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TITLE OF THE RESEARCH PAPER: Did the Malundian Cassava Corporation's board of directors develop and apply an appropriate methodology to assure a sustainable development of the Malundian economy especially in terms of technology transfer, of obtaining expertise in international marketing planning, of simulating the KJH negotiation strategy and related to leadership techniques?

ABSTRACT OF THE PAPER:

This research paper examines the negotiation exercise undertaken between postgraduate students in Dundee and Washington. It measures how concept of principled negotiation was applied and addresses central questions of international marketing planning. Additionally, matters arising from a simulated negotiation within the Dundonian team is evaluated. The paper is completed by a critical analysis of the prevailing leadership techniques. It reveals tensions between the team's non-elected president and the group members and gives evidence that such tensions may reduce the creativity and efficacy of a team of business negotiators.

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Research Paper

Did the Malundian Cassava Corporation's board of directors develop and apply an appropriate methodology to assure a sustainable development of the Malundian economy especially in terms of technology transfer, of obtaining expertise in international marketing planning, of simulating the KJH negotiation strategy and related to leadership techniques?

by

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LL.M Programme

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Abbreviations

BATNA	Best Alternative to a Negotiated Agreement
DC	Developing Country
KJH	KJH Pharmaceutical Corporation
MCC	Malundian Cassava Corporation
MNE	Multinational Enterprise
SWOT	Strengths, Weaknesses, Opportunities and Threats

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as amended by the Protocol Amending the Preamble and Parts II and III of the General the Agreement on Tariffs and Trade, March 10, 1955, BISD 6th Supp. 13 (1958), 278 U.N.T.S. 168,
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1. Introduction

This paper will discuss whether the board of directors of the Malundian Cassava Corporation [MCC] has developed and applied a negotiation methodology which efficiently addressed the objectives of MCC in order to establish mutually beneficial long-term business relations with the multinational KJH Pharmaceutical Corporation [KJH]. This approach is justified by the prospect that only a careful definition of relations between both companies will cause a long-term advantageous impact on the Malundian economy. Initially, parties, the MCC team and its basic objectives are introduced. Secondly, the paper gives a brief account of the strategic options of agents who negotiate on behalf of principals. Later, the real moves of the MCC team are assessed focusing not only on international marketing, but also on simulated negotiations¹ and on leadership.

It will be stated that the achievement of desired economic results depends on sustainable transfers of technology, on enhancing research and development capabilities, on combating under-employment, on obtaining expertise in international marketing for successful exports of domestically manufactured cassava extracts to the world market. Additionally, it will be pointed out that MCC was able to understand the probable objectives and the likely strategy of the KJH counterpart, their strengths, weaknesses, opportunities and threats [SWOT], their best alternative to a negotiated agreement [BATNA] and to anticipate their future moves as a result of the simulated negotiation undertaken by MCC's KJH group.

¹ simulated negotiation between MCC's KJH-Group (Gonzalo, Henning) and a provisional MCC team (Dappo, Riaz, Indira).

2. Background

Before discussing the theoretical aspects of negotiation methodology, it is useful to underline the basis for the negotiations exercise, i.e. the parties, the MCC team and MCC's objectives as defined by the team.

2.1 The Parties

MCC forms a legal entity and is mainly determined by the fact that it is 75% state owned² and that the Malundian cassava market is not liberalised: MCC is by law required to purchase all cassava that is offered by Malundian Cassava growers at a price level that is fixed by government officials. Furthermore, it has the monopolistic right to sell cassava to final consumers in Malundi³ whereas the cassava growers are entitled to sell the commodity to final consumers on international markets⁴. Its good reputation is challenged by the fact that cassava production has exceeded and will exceed the domestic and international demand for nutrition purposes for the foreseeable future⁵. Another drawback is the lack of international marketing expertise⁶.

KJH can be described as an experienced multinational pharmaceutical company with high quality products at the edge of technological development which is looking for a cassava supplier in order to manufacture an extract that is a cure for

² D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 10.

³ D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 10.

⁴ D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 10; The wording "MCC has a monopoly on the retail sales of cassava in Malundi" points out that the cassava growers are entitled to sell their cassava to final consumers on international markets.

⁵ D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 3, 7 and 11: ten years of surplus are predicted.

