the behavior or performance in question.

- Feedback should be relevant to goals.
- Focus on behaviors that are under the recipient's control.
- Be kind, considerate, and respectful.
- Recognize that people tend to attribute poor performance to factors beyond their control.
- Diffuse the subordinate's defensiveness by listening.
- Recognize when good performance is a result of the employee's effort and ability.
- Don't attribute blame for poor performance.
- Don't use a threatening tone.
- Don't use general negative statements such as, "You didn't even try," "You can't seem to do anything right," or "If you don't improve, I'll get someone else to do it."
- Guard the confidentiality of the source.
- Provide explanation so the recipient understands what to do to improve.
- Help the subordinate establish specific goals for improvement.
- Provide encouragement and resources to help the subordinate improve.

### **The Performance-Management Cycle**

Principled leaders recognize that performance improvement is a continuous process. Task design, goal setting, training, appraisal, and feedback are the major stages of a performance-improvement cycle. These cycles are ongoing. They repeat and may even overlap as the employee works on different elements of performance.

### **MANAGING MARGINAL PERFORMERS**

Marginal or borderline performers are employees who do well enough to at least meet minimum performance

standards and expectations, but they don't go beyond the call of duty or the contents of their job description. Their performance is not quite low enough to justify firing them, at least not right away. Demotion or firing may be justified if the poor performance continues for some time.

Organizations have little patience for marginal performance these days, with so much attention given to quality improvement, cost efficiency, and the bottom line and so many organizations trying downsizing to reduce their personnel costs and operate more efficiently. So, marginal performers may have very little time to turn their performance around once warned.

There are two general reasons for marginal performance.<sup>3</sup> One is ability, meaning that the individual simply doesn't have the skills, knowledge, or competence to handle the job. This may be corrected by providing training, giving the individual a chance to build up to performance expectations over time, or redesigning the job to better match the individual's abilities without compromising organizational objectives.

The other reason for marginal performance is motivation, meaning that the individual doesn't have the desire to perform better. This may be corrected by stronger ties between valued rewards and performance outcomes. The valued rewards may be more money, recognition, a choice assignment, or, in the long run, promotion.

Sometimes marginal performance can result from overwork. The expectations become so great that people feel demoralized. They feel the firm is taking advantage of their good nature. As a brief example, this happened in a customer-service department of a large mail-order catalog business. The department initiated development of a new data system. Developing the system required the input of several unit managers who had to work with the technical experts to explain to them the flow of work and, in the process, consider more efficient ways of operating. This was on top of their growing workload, which had been made all the more difficult because of a recent downsizing that combined units and added to the managers' responsibilities.

Essentially, the department was relying on the good will of employees to do the extra work required for the new system. The employees soon felt overburdened. They complained that the company was taking advantage of them. Some began calling in sick. Routine tasks were delayed or didn't get done at all. Some top performers who were generally gung ho worked long hours, staying late at night and coming in on weekends to make up for the work of the slackers. Overall, the department's employees were becoming demoralized, and poor work habits were developing—an ironic turn of events since the goal was to use the new system to improve efficiency. The system might work well in the long run, but the process of getting there

seemed to be detrimental to employees' mental health and performance.

This example is the obverse of principled leadership. The principled leader's approach is to treat employees with compassion and kindness, but to be clear about what is expected from them. It would not be kind to let them get away with inappropriate behavior or poor performance and then continue to be disappointed when they don't get a raise or when they are fired. The diplomat's approach is to bring disputing parties together and encourage them to listen to one another, be clear with one another about their views, and compromise if possible.

### **Enhancing Motivation**

The head of the customer-service department in the example needed diplomatic skills and principled leadership to (1) be honest and direct about expectations (the department was going to implement the new computer system no matter what), (2) see that the managers were expected to handle all the work, including the added burden of developing the system, (3) recognize the managers' pain, and (4) slow down the systems development so that the department could hire and train some temporary clerical staff to help with the workload that

did not require expert knowledge or skills. The department head participated along with her managers in the systems development, and, in fact, agreed to lead the effort. Also, the department head worked with central administration to offer a sizable lump sum bonus in addition to the base salary for the managers as a reward when the system was ready to be implemented.

While the managers would have preferred extra service pay as the project progressed, the company wanted to reward the managers for accomplishments. This required convincing the managers that the organization would indeed meet its promises. It helped that this had been done in another department recently, so the managers had reason to expect that they would be treated similarly.

### **Trying to Reverse a Pattern of Marginal Performance**

Consider another example. Joyce was a woman in her late fifties who had worked in the division for twenty years. She started as a clerk, and never obtained a college degree. She was promoted over the years to higher-level positions in the department. However, during the last seven to eight years she had received very minimal pay increases.

Joyce had a number of complaints. Her major complaint was that her pay hadn't kept pace with others in the department. She believed that the director, Frank, didn't like her, and indeed discriminated against her. She claimed that Frank told her she could sit in her office all day and read files, and she won't earn any more no matter what. Joyce also complained that her coworkers didn't treat her with consideration. When her son was in an auto accident a year earlier, no one sent a card or any other formal acknowledgement, as they usually do with others. Another

complaint was that she had been given more tasks to do and she was not being compensated for them.

Joyce's immediate supervisor, Frank, wrote a letter on her behalf supporting a pay raise. According to the director, Marsha, this was okay with her, and it was meant to get Joyce off Frank's back and put the burden of the pay decision on Marsha.

Joyce complained to the human-resource department that she deserved a large pay increase for fairness or equity purposes. A committee heard her grievance and recommended a small increase. She feared that now Marsha would be sure that her performance appraisals were all negative. Up to this point, they were average.

Marsha's view was that Joyce had been promoted to a mid-level management position over the years, but she still behaved like a clerk. She maintained regular work hours, including an hour for lunch no matter what was going on in the office. She didn't help out with other work unless asked. She didn't seek out work or help coordinate efforts with other departments. When given more to do, she said it wasn't in her job description and she wanted more money. Marsha felt that the added tasks were minor additions to her workload and did not require increased skill or responsibilities. Basically, in Marsha's view, Joyce did not act like a professional at that organizational level. Also, Joyce's coworkers were dismayed

that Joyce did not work as hard as they did. Joyce complained to everyone, but only the clerks listened. Marsha felt that Joyce was a troublemaker who disrupted the climate in the office.

Marsha had kept the VP informed of what was going on, so he was not surprised when Joyce asked for a meeting to explain her views and why she went to the human-resources department with her complaint and appeal to the VP for a raise. Not wanting to undermine Marsha, the VP asked Marsha whether she wanted him to meet with Joyce. Marsha did not object. What could the principled, diplomatic VP do?

- Listen to Joyce's story, take notes, and show interest, but agree only to review the situation.
- Tell Joyce immediately that he has discussed her situation with Marsha and he will stand by Marsha no matter what.
- Listen to Joyce, say he understands her viewpoint but that she needs to understand Marsha's viewpoint that Joyce needs to adopt a more professional attitude similar to others at a senior management level.
- Tell Joyce that Marsha would like nothing more than to have a good reason to increase Joyce's pay. But for Marsha to feel this is justified, Joyce would need to understand Marsha's expectations. Joyce would need to be open to understanding Marsha's viewpoint. Then ask Marsha to meet with Joyce again and explain in behavioral terms what she expects (e.g., no closed doors during lunch hour, staying late when necessary or coming in on weekends with other staff members when there are special projects, asking what else she can do to be helpful).

The VP took the last approach. He recognized, and told Marsha, that this would probably need to be repeated to Joyce a number of times before she got the message. Indeed, Joyce came in to the VP a week later to state her view that she was being discriminated against because she didn't have a college degree. This suggested that Joyce hadn't quite caught on yet.

The VP did not feel that Marsha should compromise her position at all. The VP recognized that this was a performance issue, not a pay equity issue, as was Joyce's perception. This was a matter of trying to bring Joyce's performance up to par. This, in turn, would not only merit a pay increase but also improve Joyce's strained relationships with her coworkers.

Marsha wrote the following note to the professional staff union representatives explaining her viewpoint and decision not to approve a pay increase for Joyce:

Let me assure you that Joyce is being treated with respect and collegiality and is being managed in a fair and equitable fashion. Several efforts have, in fact, been made to bring Joyce into the "team" as a more active member. I feel we have experienced some success in that she is participating more in staff planning, work, and discussions. A recent change in Joyce's office space has been positive in that it has moved her to be alongside those with whom she works. This has greatly increased dialogue among these staff members.

