A Collaborative Strategy for Cross-Cultural Negotiations: Facilitating Socio-Cultural Integration in Mergers

Chester C. Warzynski, C. Clinton Sidle, Linda Gasser, and Floor Basten

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Abstract

One of the major challenges in negotiating cross-culturally is to establish open and constructive discourse and develop relationships based on mutual trust and commitment that value but transcend social and cultural differences. For example, the aim of negotiations between representatives of management undergoing a cross-border merger is to identify, integrate, and leverage the best aspects of each organization and their respective cultures. To optimize this process, the negotiating parties in the merger must collaborate and establish an open relationship in which mutual understanding, trust, and learning prevail.

Productive relationships and negotiations can be fostered through focusing on personal identity and language issues, developing common experiences by using an effective negotiation process that leads to deeper understanding and resolves issues while evolving relationships, and designing an environmental context conducive to productive negotiations. This article examines cross-border mergers at Nordea—a financial services company in Sweden, Finland, Norway, and Denmark—and presents a collaborative strategy for cross-cultural negotiations that can be used as a vehicle for socio-cultural integration in corporate and nongovernmental organization (NGO) mergers.

Introduction

Globalization provides many new opportunities for corporate mergers and acquisitions as well as for social and economic development around the world. The success of a merger or acquisition ultimately rests on the quality and effectiveness of the negotiations and agreements reached by the executives and integration teams of the merging companies (Lajoux, 1998). From preliminary discussions in premerger, through due diligence and integration, to postintegration, hundreds of decisions have to be made—decisions on the strategic direction and culture of the new organization; on the financial and marketing strategies; on the organization's structure, operations, systems, and technology; and, most importantly, on its people. Effective negotiation and decision making is therefore crucial to the successful outcome of a cross-border merger; it sets the stage for the future performance and success of the organization.

Research on the performance of companies following a merger indicates that up to 70% of mergers fail to achieve their premerger expectations (Galpin and Herndon, 2000). One study of 150 mergers covering a five-year period indicates that 17% of the mergers provided a favorable return, 33% a marginal return, and 30% an unfavorable return (Mercer, 2002; Business Week, 1995). In terms of cross-border

mergers, 40% of large companies fail to recover their capital investment (Carleton and Lineberry, 2004, p. 9).

Scholars have identified many barriers to successful merger integration, including differences in management style and practices (Carleton and Lineberry, 2004), cultural incompatibility (Watson Wyatt Worldwide, 1998), lack of motivation and commitment (Lubin and O'Brien, 1997; Cartwright and Cooper, 1992; Buono and Bowditch, 1989), corporate politics (Hambrick and Cannella, 1993), and ineffective learning and knowledge transfer (Hayward, 2002; Empson, 2001; Halablian and Finkelstein, 1999). According to a study by Smolowitz and Hillyer (1996), the five factors most frequently cited by executives as problems in mergers are cultural incompatibility, clashing management styles and egos, inability to implement change, inability to forecast, and excessive optimism about results. Of these five, *culture clash* stands out as the principle factor that derails most mergers (Søderberg and Vaara, 2003; Larsson and Lubatkin, 2001; Galpin and Herndon, 2000; Gertsen, Søderberg, and Torp, 1998; Weber, 1996).

Culture clash refers to the *differences* between the merging organizations in history, experience, beliefs, strategies, practices, language, dress, work environment, communication and decision styles, and treatment of people. Culture clash leads to confusion, conflict, loss of motivation and commitment, lack of cooperation and teamwork, and ineffective implementation of merger plans—all of which affect performance (Carleton and Lineberry, 2004, p. 13). The cost of culture clash not only includes lost financial returns and shareholder value, but also may result in lost customers and market share, demoralized executives and employees, loss of reputation, and lost opportunities for innovation and growth.

The lesson from research is that although mergers may offer significant opportunities for consolidation, innovation, and growth, they also represent one of the most difficult organizational challenges. Bringing together two organizations with different cultures and practices is among the toughest tests that any manager or company will face.

Socio-cultural integration involves the ability of individuals, groups, and organizations to link, integrate, and leverage differences in beliefs, values, and knowledge to increase growth, competitive advantage, innovation, profit, economies of scale, or some other return on investment. Effective socio-cultural integration requires key people and groups within the merging organizations to interact, design and implement plans, and resolve issues. This requires choices and decisions over what, how, when, and why to integrate. In other words, effective integration requires individuals and groups from the two organizations to share information, use each other's knowledge and skill, and negotiate agreements that will optimize the new organization. To accomplish this, individuals and groups must be willing to discuss their differences openly, experiment with new ideas, and break away from habitual ways of perceiving, thinking, and acting. In brief, they must be able to collaborate, learn, negotiate, plan, and act in concert with each other.

Executives in corporate and NGO mergers are faced with a fundamental learning dilemma: individuals can learn only when there are differences, but because there are differences, they have problems linking, integrating, expanding, and coordinating their information, knowledge, and perspectives and taking collective action. Individuals sometimes have different starting points: different assumptions, beliefs, and values; different experiences; different languages and jargons; different practices and methods, etc. Where and how do we begin to deal with, and bridge, these differences?

Any solution to the problem of differences in a cross-border merger must meet several conditions to be effective. It must:

1. Deal with different cultural beliefs, values, practices, and languages.
2. Have breadth and be able to tap into a broad range of specialized knowledge domains that are relevant to the merger.
3. Be relatively efficient in bridging gaps by identifying starting points and creating common experiences for mutual understanding.
4. Deal with problems of personality, identity, power, and status differences.
5. Promote an environment of participation, openness, experimentation, and responsibility.
6. Establish clear and acceptable criteria or values that move individuals and groups toward agreement or consensus.
7. Be able to develop collaborative relationships, resolve differences, and reach consensual decisions.

These conditions can be met through:

- Deploying a systematic framework for negotiations that focuses on language, roles, and identity.
- Developing common experiences for facilitating mutual respect and understanding.
- Designing and using a sensemaking and translational negotiation process in which deep understanding and compatibility can be achieved, interests met, and issues resolved.
- Establishing an environment conducive to collaboration and learning.

This article describes a strategy and framework for cross-cultural mergers following this basic approach. This includes:

- A preliminary interview of the individuals participating in the venture and an analysis of their language, thereby eliciting and describing their initial hopes, interests, identities, and issues.
- An experiential outdoor exercise in which the participants face and resolve a set of challenges, develop a common experience, and process their differences through debriefing sessions.
- A training program in which a sensemaking and translational negotiation process is constructed and applied.

- The creation of an open and safe environment in which productive negotiations can flourish.

Some key aspects of this framework have been addressed in a series of mergers at Nordea, a pan-Nordic financial services company. Søderberg and Vaara have compiled articles on them in their groundbreaking book *Merging Across Borders: People, Cultures and Politics* (2003)*.*

Nordea: A Case Study in Socio-Cultural Integration

Background. Nordea is a large multinational financial services corporation located in Sweden, Norway, Finland and Denmark (with recently opened branches in Poland and Luxemburg). Nordea leads the Baltic region in banking services with estimated market shares in 2005 of 38% in Finland, 22% in Denmark, 20% in Sweden, and 17% in Norway. Its mission statement is "making it possible."
Nordea, which is a concatenation of "Nordic Idea," had total assets of EUR 326B in 2005 with an operating profit of more than EUR 3B. The retail banking division with more than 1,100 branches returned an operating profit of EUR 2.2B on a base of 11 million customers. The corporate and institutional banking division serving over 500 large corporate clients and a million corporate customers generated EUR 563M in operating profit. In addition to its retail and corporate divisions, Nordea provides services in assets management, life insurance, and treasury certificates.
Nordea evolved from the cross-border mergers of Finnish Merita Bank and Swedish Nordbanken in 1997 and the resulting Merita-Nordbanken and Danish Unidanmark merger in 2000, which was followed by the acquisition of the Norwegian Christiania Bank og Kreditkasse. An ethnographic study by a team of researchers from the Baltic region chronicled the history of these mergers. The research team consisted of representatives from the Swedish School of Economics; the Norwegian School of Economics and Business Administration; the Copenhagen School of Business; the Lappeenranta University of the Helsinki School of Economics and École de Management de Lyon. The team conducted in-depth interviews with executives involved in the mergers, and several members of the team also worked with the banks as consultants during the mergers. The outcome of the team's effort was a landmark study of cross-border mergers based on a sensemaking methodology and including a description of socio-cultural integration activities and organizational learning.

Unique about this study of cross-border mergers is the sensemaking approach used by the authors to contextualize and reconstruct the meaning of the socio-cultural integration process from the discourse, identities, relationships, and location of key actors in the organizations. What emerges from 53 in-depth interviews is a cognitive map of the socio-cultural integration process as seen through the eyes of the actors and some lessons for guiding future cross-border mergers and economic development projects. The following is a brief summary of the authors' methodology and findings.

