

# Negotiation Process and the Role Culture Plays: A Study in the It Sector in India

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## Abstract

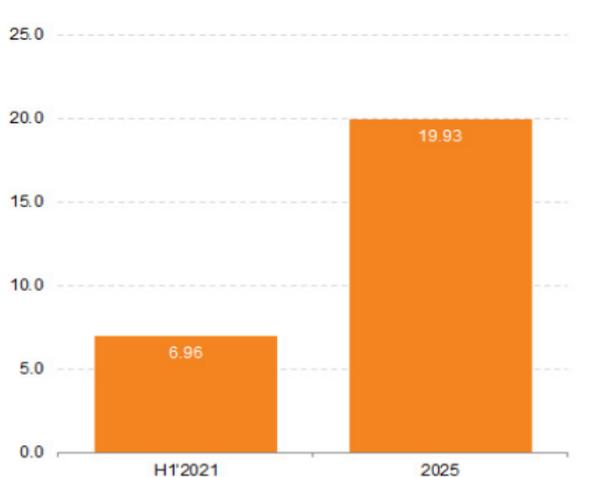
The research article has equally prioritised the negotiation process and organisational culture as both of them have been seen to be interrelated with each other. In case of degradation of the culture of the organisation, the negotiation process has been seen to be hampered within the organisation. IT sector is seen to be the most evolving sector and has been one of the important sectors that have been contributing and will contribute till 2025, especially to the Indian economy. Thus, the economy of the country is dependent on the sector and the sector encompasses IT giants such as Infosys, TCS and others whose organisational cultures have also been discussed in terms of consideration of different strategic partnerships and deals such as the Panaya deal and others. Panaya deal of Infosys has been greatly affected due to the degradation of organisational culture. The findings of the article emphasise that TS has a better organisational culture than Infosys.

The article further points out results, where employee retention rates between 2017 and 2018 have been affected within Infosys in comparison with an employee retention rate in respect of employee costs, which have encountered a drastic increase over a period. Due to the resignation of independent directors of the organisation, the organisation culture of Infosys is bound to get affected however; the organisation has carefully managed it through employee cooperation in training and development programmes. Infosys has been supportive of employees that have somehow managed employee retention rates of the organisation. The employees have carefully negotiated the cultural norms.

## Keywords

IT sector, Negotiation, Negotiation process, Strategic alliance

## INTRODUCTION



**Figure 1:** Increase in market size of Indian IT by 2025[5]

Indian Information technology (IT) is one of the growing sectors that has always been dominated by the three most prominent IT firms such as Tata Consultancy Services (TCS), Infosys and also Wipro. These companies have decided to provide job

opportunities for around 1.05 lakh in the wake of an increase in talent and skills demand. The sector is estimated to reach around US\$ 19.93 billion by around 2025 which indicate that this sector will be one of the leading contributors to the Indian economy in the current and future times[5]. The strategic alliance between domestic and international organisations has reached a negotiation to deliver an effective solution. For example, there is a partnership between TCS and SonyLIV, a growing streaming platform for the creation of a unique business model that has been enabled through digital technologies improving customer experience and future growth [2].

In this aspect, negotiation has taken place between two parties such as TCS and SonyLIV to look after a mutual solution where TCS and SonyLIV have encountered benefits from the partnership through “TCS’ next-gen digital capabilities” along with global experiences and others to describe platform transformation of SonyLIV. TCS aims to improve the OTT platform in terms of leveraging Artificial intelligence (AI technology) and also machine learning

to offer personalised experiences to various subscribers utilising different devices [2]. It is important to notice in this partnership that needs and also goals have been different where SonyLIV desired to enhance content and involve in the creation of revenue streams while TCS has been required to offer AI and machine learning services. The IT sector always looks after offering IT solutions such as AI software programmes and others to its customers in the form of SonyLIV with the help of strategic partnerships.

Culture plays an important role in the negotiation process where beliefs of an organisation have been passed on from one generation to another. It has been further found that the IT sector has been embracing diversity and inclusiveness among its people belonging to different cultural backgrounds. Employers within the IT sector have understood the significance of building a tech-savvy workforce[11]. For example, TCS has been successful in building an inclusive culture that has been promoting a sense of belongingness within the organisational culture[15]. Due to the innovative culture, it has been found that the work has also become innovative and tries to leverage the emergence of different technologies. The research article will evaluate the negotiation process amidst strategic alliances and culture within the IT sector of India.