⁶ D. Bradlow, *Secret Negotiating Instructions for MCC*, p 2.

arthritis⁷. Its position is weakened by the fact that a reliable surplus of cassava is currently only found in Malundi⁸ and by its bad reputation in developing countries⁹. However, it is expected to produce an artificial extract on a commercial basis within ten years¹⁰.

2.2 MCC's Team

During the negotiations, MCC is represented by its board of directors that consists of extremely heterogeneous professions¹¹ and nationalities¹². The inter-organ structure is initially characterised by the Presidency. The President forms the legal and accountancy departments at the first meeting and one person is made responsible for taking minutes¹³. However, half of the board members are not granted any particular functions at this stage. This approach may on the one hand prevent people from getting strong responsibilities that might challenge the position of the leader but on the other hand it denotes a first drawback in terms of leadership: board members without responsibilities are and feel redundant. Furthermore, it is difficult to motivate them later. During the third meeting, two board members are chosen to represent the Malundian Cassava growers association¹⁴, another faction will represent the

⁷ D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 6.

⁸ D. Bradlow, Secret Negotiating Instructions for KJH, p 2.

⁹ D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 16.

¹⁰ D. Bradlow, Secret Negotiating Instructions for KJH, p 2.

¹¹ e.g. Accountants, Economists, Engineers, Lawyers.

¹² e.g. Bolivia, Germany, Nigeria, Pakistan, Peru, Romania, Scotland, Zimbabwe.

¹³ MCC's Minute taking was a weak point as there was a lack of style, accuracy and completeness so that it was essential to take personal notes: e.g. the minutes of 17 February 2000. It was correct that the leader criticised this fact. However, the timing for the criticism only one week in advance of the final conference was inappropriate. Furthermore, The criticism lead to a conflict between Dave and Diana.

¹⁴ Maureen and Dappo. In terms of allocative and productive efficiency of the Malundian economy, it was highly questionable that the Cassava Growers demanded a system of fixed pre-plant prices that MCC has to pay for offered Cassava.

government's view¹⁵. In the following meeting, the marketing group is formed which includes the leader¹⁶. That is a questionable approach as a leader can not keep the balance between the needs of the task, the group and its members while one is personally engaged in departmental work: As Departmental work has to be a subject of moderated group discussions, the leader's authority and ability for impartial moderation and decision making with casting votes and the idea of leader's supreme expertise is undermined. During the next session, the group is formed which will play KJH during a simulation of the later video conference¹⁷. One week before the video conference, the additional participants of the video conference are elected¹⁸.

2.3 Objectives of MCC

The board established the following core objectives: The predicted long term surplus of Cassava supply shall be used to create maximised revenues. This revenues shall be generated in foreign currencies in order to reduce Malundi's balance of payment deficits. As MCC is currently in the position of being a monopolistic large-scale supplier of Cassava on the world market, it shall try establishing a long term business relationship with KJH in terms of a JV or a licensing agreement so that access to KJH's superior technology¹⁹ is secured, international marketing expertise is obtained and Malundian under-employment is combated.

¹⁵ Ike Chime; the basics for the government view are found in: D. Bradlow, *Research Seminar: Selected Issues in International Business, Simulation Exercise: Investment in the Republic of Malundi, Briefing Materials on the Republic of Malundi*, p 5.

¹⁶ Diana, Indira, Henning. This approach is insofar questionable as one can expect that the leader intends to achieve a forum for impressing the audience.

¹⁷ Gonzalo and Henning. After having conceptualised the likely KJH strategy, it is difficult for members of this group to identify themselves with MCC again. During the negotiation simulation, MCC is represented by Dappo, Indira and Riaz.

¹⁸ Rias (Legal Department), Maureen (Cassava Growers), Ike (Government), Indira (Marketing), Carlos (Accounting), Michael and Henning (Lawyers for dispute settlement), Gonzalo, Karim (additional members).

¹⁹ especially the technology to produce the cassava extract and may be the future technology of artificially produced cassava extracts.

From the very beginning, the President states that a JV that establishes a limited liability company is a superior option compared with a licensing agreement. This view is supported by the fact that management and marketing training might be easier. However a licensing agreement contains important advantages for MCC, too: Royalties can be paid in cassava instead of hard currency. Additionally, real management skills can only be obtained by real challenges and responsibilities. As a matter of fact, the difficult market entry may be facilitated by the monopoly hold by KJH and MCC by means of exclusive demarcation agreements²⁰. Finally, KJH is likely to lose interest after beginning with commercial production of artificial extracts. Therefore, a licensee with five years experience may be better prepared to compete than the former minor partner of a JV whose core items including the day to day running have been dominated by the major partner.