Drawing on Weick's landmark study *Sensemaking in Organizations* (1995), the authors describe sensemaking as "the complex socio-psychological processes through which organizational actors interpret organizational phenomena and thus socially construct or enact their 'realities'" (p. 116). The major premises of sensemaking are that it is part of identity construction, i.e., in making sense of a situation, people are protecting, maintaining, and constructing their identities; it is linked with action; it is a social and conscious activity based on past knowledge and experience and includes emotional and political factors; and finally, it is more than interpretation—it "also 'enacts,' 'creates,' or 'constructs' organizational reality." According to the authors, sensemaking is a critical part of the socio-cultural integration process in a merger.

The concept of "best practices" provided a focal point for sensemaking during the socio-cultural integration process. Sensemaking occurred in four stages:

1. The *search and identification* of practices that could be transferred to, or replaced in, the new organization.
2. The *evaluation and selection* of the practices to be integrated.
3. The *implementation and recontextualization* of best practices.
4. The *evaluation and reconfiguration* of those practices for implementation.

Negotiations occurred throughout all four stages and were followed by interviews in which the interpretation and meaning of the actors was reconstructed. The negotiations also focused on several key issues, including a *corporate vision*, the location of *corporate headquarters,* the establishment of a *language policy*, and a *cultural awareness program*. The outcome of these negotiations provides useful information and experience for organizations engaged in corporate and NGO mergers.

Another important method for socio-cultural integration came from the executive group in the Merita-Nordenbanken merger. Instead of negotiating specific cultural differences between the two organizations, the executive group decided to craft a broad corporate vision and value statement for the new organization. This provided a context, or frame of reference, for negotiating and resolving differences in practices between the two organizations. It was an important document for middle managers. As a Finnish executive stated, "What was important in this process, and what I learned and used later, was not at all to discuss critical issues concerning the merger itself, but rather, through the business concept, to discuss our vision concerning the development of the industry and the business concept of the new, merged bank" (p. 212). Executives in the Merita-Nordenbanken and Unidanmark merger later took this lesson to heart and insisted that the first order of business in the merger be the construction of a vision and values statement.

The bottom-up process of analyzing and deciding best practices and the top-down process of vision and values creation are not incompatible, but rather mutually reinforcing. This organization-wide approach from both directions helped to facilitate socio-cultural integration. The vision and value statements were published in the booklet *Making It Possible,* and shared widely with the employees

and the public. Open forums and local dialogue around job- and unit-related best practices followed as a way of cascading and reinforcing socio-cultural integration.

Key findings. The central focus of this research was on the role of sensemaking and organizational learning in socio-cultural integration. The following factors represent some of the key findings that could be transferred to other mergers or economic development projects of organizations engaged in socio-cultural integration:

1. National cultures are based on identities and stereotypes constructed through group discourse. "Every nation is thus a socially constructed pattern of interpretation according to which the country and its inhabitants are seen from the standpoint of differences between 'us' and 'them'"(p. 65). Individuals and groups can learn about themselves and others from these differences. Discussion of these perceived differences is important for socio-cultural integration.
2. Establishing and fostering a balance of power between negotiators from different countries and organizations is important in decisions over what, how, when, and why to integrate. For example, negotiators perceived the Merita-Nordenbanken merger as a merger of equals reinforcing the balance of power between the negotiation parties. This same principle of balance of power should be considered in socio-economic development projects as well as corporate mergers.
3. Interpretations of past experience, including the effectiveness of individual managers' strategies and actions are social constructions based on personal identity. Managers present their own practices and actions to others to protect their self-esteem while at the same time decry the practices of their predecessors or counterparts. They have a problem letting go of old strategies that have worked for them and thus strengthen existing routines and strategies. To get beyond embedded mental models and routines, individuals and groups need to develop new experiences and learn from these experiences. Through engaging in challenging experiences followed by extensive debriefings, individuals and groups can learn from each other and co-create new interpretations, stories, and meanings to facilitate socio-cultural integration.
4. Participants in mergers need to engage in sensemaking in which individual interests, needs, and identities are affirmed and translated into common identities, interests, and needs as part of the negotiation process in enacting socio-cultural integration.
5. The specific context in which issues are negotiated will have a significant impact on the sensemaking process and the subsequent construction of meanings and interpretations in socio-cultural integration.

Other important lessons from the Nordea case were:

- Leaders need to understand the importance of socio-cultural integration in cross-border mergers. They need to plan and be part of the socio-cultural integration process.

- Socio-cultural integration requires top-down initiatives in the form of vision and value statements. Value and meaning creation should occur at all levels of the organization in relation to jobs, work, and local interests.
- Leaders involved in the integration process should tap into the knowledge, experiences, and emotions of employees and people through action learning and implementation of "best practices."
- Inadequate information foments politics and resistance to change.
- HR should be a strategic partner in socio-cultural integration.

A New Framework for Cross-Cultural Negotiations

These lessons provide interesting directions and guidelines for optimizing-cross-border negotiations and socio-cultural integration. While the sensemaking work of the research team was retrospective in nature, the framework for negotiations outlined in this article is prospective. In other words, it is designed to help organizations and nations engaged in mergers optimize socio-cultural integration based on effective negotiations and collaborative learning. Through focusing on cross-cultural issues, developing a common foundation for experience, employing a sensemaking negotiation and translation process that resolves issues while evolving the relationships, and designing a supportive environment in which negotiations can take place, the organization can have a fuller realization of the goals and benefits of integration. The application of such a framework can enhance the success of partnerships, strategic alliances, and cross-border mergers. The framework for collaborative negotiations outlined in this article consists of the following components:

1. *Conducting preparatory interviews to build cross-cultural awareness.* All parties involved in the negotiation process undergo a preliminary interview to identify hopes, issues, and options. Having this information in advance provides an opportunity to analyze the language, meaning, identity, and power sources of the parties. The negotiators receive feedback on their language and its implications for, and impact on, other parties as part of cross-cultural training prior to entering into negotiations.
2. *Using an outdoor wilderness experience to develop trust and relationships.* The parties to the negotiation participate in a common three-day wilderness experience using outdoor activities such as rock climbing as a vehicle for achieving greater understanding of self and others, improving communication, appreciating diversity, developing relationships, and building collaboration and trust. These activities are conducted in a safe, enriching, and responsible manner that focuses strongly on the health and well-being of the participants and the environments in which the activities take place.
3. *Training in sensemaking and translation for conducting negotiations.* The participants next engage in a three-day workshop where they examine and learn different models and approaches to cross-cultural negotiation and practice sensemaking and translating their interests and needs into

propositions. The outcome of this session is the co-design of a negotiation approach and process that will be used in the actual negotiations.

4. *Creating a learning environment conducive to successful negotiations.* A learning environment consists of a comfortable and supportive space for negotiations together with equipment, supplies, materials, principles, and ground rules for the negotiation. These are negotiated using the approach and model designed by the participants in number 3 above.

Figure 1 highlights the key components of the collaborative strategy for cross-cultural negotiations and socio-cultural integration. The following sections address each of these components in greater detail.
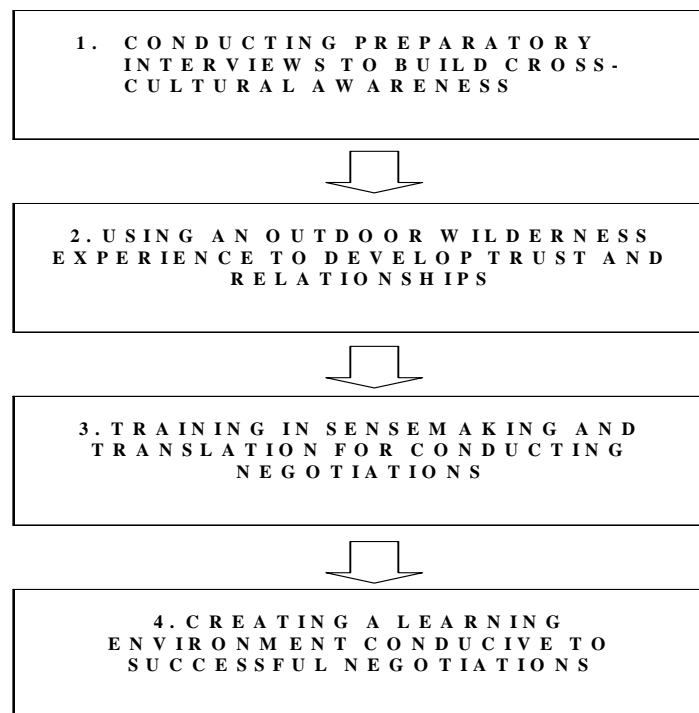
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│  1. CONDUCTING PREPARATORY                    │
│     INTERVIEWS TO BUILD CROSS-                │
│     CULTURAL AWARENESS                         │
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│  2. USING AN OUTDOOR WILDERNESS               │
│     EXPERIENCE TO DEVELOP TRUST AND           │
│     RELATIONSHIPS                              │
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│  3. TRAINING IN SENSEMAKING AND               │
│     TRANSLATION FOR CONDUCTING                │
│     NEGOTIATIONS                               │
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│  4. CREATING A LEARNING                        │
│     ENVIRONMENT CONDUCIVE TO                  │
│     SUCCESSFUL NEGOTIATIONS                    │
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Figure 1. Negotiations framework for socio-cultural integration.