Over the past year, Joyce's work performance was weak. She missed a great deal of work due to a personal problem. When at work, Joyce spent a lot of time on personal phone calls. She did not carry her share of the workload. In addition, I received complaints from other department directors regarding Joyce's poor attitude and the inappropriate fashion in which she interacted with their staff members. I postponed Joyce's yearly evaluation until after her appeal process was completed for fear that any negative feedback may be misconstrued by Joyce as avengement for complaining.

Important to note here is that Joyce's performance has improved over the past several weeks. This is a positive trend I hope to see continue.

At this point, my focus is on Joyce's performance and her further integration into the work group in which she operates. In addition, I will ensure that opportunities continue to be made available to Joyce to enable her to grow in her position and to make contributions to the department. Joyce has been very receptive to these opportunities. In fact, she has volunteered to assist on several projects.

I am pleased with the improvement in Joyce's work performance. I will continue to work with Joyce and her direct supervisor to ensure a work environment that is conducive to teamwork, productivity, and professional growth.

At this time, I do not feel a salary increase is warranted for Joyce. A review of her salary history demonstrates that she has been awarded fair salary increases during her tenure

here. I strongly believe that outstanding performance should be rewarded. If Joyce's current positive performance trend continues, she will be seriously considered for the upcoming round of merit increases.

## **TYPES OF BOSS-SUBORDINATE RELATIONSHIPS**

There are three basic types of relationships between boss and subordinate: *control*, *reward*, or *affiliation*.<sup>4</sup> In control-dominated relationships, the boss's desire is to control, or be in a position of power over, the subordinate. In reward-dominated relationships, the boss uses available rewards to affect the subordinate's behavior. In affiliation-dominated relationships, the boss strives to maintain a friendly relationship with the subordinate.

## **Interventions to Increase Performance Feedback**

Ways to improve feedback depend on the nature of the relationship between supervisor and subordinate. In control-dominated relationships, try the following:

- Train people in self-management skills to help them understand the control they have over their own behavior and its effects on others.
- Train people to understand the importance of building a power base, such that the recipient views the source of feedback as expert, attractive, and trustworthy. Once this is established, the recipient is likely to react constructively to negative feedback in order to reduce dissonance from receiving such feedback from a trusted source of feedback.

- Train people in counseling techniques (for instance, when the counselor as the source of feedback recognizes, clarifies, and accepts the recipient's expressed feelings, the recipient's feelings will become more positive, and the recipient will develop understanding of his or her feelings and will initiate positive coping actions).
- Take management actions such as removing the source of feedback from the situation (through transfer or dismissal) and altering the source of feedback's formal control over the recipient (e.g., demote the source of feedback or change the source of feedback's assignment).

In reward-dominated relationships, try the following:

- Learn how to alter the reward structure to link the recipient's performance to outcomes valued by the recipient.
- Change the recipient's job to increase opportunities for achievement and challenge.
- Train the source of feedback and recipient in task skills which will enhance performance outcomes.
- Train people in behavioral modeling and reinforcement principles (help the source of feedback to understand the value of clarifying outcomes to the recipient and help the recipient understand how his or her behavior leads to outcomes).
- Raise the value and size of behavioral outcomes or rewards (for instance, combine outcomes, encourage the source of feedback to withdraw from the situation before having a chance to say something destructive, increase the recognition and other rewards from

- giving constructive feedback, and highlight the long-term negative implications of destructive feedback).
- Implement reward structures to increase cue salience, and interventions to encourage perceptiveness.
  - Change outcome contingencies. For instance, be sure that the source of feedback does not have a chance to give destructive feedback after withholding it for awhile, encourage the source of feedback to publicly precommit to behavior that precludes destructive feedback, and be sure that the source of feedback is aware of the outcomes that result from destructive and constructive feedback.

In affiliation-dominated relationships, try the following:

- Train in observations skills (methods are described in the next chapter).
- Train in social-management skills to help people understand behaviors that influence interpersonal dynamics and help them be more sensitive to these relationships as they evolve.
- Model constructive feedback. Managers who receive constructive feedback from others are likely to be constructive when giving feedback to others.
- Offer sensitivity training and various individual and group therapies to help individuals understand how others react to them and how they react to others.
- Administer multisources of feedback (ratings from subordinates, supervisors, peers, customers, and other constituencies) to help people understand how others see them.

### **Supervisor Biases**

The *Pygmalion effect* refers to the increased attention that managers give to subordinates, often unwittingly, because they have high expectations for the subordinates' performance. The increased attention improves the manager's relationship with the favored subordinates and encourages them to do better. This is essentially a self-fulfilling prophecy.<sup>5</sup>

The *Golem effect* is the Pygmalion effect in reverse. It refers to the lower attention that managers give to subordinates, often unwittingly, because they have low expectations for the subordinates' performance.<sup>6</sup>

### **Common Problems of Poor Supervision**

The following are some common problems that subordinates cite about their managers:<sup>7</sup>

- Managers don't face up to performance problems.
- Managers need training in how to give negative feedback and make it constructive.
- Compensation is not related to performance.
- Objectives change quickly.
- Managers don't explain the performance rating process, so employees have little understanding of the "system" (salary grades, rating procedures, salary treatment, and career opportunities).
- Managers give little attention to helping subordinates with career planning.
- Top management believes that employees are not motivated by money.
- Managers have little discretion about important decisions regarding employees' careers.

- Managers aren't rewarded for developing subordinates.
- Managers "micro-manage"—they don't leave employees alone to do their jobs.
- Managers don't know what employees want or expect from them.
- Managers lack "people" skills.
- There are no career paths.

### **Managing a Subordinate's Management Style: Another Case Example**

Recall the case of Ann and Brian from Chapter 7. Brian, the director of a company's diversity program in the human-resource department, was in charge of recruitment and development of minority employees. He had been hired by the previous human-resource vice president only six months earlier, just weeks before the VP left. Brian, who was African American, felt that he was inheriting a department that had a long history of performance problems. Of the two

recruiters (both African American) and four career counselors (one African American, one Asian, and two white), only one counselor was doing her job well in his opinion. He claimed that the others were frequently late to work, failed to submit reports of their activities, and were generally disrespectful.

Brian put his foot down, explained his standards to his staff, and let them know he was not going to tolerate insubordination. However, the staff didn't do much to change. Instead, they filed complaints with the firm's employee-advocate office, which reported directly to the president. The advocate called the new VP, Ann. Based on what she heard from the subordinates under Brian, the advocate told Ann that Brian's behavior was abusive and insisted that something be done. One white staff member, Mabel, claimed she was being discriminated against because of her race. A black staff member claimed that Brian often berated her in front of her colleagues.

The employee advocate encouraged Ann to do something about Brian's "inappropriate" behavior. Ann met with Brian and his staff as a group, but this was unproductive. The staff members didn't say a word. Ann also met with Brian and his staff individually. Brian told Ann that he would not tolerate insubordination and that he expected her to support him. Brian claimed that Mabel often came to work intoxicated. In the individual meetings, the staff members emphasized their feelings that Brian's behavior toward them was psychologically abusive. In general, Ann thought that Brian was inflexible and difficult to work with. What should Ann do?

- Give Brian all the support he wants to do what he feels is necessary; ignore the advocate's office and let Brian proceed to manage the performance problems as he deems appropriate.
- Believe the employees' reports of Brian's harsh behavior and try to fire him.
- Get the CEO to transfer Brian to another area within the company and let another VP or the CEO manage it.
- Transfer the people under Brian and let him hire people he feels are competent and with whom he can work productively.
- Once again meet with everyone involved separately and then together to air differences and try to reach common ground.

The last solution may seem the most diplomatic, but is it? Transferring the people under Brian or transferring the entire office, perhaps having it report directly to the CEO, may allow Brian to save face and may let his people know that their behavior is under close scrutiny. Indeed, that's what happened.