3. Theoretical Aspects of Negotiation Methodology

Three stages of negotiation methodology are generally distinguished: pre-negotiations, conceptualisation and drafting the agreement²¹. It should be emphasised that it is controversially discussed whether these stages are mutually exclusive or not²². Practically speaking, the stages are mixed as the advisable usage of letters of intents, of standardised model agreements or of unilaterally pre-drafted clauses is an important example how precisely drafted terms may facilitate the stage

²⁰ U.S. competition law is generally not applied extraterritorially to international JVs that involve American Companies.

²¹ W. Fox, International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 129 : identifying objectives, i.e. pre-negotiations; p 127: negotiations, i.e. conceptualisation; p 127: drafting.

²² Most contract drafter belief in a separation. q.v. W. Fox, International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 127.

of conceptualisation before the final stage of comprehensive drafting has begun. These items are an additional incentive for early preparation, lead to better performance and combat the blank page syndrome²³.

The pre-negotiation stage initially demands that the negotiators recognise the objectives of the entity on behalf of which they are negotiating²⁴. Secondly, a SWOT analysis has to be carried out that establishes the current advantageous and disadvantageous factors without ignoring the capabilities to attain future competitive advantages (opportunities) or the risk of drawbacks (threads).

Thirdly, the BATNA should be identified in order to underline how powerful the own position is and which concessions are acceptable in order to avoid unnecessary sticking points and which have to be resisted in order to keep the commercial viability. The results of these analyses should be gathered so as to develop a strategy to achieve the corporate objectives and Later tactical skills have to be applied to implement the strategy²⁵.

Negotiation strategy and tactics are influenced by the concept of principled negotiation. The latter consists of four elements. The first states that it is crucial for the best outcome of the negotiations to separate the idiosyncrasies of the counterpart from the substantive problems²⁶. Thereby, the human factor is adressed by direct, expressive negotiations on the procedural aspects of the relationship. This facilitates an atmosphere in which everyone is tackling substantive problems but being soft on

²³ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 134.

²⁴ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 129.

²⁵ J. W. Salacuse, *How should the Lamb negotiate with the Lion? Power in international Negotiations, in Negotiation Ecclectics: Essays in Memory of Jeffrey Z. Rubin* 87 (D.M. Kolb and J.Z. Rubin, eds., Cambridge, U.S.: Pon Books, 1999) p 93.

²⁶ R. Fisher and W.Ury, *Getting to Yes, Negotiating an Agreement without Giving in* (2nd ed.) (London, U.K., Random House Business Books, 1991) p 21.

the people. Consequently, mutual trust is built up more quickly and it is avoided that one tries getting future substantive concessions simply by granting own concessions and being polite²⁷. The second element highlights that it is important to focus on interests rather than on positions²⁸. Positional bargaining usually involves choosing unrealistic starting positions, which are unjustifiable in terms of the true interests. In fact, those starting points fail to establish the intended additional space for manoeuvre and concessions. Only careful considerations of parties' interests explain the causes why a clause is controversially discussed. By addressing these issues, the dispute may be dissolved quickly.

This organically leads to the third aspect of principled negotiation: the invention of options for mutually beneficial deals²⁹. It is criticised that introducing options may raise the complexity of the process and diminish its pace³⁰. However, a deal based upon mutual benefits may create a positive sum game so that the likelihood of performance is higher and the probability of both breach of contract and disputes is decreased³¹.

The fourth element deals with the usage of objective criteria to describe antagonistic party interests because this approach identifies unjustified claims and secret ill defined motivations³².

²⁷ The approach of being soft on people and soft on procedural and material problems is dominated by hard negotiators who are rude in all aspects and regard concessions as a sign of positional weakness; q.v. R. Fisher and W.Ury, *Getting to Yes, Negotiating an Agreement without Giving in* (2nd ed.) (London, U.K., Random House Business Books, 1991) p 8.

²⁸ R. Fisher and W.Ury, *Getting to Yes, Negotiating an Agreement without Giving in* (2nd ed.) (London, U.K., Random House Business Books, 1991) p 42.

²⁹ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 188.

³⁰ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 193.