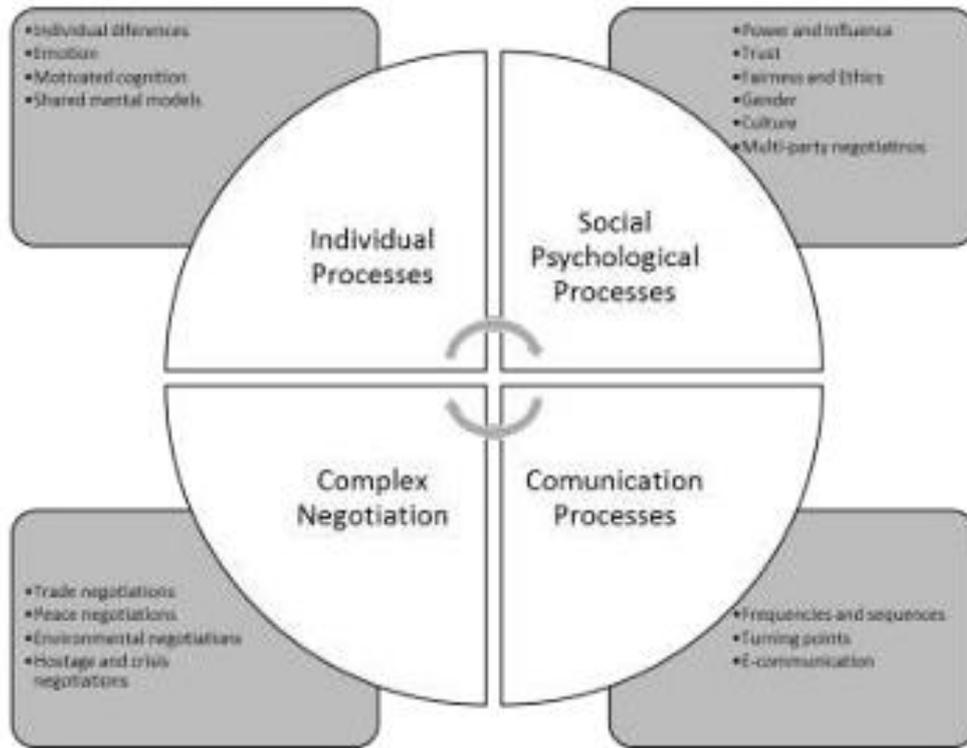
## REVIEW OF LITERATURE

Negotiation is considered to be a particular process that involves two or more two parties who have been associated with each other for the attainment of goals and need to discuss a specific issue to further obtain a mutual solution. [1] stated that negotiation includes negotiators making use of disruptive bargaining styles who have not been paying attention to partners' success within the negotiation table. A disruptive bargaining strategy revolves around a competitive approach that has been adopted by a negotiator to attain success through exercising resistance to another party within

the negotiation process. The negotiators have been seen to be developing a comfortable bargaining style that has not involved any psychological distress but only success. Distributive negotiators on the other hand have been achieving success based on less cooperative behaviour that has eventually resulted in the exploitation of counterparts.

These negotiators do not agree with the point of view of their counterparts and that strategy leads to a win-win solution among the parties. [1] argued that the success of most negotiations depends on a disruptive style rather than on the adoption of the distributive style. Microsoft has a partnership with many IT companies where a lucrative collaboration between Microsoft and Azure on a deal of around \$100 million-plus and \$1 billion-plus may become a boon in the case the negotiation process between IT companies and Microsoft goes well[10]. There is a challenge as founders of both Microsoft and Infosys have been projected to criticism for not allowing leaders from outside of the competitive market. There is some issue in organisational culture that may affect negotiation between Microsoft and Infosys. It seems as if negotiators of both Infosys and Microsoft have embraced the distributive bargaining style over the disruptive style to propose a resistance to the involvement of a new leader to manage organisational culture.