Conducting Preparatory Interviews to Build Cross-Cultural Awareness

Research background. Mergers between organizations in different countries must deal with organization and business differences, individual personal differences, and cross-cultural differences, both the stereotypes and the reality.

In the Nordea mergers case, a significant part of sensemaking that helps us understand the merger process itself and the key issues involved in its completion is the cross-national/cross-cultural aspect of the merger. The consolidation of the banks into one financial institution was obviously impacted by the fact that the original individual institutions represented four different national cultures and that the majority of the employees in each (as well as the merger case researchers

themselves) also represented these four cultures. Those cultures themselves had many similarities due to their Nordic identity and history together, and yet they also retained and represented many other differences among them.

Our understanding of cross-cultural differences among countries and ethnic groups has been informed by many international researchers and scholars, among them Hofstede (1980a-b, 1988, 1991), Hall (1959, 1966, 1976), Trompenaars (1994), Kluckhohn and Strodtbeck (1961), and Hampden-Turner (1991). Management writers and researchers including Adler (2002); Laurent (1983, 1986); Bartlett and Ghoshal (1998); Pucik, Tichy, and Barrett (1992); Murtha, Lenway, and Bagozzi (1998); Elashmawi and Harris (1993); and Søderberg and Vaara (2003) have written about the influence of cross-cultural differences in business and management practices.

We consider culture to be both the outcome of a communication process and the context in which the communication takes place. Discourse is the linguistic system with which we express our experiences:

> … our conceptual system is not something we are normally aware of. In most of the little things we do every day, we simply think and act more or less automatically along certain lines. Just what these lines are is by no means obvious. One way to find out is by looking at language. Since communication is based on the same conceptual system that we use in thinking and acting, language is an important source of evidence for what that system is like. (Lakoff and Johnson, 1980, p. 3).

Our experiences are grounded in how we perceive our world and our place in it. These perceptions vary with our physical environment, biological makeup, and social surroundings. These variables are not independent of each other:

> It can be misleading … to speak of direct physical experience which we then "interpret" in terms of our conceptual system. Cultural assumptions, values, and attitudes are not a conceptual overlay which we may or may not place upon experience as we choose. It would be more correct to say that all experience is cultural through and through, that we experience our "world" in such a way that our culture is already present in the very experience itself. (Lakoff and Johnson, 1980, p. 57).

Discourse, as the system with which we express our experiences, is therefore the system with which we express our culture. Discourse is connected language used for a purpose that makes meanings become visible (Lakoff, 2000, p. 8). We define our world using internalized sets of rules or principles that dictate the appropriate utterances in a specific genre. Discourse analysis is the study of identities and power relations in language. Dominant members define what is proper linguistic behavior, as do dominant groups. They make and safeguard the conventions. Lakoff calls this the appropriation of narrative-construction rights. In fact, when

nondominant groups claim the right to define (themselves or others), the status quo is in danger and dominant groups use defensive strategies such as public derision or political correctness to maintain it. Discourse analysis reveals power structures by examining who says what on whose behalf. Using Barthes's principle of exnomination, Lakoff distinguishes between marked and unmarked discourse. Unmarked discourse is the self-evident, conventional language that applies to references that do not need further explanation:

> If you're a member of the dominant group, your attributes are invisible, as your role in making things the way they are is not noticeable…. We are still prone to see groups different from *us* as weird and threatening, needing to account for themselves and their behavior as "normal" people like *us* do not. (Lakoff, 2000, p. 53-55).

For what we consider normal and commonsense, we use unmarked discourse that claims an apolitical status; marked discourse is used to account for the different and abnormal. Marked and unmarked discourse are indicators for what is legitimate and normal. They become especially apparent when speech communities meet; that is when they show us the cultural differences of these communities.

There are several responses to cultural differences. Some of these, when they occur out of ignorance or unconsciously, may hide the consequences of cultural differences and create a greater opportunity for conflict and separation. For complex blending processes like those that must occur in a cross-cultural merger, this circumstance can clearly have a negative result.

One common reaction to cultural differences is parochialism. The parties to a merger do not recognize the existence of cross-cultural differences among partners from different countries because they simply believe that "their way is the only way" to organize or operate or manage. In a takeover acquisition, this reaction may be more common because of the power dynamics present. In effect, the parties may either subscribe to a "homogeneity myth" that people are all the same and will project similarity onto each other to attempt to maintain harmony under difficult or stressful circumstances ("it is our similarity that is important, not our differences"), or they may actually choose simply not to recognize any differences at all. The linguistic strategy is to define the other in terms of oneself: "We define you as us." In doing so, one denies the others their past or recreates their past within politically correct boundaries, taking away the political dimension and thus exnominating the discourse on differences. To gain power, one must be the first to interpret the others in public, so they can only react to the standards set (Lakoff, 2000).

In many studies of management and managers, especially those by U.S. authors, there is a tendency to dismiss the impact of cultural differences on business and management practice. We use terms like "cultural invisibility" or "cultural blindness" to refer to the practice of not seeing culture as affecting the day-to-day operations in organizations at all, accepting the idea that there is little to no

influence of culture on the world of work, or agreeing that, at least in management practice and business organizations, we do not see differences because (a) they do not exist; (b) we do not want to see differences; (c) Western/U.S. cultural norms encourage managers to blind themselves to differences for legal/political reasons, thus looking at people only as individuals; or (d) globalization assumes there is now a standardization of management practices globally. There are only relatively few studies that use international or multicultural approaches in their research designs, and most study findings of U.S. researchers tend to overgeneralize and assume universal application, obviously minimizing any influence of culture on people and organizations (Adler, 2002, p. 105-6). In terms of linguistic strategies, this is the denial of the importance of language (Lakoff, 2000). Since language is the vehicle we use to express our culture, denying differences in language is denying cultural differences. In the Nordea merger, statements about a "shared Nordic history and culture" give rise to possible concerns about some tendency toward projected similarity, a common occurrence that can promote cultural blindness. However, in a variety of situations, managers interviewed were also able to articulate differences and national stereotypes for themselves and others. This can be seen as the strategies of treating individuals as their group and of establishing boundaries between "us" and "them." Other strategies are insults, deliberate misinterpretations, and overinterpretations (Lakoff, 2000).

Another common response to cross-cultural differences, closely linked to this stereotyping, is ethnocentricity. This is the view "My way is the best way to live or work, i.e., we do it best." In using this approach, managers may recognize that differences exist, but they do not try to explore or apply their value. Instead, different ways are viewed as inferior and dismissed as ineffective without exploration or discussion. This means that any possible value of the difference cannot be realized. In the Nordea case, instances of banal nationalism (Billig, 1995) in self- and other perceptions, especially when suggesting the behavior is negative, might be an example of this common response. The degree to which a behavior is seen as negative or inferior can be a signal of how deeply an ethnocentric view is held.

Why do these kinds of reactions occur? To quote one international researcher:

> In many instances people associate recognizing cultural differences with simplistic, primitive, immoral thinking. They label managers who recognize diversity within organizations as prejudiced, racist, sexist, ethnocentric, and unprofessional. North American cultural norms, for example, encourage managers to blind themselves to gender, race, and ethnicity; that is, to attempt to see people only as individuals, and to judge them according to their professional skills. (Adler, 2002, p. 107)

Thus, one reason may be that ethnocentric behavior is practical and expedient both politically and as an attempt to avoid or minimize the opportunity for conflict—even if the result is just the opposite.

Recognizing and then effectively using cross-cultural differences is especially important when examining and outlining effective practices for a cross-cultural merger. It is especially meaningful in complex transactions like mergers that we see cultural differences where they exist. When the potential for unnecessary conflict as a result of assuming no difference may be reduced, it is more probable that choosing a specific cultural way to act that will best apply to a particular circumstance may be accomplished (e.g., cultural contingency: "Our way is one of many good ways to act here, so which way should we use?"), or new ways to incorporate critical differences together into the merger negotiations processes may be created, thereby enhancing a cultural surplus value through a blending of differences into new, jointly accepted and agreed-upon practices (e.g., cultural synergy: "We could combine some of your way and some of our way and really have a better result.").