³¹ e.g. The buyer might agree on a highly priced commodity if the seller can additionally guarantee a specific quality which will limit the exposure of the industrial buyer to production halts by far.

³² R. Fisher and W.Ury, *Getting to Yes, Negotiating an Agreement without Giving in* (2nd ed.) (London, U.K., Random House Business Books, 1991) p 85.

Regarding the power distribution between both the parties and the negotiators, it can be stated that the situation is characterised by the nature of agent-principal relations, so that each board is a trustee of the legal entity's interests³³. Additionally, hidden economic conflicts between the agent's interests (board) and the principal's interests (shareholders) are common³⁴. With regard to power distribution between a large and a small entity, it has to be underlined that the sectional powers of the parties are decisive for the outcome of the negotiations rather than the aggregated ones³⁵. Finally, flexibility is a crucial tool to achieve the negotiation task³⁶.

4. Framework of Negotiations

In the course of the negotiations, MCC's board generally implemented the methodology which is suggested by the leading scholars of negotiation theory.

4.1 Prenegotiations

In the stage of pre-negotiations it is worth while stressing that MCC failed to develop a BATNA due to a misinterpretation of the leader. The President's agenda did not provide time for a detailed discussion of MCC's BATNA. This was caused by a misunderstanding of the meaning of the term. The leader was of the opinion that MCC's BATNA was constituted by a long term supply contract for cassava between MCC and KJH as an alternative to an incorporated JV.

³³ J.W. Salacuse, *Law and Power in Agency Relationships, in Negotiating on Behalf of Others: Advice to Lawyers, Business Executives, Sports Agents, Diplomats*, 157 (R.H. Mnookin and L. Suskind, eds., Sage, U.S.: Altamira Press, 1999): fiduciary duties p 161.

³⁴ J.W. Salacuse, *Law and Power in Agency Relationships, in Negotiating on Behalf of Others: Advice to Lawyers, Business Executives, Sports Agents, Diplomats*, 157 (R.H. Mnookin and L. Suskind, eds., Sage, U.S.: Altamira Press, 1999): power dynamics between principal and agent, p171 .

³⁵ J. W. Salacuse, *How should the Lamb negotiate with the Lion? Power in international Negotiations, in Negotiation Ecclectics: Essays in Memory of Jeffrey Z. Rubin* 87 (D.M. Kolb and J.Z. Rubin, eds., Cambridge, U.S.: Pon Books, 1999) p 93.

³⁶ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 195.

The former interpretation is incorrect as the term's wording and rationale is based on the fact that one shall investigate the alternative to every negotiated commercial relationship between the counter-parties³⁷. Only this approach enhances the understanding of both parties' strengths and weaknesses and enables them to implement new unconventional ideas and options for mutual benefit.

4.2 Conceptualisation by Means of Proposals and Counter-proposals

The stage of conceptualisation was dominated by lengthy discussions about the structure of the commercial relationship³⁸. Especially, it has to be criticised that the parties neither introduced draft clauses from formbooks, nor proposed unilaterally pre-formulated own terms nor used letter of intents³⁹. These tools would have facilitated the lengthy discussions. At the end of the second meeting, the President turned down a proposal of forming a spy group that shall investigate KJH's main interests and concerns by means of discussions with unsatisfied KJH board members via e-mail⁴⁰.

³⁷ q.v. W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 190.

³⁸ KJH initially proposed a long term supply agreement. MCC insisted on a JV for production and marketing. KJH moved to a 100% affiliate for production and a JV solely for marketing before agreeing on a JV for both. Then, the shareholdings and the allocation of the board of directors were the controversial issue in order to protect MCC as the likely minority shareholder. Legal issues of the formation of joint ventures are discussed in the paper Allen & Overy, *Joint Ventures, Key Legal Issues* (1997): subscription agreement p 8, shareholders' agreement p 8, articles of association p 9; minority protection p 12.

³⁹ W. Fox, *International Commercial Agreements, A Primer on Drafting, Negotiating and Resolving Disputes* (3rd ed.) (London, U.K., Kluwer Law International, 1997) p 82 and 147; e.g. UNCTAD Codes of conduct for transfer of technology and multinational corporations, Int. Legal Materials 453 (1978): These rules attempt to limit the negotiation power of the multinational Enterprise [MNE]. The MNE shall respect the sovereignty of the host country and shall accept the responsibility of the host government to regulate wealth of the nation by means of controlling natural resources. Additionally, the MNE shall avoid interference with internal affairs like social, environmental, economic policies.