The strategic deal between Infosys and Microsoft on account of Ausgrid (leading electricity distribution organisation in Australia) may take a long time within the negotiation process for accelerating cloud transformation. However, the deal has already been based on multi-year and around 4 million Australians have been seen to be dependent on services [6]. In case, an IT company embraces a disruptive style then this multi-year deal may shorten based on shortening the negotiation process.



**Figure 2:** Four Perspectives within Negotiation Process [4]

Negotiation is considered to be a communication process where two or more individuals possess individual interests through the help of joint action. [4] opined that there are four processes of negotiation where individual processes points of negotiation among employees as well as employers on pay and work conditions. Social Psychological processes emphasise social psychological factors that have been affecting the bargaining process of negotiation. Complex negotiation is about different parties possessing different priorities that have been seen to be in contrast with each other. However, communication processes within negotiation mean that negotiators can attain objectives and resolve disputes. Therefore, it depends on an organisation to choose a negotiation process as per organisational culture in the IT industry.

Information and communication technology (ICT) is a part of IT industry where ICT has the potential to enhance the communication process in negotiation. [3] opined that ICT ensures instant communication that makes the negotiation process a bit easier. Collaborative negotiation is possible through ICT where collaborative negotiation is assumed to be a non-confrontational management tool where different types of conflicts within an organisation can be

addressed creatively. The utilisation of ICT is mandatory within the negotiation process where organisational culture is not given much importance and organisational culture is negligible. This toll within the negotiation process ensures the well-being of organisational people.

### STATEMENT OF THE PROBLEM

The article emphasises negotiation where negotiators in IT companies are involved in the negotiation process and it depends on what type of bargaining style those negotiators have been adopting to deal with strategic alliances. The organisational culture is of high importance as an innovative culture of TCS has provided it with a “Business Culture Award” and it is this culture that has helped in the negotiation process[15]. Corporate governance of Infosys has decreased and has been criticised for actions undertaken by the Chairman, R Seshasayee and also the independent director that is Jeffrey Lehman. Most of the employees have seemed to be unhappy with corporate governance and the degradation of corporate governance poses a question to organisational culture. Ravi Venkatesan, a former independent director of

Infosys resigned because of organisational culture.[12].

It has been reported that Infosys after a long negotiation has acquired Panaya which is an automation technology provider however, this deal has certain wrongdoings. The wrongdoings have undergone a forensic investigation followed by raising questions on corporate governance and culture[16]. The negotiation within Panaya deal has questioned the culture and governance of the organisation. Conversely, strategic engagement between Wipro Limited and ABB Information Systems Services worth around \$150 million has gained importance and has been assumed as successful because of its culture[9]. This deal aims to improve consumers' digital experiences of around 105,000 employees in around 100 countries[9].

### STUDY OBJECTIVES

The research article possesses certain research objectives that have been highlighted throughout the research as follows:

- To understand negotiation and different bargaining styles in the negotiation process
- To determine four essential perspectives within the negotiation process
- To ensure collaborative negotiation through ICT in the IT industry

### HYPOTHESIS

***H<sub>0</sub> (Null hypothesis):*** There is no significant relationship between the negotiation process and organisational culture in the IT sector.

***H<sub>1</sub> (Alternate hypothesis):*** There is a significant relationship between the negotiation process and organisational culture in the IT sector.

According to the above research hypothesis, the role of culture in the IT sector is the dependent variable while the negotiation process is the independent variable.