### **THE PRINCIPLED LEADER AS COACH AND DEVELOPER**

Principled leaders take responsibility for supporting their subordinates' development. Individuals should take responsibility for their own development,

and the leader's job is to support this development by providing resources, advice, and encouragement. The following are eight behavioral dimensions of caregiving principled leaders can follow:<sup>8</sup>

1. Accessibility—Remain in the employee's vicinity, allowing time and space for contact and connection.
2. Inquiry—Ask for information necessary to provide for the employee's emotional, physical, and cognitive needs; probe the employee's experiences, thoughts, and feelings.
3. Attention—Actively attend to the employee's experiences, ideas, self-expressions; show comprehension with verbal and nonverbal gestures.
4. Validation—Communicate positive regard, respect, and appreciation to employee.
5. Empathy—Imaginatively put oneself in the employee's place and identify with the employee's experience.
6. Support—Offer information (about salient issues and situations), feedback (about the employee's strengths and weaknesses), insights (about caregiving relationship), and protection (from distracting external forces).
7. Compassion—Show emotional presence by displaying warmth, affection, and kindness.
8. Consistency—Provide an ongoing, steady stream of resources, compassion, and physical, emotional, and cognitive presence for the employee.

### **Steps for Effective Coaching**

Coaching is more difficult than giving feedback. Saying what is correct or incorrect about an individual's performance is easier than determining and communicating ways to

reverse a performance problem. The following are some steps for effective coaching:<sup>9</sup>

1. State the purpose. Be direct (e.g., “I want to talk about the report they gave me yesterday.”).
2. State the performance problem. Have observations or measures. Describe the expected performance, the actual performance, and the effects of the actual performance on the job (e.g., “The vice president wanted the report to include demographic data on customers in three key markets, but you didn’t do that.”).
3. Get reaction from the subordinate. Ask for the subordinate’s view (“What do you think?” “Do you agree with me?”). Keep the discussion on track. Don’t get sidetracked by minor concerns (e.g., a response such as, “Other reports don’t include the information and I recall that their authors were given a chance to present the results in person to the vice president. I hope they’ll let me have that chance.”).
4. Analyze why the performance is unsatisfactory. Talk to the subordinate about possible causes of the performance problem. Ask the subordinate to identify factors he or she has control over which may be causing the problem (e.g., “Maybe you don’t know enough about the database or software to get what we need here.”).

1. Seek a collaborative solution if possible. Ask the subordinate for ideas about how to solve the problem (e.g., "How can we fix this?"). Be patient, and consider all ideas. Offer your own course of action if the staff member is uncertain what to do. Summarize the agreed-to course of action (e.g., "Okay, so we agree. They'll ask Herman for help in analyzing the data, and they will revise the report this weekend.'").
2. Provide assistance and follow-up. Establish assistance that the subordinate will need in the future. Determine what each of you will do for follow-up and subsequent performance review (e.g., "Let me have the revised report on Monday morning. I'll read it right away, and we can discuss it right after lunch.").

## **OVERCOMING ABUSIVE MANAGERS**

Many organizations are known for treating people with respect, honesty, and understanding. They may even have formal policies and management-development programs to support this reputation. However, often, the pressures of organizational changes and daily business demands may make conditions ripe for abuse that is destructive to individuals and the fabric of the organization.<sup>10</sup> Abuse may include the following:

- unrealistically high or unfair expectations.
- holding hostage needed favors, such as time off.
- public ridicule and disrespect.
- overwork.
- unfair demands or work schedules, such as forcing a subordinate to do another's work as well as his or her own.
- overcontrol.
- concentration on subordinates' weaknesses.

- social isolation.
- threat.
- intimidation.
- deception.
- unfair or unrealistic demands.
- abusive language.
- insults.
- bribes (not necessarily monetary).
- criticism.
- harsh evaluation.
- name-calling.

- unjustly withholding a deserved reward (such as a pay raise).
- physical maltreatment.
- setting subordinates up to fail.
- blocking subordinates' access to opportunities.
- unfairly taking credit for subordinates' work.
- downgrading or demeaning others' capabilities.

The following are forms of illegal abuse:

- sexual harassment.
- discrimination based on gender, handicap, race, religion, or age.
- pressuring subordinates to drink or take drugs.

These can lead to tension, stress, depression, disrupted performance, injuries on the job, absenteeism, and turnover.

### **Reasons for Abuse**

While there is no good excuse for being abusive, there are many reasons for it. There are psychopathological reasons, such as personality disorders characterized by inability to control aggressive impulses; unmet emotional needs that indicate discontent, anger, or irritability; lack of empathy; or emotional scars from being abused. There are social-cultural explanations, such as background factors (a pattern of abusive behavior including abuse in the home, or a strict father and inconsistent mother who alternated between being lenient and trying to smooth everything over for the abusive spouse), and stressful work situations. Social-individual explanations include not being held accountable for one's actions, low standards, and gaining a reputation for effectiveness through a hard-nosed, tough managerial style.

## **How People React to Abuse**

Managers can be abusive to their subordinates, peers, supervisors, and even customers, but subordinate abuse is most problematic because subordinates have little recourse without believing they are risking their jobs if they report the supervisor's abuse. Hence, one reaction to abuse is passive response, the feeling that one can't control the environment. This is likely when individuals view themselves as the cause, and it results in low self-confidence and depression.

## **Ways to Alleviate Abuse**

There are a number of ways to deal with abuse. These include psychological treatment, altering behavior through changes in reinforcement contingencies

(rewards and punishments), employee-assistance programs to provide advice and referral, and explicit organizational policies that abuse will not be tolerated.

Principled leaders, by definition, are not abusive; they report abuse when they see it. They are kind, and considerate of others' feelings, time, and responsibilities in and out of work. Diplomatic managers use tact and time, they don't insult, insist, or act unfairly.

### **WAYS TO ENHANCE A PRINCIPLED, DIPLOMATIC LEADERSHIP STYLE**

The principled leader should do the following:<sup>11</sup>

- Help the subordinate set clear performance goals.
- Provide the subordinate with relevant information to do the job.
- Create an environment where candid communication is the norm.
- Create an environment where teamwork and collaboration is the norm.
- Value each employee's contributions.
- Treat all employees equally, regardless of their individual characteristics.
- Meet commitments made to subordinates.
- Encourage and value employees' ideas.
- Provide opportunities for subordinates to make decisions on their own.
- Provide meaningful and timely performance feedback to employees.
- Explain career opportunities available in the organization and industry.
- Coach employees on what they need to do to achieve their career goals in the company.

## **CONCLUSION**

Principled, diplomatic leaders not only have to behave ethically and with compassion in making decisions and negotiating deals, but also in the course of daily management tasks. This chapter has considered the basics of good management, ways to give feedback, ways of encouraging managers and leaders to coach and develop their people, and abusive supervision. The next chapter considers how to use this knowledge to enhance not just one manager's principled, diplomatic style, but to create a principled, diplomatic culture throughout the organization.

## **NOTES**

1. For more information about 360-degree feedback, see Tornow, W., and M. London. 1998. *Maximizing the value of 360-degree feedback: A process for successful individual and organizational development*. San Francisco: Jossey-Bass.
2. For more information on principles for giving feedback, see London, M. 1997. *Job feedback: Giving, seeking, and using feedback for performance improvement*. Mahwah, N.J.: Erlbaum.

3. For an in-depth discussion of performance-improvement methods, see London, M., and E. Mone. 1994. Managing marginal performers. In *Human dilemmas in work organizations: Strategies for resolution*, edited by A. Korman, 95–124. New York: Guilford.

4. See London, M. 1995. Giving feedback: Source-centered antecedents and consequences of constructive and destructive feedback. *Human Resource Management Review* 5: 159–188.

5. Fedor, D. B., M. R. Buckley, and R. W. Eder. 1990. Measuring subordinate perceptions of supervisor feedback intentions: Some unsettling results. *Educational and Psychological Measurement* 50: 73–89.

6. Eden, D. 1992. Leadership and expectations: Pygmalion effects and other self-fulfilling prophecies in organizations. *Leadership Quarterly* 3: 271–305.

7. London, *Job feedback*.

8. Kahn, W. A. 1993. Care for caregivers: Patterns of organizational care-giving. *Administrative Science Quarterly* 38: 546.

9. Adapted from Hillman, L. W., D. R. Schwandt, and D. E. Bartz. 1990. Enhancing staff members' performance through feedback and coaching. *Journal of Management Development* 9 (3): 20–27.

10. See Bassman, E., and M. London. 1993. Abusive managerial behaviour. *Leadership & Organization Development Journal* 14 (2): 18–24; Bassman, E. 1992.

*Abuse in the workplace: Management remedies and bottom line impact.* Westport, Conn.: Quorum Books.