This idea of cultural synergy is the act of going

> beyond our own cultural heritage to produce something greater by cooperation and collaboration. Cultural synergy builds upon similarities and fuses differences resulting in more effective human activities and systems. The very diversity of people can be utilized to enhance problem-solving by combined action. Those in international management have unique opportunities to foster synergy on a global basis. (Moran and Harris, 1981, p. 303)

Adler also refers to cultural synergy as a positive action on the part of those who come together across borders. She writes that

> culturally synergistic organizations create new forms of management and organization that transcend the individual cultures of their members. This approach recognizes both the similarities and the differences among the nationalities that compose a multicultural organization and suggests that we neither ignore nor minimize cultural diversity, but rather that we view it as a resource in designing and developing organizations. From a synergistic perspective, cultural diversity is a key resource in all global learning organizations. (Adler, 2002, p. 116)

Cultural synergy, it seems, would be a very appropriate approach to the merger process and postmerger integration because it is, in effect, the epitome of what a merger is supposed to be—a combination of organizations that creates an organization in which neither party can clearly be seen as an acquirer (Søderberg and Vaara, 2003, p. 11). In the Nordea merger, some postmerger practices were deemed in discussion among the partners to be culturally contingent (using one culture's approach because it is acceptable to all), and other practices during the postmerger integration developed through a conscious application of cultural synergy.

In examining the Nordea case, the researchers used interview content and a knowledge of how the inter-related histories of the four countries influenced individual and group perceptions of the other nationalities represented. The authors were able to elaborate on underlying aspects of subtle relationships and understandings that impacted the actual merger processes, including the determination, creation, and joint adoption of practices to enhance an effective postmerger outcome. Interview data helped to identify underlying assumptions and beliefs about each of the Nordic cultures involved and to what extent these may have existed and impacted decision-making practices and results. These data also helped, retrospectively, to understand and make sense out of how, why, and when perceived and actual differences impact, or are impacted by, some common human reactions to differences.

The Nordea merger case discussion is retrospective in nature, but it reveals that to enhance the process of cross-border mergers in the future, having a good understanding of the more commonly known models of how cultures vary before embarking either on a merger or on the postintegration phase would probably be extremely helpful for all parties to the merger process. This might quickly reduce the potential for harmful influences from parochialism, ethnocentrism, cultural blindness, and stereotyping and pro-actively enhance the beneficial use of cultural contingency and cultural synergy approaches throughout the merger process.

Proposed approach. In the proposed framework for cross-cultural negotiations in mergers, an important preparatory step is to engage in activities that will develop trust. Since a mutual understanding of common barriers to cross-cultural recognition, a common understanding of basic concepts of cross-cultural differences, understanding of different perspectives on negotiation processes, and exposure to basic techniques that can enhance cross-cultural understanding and communication can all be helpful, it seems plausible that joint exposure to these important factors would only enhance common understanding, communications, and trust. Therefore, a forum enabling potential merger partners to share theoretical ideas and expand their understanding of how specific examples taken from their own environment could impact aspects of merger would greatly aid social integration and sensemaking processes. This would supplement and set the stage for the experiential outdoor program and serve as a precursor to engagement in processes that require negotiation and decision making.

To address the cross-cultural issues, all negotiators will take part in a full-day cultural awareness program preceded by a preliminary interview to identify hopes, issues, options, and identities. The preliminary interviews will be analyzed using techniques of discourse analysis and literary criticism. Below we will discuss briefly how this can be done. We will use the data from the Nordea case to exemplify our analysis. This procedure has several limitations. First, the interviews in this case were postmerger, and we are interested in premerger interviews. In fact, the research team of the Nordea case is rather critical about the possibility of premerger analysis. As they put it,

Such approach reflects a "naive realist" or "essentialist" view on cultural phenomena at odds with most contemporary sociological and anthropological research where the emphasis is on the "social construction" of cultures through negotiation and sensemaking. (Søderberg and Vaara, 2003, p. 25)

They further write that there are "difficulties in 'collecting data' on cultural issues prior to the decision to merge, partly because cultural specifics tend to come into existence or rather to be socially constructed only when the two organizations are in contact with each other" (Vaara and Tienari, 2003, p. 147). We think, however, that merged organizations do not start with a clean slate. Cultural issues, be they intangible or visible, are operative before the merger in both candidate organizations. Indeed, as the Nordic team agrees, organizations are not homogeneous entities. Moreover, the cultural issues of both candidates will affect the merger process and the following integration processes. Analyzing cultural issues can provide useful information about the organizational identities that plan to become one. The purpose of the preliminary interviews is, therefore, not to plan a merger based on solid predictions of how the merged organizations will behave, but to gain some insights into the organizational ontologies of the parties involved in order to raise self-awareness and consciousness about the effects of communication on the one hand and to create openings for a better understanding and maybe even a new speech community on the other.

Second, our analysis is a secondary analysis. This means that we did not have the opportunity to compile our own interview questions with which we might have tried to elicit different answers. Although we share with the Nordic research team the goal "to display how different meaning and sensemaking practices are constructed as part of the socio-cultural integration processes, legitimizing certain interests over others … and to analyze and reflect upon different linguistic representations of the organizational reality in their becoming" (Søderberg and Vaara, 2003, p. 32), there are some differences as well. As mentioned above, we differ from the Nordic researchers in our scope. We are interested in premerger hopes, issues, and options, whereas they wanted to gain insight into postmerger accounts and reflections. Our interest is future-oriented and focused on expectations, theirs is retrospective and focused on past events, problems, challenges, and solutions—on surprises, politicized issues, promises, and expectations. Notwithstanding these limitations, we will use the data from the Nordea case to illustrate the process of analyzing. We are not attempting to reinterpret the data to show flaws or present a different "truth," but we want to elucidate how discourse can be analyzed. Four questions are pivotal in the analysis: "Who is it that says this?" "What is being said?" "Why is this being said?" "How is it said?"

The question "Who is it that says this?" is a matter of establishing power positions. We link power positions with unmarked discourse because this is the discourse for conventional and commonsense references, and power is all about the (self-acclaimed) right to define what is normal and what is not. Although it is difficult to discern the normal because it is invisible, we can distinguish unmarked discourse

when we are attentive to the abnormal. The abnormal needs some extra information, for instance, in a prefix or suffix: *man, god,* and *devil* are unmarked, whereas *woman, goddess,* and *she-devil* are marked. So we can analyze the words used to negotiate meaning by identifying their markedness and discover who claims the narrative-construction rights.

The question "What is being said?" sounds simple, but the data do not always show clear-cut answers. Sometimes the interview fragments are inconsistent or even contradictory:

> *I believe Swedes and Finns feel that one does not only understand each other professionally, but one can also trust each other, so to speak. (Swedish interviewee)*

> *For us, Finns and Norwegians, it is easy to discuss and talk very openly. (Finnish interviewee)*

> *In some areas we are more like the Danes than the Swedes and Finns are. (Norwegian interviewee)*

> *I've heard people say that is always easier for Danes and Norwegians to talk and do business together. (Danish interviewee)*

Another area of analysis is stereotyping. Sometimes this is done covertly by referring to rumors, vague sources, or the stereotyped party as the source, or jokingly to cover the negative subtext:

> *This is how the talk is going in our organization. (Swedish interviewee)*

> *I've heard people say that …. (Danish interviewee)*

> *As some of the Finns have described it themselves to me …. (Danish interviewee)*

> *Do you know what's the difference between an introvert and an extrovert Finn? The introvert Finn looks down at his own shoes when he talks to you. The extrovert Finn looks at your shoes. (Norwegian interviewee)*

On other occasions stereotyping is more open and sometimes even hostile and insulting:

> *Denmark has more or less a Latin negotiation culture. I mean, in Sweden and Finland we build it up logically. "This is what we want, this is how it is related, and if I let this go, then you will let that go, and then we get closer to a solution." That is, in principle, the basic negotiation technique which is developed by the parties of the labor market. And it also works well in merger negotiations. In the Danish*

culture—or for that sake the Latin—one says, "This is the package we want." "OK, and where is the logic?" "What kind of logic? I just want it that way." (Swedish interviewee)

And then you have the Norwegians, who have a Little Brother complex and who want to be independent. They are like the Finns. (Swedish interviewee)

In relation to marked and unmarked discourse, one might also ask the question, "Why is this being said?" In interview settings, these are unsolicited utterances. Since we have only secondary data and do not know whether the interview fragments are spontaneous, we will not go into this. However, the Nordea case provides us with an example of unmarked discourse and the question, "Why is this *not* being said?" Gender was not one of these unsolicited themes. As a matter of fact, the research team reports that gender did not come up spontaneously at all (Tienari et al., 2003, p. 235-236). Does this mean that the gender issue is unmarked and commonsense for the interviewees? Or does it mean that gender is simply not an issue for these all-male interviewees, who are not confronted with the negative outcome of the gender equation? It seems that the latter is the case. The interviewers had to make some effort to question the interviewees on this subject, for instance, by abandoning the original questions in the interview guide and finding other ways to inquire about gender equality. The conclusion is that gender equality can be discussed only in marked discourse, which makes its concerns abnormal for the ones who discuss it.