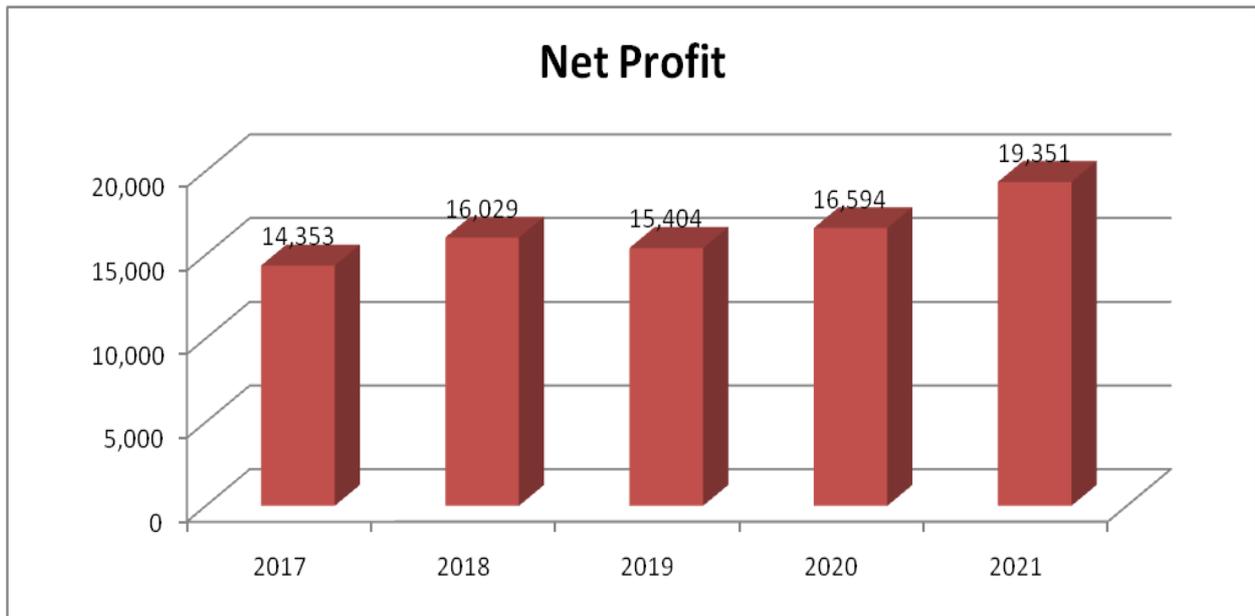
### METHOD OF DATA COLLECTION

The article has been dealing with an organisational culture where improvement of culture will make strategic deals more flexible and smooth in terms of negotiation deals. It has been seen that employees of Infosys have been involved in negotiating cultural

norms on account of interaction implying belongingness and not belongingness within the organisational culture. Organisational culture is assumed to be dynamic and evolving with workforces and also workplaces (Infosys, 2022). Therefore, employees are involved in negotiating cultural norms and in the formation of strategic alliances, therefore, the employee retention rate will decide over the culture of IT companies. The empirical evidence has been collected from secondary sources especially from annual reports of IT companies to determine employee retention rates. Secondary research methods have been considered over primary research methods where primary data is not possible to collect from employees working in big IT companies.