11. London, *Job feedback.*

## **Chapter 11**

### **Creating a Principled, Diplomatic Organization**

This chapter covers how to establish a principled, diplomatic organizational culture. This could be an entire company, or a small department within the organization even if the entire organization does not support principled, diplomatic action. The emphasis in this chapter is on creating—the process of evolving the principled, diplomatic way of operating an organization.

#### **ESTABLISHING PRINCIPLED, DIPLOMATIC VALUES**

First and foremost, the organization needs a grounding in what being principled and diplomatic means. This definition will vary in different organizations, but it is likely to center on several or all of the following values. An intervention to generate these values is to have a group brainstorming session. At any level of the organization, managers can do this with their work groups. At the top of the organization, this can occur with the CEO and board of directors and/or executive vice presidents. Note that this process is itself principled and diplomatic, in that it promotes employee involvement. This is important because the employees on the team need to buy into and be role models for the values. The basic steps are as follows:

1. After discussing the meaning of principled, diplomatic leadership, go around the room and ask each person to identify an important value that the organization does live by, or should. Give everyone several turns and be sure the group has exhausted all ideas.

2. Review each value. Be sure everyone is clear about its meaning. Combine values that overlap; that is, are different ways of saying the same thing.
3. Working with the resulting list of values, have each group member identify the top five to ten values. Don't rank order them at this point. Just ask each member

1. Ask each person to rank order the remaining values, and average the ranks. This will provide a more refined rank order.
2. Develop a definition of each value. Assign two or three group members to draft definitions for two or three values. Then share the definitions with the full group. Then take one definition at a time to fine-tune it. Be sure the value and its definition are clear.
3. Give the group members a chance to have a final word. Do they want to add more ideas? Do they feel something was missed?
4. Have the resulting set of values and definitions typed and distributed to the group members. Review the list again at the next meeting, after the participants have had time to think things over. Fine-tune the values and definitions further. If a lot of changes are needed, wait until the next meeting to move on to the next step. Otherwise, go right to the next step.

### **Some Possible Values**

The following are examples of values that may emerge from the process:

- Be open to new ideas and input.
- Expect and value everyone's views.
- Value the individual and the team.
- Build cohesive teams of people with a can-do attitude.
- Care for people within and outside the organization.
- Recognize the firm's responsibilities to employees and to the social community in which it operates.
- Encourage and reward taking reasonable risks.
- Show honesty and integrity in facing and resolving conflicts within and external to the organization.

- Be disciplined and fair in making decisions, especially when people's careers are at stake.
- Value competence.

### **Refining and Prioritizing the Values**

The next steps clarify the values, establish priorities, and form actions to make them a reality:

1. The set of values are those the group endorses for the organization, but a gap analysis is needed to determine the extent to which the values already operate in

1. Begin with the values that need work. For each one, discuss why there is a gap. Identify behaviors that would reflect the value. What is needed to get people to behave in ways that are consistent with the value? Brainstorm some ideas for encouraging the value.
2. Examine the values that describe the organization or department today. What behaviors demonstrate these values? What is necessary to maintain these values?

The results of steps 9 and 10 form a plan of action for implementing and enhancing the values; that is, making them a reality. Over time, the values will evolve as they become clearer and more ingrained in the life of the organization.

### **SUGGESTIONS FOR LIVING THE VALUES**

Once the organization has established a set of values that defines what principled, diplomatic behavior means, the challenge is to make them work. Change agents may use some key programs to highlight these values. These programs become the symbol of the way the firm does business. Some businesses become noted for key programs. Consider Ben and Jerry's commitment to the environment and social welfare as well as equality within the company. Merck's commitment to employee-oriented benefits programs makes it one of the best companies to work for.

### **Who Leads the Effort?**

Any manager, including human-resource and organization-development managers, can become principled leaders and develop a principled, diplomatic work group. It is harder if the organization is not supportive or even acts contrary to diplomatic principles. Nevertheless, managers can develop reputations as being fair and open, building a cohesive,

participative team, and making decisions, resolving conflicts, and negotiating with integrity and honesty.

## **HUMAN-RESOURCE STRATEGIES AND PROGRAMS FOR SUPPORTING PRINCIPLED LEADERSHIP AND BUSINESS DIPLOMACY**

Chapter 10 indicated ways that executives, managers, and change agents can use their roles to develop and nourish principled leaders and business diplomats, such as goal setting, training, performance appraisal, and other means of performance management. This section extends these concepts to programs that

could be designed and implemented by human-resource professionals as internal staff or consultants to an organization.

No one program alone will be sufficient to promote principled leadership and business diplomacy. Moreover, programs should probably not be designed to focus on these strategies in isolation from other aspects of management. Rather, the concepts of principled leadership and business diplomacy can pervade a variety of efforts. They are overarching philosophies that guide the way people do business in all functions and at all levels of an organization.

In designing these programs, human-resource change agents should recognize that they are role models for principled leadership and business diplomacy. They should behave like principled leaders and use diplomacy in their daily interactions. As such, human-resource managers need not only explain these strategies, but understand how they can be implemented in their human-resource function just as they can in other functions throughout the organization.

In implementing these programs, human-resource change agents should diagnose the organization's culture. Principled leadership and business diplomacy may be more difficult to sell in fast-paced businesses led by autocratic leaders who focus almost exclusively on the bottom line than in businesses led by participative leaders who show concern for employees' welfare development while meeting business needs.

After analyzing the organization's culture, change agents should identify a link that makes principled leadership and business diplomacy valuable to achieving business goals. As

stated in the preface, a strong business case can be made for the value of these strategies for accomplishing organizational goals. They contribute to customer and employee relationships, build the reputation of the organization, and potentially reduce operating costs (or minimize unnecessary expenses, such as the cost of employee turnover), as well as increase profitability.

The following techniques focus on organization development, selection, training, performance assessment, reward programs, and benefits.

### **Organization-Development**

The following are some possible organization-development interventions:

- Treat people with dignity and respect, even when taking unfavorable actions. For instance, when “downsizing” a group of employees, offer outplacement support, training for new jobs within or outside the company, and enhanced early retirement and severance benefits.
- Facilitate values-building group discussions. Groups of managers (natural work groups, such as employees who report to the same supervisor, or crossdepartmental groups) meet to discuss the values that guide the way they want the organization to do business. The human-resource manager can facilitate the group discussion about the meaning of principled leadership and business diplomacy, their components, and how they are reflected in decisions and actions.

- Start traditions and rituals. Organizational rituals build a sense of community. Employees gain a sense of identity and belonging that enhances their commitment to the organization and the values it stands for. An example would be holding annual, semiannual, or quarterly forums for employees to meet with executives to talk about organizational issues and how they are being addressed. This is a time to explain and demonstrate principled and diplomatic strategies. Another example would be weekly messages from the company president, via newsletter, video, or just a brief telephone message. Combine or alternate these various communications media for creative and surprising ways to get messages across and keep people interested.
- Publish a newsletter that highlights role models and celebrates diplomatic successes.
- External to the organization, establish social-responsibility policies and programs, such as environmental protection and donations to community groups.

### **Executive Coaching**

Organizational change is likely to be easier if it starts at the top; that is, if the CEO and top executives are behind the initiative and are visible role models. Human-resource professionals may be called on by executives to provide advice in managing people, or, more generally, to be a sounding board for the executive and a source of feedback and guidance for the executive's career development. Some top executives hire professional coaches from outside the organization to work with them to collect performance feedback, analyze the results, and establish a development plan (see steps for effective coaching in the last chapter).

Coaches can explain the meaning and value of principled leadership and business diplomacy and how they may help executives work more effectively with others, negotiate deals, and meet business goals. Coaches can encourage executives to try different principled, diplomatic tactics, collect feedback from others who are observing them, and reflect on their success. Also, coaches can help executives coach others (subordinates and peers) in principled leadership and business diplomacy, making executives into change agents.

### **Selection**

A company should hire executives and managers who are principled leaders and business diplomats. This requires being able to evaluate people by the extent to which they (1) possess the personal characteristics underlying principled leadership and business diplomacy, (2) have used these strategies in the past, (3) are likely to use these strategies when confronted with situations that call for them, or (4) can learn to use these strategies.

There are several ways to measure related characteristics and evaluate experience and behavior tendencies as predictors of principled leadership and business diplomacy. These include the following.