To answer the question, "How is it said?" we look at the structure of the utterances. Strategies to unmark language are to use the third person for self-reference and to use the agentless passive:

They are really an amazing bunch, real Duracell bunnies. (Finnish interviewee)

I think that we in Sweden have reason to be proud, because these issues have been placed on top of the agenda. (Swedish interviewee)

Conversely, repetition marks an utterance and refers to something abnormal:

It feels that the Swedes have kind of a discussion culture. They discuss, discuss and discuss. (Finnish interviewee)

The way they make decisions, it is simply consensus, consensus, consensus. (Danish interviewee)

They are kind of communists, all of them; they discuss and chat and inform and talk, and that takes a long time. (Norwegian interviewee)

To analyze how things are said, we can also examine the vocabulary. If something is always or predominantly referred to in the same words, chances are these

words refer to a dominant way of perceiving. Literary criticism is useful in identifying dominant metaphors, which are metaphors that help frame and explain our current situation. They are part of our unmarked discourse, and we tend to forget that they are metaphorical, that is, a way of conceptualizing A in terms of B that highlights some aspects of B while masking others (Lakoff and Johnson, 1980). In the Nordea case, an example of a dominant metaphor is the battlefield:

> *They have a real fight going on. It involves a kind of hegemony power battle between the Danes and the Swedes. (Finnish interviewee)*

> *The Danes and the Swedes have in a way a colonial attitude. (Finnish interviewee)*

> *We express ourselves without diplomacy. (Finnish interviewee)*

> *It is a fight with Danes on the one side, and Swedes and Finns on the other. The Danes thought that it's good that we came on board to help them a little in this fight. (Norwegian interviewee)*

> *The Finnish bank acts similarly to the army. (Danish interviewee)*

> *We are going to recruit some trainees for retail banking. (Key decision maker)*

> *They did not mix their blood. (Middle manager)*

If our current situation is problematic, we find that our dominant metaphors are inadequate for finding a way out. We can then turn to generative metaphors that produce new perceptions, explanations, and discoveries:

> Each story constructs its view of social reality through a complementary process of *naming* and *framing*. Things are selected for attention and named in such a way as to fit the frame constructed for the situation. Together, the two processes … carry out the essential problem-setting functions. They select for attention a few salient features and relations from what would otherwise be an overwhelmingly complex reality. They give these elements a coherent organization, and they describe what is wrong with the present situation in such a way as to set the direction for its future transformation." (Schön, 1993, p. 29)

The Nordic researchers give a clear example of how generative metaphors were developed in cultural seminars to help find words to name and frame cultural differences:

> *Even today, some of the features are talked about as in metaphors. Everything from the spider (Nordbanken) to the complicated space rocket that doesn't take off from the ground (Unibank). These are now becoming*

things that have facilitated our talking about the past. We are able to talk about the political issues in Stockholm—we have some words about it—it's a spider web…. And when someone from Copenhagen comes with [a large complicated plan that] would cost a "gazillion," and it would be very grand. Yeah, fine, but let's do a simpler piece of machinery that will do the same thing and at least lifts off. And when we have a tiny Finnish something, we say, "Remember that you are not coming directly from the woods. You have attended school. So how do we do this?" These are issues that we have learned to talk about. (Key decision maker)

Once we have mapped the power structures and the dominant and generative metaphors, we can compare them and their implications with the content of the messages. At this stage, we deconstruct the message and indicate where the form undermines the meaning. In the Nordea case, the universal language in corporate communication suggests unity, whereas the interviewees report that in practice corporate messages apply to some groups, but not others.

In our negotiations framework for socio-cultural integration, discourse analysis and literary criticism will be used to gain insight into the underlying structures of the parties' meaning-making and value systems. These approaches will allow us to unravel, through dissecting language, how the parties make sense of the world. Our meaning-making and value systems are the source of what we think is important. Therefore, they steer our evaluations, our judgments, and our decisions to reproduce this world or to endeavor to create a different world. The results of the interviews would be shared with the participants in a feedback session as part of a full-day program in which participants have an opportunity to see and hear the stereotypes and identities of each other and to explore the implications for collaboration, learning, and relationship building. Having this information in advance provides an opportunity to analyze the language, meaning, identity, and power sources of the parties. The negotiators will receive feedback on their language, stereotypes and modes of discourse as preparation for the outdoor wilderness experience and prior to beginning the translation/negotiation process. Appreciation of cultural differences and the importance of diversity for achieving synergies would be a key outcome of this discussion. The interests and individual identities of stakeholders and representative networks would also be identified and assessed. This cultural awareness program would inform the outdoor wilderness experience that follows.

Using an Outdoor Wilderness Experience to Develop Trust and Relationship

Research background. The second component is providing an experiential wilderness experience in which participants face and resolve a set of challenges to build the trust, develop the relationships, improve the communications, and establish an appreciation of diversity necessary for productive negotiations. This kind of outdoor experience has been used extensively in management development and has been shown to build relationships, trust, communication, and teamwork (Krouwel, 2002; Kolb and Kolb, 2001; Kaagan, 1999; Rumsey, 1996).

For the last fifteen years, the Johnson School at Cornell University has been successfully conducting such outdoor programs for students, executives, and other professional groups using rock climbing, white-water rafting, and canoeing as the vehicle. The programs are customized to the particular group and take on various forms, but the top end is a six-day rock-climbing experience conducted in the Adirondack Mountains of New York, the Smoky Mountains of North Carolina, or the Superstition Mountains of Arizona.

The goal of the program is to develop interpersonal and team effectiveness skills that can be transferred into the workplace. A series of planned exercises places groups and individuals in challenging situations designed to highlight issues related to leadership, communication, trust, relationships, and calculated risk taking that the group debriefs throughout the week while in a remote setting that is free from outside distractions.

Most of the more-recent programs have been in Arizona, where a group of eight to twelve participants learn these skills, as well as the outdoor and camping skills necessary to conduct a technical rock climb of Weaver's Needle, a 600-foot pinnacle of rock east of Phoenix. The venue develops a supportive environment where it is safe for members of the group to give and receive constructive, candid feedback. One of the secrets to the success of the program is that every person has the opportunity to be in a leadership role and to receive extensive feedback from other members of the group. Although the primary challenges are decision-making challenges, there is also a certain level of physical challenge entailed. Many of the participants describe the experience as "life changing."

The design of the program is based on the action-learning model developed by Kolb and Fry (1975). Kolb developed the model out of interest in exploring the processes associated with making sense of concrete experiences and the different styles of learning involved. He describes his action learning as a four-step process that includes concrete experience, observation and reflection, formation of abstract concepts, and testing in new situations. Kolb says that we learn by taking action on something new, observing the results, and reflecting on the lessons to develop a revised plan for action. This process is repeated in taking on new challenges and results in an upward developmental spiral as the lessons are mastered and applied to a widening spectrum of experience. His model is now widely used in adult education, lifelong learning, and leadership development programs.

More recently, we incorporated an additional element based on the work of Senge et al. (2004), who introduced another variation on this framework to include a greater focus on learning from the future. The Kolb learning cycle is based on reflections of learning from the past. In new business environments people must learn to seize opportunities as they arise. This suggests a different kind of cycle that enables learning as prospects emerge. This style of learning is much more *on the spot* and calls for the ability to tune in to signals of a reality that is not yet fully manifest. He describes a five-step sequence of seeing, sensing, envisioning, enacting, and "presencing." The key addition in this model is presencing, meaning the ability to be aware and take hold of the future as it emerges. The essence is

awareness, the ability to sense more-subtle experiences and see the whole as it emerges in its parts. The enabling condition for this awareness, however, he says, is love. Love, not in an emotional sense, but in the ability to connect empathically and compassionately with others. Only through such a suspension of the self are we able to fully open and learn *on the spot.*

Although the primary focus of these action-learning models is how the group learns to improve task performance, the more-important outcome is how the group develops as a mutually interdependent team. Research by Gersick (1988) and Woolley (1998) shows that groups that learn by doing the task and then reviewing their process develop stronger relationships, healthier communications, and more-innovative outcomes. To paraphrase Robert Kaplan (2003), we don't build morale to increase the productivity of the team, we do it the other way around. From a research perspective, then, it makes sense to use a task in an action-learning process to build a solid foundation for the negotiation process.

These concepts are applied in the outdoor program through frequent, and even extended, debriefing sessions after each group task or activity. These debriefing sessions are initially facilitated by the program professionals, but the participants gradually assume more responsibility for the role as the group develops. There are multiple levels of learning in this process:

- **Trust.** As people learn to know one another, face challenges, and conduct difficult conversations (around feedback), a sense of safety and trust develops.

- **Dialogue.** As the program develops, the concept of dialogue is introduced and practiced in the debriefing sessions. Dialogue is a style of communication that incorporates positive attitudes and language to balance advocacy with inquiry in conducting difficult conversations. Participants learn to advocate their position while not making others defensive and to inquire into others' while genuinely listening.

- **Relationships.** As the common experience expands and the use of dialogue is practiced, strong relationships develop. Many turn into lifelong relationships.

- **Collaboration.** As the group faces each of the challenges, participants quickly learn the importance of interdependency and collaboration in achieving common or mutual goals. Particularly in facing complex and difficult challenges, the group learns that no one person or view can dominate successfully over time.

- **Awareness.** As each person receives feedback on his or her style of interaction, and has the opportunity to reflect on that feedback, self-awareness and other-awareness increases. Each becomes both more aware of impact on, and empathic toward, others and their environment. This is the notion of presencing (Senge et al., 2004).