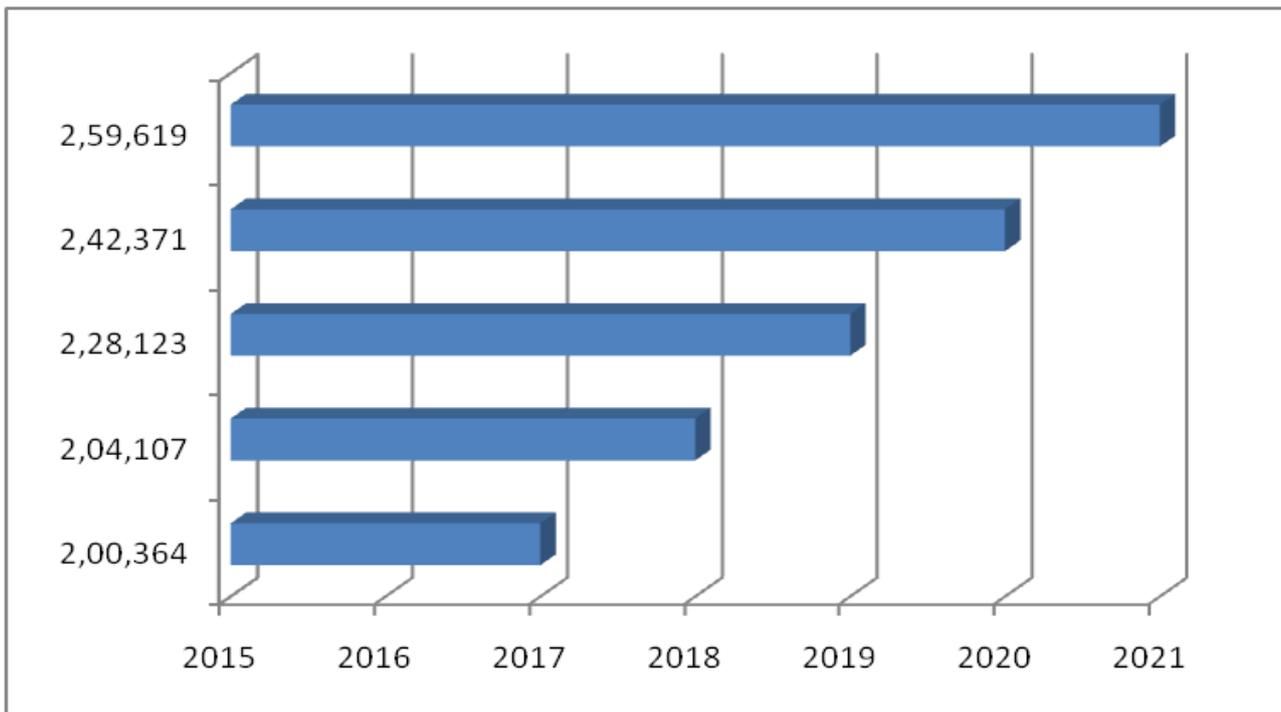
### RESULTS

The two IT companies have been selected where Infosys and TCS have been compared every year to evaluate the empirical study as below:



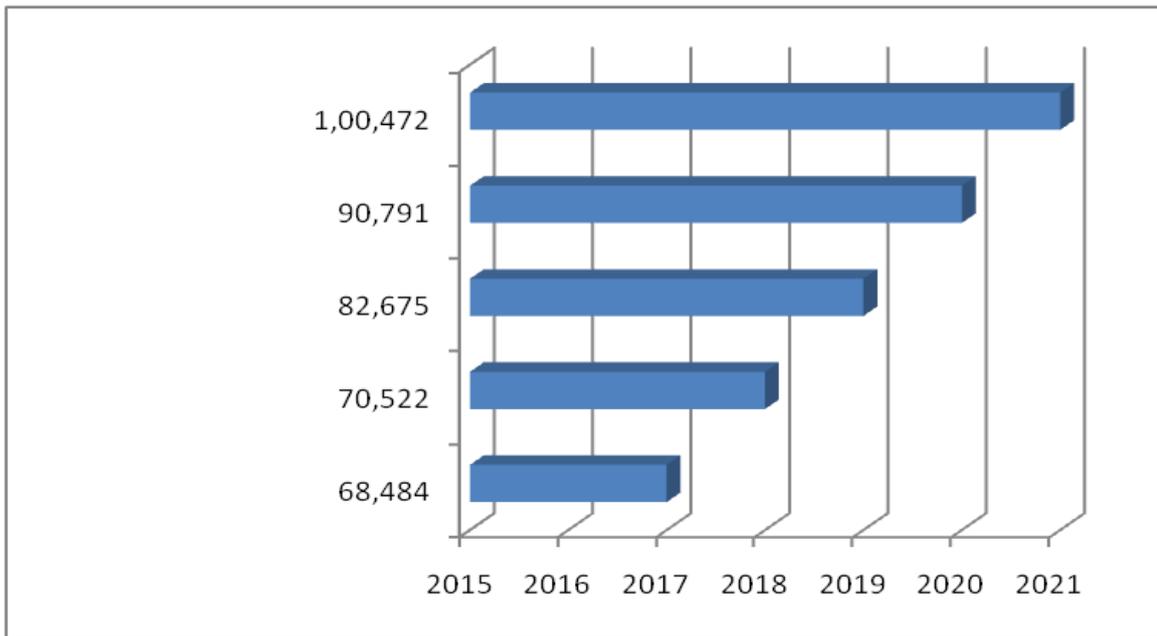
**Figure 3:** Increase in net profit in 2021 of Infosys.[7] (Source: Excel)

The net profit of Infosys has witnessed an increase to around 19351 in 2021. from 2017 to 2021 where 14353 in 2017 have increased