⁴⁰ Henning proposed a spy group that shall put a letter on the website encouraging (unhappy) KJH team members to write e-mails to the spy group that promised to offer better conditions than the official MCC negotiators. The Facilitator liked the idea but the President refused it. I think that the fear of losing tight, autocratic control was prevailing. Surprisingly, even the leader admitted later that there was a lack of exchange of interests and concerns between the groups.

4.3 Drafting of Clauses

The drafting stage was not reached during the course of negotiations.

5. Conclusion

The evaluation of the negotiations exercise has shown that the MCC board has generally applied the core concepts of principled negotiation very skilfully so that a positive impact on Malundian economy and technology due to the probable design of the JV is very likely. The difficulties regarding procedural and substantive matters and leadership are a natural result of a close co-operation between people who have different cultural⁴¹ and professional backgrounds and ideologies. In order to improve the exercise it might be an option to replace the e-mail based communications to Washington with two small Dundonian teams who meet for weekly negotiations. This might facilitate the negotiations and avoid late e-mails from Washington which usually arrived late without being too creative. Especially, the fragile sound and slow video technique during the final conference is still far from simulating the atmosphere of face-to-face negotiations. However, the Washington team's persistent doubts during the conference regarding 10 years of Malundian cassava supply were sustained as the materials only mention an estimated surplus of annual production for 10 years. Contrarily, the MCC negotiators argued that the current physical stocks of cassava would cover 10 years of consumption.

⁴¹ The impact of cultural barriers on negotiation is discussed in J.W. Salacuse, *Making Global Deals*, What every Executive should Know About Negotiating Abroad (1st ed.) (New York, U.S., Times Books, 1991) p 5 and 42 et seq..

6. Annexes

6.1 Selected Issues in International Marketing, the Marketing Group Experience and The Marketing Meeting

Although it is beyond the scope of this paper to offer an in-depth analysis of the issues related to international marketing of the cassava extract, some summarising key notes are provided: It can be stated that the effectiveness of the regional African trade agreements is very limited⁴². The same is true for preferential treatment of the U.S. and Japan pursuant to Art. XXXV GATT⁴³ because the reduction of tariffs are generally not relevant in commercial terms⁴⁴. This result is especially true for manufactured products⁴⁵ like extracts compared with raw materials like cassava.

Although the manual points out that the development of African markets is desirable, it seems to be favourable to focus on American, European and Japanese markets as these markets are not only characterised by a large number of aged, willing and able consumers but also offer high standards of patent protection and legal security so that reliable distribution structures are easier to establish. The Annex provides further details.

Regarding the performance of the marketing department, it can be stated that the President decided to participate in the group in order to give a presentation⁴⁶. At the

⁴² q.v. G.J. Lanjouw, *International Trade Institutions* (1st ed.) (London, U.K., Longman, 1995).p 73; IMF Occasional Paper No. 93 (1992).

⁴³ The General Agreement on Tariffs and Trade, GATT, IV BISD 1, 55 U.N.T.S. 194 (1969), as amended by the Protocol Amending the Preamble and Parts II and III of the General the Agreement on Tariffs and Trade, March 10, 1955, BISD 6th Supp. 13 (1958), 278 U.N.T.S. 168, as de facto amended by BISD 13th Supp. 1 (1965) hereinafter: GATT.

⁴⁴ q.v. M.J. Trebilcock and R. Howse, *The Regulation of International Trade* (1st ed.) (London, U.K., Routledge, 1995) p 82,83, 84. MFN Tariffs are compared with applied ones and preferential ones.

⁴⁵ q.v. q.v. M.J. Trebilcock. and R. Howse, *The Regulation of International Trade* (1st ed.) (London, U.K., Routledge, 1995) p 82,83, 84.