- **Diversity.** As members learn to appreciate one another through the development of relationships, they also begin to appreciate the impact of diversity on personal styles and cultural perspectives. Participants are introduced to personal styles and how these impact communication patterns, relationships, and conflict. And, as all of these programs are multicultural, these discussions are expanded to include the impact of cultural differences on communication, problem solving, and decision making.

Proposed program design. The overall program design gradually moves from low- to higher-risk activities both physically and emotionally as the week progresses. Outdoor skill development (camping and climbing) and group challenges (low-rope initiatives) are the vehicles for this process and for building the team, leadership, and technical skills necessary for the peak ascent. These activities are interspersed with other skill development activities such as dialogue, mentioned above. As the week progresses, the group is challenged to make more and more key decisions for itself. These decisions could include which peak to ascend, which route to take, who will lead and who will play what role in the ascent (the professional facilitators are hands-off at this point). The idea behind these decisions is that groups never form into teams until they have negotiated some tough, sensitive issues together. The week culminates with a feedback session in which the group gives feedback to each of its members in an open forum. This is a powerful process, because all know one another very well by this point, and the safety and trust that have been built in the group allow for open, honest, insightful, and supportive communication.

An example of how a negotiated agreement works in this environment comes from a group that was trying to decide which of two routes to take on a particular peak. This discussion was facilitated by the group, and the primary issues involved were the degree of challenge, camaraderie, aesthetics, and safety the two routes afforded. After discussion, the group voted 20 to 2 in favor of the more-difficult challenge. It then asked the two negative voters for their views. They again expressed their concerns. The group voted again and reversed its decision by 22 to 0. Members agreed that the easier route would fulfill their primary purposes while also meeting the needs of the minority. They would not get all of what they wanted, but they would get most of it and, at the same time, maintain the cohesiveness of the team.

Training in Sensemaking, Translation, and Negotiation

Research background. A negotiator's own cultural values and an understanding of the cultural values of others can have an important and influential impact on any cross-cultural interaction. Business negotiations, a primary activity in mergers and acquisitions, become more complicated as cultural differences among those involved in the negotiations are greater. It is not only what seem to be the typical issues posed by parties having different mother tongues, using stereotypes, or having a lack of knowledge of another culture's customs and behavior patterns that may wreak havoc in a negotiation process. Not knowing or understanding the

various assumptions each culture has about negotiations will also reduce the effectiveness of negotiations. In understanding cross-cultural mergers like Nordea, it is important to recognize that the act and process of negotiating itself can vary widely across cultures as well. Factors such as when and where to negotiate; the stages of the negotiation process; who can or should negotiate; how many people are involved; preferences for communication style; the size and shape of the negotiating table, and the negotiating environment itself may vary widely. Even the underlying values and ways of establishing trust and rapport among negotiators, persuasion processes, ways of exchanging information, and long-term relational principles can play a role in affecting the process and its outcomes.

There are many models and approaches for conducting international and cross-cultural negotiations (Graen and Wakabayashi, 1994; Graen, et.al., 2004; Hendon, Hendon, and Herbig, 1996; Brett, 2001; Watkins and Rosegrant, 2001; Ghauri and Usunier, 2003; Walker et.al, 2003). In the collaborative strategy for cross-cultural negotiations we propose, a critical step preceding the actual negotiations is to acquire a common understanding of basic cultural differences, an understanding of different perspectives on negotiation processes, and exposure to basic techniques that can enhance cross-cultural understanding and communication. Therefore, a training program for managers, negotiators, and others involved in the merger that covers these areas would greatly aid socio-cultural integration.

Negotiation is often referred to as a game (Karrass, 1992; Brams, 2003; Camerer, 2003; Watkins, 2006). In a review of the literature, a group of experts in negotiation from prominent U.S. universities note that the future directions in the field can be broken down into two areas: "differences in the negotiation *game* between cultures and how negotiators might change their *game* (or even their mental models) to bring about better negotiation" (Lagace, 2000). These researchers are not alone in their view of negotiation as a game. A quick Google search indicated more than 10 million hits on negotiation as a game. The use of the game metaphor stems from viewing negotiation as a competitive "sport" and research on negotiation from game theory. Both views lead negotiators and organizations in the wrong direction. The sports metaphor implies an artificiality that detracts from the significance and reality of the negotiation process and outcomes. Game theory reduces negotiation to the application of rational and mathematical processes that detract from the humanness of negotiation. These views also imply a zero sum situation, in which one party wins at the expense of the other party. This win/lose scenario of negotiations not only fosters adversarial relationships, but also severely limits the scope, structure, and creativity of the process and the outcomes of negotiation.

Another approach is to view negotiation as a sensemaking and meaning-construction process in which individuals and groups engaged in negotiations translate each other's needs and interests into reality. This view has important implications for individuals and organizations working toward socio-cultural integration. It fully recognizes the importance and impact of negotiations on shaping the future of the organization.

According to Weick (1995), people can know what they are going to do but only have understanding or realize the meaning of it *after* they have done and experienced it. The construction and interpretation of meaning occurs after the actual event. Sensemaking (thinking and knowing) occurs within and is directed toward a specific context. It is based on, and driven by, an individual's need to establish and maintain an identity and the needs for self-enhancement, self-efficacy, and self-consistency. In other words, people make sense of a situation through their mental models comprised of their knowledge, experience, values, identities, and perceptions.

Sensemaking is a conscious, dynamic, and interactive process in which thinking and knowing are focused on a specific context. It results in shared meaning across individuals and groups only when it is translated through interaction and discourse into a common language that incorporates the mental models (ideas, values, and identities) of the negotiating parties and the networks they represent. In other words, sensemaking is initially an individual process but becomes collective through a process of translation in which, through discourse, the negotiators create language and propositions that incorporate their mutual interests and needs and affirm their identities.

Translation, which may be referred to as *sensegiving,* involves the alignment of hopes, interests, needs, issues, and options into an agreement through the interaction of the negotiators. This alignment is the goal of translation.

The core of translation is how negotiators achieve an agreement that has relative durability and that recursively generates and reproduces itself through others. According to Callon (1986), the negotiation takes place in four stages:

1. *Problematization,* in which negotiators define the negotiation context, including issues, problems, hopes, interests, needs, and options, in such a way that all parties can recognize it as a mutual concern and find the means for addressing it.

2. *Interessement,* in which the negotiators lock each other into roles and actions that are consistent with the negotiator's mental model (values and identities) through principles, process, and ground rules.

3. *Enrollment,* in which the negotiators coordinate and integrate their interests, needs, identities, and roles in negotiable propositions and agreements through exchanging information, trade-offs, persuasion, threat, inducements, etc.

4. *Mobilization,* in which the negotiators identify, coordinate, and communicate with their representative networks. At this stage negotiators are able to speak for the many through the agreement, and they line up chains of allies and translators who together represent and construct reality.

Successful translation implies the acceptance of each side's "otherness." When negotiating parties acknowledge a difference in their interests or hopes to each other, both parties are aiming to convince the other to move to, or align with, their interests and needs. The desire to influence the other does not necessarily mean to change the other's hopes or interests, but only to understand the other's interests and needs and find a way to connect, align, and support those needs. If, in the process of interaction, both parties can acknowledge, respect, and confirm each other's hopes, issues, and options in the present moment, genuine dialogue can occur. According to Buber (1965), when each party to the negotiation imagines what the other party is wishing, feeling, perceiving, thinking as a living process in the other, then the parties are truly present to each other. This making present increases until (both parties) are embraced by a common living situation, in which any pain I inflict on my opponent surges up in myself (in Buber's terms the I-It becomes the I-Thou). He goes on to say that relation is fulfilled when both parties become present to each other: when I become a self with the other and when the other becomes a self with me. As he puts it, "in the mutuality of making present—in the making present of another self and in the knowledge that one is made present in his own self by the other—together with the mutuality of acceptance, of affirmation and confirmation," genuine dialogue and translation may occur (p. 71).

Genuine dialogue requires that each party in the negotiation regards the other party as a partner: "I affirm the person I struggle with, I confirm him who is opposed to me and expect that he will reciprocate in confirming me" 1965, p. 79). The participation of both parties is indispensable to genuine dialogue. When this occurs the negotiating parties have evolved an integrated relationship in which intersubjectivity and genuine dialogue become possible. It is what Buber called the sphere of the "interhuman."

> The sphere of the interhuman is one in which a person is confronted by the other. The unfolding of this opposition and the meaning which occurs is to be found neither in one of the two parties, but only in the dialogue itself, in this "between" which they live together…. All this can only take place in a living partnership, that is when I stand in a common situation with the other and expose myself vitally to his share in the situation as really his share. If mutuality stirs, then the interhuman blossoms into genuine dialogue…. Where genuine dialogue is fulfilled in its being, between partners who have turned to one another in truth, who express themselves without reserve and are free of the desire for semblance, there is brought into being a memorable common fruitfulness which is to be found nowhere else. (Buber, 1965, p. 86).