*Individual Assessment.* When a company is hiring a top executive, a consultant, often a licensed industrial and organizational psychologist, may be asked to assess each of the candidates.<sup>1</sup> The consultant develops the assessment after talking to the hiring executive and human-resource vice president about the job requirements and expectations and the characteristics desired in the new executive. The consultant then selects a battery of psychological and possibly skill and ability tests and develops an in-depth interview as a basis for candidate review. These methods can incorporate issues of principled leadership and business diplomacy by asking about prior experiences, such as tough business decisions, difficult negotiations, and the ability to manage crosscultural differences.

*Integrity Tests.* Integrity tests measure such variables as acceptance of convention, dependability, depression, drug avoidance, energy level, honesty, hostility, job commitment, moral reasoning, proneness to violence, self-restraint, sociability, thrill seeking, vocational identity, wayward impulses, and work ethic.<sup>2</sup> These are often used by companies in hiring employees who will be working in positions that require security. These may include bankers, salespeople, police, and appointed government officials. The tests usually ask the respondents what they would do in certain situations. Multiple choices are provided. The tests are constructed so that the responses to a given situation include items that are of equal social desirability but that distinguish between how people who are reputable responded compared to those who are in trouble (e.g., caught stealing from the firm).

*Structured Interviews.* Structured interviews, similar to integrity tests, can ask about hypothetical situations.

Alternatively, they can ask about actual situations the interviewee has faced. For instance, the interviewee might be asked to cite a particular conflict they encountered and describe how they resolved it, or discuss how they dealt with cultural differences in establishing a joint venture in different countries.

*Reference Checking.* While organizations may still request recommendations for job candidates in writing, they often rely on telephone interviews for more accurate information. Questions can be designed to ask respondents about how candidates made decisions and dealt with difficult issues.

*Assessment Centers.* Assessment centers incorporate multiple evaluation methods, tests, interviews, and behavioral exercises that are observed by several trained assessors. Six to twelve participants might go together through a one- to two-day assessment center. The idea is to derive several samples of behaviors under different conditions to obtain indicators of performance dimensions that are important to the organization. The assessors integrate the data by reviewing reports and rating the participants on the dimensions. Assessment centers can be used for selection as well as a way to identify elements of performance that employees need to develop. Principled leadership and business diplomacy can be incorporated into the assessments by selecting performance dimensions that reflect these strategies and then designing exercises that give

participants a chance to demonstrate these dimensions. A group exercise that would reflect principled leadership and business diplomacy might be to present the participants with one of the cases in this book and pose the questions from the case so that they debate what they would do in the situation. Alternatively, they may be asked to take different roles in the case and to try to resolve the issue.

### **Leadership Development**

A company can offer training programs on topics of management for which principled leadership and business diplomacy are important. These might include programs on ethical business practices, cultural sensitivity, and diplomatic negotiation skills. Incorporate the concepts of principled leadership and business diplomacy into existing leadership training programs through case discussions, goal setting, and planning developmental assignments. Training programs targeted directly to principled leadership and business diplomacy can teach the tactics described in Chapter 5 (e.g., the trial balloon, shuttle diplomacy, building coalitions).

Organizations can promote ethical development through experience, collaboration, conflict, and guided reflection, rather than formal instruction alone. Students don't learn by lectures alone. "Moral development is more likely to occur in a climate of action and experience (including the unpleasant experiences of embarrassment, shame, failure, and rejection), followed by opportunities to think and reflect."<sup>3</sup> To some extent, workshops can provide simulated experiences through role plays and discussions to give participants a sense of these experiences in a nonthreatening way.

While principled leadership and business diplomacy are concepts that may be inculcated best in the organization by incorporating them in a variety of interventions focused on other management topics (e.g., performance management), a workshop that focuses directly on them would be a way to introduce these ideas as hallmarks of the way the organization wants to do business. This might have several of the following components:

1. Ask for definitions (board ideas, eliminate redundancies, and derive a coherent definition or list of characteristics). Do this for principled leadership and business diplomacy separately.
2. Let participants identify the business justification themselves. Identify why principled leadership and business diplomacy are good business strategies.
3. Generate some corporate examples (e.g., decisions, negotiations, conflicts; include crossnational and multicultural situations).
4. Present a talk from the CEO or other top executive on the importance of doing business using principled leadership and business diplomacy. Be sure the executive uses real examples that demonstrate why these strategies are good business and important for the corporation's reputation.
5. Request that participants share individual experiences.

1. Conduct case discussions and/or role plays around situations where principled leadership and business diplomacy can be used.
2. Facilitate a discussion of how the organization can hold people accountable for principled leadership and business diplomacy. Address questions such as, “Do we really value and reward these strategies?” and “What can we do to support this way of doing business?”

In addition to training, development occurs on the job. Special developmental assignments may be selected. Dealing with tough issues are framebreaking learning experiences. Assignments that teach diplomacy may require working with people from other cultures, perhaps managing a team dispersed across different countries. The members may meet occasionally and communicate frequently by email and telephone. Having to manage differences in values as well as opinions while maintaining the organization’s values of principled leadership can be a way for managers to acquire and fine-tune diplomatic tactics.

### **Performance Evaluation**

People pay attention to what is measured. The values underlying principled leadership and business diplomacy that were outlined in Chapter 4 can be evaluated in performance-appraisal processes. Principled leadership and business diplomacy may be performance dimensions. The performance-appraisal form can define them and then ask raters to evaluate employees on these dimensions. Behavioral examples can be provided (for instance, rate the extent to which the employee could be expected to, or actually does, hold honesty and trust as key values, act with

prudence and wisdom built on experience, not put personal needs above others' needs, and so forth).

A company can also build principled and diplomatic behaviors into each manager's performance program. A performance program is usually a document that establishes goals and expectations for the coming year. It indicates performance problems that may need correcting as well as skills and behaviors that need to be strengthened. These may include reference to how the employee performs the job, as well as the outcomes the employee is expected to accomplish. As such, it is a good way to communicate that the organization truly cares about how business is conducted, that the firm's reputation is at stake, and that the employee's integrity and trustworthiness are critical to maintaining this reputation.

### **Employee-Attitude Surveys and 360-Degree Feedback**

Employee-attitude surveys are another way to measure elements of the organization's culture and managers' and executives' behavior. Employees may be asked to evaluate top management generally, or they may be asked to evaluate specific managers or executives. For instance, 360-degree feedback surveys may

ask subordinates, peers, supervisors, and/or customers to evaluate the manager on principled, diplomatic behaviors.<sup>4</sup> With employee-attitude surveys, managers receive a general report about employees' feelings. With 360-degree feedback, managers receive a report that indicates exactly how groups of raters (all their subordinates) actually evaluated them. As such, 360-degree feedback has considerable impact in informing managers about how they are viewed in the organization.

Survey items can reflect aspects of principled leadership and business diplomacy. For instance, some sample items might be to rate the extent to which the manager champions ideas, takes time to identify alternative solutions before making a decision, solves problems by recognizing the political context and working within it, is willing to change and adapt, treats others with respect, fully explains issues and ideas, and gets input from different perspectives and constituencies. The items chosen would be those that reflect how principled leadership and business diplomacy fit within the context and culture of the organization. Employees and/or top executives might be asked to select the items, perhaps after a facilitated discussion about the values that are, or should be, important to the organization.

### **Recognition Programs**

One free commodity any organization has to offer people is honor. Most everyone wants and values being honored, and honoring people who exemplify valued behaviors is a way to communicate expectations. Business successes demonstrating principled leadership and business diplomacy can be described in company newsletters. Participants can receive financial awards or simply the recognition that comes from highlighting their names and thanking them for

their actions. Tough decisions should be described and ethical stances highlighted. The organization may want to recognize people who were not necessarily successful but who stuck by their (and the organization's) principles and acted diplomatically in a tough situation.

### **Benefits**

Establish policies and programs that show a sense of community and caring for employees. These may include employee-oriented benefits, such as child and elder care, job sharing, and flexible work schedules. Other examples are antiharassment policies, equal opportunity employment and promotion policies, and cultural sensitivity training.

### **CONCLUSION**

This chapter considered goals for organization change and development. The idea is to create an organization that values and rewards principled leadership

and business diplomacy. Employees should be involved in the process of defining what this means and developing plans for communicating and modeling the values. This process not only builds principled, diplomatic behavior but also fosters a sense of community around these values. Employees understand and commit themselves to the values, and are proud to work for an organization that has a reputation for doing business in a principled, diplomatic way.