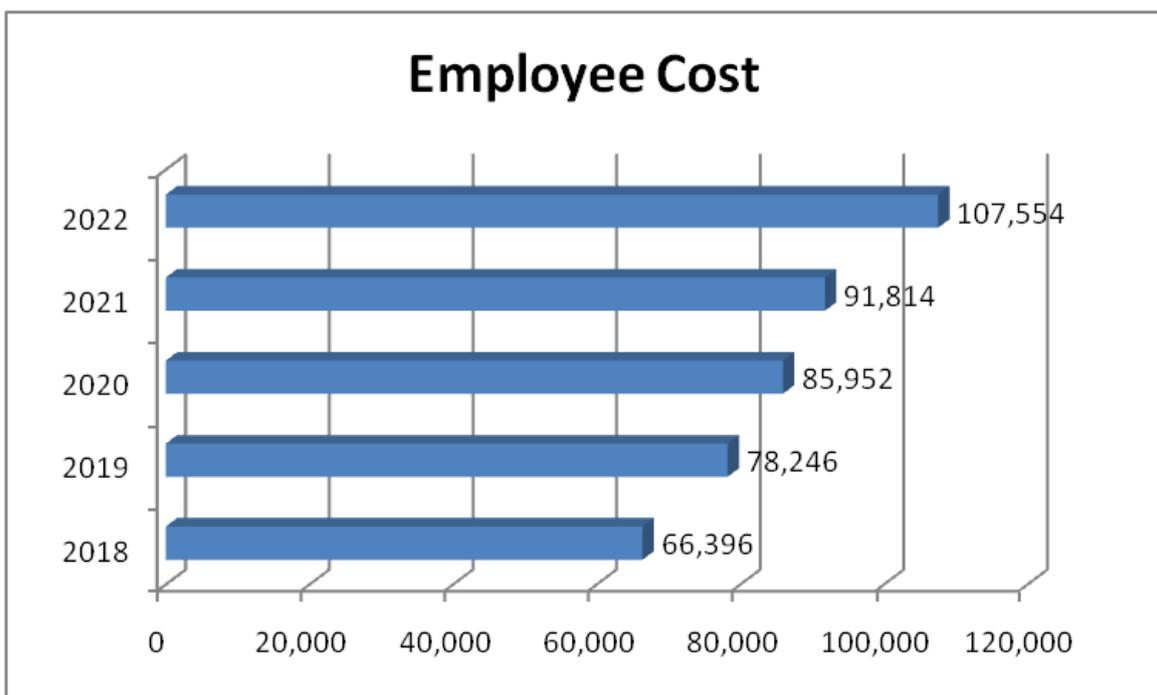
**Figure 4:** Slight increase in the number of employees from 2017 to 2018 (Source: Excel)

The company has witnessed a slight increase in employee numbers from 2,00,364 in 2017 to around 2,04,107 in 2018 according to the above graph. It has been further noticed that the company after 2018 encountered a drastic increase in employee numbers to 2,28,123 in 2019 followed by around 2,42,371 in 2020.