Thus, negotiation may be defined as a process involving two or more parties in relation to each other engaged in the process of sensemaking and translation (sensegiving), characterized by genuine dialogue with the aim of reaching an agreement on a course of action on behalf of others. The outcome of a successful negotiation is the alignment of hopes, interests, and needs in the form an agreement that all parties are committed to support. This concept of negotiation integrates experiential and reflective learning, sensemaking, and translation. It
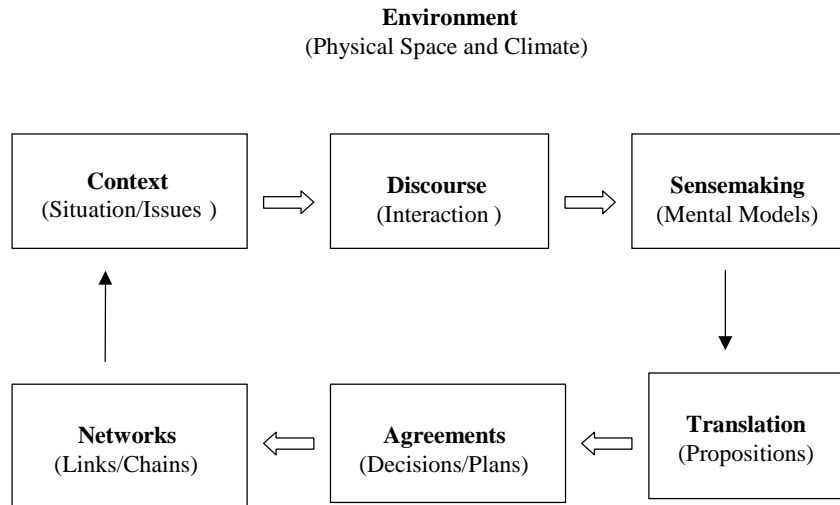
creates a new set of expectations where negotiators act—make sense—reflect—make sense—translate–make sense, and act (Schwandt, 2005, p. 187). By making experiential and reflective learning, sensemaking, and translation part of the negotiation process through interaction characterized by genuine presence and dialogue, differences separating the parties can be resolved and a new reality created.

To put it in terms of a negotiation context: two or more parties are engaged in discourse for the purpose of resolving issues, meeting their needs, and maintaining their identities. Each person is presenting his or her own interests and needs in the form of propositions and trying to get the other person to accept those propositions as a way of meeting his or her interests and needs. For agreement to occur, both parties must be able to interpret and understand their needs, values, and identities through sensemaking and be able to translate and integrate those interests and needs with the other person's interests and needs while maintaining or enhancing their identities. The outcome of this interaction, if successful, is an agreement—a joint meaning and a common interpretation of the context and mutual affirmation of each party's or group's identity.

The key elements of a negotiation are the specific context (situation or issues to be negotiated), the mental models of the negotiators (knowledge, experiences, values, identities, perceptions, the discourse (interaction and dialogue), the agreements (shared meanings, decisions, plans), the environment (physical space and climate), and, finally, the networks to which the negotiators belong and represent, which then serve as translators in socio-cultural integration and shapers of social reality. The meaning and interpretation of the negotiations may not become apparent until after the process has been experienced. In other words, the negotiators work through a process of negotiation, trying to integrate their interests and needs and maintain their identities, but may not really understand the outcomes of this process until after the negotiation, when the networks of translators have engaged. That is, the meaning and power to change social reality resides in the networks rather than the negotiators.

We propose a framework for negotiations as in Figure 2.

FIGURE 2. CONCEPTUAL MODEL OF NEGOTIATIONS

Environment
(Physical Space and Climate)

Context (Situation/Issues)	⇒	**Discourse** (Interaction)	⇒	**Sensemaking** (Mental Models)

Networks (Links/Chains)	⇐	**Agreements** (Decisions/Plans)	⇐	**Translation** (Propositions)

This approach to negotiation argues that it is possible to facilitate the negotiation process through participating in sensemaking and translation activities *prior* to the actual negotiations. For example, it is possible to examine the negotiators' mental models, affirm cultural and personal identities, build common experiences, develop relationships, construct meaningful and integrative propositions, define the negotiating context, and construct an environment conducive to negotiation—all in advance of the actual negotiations. There is growing evidence to support this argument. For example, in a study of mental models of negotiators, Van Boven and Thompson (2003) found that optimal settlements were attained by negotiators who had a greater understanding of the context and payoff structure of the negotiation; had greater skill in applying integrative processes of exchanging and using information, and trading issues of differential importance, i.e., engaging in sensemaking and translating interests; and had greater adaptability in adjusting their mental model to other negotiators, i.e., exhibited greater "in-dyad" mental-model similarity. Another important finding was that experience-based training in negotiations was more effective than didactic training in facilitating mental-model fit and producing optimal settlements. For example, the study clearly showed that experiential training enabled novice negotiators to adapt their mental models to the mental model of experts and enabled the experts to increase the abstract and integrative qualities of their mental models. These findings are consistent with a five-year leadership program for administrators and faculty at Cornell University in which a collaborative approach to leadership and a negotiations framework were demonstrated (Sidle, 2005; Warzynski 2003 and 2005). The following training program is based on the Cornell experience.

Proposed approach. Following the outdoor wilderness experience, negotiators would be required to complete an experiential three-day training program that

would integrate and build on the lessons from the culture awareness program and the outdoor program. The goals of this program would be to (a) establish and reinforce the climate and conditions for learning; (b) define the negotiation context, i.e., issues, needs, interests, hopes, etc.; (c) create the negotiation context; (d) examine and inscribe one's own mental model and the models of other negotiators; (e) identify integrative processes for exchanging information and translating interests and needs into joint propositions; and (f) design an environment (physical and emotional space) in which subsequent negotiations would occur.

The primary focus of the training would be to learn and practice the sensemaking and translation processes and to close the gaps between the mental models of the negotiators. The major topics covered in the program would include:

- Models of international negotiations.
- A collaborative framework for cross-cultural negotiations.
- Sensemaking: understanding mental models of self and others.
- Engaging in discourse through genuine dialogue.
- Defining the context of negotiations.
- Translating interests and needs into negotiable propositions.
- Designing a learning environment conducive to negotiations.
- Managing barriers and obstacles to socio-cultural integration.

This training would result in agreements on the process and learning environment for the actual negotiations, including principles, decision-making process, and ground rules; information-management process; and communication protocols. These agreements would establish meaning and facilitate mutual understanding and trust. At this point the negotiators would be fully prepared to engage in the process of socio-cultural integration. Some guidelines for creating a supportive learning environment are presented in the next section.

Creating a Learning Environment Conducive to Negotiations

The fourth and final component of the framework is creating a supporting learning environment for the negotiations. The need to develop a comfortable space and environment for genuine dialogue in negotiations has been recognized by many consultants and organizations as critical to success (Kahane, 2004; Fisher and Shapiro, 2005; and Fisher et al., 1997). Kahane, for example, points to the importance of the Mont Fleur Conference Center outside Cape Town as the site in which negotiations occurred during the transition of South Africa from apartheid to an egalitarian society. He writes, "The relaxed, residential setting helped [the negotiators] get to know one another. We had the whole of the beautiful Mont Fleur Center to ourselves. During breaks in the workshops we went for walks in the mountains or played volleyball or billiards. In the evening we had long conversations in the lounge, which had a well-stocked wine cellar sponsored by one of the participating companies. I chatted by the fireplace … This whole scene was remarkable" (p. 22).

Another part of a learning environment includes the principles or ground rules for discussion and negotiations. As Kahane argues, "We have to shift from downloading and debating to reflective and generative dialogue." His suggestions for solving tough problems in negotiations are as follows:

1. Pay attention to your state of being and how you are talking and listening. Notice your own assumptions, reactions, contractions, anxieties, prejudices, and projections.
2. Speak up. Notice and say what you are thinking, feeling, and wanting.
3. Remember that you don't know the truth about anything. When you think that you are absolutely certain about the way things are, add "in my opinion" to your sentence. Don't take yourself too seriously.
4. Engage and listen to others who have stake in the system. Seek out people who have different, even opposing, perspectives to yours. Stretch beyond your comfort zone.
5. Reflect on your own role in the system. Examine how what you are doing or not doing is contributing to things being the way they are.
6. Listen with empathy. Look at the system through the eyes of the other. Imagine yourself in the shoes of the other.
7. Listen to what is being said, not just by yourself and others, but through all of you. Listen to what is emerging in the system as a whole. Listen with your heart. Speak from your heart.
8. Stop talking. Camp out beside the questions and let answers come to you.
9. Relax and be fully present. Open up your mind and heart and will. Open yourself up to being touched and transformed.
10. Try out these suggestions and notice what happens. Sense what shifts in your relationships with others, with yourself, and with the world. Keep on practicing (p. 129-130).