⁴⁶ This is a serious drawback in terms of leadership; q.v. Crainer, S., *Key Management Ideas, Thinking that Changed the Management World* (1st ed.) (London, U.K., Financial Times Pitman Publishing, 1996) p 179 with respect to N. Machiavelly, *The Prince: He ought above all things to keep his men well-organised and drilled, to follow incessantly the case*; q.v. infra at 6.3

first group meeting, the President tried to dictate the group agenda by demanding that the members only look for minor details of Regional African Trade Agreements in the internet⁴⁷. Alternative proposals to introduce the basic concepts of international marketing, to address the value of preferential treatment under the GATT and to use power point with transparencies were refused. After 15 minutes of discussion, the President summarised an agenda that included the slides and the preferential treatment issues. Surprisingly, the President used the words "as I have already proposed" to address the amendments that were demanded by the group. One can summarise that persistent arguing leads to unconscious amendments of the mind of leaders who do not want to change their mind evidently.

Having regard to the marketing meeting, a group member distributed power point handouts few minutes before the meeting is inaugurated. The President worried in public about the fact that the basic concepts of international marketing are addressed. Later, the presentation was cancelled owing to the official answer that the President simply forgot the third part of the presentation after the audience had posed a question. This explanation is doubtful, as the questions gave the opportunity to drop the disregarded issues and to avoid a discussion about marketing issues that was not totally controlled by the President itself. The marketing meeting has revealed other issues of leadership that will be addressed below.

⁴⁷ After the meeting, Indira used the word "dictator" to describe the President's attitude.

6.1.1 Power Point Presentation

6.1.2 Marketing Presentation - Discussion Materials

<p>6.1.2.1 Regional Economic Integrations in Africa⁴⁸</p>	<ol style="list-style-type: none">1. ECOWAS 1975 Economic Community of West African States<ul style="list-style-type: none">- Free trade area- hardly implemented- the intra-regional exports only account for<ul style="list-style-type: none">- 4.2 % (1975)- 5.3 % (1985)- 6 % (1990)2. PTA 1981 Preferential Trade Area (East and Southern Africa)<ul style="list-style-type: none">- Free trade area- the intra-regional exports account for<ul style="list-style-type: none">- 7 % (1985)- 8.5 % (1990)3. UDEAC 1964 Customs and Economic Union of Central Africa<ul style="list-style-type: none">- Free trade area- hardly implemented- the intra-regional exports only account for<ul style="list-style-type: none">- 5 % (1970)- 2.1% (1985)- 4.6 % (1990)4. CEPGL 1976 Customs and Economic Union of the Great Lake Countries<ul style="list-style-type: none">- Free trade area- the intra-regional exports only account for<ul style="list-style-type: none">- 0.4 % (1970)- 0.8 % (1985)- 0.6 % (1990)- attempts to unitise UDEAC and CEPGL
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⁴⁸G.J. Lanjouw, International Trade Institutions (1st ed.) (London, U.K., Longman, 1995) p 70-71.

<p>6.1.2.2 Rationale of African Regional Trade Integrations⁴⁹</p>	<ol style="list-style-type: none">1. The agreements normally fail to be successful owing to the following reasons:<ol style="list-style-type: none">a. poor implementationb. positive list approach trade in a commodity is only liberalised after it is agreed on putting it on a positive listc. delaysd. not significant discounts on customs so that inter community trade is not effectively facilitatede. As tariffs are an important source of government revenues the progress of liberalisation is very difficultf. dept crisis in the 1980sg. colliding policy goals of DCh. import subsidisation policy Vs regional trade policy
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⁴⁹ G.J. Lanjouw, International Trade Institutions (1st ed.) (London, U.K., Longman, 1995).p 72-73.

6.1.2.3 Regional Economic Integrations in Africa

[Table omitted in the online version, please contact the author]

6.1.2.4 Limited Efficiency of Regional Economic Integrations between DC

[Table omitted in the online version, please contact the author]

6.1.2.5 Limited Value of Preferential Treatment

[Table omitted in the online version, please contact the author]

[Table omitted in the online version, please contact the author]

6.1.3 Key terms of international marketing

6.1.3.1 Marketing planning ⁵⁰	Marketing planning is a process that identifies the corporate objectives that analyses the corporate SWOT, that formulates a strategy to implement the corporate objectives efficiently that schedules and costs out the activities which serve best the overall objectives
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6.1.3.2 probable Corporate objectives ⁵¹	<ul style="list-style-type: none">- attain specific return on investment- attain/defend competitive position- attain/defend global market share
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⁵⁰ L.S. Walsh, *International Marketing* (3rd ed.) (London, U.K., Pitman Publishing, 1994) p 180.

⁵¹ L.S. Walsh, *International Marketing* (3rd ed.) (London, U.K., Pitman Publishing, 1994) p 184.