## **NOTES**

1. For an excellent overview of individual assessment, see Jeanneret, R. P., and R. F. Silzer. 1998. *Individual psychological assessment*. San Francisco: Jossey-Bass.
2. Becker, T. E. 1998. Integrity in organizations: Beyond honesty and conscientiousness. *Academy of Management Review* 23 (1): 154-161.
3. Pavela, G. 1999. Twelve principles for the design of college ethical development programs. *Synfax Weekly Report*, 1 February (p. 810 edited by Gary Pavela, 13211 Willow Point Dr., Fredericksburg, VA 22408).
4. Using 360-degree feedback survey processes can transform organizations into more performance-conscious places where everyone is involved in the performance-management process. See Tornow, W., and M. London. 1998. *Maximizing the value of 360-degree feedback: A process for successful individual and organizational development*. San Francisco: Jossey-Bass.

## **Chapter 12**

### **Conclusion: Achieving Win-Win Solutions**

This chapter emphasizes the goals and intended outcomes of principled leadership and business diplomacy. Also, it highlights the value of principled leadership and business diplomacy in the current and emerging business environment, and recommends the best approaches to meet the challenges of implementing principled diplomacy, such as what to do when diplomacy doesn't work.

#### **GOALS FOR PROCESS AND OUTCOMES**

We can divide goals of principled leadership and business diplomacy into process and outcomes. *Process* goals include the following:

- Working together in the spirit of cooperation, and in the process, avoiding coercion, threat, and other negative interactions.
- Keeping communication open.
- Remaining flexible.
- Suggesting, and being open to, new ideas.

*Outcome* goals include

- Achieving positive outcomes.
- Being unanimous or at least arriving at a consensus.
- Ensuring some stability; that is, agreements that last.
- Improving interpersonal competencies.
- Establishing a team identity (participants feel part of a relationship and can be relied on to pull together in the future).

- Fostering continued positive relationships to deal with future dilemmas, disagreements, and deals (the development of a new culture of relational empathy).

The results of the diplomatic effort can be measured against these goals. That is, were the goals accomplished?

### **TOWARD A NEW DIPLOMACY**

There have been several fundamental changes in the business environment. One is the enlargement of the business arena made possible by instantaneous communications and convenient, low-cost transportation across national boundaries. Businesses deal with each other on a comprehensive spectrum of problems—technological, economic, environmental, cultural, social, and regulatory. Businesses are more democratic.

In referring to international diplomacy in the immediate post-World War II environment, Dag Hammarskjöld suggested that the diplomatic representative speaks not only for his own interests, but also shares responsibility for the interests of others represented in the group.<sup>1</sup> He noted that open diplomacy can become frozen diplomacy when public statements are made merely to satisfy segments or gain propaganda advantage elsewhere. He believed that secrecy had lost its place and justification, and that diplomacy should be open. He argued that diplomacy is increasingly multilateral, with multiple constituencies who have to work together to accomplish common goals. As a result, the diplomat needs to look beyond the immediate future and go beyond superficial reactions. The diplomat must promote an organizational culture of give and take and for compromise. This is the emergence of relational empathy. Diplomacy between civilized people should

- be courteous and dignified.
- be continuous and gradual, and give importance to knowledge and experience.
- take account of the realities of existing power.
- apply good faith, lucidity, and precision as the essential qualities of sound negotiation.
- not assume that great power and resources are more important and more responsible than small power.<sup>2</sup>

### **WHEN PRINCIPLED LEADERSHIP AND DIPLOMACY FAIL**

Principled leadership and diplomacy will not always work well. However, this can be a learning experience. When diplomacy sours, perhaps because participants are continuously intransigent, uncooperative, or uncommunicative despite their best efforts, they may miss their primary goal. But there may be some small gains they can be proud of. Also, they may lose the battle, in the

short run, but win the war in the long run. That is, maintaining a diplomatic stance, being approachable and open to new ideas and maintaining respect for others, will pay off in the long run. They will develop a reputation for being trustworthy and honest, yet not as people others can take advantage of. In future conflicts or negotiations, they may be sought to be voices of reason or looked to for effective mediation.

Principled leadership and business diplomacy are likely to fail when the context does not match a diplomatic style. For example, being diplomatic is hard when others with whom they have to interact are powerful and want to have their way. This is frustrating, to say the least. What options do executives and change agents have under such conditions? They can

- change their behavior (give up diplomacy).
- withdraw.
- wait and see if the situation changes; wait until the situation is more favorable (one can't always do that, as it may be too risky).
- try to be diplomatic anyway.
- change the environment. Bring in others who have different expectations and sources of power that are more in line with their own. Start talking about a superordinate goal, one that all parties think is important.
- let diplomacy evolve. People will get used to it and start to be more diplomatic over time, especially when it is rewarded in the organization.

Thus, to a certain extent, executives and change agents can create their environment over time. They can make the

situation conducive to diplomacy.

### **SOME FINAL RECOMMENDATIONS**

Now for some recommendations for making diplomacy more effective in an organization.

Establish a diplomatic organizational culture. Establish a diplomatic climate within the organization and make it clear that the organization's style of operation, *modus operandi*, if you will, is diplomacy, as opposed to aggressive, cut-throat management, standoffishness, and a closed-door/unilateral approach to viewpoints and decisions, to cite a few negative management styles.

Expect that executives, managers, and indeed all employees will act in a diplomatic fashion, especially in handling tough problems, important decisions, conflicts, and sensitive negotiations in dealing with each other within the organization and in dealing with various constituencies outside the organization (customers, suppliers, regulators, competitors, etc.). Evaluate, reward, and promote people who are business diplomats. Include diplomacy as part of managerial competencies. For instance, let managers in your organization know that they are expected to behave diplomatically, measure diplomacy on the performance

appraisal, and reward managers who are high in diplomacy. A question on the performance appraisal might be the following:

In resolving disagreements, the employee could be expected to

- confront problems head on?
- argue vociferously and never budge an inch?
- compromise?
- stay open to new ideas?
- build networks and alliance?

Be a role model. People in a leadership position, including human-resource managers and change agents, should demonstrate business diplomacy in their dealings with subordinates, peers, supervisors, and customers, and, in the process, show others the value of business diplomacy.

Take time out to think about how well the diplomatic process is going. The press of daily business doesn't always give people the time to reflect on the effects their actions are having on others. So try to process the experience. Do this on your own, and if possible, in discussion with others. For instance, during a negotiation, stop the discussion and ask the participants to think about what they are doing and saying. Taking a step back like this may help people realize that they are being argumentative or inflexible, for example. Also, consider the ways that people are working together. Are they listening to and coaching each other, or talking at each other without hearing and reacting to what's being said? Capture not only what people are doing but also what they are feeling. How are their emotions affecting their thoughts and actions?

Learn from your mistakes. Don't expect success 100 percent of the time. Don't overuse diplomacy or one diplomatic strategy. Don't get arrogant about being a diplomat. Indeed, arrogance doesn't fit a diplomatic style. Know when to back off, and don't feel too badly about it. Take the broad view, and find other efforts to occupy your time and mind.

Let diplomacy become a way of life. Be a diplomat off the job as well as on—in your professional and personal life. In this way, diplomacy will become a natural way of interacting with people. Diplomacy will become part of your identity, your values, and your principles.

Learn to manage crises in a diplomatic fashion. As I've said before, tough situations are times when diplomacy is most difficult to carry out. Ways to maintain your cool include the following:

- Keep your objectives limited (don't expect too much too quickly).
- Decide how far you should go and stick to that; while flexibility is important, diplomacy does not mean giving in to all demands.
- Creep up carefully on the use of power and authority (don't resort to using power when things get the least bit frustrating).

- Widen the community of those concerned (show that other people care too).
- Watch the precedents you set; you may have to live with them.

### **When Politics and Pressure Are Overwhelming**

Sometimes the context seems to determine everything. The costs are so great, the opponents so strong and unmovable, and the pressures so huge that executives, managers, human-resource professionals, and change agents may feel that there is little they can do as individuals to make a difference. No matter what they do, the situation may be so overpowering that they'll fail no matter what. What should they do? Throw principled, diplomatic values to the wind and fight back with whatever weapons are available? This may work, but more than likely, it will only lead to frustration and undermine their reputation.