Hewlett Packard focused on the importance of the learning environment in its acquisition of Compaq in 2001. It introduced the concept of a "clean room" (Ferlow and Kind, 2004). The clean room was a small office for planning and integrating the two organizations. The idea of the clean room was to create an environment conducive to translating hopes, needs, and interests into viable options and negotiating those options with the goal of leveraging the best of both organizations.

The clean room at HP-Compaq was responsible for developing a master plan and road map for integrating the two organizations. It operated behind locked doors, and outsiders were barred from entering. The office reported to a steering committee comprised of several senior executives who met three to four times a week to consider the status of integration planning and review decisions of the negotiators.

Extensive negotiations and some new strategies were required to accomplish this goal. One strategy used in the clean room was known as the "Noah's Ark's strategy". It was used to staff the office and involved selecting pairs of individuals representing each function and business unit from both organizations.

Members of the clean room also used an "adopt and go" strategy to manage the decision process. "Category by category, the team of pairs reviewed the elements and approaches by each pre-merger company, and then—rather than using a hybrid or redesigning each system—selected the best method to use going forward" (Ferlow and Kind, 2004, p.6). This process was aimed at preserving the best features of each company and discarding the rest. A tool used to resolve conflict in this process was called "launching the moose." This meant that whenever differences were identified, rather than ignoring them, the negotiating team would put the "moose on the table." Further, it was agreed that all decisions were resolvable and would be identified and discussed openly.

In addition, senior management mandated that decisions made in the clean room were irreversible. This created greater efficiency in decision making by severely restricting the number of times in which a decision would be reviewed. It soon lead to the phrase, "Shut up and eat it." Other rules of the clean room (sometimes called "the garage") were:

1. Believe you can change the world.
2. Work quickly, keep the tools unlocked, work whenever.
3. Know when to work alone and when to work together.
4. Share tools and ideas—trust your colleagues.
5. No politics or bureaucracy (these are ridiculous in a garage).
6. The customer defines a job well done.
7. Radical ideas are not bad ideas.
8. Invent different ways of working.
9. Make a contribution every day. If it doesn't contribute, it doesn't leave the garage.
10. Believe that together we can do anything.

Consulting firm McKinsey uses a "clean team" concept (Smedt, Tortorici, and Ockenburg, 2005) to foster a learning environment. A clean team is a neutral group that supports the merging companies in the premerger stage and in postmerger integration. The clean team conducts assessments, analyzes data, logs issues, maps communications, distributes information, and performs other tasks as assigned by management. The clean team can work with both sides in a merger and is often responsible for developing integrative solutions and business plans. McKinsey consultants frequently play this role in mergers and acquisitions. According to the authors, "Successfully implementing a clean team requires meticulous preparation. In particular, the negotiating companies must have an unambiguous shared understanding of all the conditions under which the clean team will work—and of what happens to the members if a transaction isn't concluded. Most importantly, a clean team must be structured so that it doesn't favor the interests of any one party over the others" (Albizzatti, Christofferson, & Sias, 2005). Management needs to develop guidelines and ground rules for the clean team before establishing the group.

A final example of creating a supportive learning environment occurred at Cornell University in 1998, when the university established a hetereogeneous group comprised of faculty, community members, and administrators to review a proposal for a waste management facility. The issues facing the university in this context were extremely complex and controversial. The first few meetings of the group were contentious and nonproductive. With the guidance of faculty from the law school, a list of principles, guidelines and protocols were developed that guided the group through the development of a normative framework and a rational decision process to a successful outcome.

World Benefits of Socio-Cultural Integration

Globalization is creating opportunities for corporate mergers in the private sector and nongovernmental organizations (NGOs) in the public sector. From an international perspective NGOs form the backbone of civil society and play a key role in environmental, economic, and social development. The United Nations Development Program estimates that NGOs impact some 250 million people in developing countries around the world (Adair, 1999).

NGOs are comprised of service providers, government watchdogs, policy analysts and expert advisers, lobbyists, change agents and consultants, and special-interest groups. They focus on a wide range of issues from environmental sustainability, human rights, social justice, and peace to world trade and poverty reduction (Esty, 1997, p. 7). NGOs perform an essential role in international society by providing services to meet economic and social needs that governments are unwilling or unable to meet. They also influence public policy and shape public opinion, strengthen democratic processes, and promote cultural pluralism.

In September 2005, 2,000 participants from 700 NGOs met with the United Nations Department of Public Information (DPI) at the 58th annual DPI/NGO Conference in New York City. The title of the conference was Our Challenge: Voices for Peace, Partnerships, and Renewal. The conference focused on how NGOs could contribute to the UN's Millenium Development Goals. The delegates discussed how NGOs could partner with the UN in fulfilling its mission to promote the freedom, security, health, and well-being of people around the globe. In his concluding remarks to the conference, Kofi Annan called for an NGO revolution in which NGOs would be "guardians of the reform of the international system" (Bolton, 2005).

Michael Edwards, of The World Bank, argues that NGOs can make a difference in the world in two ways: (1) they can aggressively pursue their specific cause in providing humanitarian aid or economic and social services to clearly defined market niches, or (2) they can form partnerships and aggressively pursue broader social change. As he puts it, "In the first model, impact comes from aggregation, that is, the size of programs and number of deliverables; in the second it comes from articulation, namely the multiplier effect of working together to lever change in larger structures" (Edwards, 2002, p. 56). Mergers offer strategic opportunities for NGOs in regard to both areas—providing services and forming partnerships

within and across national borders. In fact, there is a growing trend in NGO mergers driven by their needs to increase impact and reduce costs. In a study of charities in the UK, Broad (2000) found in a survey that over one-fifth (22%) of all charities (over 500,000) currently work collaboratively, 5% of charities exist as a result of a merger, and 13% of large charities have either merged or actively considered a merger in the last ten years. The Charity Commission notes, "Our casework experience and survey results show that collaborative working can bring a wide range of benefits to charities and their beneficiaries or users. Sharing knowledge (59%), joint service delivery (49%), and sharing resources to increase efficiency (40%) are the most common reasons given for collaboration" (2003, p. 2). The Charity Commission encourages charities to consider merging especially where they can increase efficiency and provide better service to users or beneficiaries. They even provide extensive enabling support to charities pursuing a merger.

In the agricultural field, mergers are also increasing. To quote from the popular newsletter *Spore,* "Merger mania is in the air, and not just in commercial enterprises. Non-governmental organisations in Europe are merging madly, as did the Dutch development co-funding agencies Bilance-Cordaid. Environmental movements and trade unions, nationally and globally, have seen the values of pooling their work. National governments are slowly learning the benefits of partially merging, or at least sharing, their agendas. Regionalisation, whether in ACP or European terms, is also a form of merging" (Spore, 2000).

Socio-cultural integration is a major challenge in corporate mergers, mergers of NGOs, and other cross-border social and economic development initiatives. Successful case studies of socio-cultural integration are rare. The reasons for this are (1) differences and clashes in organizational cultures and managerial styles, (2) inadequate attention by executives to organizational integration, (3) the penchant for using top-down authority to resolve differences, (4) politics, and (5) the lack of methodology and skill around how to do it. The framework for cross-cultural negotiation summarized in this article is designed to address these issues. Through the application of this framework, many of the problems associated with mergers and strategic alliances and partnerships can be resolved. The framework provides a systematic approach for developing common experiences, building effective relationships and trust, structuring negotiations, and establishing a learning environment.

The framework represents an alternative to "position-based negotiation," which often leads to adversarial and win/lose outcomes. By engaging in reflective learning, sensemaking, and translation (sensegiving) within an open and safe learning environment, and with clear principles and ground rules, the parties to a negotiation can examine and adjust their mental models, assumptions, and positions and develop genuine dialogue and cooperation in facilitating socio-cultural integration and optimizing organizational performance.

The use of this framework requires a focused effort on the part of management. Executives must be willing to make an initial investment of time and resources as well as make a tangible commitment to diversity and resolving cross-cultural issues. Sensemaking and translation during the development and implementation of the framework would improve communication, relationships, teamwork, and trust as executives and managers become more aware of themselves and each other. The involvement of a broad cross-section of employees in this process would facilitate integration and foster the development of new concepts and tools for expanding organizational capacity. The guidelines, ground rules, and procedures established in creating a learning environment could become an integral part of the organization's culture. The continuity of learning, sensemaking, and translation activities and skills would foster an interactive openness and adaptability in the organization's capacity to deal with complexity, change, and emerging environments.

Finally, it should be noted that the success of the framework has yet to be fully tested and demonstrated in the public arena. Although the Nordea case provides inspiration, support, and clues to successful socio-cultural integration and there is a good body of research and theory to support the framework, including a long history of its implementation in leadership development programs (Warzynski, Sidle, and Hewertson, 2005; Sidle, 2005; Warzynski and Chabot, 2003), and even a validated research design for testing it (Maitlis, 2005), the true test awaits corporations and NGOs and other groups in their quest to reach out across their differences and affirm and leverage each other's uniqueness in creating a better world.

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