<p>6.1.3.3 SWOT Analysis⁵²</p>	<ul style="list-style-type: none"> (a) The corporate strengths denote <ul style="list-style-type: none"> - the current competitive advantages - other distinctive competencies <ul style="list-style-type: none"> - financial/technological, - managerial resources - acceptable risk levels (b) The corporate weaknesses consist of current competitive disadvantages (c) The corporate opportunities relate to probable (additional) future competitive advantages: <ul style="list-style-type: none"> - global competition - global segmentation - standardisation opportunities (d) The corporate threats reflect probable (additional) future competitive disadvantages
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⁵² S. Jain, *Marketing Planning and Strategy* (4th ed.) (Cincinnati, U.S., South-Western Publishing, 1993) p 182; L.S. Walsh, *International Marketing* (3rd ed.) (London, U.K., Pitman Publishing, 1994) p 185.

<p>6.1.3.4 approaches to marketing planning⁵³</p>	<ul style="list-style-type: none"> (a) top down planning <ul style="list-style-type: none"> - the top management decides on the marketing plan - it is communicated to the medium management at home and abroad (b) bottom-up planning <ul style="list-style-type: none"> - the medium management (of branches) prepares marketing plans - these are submitted to the top management - the top management decides (approval, approval with amendments, disapproval) (c) top-down, bottom-up approach <ul style="list-style-type: none"> - the top management decides on the corporate objectives - the medium management develops the marketing plans based on these targets - the proposals are a subject of approval/amendments by the top management
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⁵³ L.S. Walsh, *International Marketing* (3rd ed.) (London, U.K., Pitman Publishing, 1994) p 182.

6.2 Selected Issues of the KJH-Group Simulation

6.2.1 Key Concepts

MCC's KJH group decided to derive its concept from the theory of principled negotiation⁵⁴. Only the key ideas will be listed: First of all, it was revealed that MCC is obliged to purchase all cassava proffered by the growers whereas the latter are not bound to sell exclusively to MCC. Therefore, we contacted these MCC board members who represent the cassava growers and concluded a long term supply agreement for cassava to advantageous prices in hard currency compared with the domestic prices fixed by the government. Secondly, KJH might start to buy cassava farms in other Developing countries [DC].

Just for the reasons not to stop the simulated negotiation, the KJH group assumed that KJH needed additional Cassava supplies. On the course of negotiations, we demanded a JV structure for production and marketing on the condition that MCC paid the royalties up front by means of \$ 2,000,000 ordinary shares that are conveyed to KJH plus an additional annual royalty that has to be paid of the dividends that belong to these ordinary shares which are held by MCC. The MCC team agreed on these terms because the KJH group permitted MCC to take over the JV after 10 years. Additionally, a license for the remaining period of the patent is promised and KJH is obliged to offer management training as well. This exercise lead to a more precise definition of MCC's own objectives, strategy and SWOT analysis. The Members of the MCC team honoured the simulation⁵⁵.

⁵⁴ 1. formulate corporate objectives 2. KJH SWOT analysis 3. KJH BATNA 4. strategies 5. tactics.

⁵⁵ Riaz and Indira. The third member, Dappo, concluded as a Cassava Grower the Cassava Purchase Contract.

6.2.2 Materials of the KJH Group

[Omitted in the online version]

6.3 Leadership

Whereas traditional concepts of leadership either focus on charismatic leaders, describe characteristics that define all leaders, analyse networking skills or behaviour, do stress the relation between situations and leadership⁵⁶, some theories analyse the interaction between leaders and followers⁵⁷. Modern concepts of leadership interrogate whether the leader undertakes a balanced effort to attain not only the substantive and procedural requirements of the corporate negotiation task, but also the needs of the organ that acts as the principal's agent and the individual team members' needs⁵⁸. This question is justifiable as successful leadership is based on inventing a strategy how to address the task effectively without spoiling the interests of the negotiation team and its individual members to an extent not being proportional⁵⁹. Only such a tripled approach to integrate these partly antagonistic issues to the largest extent ensures the best outcome⁶⁰ for the organisation on which behalf the negotiations are carried out⁶¹. However, the academic definitions are still vague and need further elaboration⁶².

⁵⁶ Crainer, S., *Key Management Ideas, Thinking that Changed the Management World* (1st ed.) (London, U.K., Financial Times Pitman Publishing, 1996) p 181-182.