When this happens, the recommendation of this book is to stick with diplomacy and principled leadership. It is good business in the long run, even if it doesn't seem like it has a chance in the immediate future. Of course, this is easier said than done. This does not mean expressing self-righteous indignation. Push for your views and stand on your principles without being brash or aggressive. Perseverance and subtlety has a way of gaining in the long run, just as the tortoise overcame the hare. It means continuing to push for your views in subtle ways.

In general, more conservative strategies are more likely to work, the higher the stakes and pressure. Rushing out on a limb or going around and over others who have different views is likely to encourage opposition.

## **When Politics and Principled Diplomacy Conflict**

What do you do when principled leadership conflicts with organizational success; that is, when personal values and social responsibility of the organization conflict with demands of the situation? This may happen if executives and managers feel forced to be harsh, maybe because nothing else seems to work. You can grin and bear it, and do what you feel needs to be done even though it contradicts your fundamental principles. You can back off altogether and try to avoid the situation or leave things unresolved. This isn't likely to be satisfying. You can keep trying, for instance, search for a compromise, and avoid using your power to attack your opponent head on or impose a resolution.

Keep in mind that all situations don't end happily. Principled leadership is not a secret to success. At times, executives and change agents may feel it is fruitless and that there is no way to be a principled leader. If they are able to resist temptation and maintain their principled, diplomatic stance, they may have to resign themselves to failure.

Recognize too that standing on principle may not be the best solution for you and others. Principled leadership is a fine ideal, but sometimes you have to bend. You may need to make a decision that helps your organization survive, but at the expense of others. Hopefully, the expense others suffer is minimal.

Principled leadership is not an all or nothing position. The underlying values are sound, unalterable, and unassailable. However, this is where diplomacy comes in. Diplomacy helps the principled leader develop workable, realistic solutions to tough problems. However, principled leadership and business diplomacy are not permission to do anything no matter what the cost. Diplomacy allows principled leaders to go only so far without losing their integrity and undermining their moral principles. If they do fail, they should try to learn from the experience. The alliances and trusts they develop today can be important later. Winning at the expense of these alliances can haunt you later and is just not worth it in the long run.

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2. See Nicolson, H. 1979. Diplomacy. In Plischke, *Modern diplomacy*, 43–53.
3. See Cleveland, H. 1979. Crisis management. In Plischke, *Modern diplomacy*, 199–208.

## **Appendix**

### **Overview of Supporting Literature**

There is rich literature to support principled leadership and business diplomacy. While an in-depth review of this literature is beyond the scope of this book, a synopsis of several key areas will provide insight into this foundation and direction for the interested reader to pursue. Literature on moral philosophy, ethics, and fairness underpin principled leadership. Research from social psychology on conflict resolution and negotiation strategies, trust, and organizational politics support business diplomacy.

#### **MORAL PHILOSOPHY AND ETHICS**

Business ethics has a strong foundation in moral philosophy. There is a long history of ethical theories dating back to Socrates, Plato, and Aristotle. Many such theories are called “consequential” (egoism and utilitarianism are examples), in that they focus on the results of our actions.<sup>1</sup> Kant’s categorical imperative argues that people should behave in such a way that they can will the maxim of their actions into universal laws.<sup>2</sup> Underlying this notion is the idea that all individuals have worth as rational beings. As such, we should treat every person with respect. Applying this concept to business, adversarial relationships, such as between supervisor and subordinate, are inappropriate. People should not be treated as means to ends, something that we use for our own purposes without their full and free consent. A related view, espoused by the philosopher Alfred North Whitehead, proposes how individuals’ actions should move toward a good for all society, and each individual’s main concern should be others’ interests.<sup>3</sup>

Ethical behavior in organizations has been defined as  
“conduct fair and just above and beyond constitutional laws  
and applicable government regulation.”<sup>4</sup>

The open question is how to encourage or regulate ethical behavior. In line with principled leadership, organizations are moving away from control mechanisms as a basis for accountability to values-based management. This is driven by factors such as improved communications technologies, increased awareness by constituencies of their potential for influencing corporate behavior, increased complexity and reduced transparency in large organizations, and a lower capacity of traditional accounting systems to reflect organizational performance, as well as new demands from employees for improvement in their work environments and from customers for improvement in their living environments.<sup>5</sup> As one ethicist observed,

Values-based management presupposes that the organization and its stakeholders develop a shared language and tools which can help the organization to observe itself, to measure the extent to which it contributes to its stakeholders' values, and to make choices which promote the interests of the organization as a whole. . . .

Values-based management creates productive organizational structures, systems of communication, and measurement, evaluation, and reward systems which can attract, hold and develop intelligent, responsible, creative, independent, and loyal employees.<sup>6</sup>

Unethical behavior has been defined as behavior that is "either illegal or morally unacceptable to the larger community."<sup>7</sup> One view of the causes of unethical behavior is that it is due to either "bad apples" or "bad barrels"; that is, to either personal characteristics of individuals or organizational and societal variables that influence unethical decisions and behaviors. Another view is that

individual characteristics and environmental conditions interact so that both are necessary. A related view is that unethical behavior is a function of relationships among actors. These social relationships explain how one bad apple can spoil the barrel as a result of weak interpersonal relationships or strong relationships within or between organizations. For instance, conspiracies or collusions may arise when one person recruits co-conspirators, one at a time, through an extensive network of weak ties. The network is strong enough to provide information to the conspiracy builder about the ethical beliefs of others. Social contagion occurs in more tightly coupled groups or cliques because of cohesion among members and similarity in attitude.<sup>8</sup>

Integrity is acting rationally in accord with a morally justifiable value system, which includes such principles as justice, independence, and productivity.<sup>9</sup> Honesty (refusing to pretend that facts of reality are other than what they are) is necessary but not sufficient for integrity. People may lack integrity because they may not be rational, they may have desires that are inconsistent with moral values, or they may succumb to social pressure (probably the most common reason). Integrity is shown, for example, by

A manager who refuses to succumb to social pressure to provide performance appraisals based on factors other than performance. The moral principles here are inde-

pendence of judgment, productivity, and fairness. . . . The manager has shown integrity by refusing to base performance appraisals on politics rather than on her objective judgment.<sup>10</sup>

People with “good character”—meaning, at least in part, high integrity—are better performers than those with low integrity, because those with high integrity know that innovation and productivity are keys to the purpose of their lives and work and, therefore, in their rational best interests. Without integrity, people would use their skills and motivation to deceive and evade instead of produce and perform.<sup>11</sup>

### **General Concern about Moral Principles**

Over the past thirty years, polling has shown the proportion of people saying they think their fellow citizens are less honest and moral than they used to be.<sup>12</sup> Moral development requires broad consensus in the organization about basic values, such as honesty, respect, responsibility, compassion, self-discipline, perseverance, and giving.<sup>13</sup>

Two books from the popular literature address business ethics and principled leadership directly. Ken Blanchard and Norman Vincent Peale, in *The Power of Ethical Management*, write about “ethics checks” that people can conduct.<sup>14</sup> These help to sort out dilemmas by showing them how to examine the problem at different levels. Is it legal? Is it fair or heavily in favor of one party over another? How will it make me feel about myself? They also identify the five Ps of ethical power: purpose (intention, what you’re striving for), pride (feeling good about yourself but not self-centered and false pride), patience, persistence, perspective (the capacity to see what is really important in a situation).

Donnithorne provides a military view of principled leadership—how honor builds shared values—and shows there is no easy formula for making a moral decision.<sup>15</sup> Leaders need to think through situations by analyzing (1) relevant facts of the situation, (2) alternative actions available, (3) who is affected, (4) the moral principles involved, and (5) how these principles will be advanced or violated by each alternative action. He notes that principled leadership teaches independence of mind. Principled leaders care more than others think is wise, risk more than others think is safe, and manage subordinates' stress.

### **Organizational Ethics Programs**

Another body of practice and research centers on corporate programs to manage ethics. One article on this topic reported a survey of large corporations in the United States.<sup>16</sup> The results revealed that 78 percent of responding firms had codes of ethics, 51 percent had telephone hotlines for reporting ethical concerns, and 30 percent had offices for dealing with ethics and legal compliance. According

to the authors, formal ethics programs include formal codes of ethics, ethics committees, ethics communications systems (such as telephone hotlines), ethics officers or ombudspersons, ethics training programs, and disciplinary processes. One reason why corporations introduce such programs is in response to external pressures, such as government laws and regulations, the potential for negative media attention, and business standard-setters. Another reason for implementing ethics programs is managerial choice. This recognizes that managers respond to environmental pressures as well as take actions on their own commitment. In organizations influenced by external factors, employees violating ethics expectations or failing to abide by corporate policies are disciplined, even when the violations are minor. These companies regularly conduct audits for compliance and quickly investigate complaints. In organizations influenced by managerial commitment to ethics, executives ascribe to the values of seeing that justice is done, doing the right thing, valuing integrity as much as profits, treating people fairly, and seeking the good of society. The more organizations are influenced by both external factors and executives' personal commitment to ethics, the broader the scope of their formal ethics programs, with both a compliance assurance component and a values component.