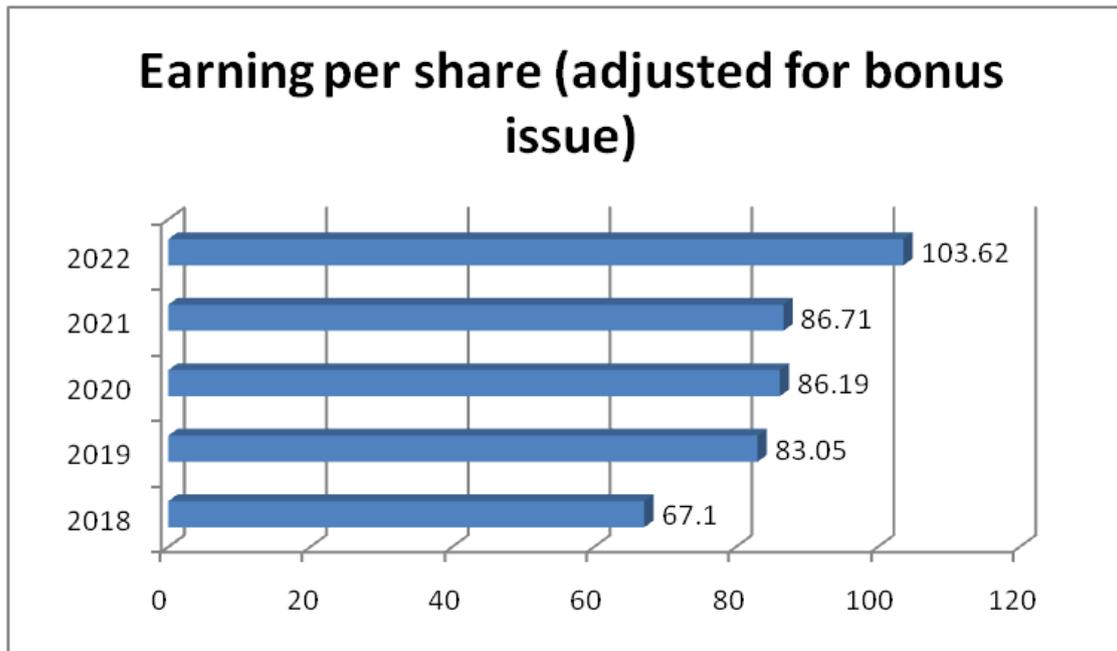
**Figure 5:** Increase in organisational revenue from 2021 to 2021 (Source: Excel)

The graph shows an increase in revenue from around 1,00,472 in 2021. 68484 in 2017 to 70522 in 2018 to 90791 in 2020 to



**Figure 6:** Increase in employee costs in TCS in 2022 (Source: Excel)

TCS has witnessed an increment in employee costs from 66396 in 2018, 78246 in 2019, 85952 in 2020, and 91814 in 2021 to around 107554 in 2022. An increase in employee costs means an increase in the number of employees as well within the chosen organisation.



**Figure 7:** Slight increase in earnings per share from 2020 to 2021 (Source: Excel)

The organisation has encountered a slight increment from 86.19 in 2020 to 86.71 in 2021. The earnings per share thereafter have increased to around 103.62 in 2022 from around 67.1 in 2018.

### DISCUSSION

Infosys has witnessed the resignation of independent directors from 2017 to 2018 in the wake of disruptions in the negotiation process of the Panaya deal because of the poor corporate governance structure and poor organisational culture. The employee numbers have not much increased from 2017 to 2018 as employees have not joined the office in the wake of fear of dynamic change in the organisational culture after their independent directors such as Jeffrey Lehman have faced criticisms followed by the resignations of Ravi Venkatesan (Infosys, 2021). A sense of not belongingness has been encountered in comparison with belongingness with the organisation. In such a scenario, the employees have been seen to be involved in negotiation in cultural reforms and norms of the organisation. There is a gap between work change along with cultural change and these aspects have grown faster especially during the pandemic where employees of the organisation have been retained maybe through training and development programmes. The company has negotiated well with employees and has tried to

convince them to embrace organisational change.

TCS has encountered an increase in employee costs where the organisation through the maintenance of diversity and inclusive culture of the organisation has retained employee numbers from 2018 to 2022. The increase in employee costs is relevant in terms of increase from 66396, 78246, 85952, 91814, and 107554 where there is stagnancy over an increasing rate. The organisation has ensured a sense of enhancement in paying employee costs and has tried to retain the employees over a period. Conversely, earnings per share have encountered stagnancy between 2020 and 2021. It has been further evaluated that earnings per share have increased to a huge extent from 2018 to 2019 (Tcs, 2022). The employees have felt more belonging between 2018 and 2019 as compared with 2020 and 2021 which indicates that the employees have successfully negotiated cultural norms and have dealt with strategic alliances more carefully in 2018 and 2019 unlike in 2020 and 2021.

### CONCLUSION

The research article has discussed scenarios of some chosen organisations such as Wipro, Infosys and others to understand problems within the organisational culture. The resignations of the directors of Infosys and criticism that the organisation has faced have

eventually affected organisation performance a bit as seen in employee numbers in 2017 and 2018. However, the organisation has managed the situation and is successful in retaining the employees.

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