⁵⁷ Crainer, S., *Key Management Ideas, Thinking that Changed the Management World* (1st ed.) (London, U.K., Financial Times Pitman Publishing, 1996) p 182-183.

⁵⁸ W. Bennis, J. Parikh and R. Lessem, *Beyond Leadership, Balancing Economics, Ethics and Ecology* (1st ed.) (Oxford, U.K., Blackwell Publishers, 1994) p 124-125; S. Harding and T. Long, *MBA Management Models* (1st ed.) (Aldershot, U.K., Gower Publishing Ltd, 1998), p 101; L. Mullins, *Management and Organisational Behaviour* (5th ed.) (London, U.K., Financial Times Pitman Publishing, 1999) p 263-264. J. Adair, *Effective Leadership, How to develop leadership skills* (1st ed.) (London, U.K., Pan Books, 1988) p 33: Theory of action centered leadership. Task needs are traditionally executed by men whereas relational needs are served by women, q.v. Dickson, T. (executive ed.), *Mastering Management* (1st ed.) (London, U.K., Pitman Publishing, 1997) p 511-515. with reference to Max Weber.

⁵⁹ S. Harding and T. Long, *MBA Management Models* (1st ed.) (Aldershot, U.K., Gower Publishing Ltd, 1998), p 101.

⁶⁰ i.e. Maximising the utility function of the organisation.

⁶¹ S. Harding and T. Long, *MBA Management Models* (1st ed.) (Aldershot, U.K., Gower Publishing Ltd, 1998), p 101; W. Bennis, J. Parikh and R. Lessem, *Beyond Leadership, Balancing Economics, Ethics and Ecology* (1st ed.) (Oxford, U.K., Blackwell Publishers, 1994) p 113: creation of synergies.

⁶² Yukl, G., *Leadership in Organizations*, (1st ed.) (Englewood Cliffs, U.S., Prentice-Hall, Inc., 1994) p 2-3.

Unfortunately, the business press does not suggest a cure for managerial problems as it often offers platitudes⁶³.

Pursuant to these theoretical patterns, it has to be stated that the President of MCC did not undertake balanced efforts to attain the diverse interests: Although it was a good idea to form working groups rapidly, the leadership was partly ineffective owing to the failure not to assign tasks to everyone⁶⁴.

The literature lists five styles of management: exploitative authoritarian, benevolent autocratic, consultative, participative or the lack of formal leadership⁶⁵. The presidential attempts to dictate the agenda of the marketing group without discussion by ordering the members to look for specific websites in the internet can be categorised as autocratic⁶⁶. The same is true for the decision to drop a short presentation about marketing issues due to unconvincing later explained reasons⁶⁷.

The prospect that a group member heading for a seminar in London would not be considered for becoming a member of the video conference negotiating team clearly belongs to the exploitative authoritarian management style.

This style was not proportional to achieve the goal of focused group work. The ignorance of the options to explore the interests and concerns of KJH⁶⁸ and a failure to provide time for a discussion of MCC's BATNA have already been mentioned⁶⁹.

The participation in the marketing group was a drawback in terms of leadership⁷⁰.

⁶³ Mastering Management (1st ed.) (London, U.K., Pitman Publishing, 1997) p 506: Both academic theories and business views are criticised.

⁶⁴ *supra* at 2.2 *MCC's team*.

⁶⁵ Crainer, S., Key Management Ideas, Thinking that Changed the Management World (1st ed.) (London, U.K., Financial Times Pitman Publishing, 1996) p 184.

⁶⁶ q.v. *supra* at 6.1.

⁶⁷ q.v. *supra* at 6.1.

⁶⁸ The leader simply relied on the secret instructions of KJH without realising that the paper is only half the story as KJH still has a great variety of discretion.

⁶⁹ *supra* at 4.1 *Pre negotiations*; The failure to work out the BATNA facilitated sticking points.

⁷⁰ *supra* at 2.2 *MCC's Team*.

Another critical aspect is the manipulated exercise in the marketing session: The board members were asked to demonstrate their good performance and discipline under the supremacy of the president by bravely answering presidential questions based on the previous group work. This did not serve the interests of the board members at all. A group negotiation exercise should be a discussion forum for people who are keen on adding new arguments, not an oral assessment. Shy people are encouraged to give statements by questions whether they agree on a point, but not by investigative questions.