For more information on business ethics in general and values-based management in particular, refer to the *Journal of Business Ethics*. Published since 1980, it includes articles that analyze all elements of business from a moral or ethical viewpoint. Recognizing the increased attention and importance of ethics in education and business, university programs are addressing such topics as "ethics and the professions" and "civic responsibility." See, for example, the

Arizona State University website at [www.asu.edu/vpsa/studentlife/civicroes.html](http://www.asu.edu/vpsa/studentlife/civicroes.html) (last accessed 16 May 1999).

## **FAIRNESS IN BUSINESS**

Fairness is important in a variety of organizational decision situations, such as selection and performance appraisal.<sup>17</sup> Fair treatment decreases the likelihood that employees will leave the organization or file formal grievances.<sup>18</sup>

Conversely, unfair treatment can lead to negative behaviors, such as theft and sabotage. Social fairness is important to how employees react to change. There are two types of socially fair treatment: informational justice, which is the adequacy of the information used to explain how decisions are made and the thoroughness of the accounts provided, and interpersonal justice, which is the degree of concern and social sensitivity demonstrated over the outcomes received. Studies have shown the following:<sup>19</sup>

- Rates of employee theft among underpaid workers were significantly lower when the workers were given a thorough explanation for the underpayment they faced and the explanation was presented in an interpersonally sensitive manner (for instance, by expressing sympathy and concern over the pay cuts).

- Leaders who communicated thoroughly and with interpersonal sensitivity enhanced acceptance of new controversial policies, such as a no-smoking ban.
- In plants that were forced to give their employees a pay cut, the plant where employees received limited explanation for the cut had significantly higher shrinkage due to theft than the plant where workers received an extensive and caring explanation about the reason for the cut.
- Fair treatment in laying people off during downsizing led to more positive attitudes and behaviors among those who survived and those who were laid off.

In general, fair performance appraisal systems improve employee acceptance of the process and the evaluations, enhance employee motivation to enhance performance, improve employees' organizational attitudes (trust in their supervisor, commitment to the organization, and their intention to stay with the company), and increase legal defensibility of employment decisions.<sup>20</sup>

There are three categories of perceived fairness: (1) procedural fairness, which refers to the appropriateness of the decision process, determined by opportunity to participate in the process, consistency of treatment and consideration, and job relevance and lack of bias; (2) interpersonal fairness, which refers to the effectiveness of interpersonal treatment and communication, determined by honest and ethical treatment and timely and thorough communication and feedback; and (3) outcome fairness, which refers to the appropriateness of the decisions and resulting outcomes, determined by outcomes anticipated or consistent with expectations.<sup>21</sup> Managers need to be

attuned to the extent to which they are fair in all three ways.

## **NEGOTIATIONS AND CONFLICT RESOLUTION**

Another area where there has been considerable attention to research and practice is negotiation and conflict resolution. There are two types of negotiation: distributive, in which opposing parties perceive a win-lose situation, and integrative, in which both parties can gain.<sup>22</sup> Negotiators with a distributive bargaining framework mislead each other in hopes of gaining concessions from their opponents leading to higher gains for themselves. Negotiators' perceptions, influenced by their values and stereotypes, affect their behavior.<sup>23</sup> Negotiators come to the bargaining table with preconceived ideas about their negotiation strategy. They have fixed ideas about what factors to take into account or to ignore (e.g., their opponent's behavior and needs). Negotiators who lack experience are likely to be influenced by various biases. Expert negotiators, however, realize that win-win solutions are possible, and they are able to reach joint agreements of greater value than those negotiators who lack experience or who do not get accurate feedback on their bargaining agreements.<sup>24</sup>

Negotiators with a cooperative orientation reach higher-quality decisions than those who are individualistically oriented and out to maximize their individual gain. Cooperative negotiators are more trusting and argue less than individualistic negotiators, who are inclined to continue negotiating to improve their own

outcomes at the expense of others even after an agreement has been reached that all parties could accept. Cooperative negotiators share information about their priorities, and are more likely to have more insight about priorities.<sup>25</sup>

There are different ways to enhance negotiators' flexibility during different stages of negotiation.<sup>26</sup> During prenegotiation, diplomatic negotiators can enhance flexibility by studying the issues from all perspectives. During initial negotiations, they are willing to disaggregate issues and consider the possibility of partial agreements. During give-and-take discussions, they make many concessions. During the final stage ("endgame"), they agree to a deadline for concluding the talks and are open to a mediator's suggestions. Mediators are third parties who help resolve problems by clarifying issues, providing relevant information, and clarifying what parties intend to communicate. They highlight the costs of disagreement and help parties save face.<sup>27</sup>

## **ORGANIZATIONAL TRUST**

One stream of theory on organizational relationships examines trust. Trust is believing in, and being willing to depend on, another person. It is important to both principled leadership and business diplomacy. Trust is important because it enables cooperative behavior, promotes adaptive organizational structures (such as network relations), reduces harmful conflict, facilitates rapid formation of ad hoc groups, promotes effective responses to crisis, and reduces the costs of getting things done.<sup>28</sup> Initial trust relationships are not based on any kind of firsthand knowledge of the other party but on an individual's disposition to trust, or cues in an organization that supports trust, such as one's position of responsibility and

authority.<sup>29</sup> Executives can produce unconditional trust by abiding by any promises. For instance, an organization that promises not to lay off employees and does not do so in times of economic downturn gains the trust and loyalty of its employees. However, such organizations may feel that the ability to lay off employees is important for organization success in difficult times and may want to have the flexibility to do so. This produces conditional trust. Employees learn that they can trust in the organization's commitment to them only so far.<sup>30</sup>

## **ORGANIZATIONAL POLITICS**

Organizational and group-level politics are important to business diplomacy. When the level of politics is high in the organization or group, employees feel they can't speak up for fear of retaliation by others, and rewards are based on favoritism rather than merit.<sup>31</sup> A work group can insulate employees from organization-level politics, or one could work in a large, nonpolitical organization while experiencing high levels of politics in the immediate work group. Perceptions of organization-level politics increase turnover intentions while group politics reduce citizenship behavior (e.g., compromise and courtesy). Both organizational and group politics decrease employees' feelings of organizational commitment.

## **CRISIS MANAGEMENT**

The challenge to diplomacy arises in managing crises. Crises are low-probability, high-impact events that threaten the viability of the organization and are characterized by ambiguity of cause, effect, and method of resolution.<sup>32</sup> Examples are extortion, malicious rumor, sexual harassment, and security breach, not to mention assault, information sabotage, security breaches, and other disasters. From a social-political standpoint, the crisis stems from a breakdown in shared meaning and institutionalization of socially constructed relationships, including leadership and cultural norms. Organization members are likely to doubt the organization's cultural beliefs and express a desire for a cultural transformation. Under these circumstances, crisis management requires reformulating organizational leadership and culture. This calls for wisdom, improvisation, and norms of respectful interaction.<sup>33</sup> Over time, there needs to be a collective regrouping, in forming a new social order through mutual respect and change.

## **CONCLUSION**

The literature described here barely touches the surface of the rich theory and research that supports the concepts of principled leadership and business diplomacy. Each of these areas could be expanded in great depth. Other topics could be investigated as well, such as social justice and equity from social psychology and philosophy, corporate social responsibility from organizational sociology, diplomacy and political behavior from political science and government policy, and cultural differences and intercultural relationships from sociology and anthropology. The fields of industrial and organizational psychology and management also have a tradition of research linking such values-based

programs as participative management, job enrichment, and continuous learning and development to organizational and individual effectiveness. These are values-based programs in that they assume that individualism is important and that individuals will be more motivated when they have opportunities for personal growth and accomplishment. The challenge for the future is to recognize and apply these concepts to understand principled leadership and business diplomacy more thoroughly and apply them more broadly.

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