

Chapter Fifteen

Managing Conflict and Negotiation

The objectives are to develop an understanding of:

- Conflict in Organizations
- A contemporary perspective on intergroup conflict
- What causes intergroup conflict
- The causes of dysfunctional intergroup conflict
- Managing intergroup conflict through Resolution
- Stimulating Constructive intergroup conflict
- Negotiations
- Negotiation tactics
- Increasing negotiation effectiveness

Conflict in Organizations.

A process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about. It is that point in an ongoing activity when an interaction “crosses over” to become an interparty conflict. It encompasses a wide range of conflicts that people experience in organizations like (a) Incompatibility of goals (b) Differences over interpretations of facts (c) Disagreements based on behavioral expectations

Transitions in Conflict Thought

Traditional View of Conflict is the belief that all conflict is harmful and must be avoided. Causes are poor communication, lack of openness and failure to respond to employee needs

Human Relations View of Conflict is the belief that conflict is a natural and inevitable outcome in any group

Interactionist View of Conflict is the belief that conflict is not only a positive force in a group but that it is absolutely necessary for a group to perform effectively

Contemporary Perspectives on Intergroup Conflict

A. Functional conflict: Enhances/benefits organizational performance. It occurs when the groups disagree on the best means to achieve a goal, not on the goal itself; typically results in selection of a better means alternative. Positive contributions of functional conflict are:

- a. Plays an essential role in preventing group or organizational stagnation and resistance to change.

- b. Can lead to increased awareness of problems that need to be addressed.
- c. Can result in broader and more productive searches for solutions.
- d. Can facilitate change, adaptation, and innovation.

B. Dysfunctional conflict: Any conflict that hinders the achievement of organizational goals. Management must seek to eliminate such conflict. Functional intergroup conflict can turn into dysfunctional conflict.

The Consequences of Dysfunctional Intergroup Conflict

A. The changes within groups:

- 1. Increased group cohesiveness—the group puts aside differences and closes ranks.
- 2. Emphasis on loyalty—group norm for conformity becomes more important; group goals become more important than member satisfaction.
- 3. Rise in autocratic leadership—comes in response to the demand for group direction and members' desire for strong leadership.
- 4. Focus on activity—members focus on doing what the group does well; group becomes more task-oriented.

B. Changes between groups

- 1. Distorted perceptions—each group views itself as a better performer than the opposing group and as more important to the organization.
- 2. Negative stereotyping—all negative stereotypes ever developed about the opposing group are reinforced. Each group underestimates differences within their group and exaggerates differences between the two groups.
- 3. Decreased communication—communications between groups usually break down.

Types of Conflict

- **Task Conflict-** Conflicts over content and goals of the work
- **Relationship Conflict-** Conflict based on interpersonal relationships
- **Process Conflict-** Conflict over how work gets done

What Causes Intergroup Conflict?

A. *Interdependence:* Conflict potential increases when groups are interdependent. The different types of Interdependence are as follows:

1. Pooled interdependence—no direct interaction occurs between groups; interdependence exists because their pooled performance determines organizational performance (e.g., the Cadillac, Buick and Chevrolet divisions at General Motors). Creates relatively low conflict potential.
2. Sequential interdependence—Occurs when one group must complete its task before another group can complete its task (e.g., two groups on an assembly line). Makes conflict more likely because output (quality and quantity) of one group depends on the task input of another.
3. Reciprocal interdependence—the output of each group is the input for other groups and vice versa (e.g., the anesthesiology, nursing, and surgical teams in an operating room). Creates high conflict potential.

All organizations have pooled interdependence; complex organizations have sequential interdependence; and the more complex organizations have reciprocal interdependence. The more complex the organization, the greater the conflict potential.

B. *Goals Difference:* Groups with different goals have different expectations that can cause conflict when the groups interact. Goal differences become more evident when resources are limited and are allocated across the groups. Conflict pressures increase when groups think resources have not been allocated equitably. Different goal can produce different perceptions. Different time horizons can produce different times perspectives and affect perceived importance of problems (e.g., a company president's time perspective of five-to-ten years vs. a foreman's perspective of one month to one year).

C. *Perceptual Differences:* Status incongruity—one group perceiving itself as more prestigious than another can provoke intergroup conflict. Inaccurate perceptions often causes groups to develop stereotypes about other groups, which can provoke conflict and erode intergroup relations.

When conflict is low rational model describes the organization where goals are consistent across participants, power and control are centralized, decision process are orderly, logical, rational, rules and norms are norms of efficiency, information is extensive, systematic and accurate.

When conflict is high political model describes the organization where goals are inconsistent and pluralistic within the organization, power and control are decentralized and shifting coalitions and interest groups, decision process are disorderly and result of bargaining and interplay among interests, rules and norms are free play of market forces and conflict is legitimate and expected, information is ambiguous and information used and withheld strategically.

Stages of conflict.

Stage I: Potential Opposition or Incompatibility

- a) Communication-Semantic difficulties, misunderstandings, and “noise”
- b) Structure-Size and specialization of jobs, Jurisdictional clarity/ambiguity, Member/goal incompatibility, Leadership styles (close or participative), Reward systems (win-lose), Dependence/interdependence of groups
- c) Personal Variables-Differing individual value systems, Personality types

Stage II: Cognition and Personalization

- a. Perceived conflict—a cognitive awareness on the part of at least one group that events or conditions make overt conflict possible.
- b. Felt conflict—an escalation, which includes emotional involvement creating anxiety, tenseness, frustration, or hostility.

Before attempting resolution is possible, both parties must perceive and feel conflict. Resolution is more likely to have good results at this stage.

Stage III: Intentions

Intentions are decisions to act in a given way. It can be based on :

- Cooperativeness-Attempting to satisfy the other party’s concerns
- Assertiveness-Attempting to satisfy one’s own concerns

Dimensions of Conflict-Handling Intentions

Source: K. Thomas, “Conflict and Negotiation Processes in Organizations,” in M.D. Dunnette and L.M. Hough (eds.), Handbook of Industrial and Organizational Psychology, 2nd ed., vol. 3 (Palo Alto, CA: Consulting Psychologists Press, 1992), p. 668.

Competing (assertive and uncooperative)-A desire to satisfy one’s interests, regardless of the impact on the other party to the conflict

Collaborating (assertive and cooperative)-A situation in which the parties to a conflict each desire to satisfy fully the concerns of all parties

Avoiding(unassertive and uncooperative)-The desire to withdraw from or suppress a conflict

Accommodating(unassertive and cooperative)--The willingness of one party in a conflict to place the opponent’s interests above his or her own

Compromising(moderate assertive and moderate cooperative)-A situation in which each party to a conflict is willing to give up something

Stage IV: Behavior

Manifest conflict—groups actively engage in conflict behaviour. Most difficult to deal with conflict at this stage and most likely to have longer lasting effects.

Conflict-Intensity Continuum ranges from no conflict-minor disagreement or misunderstandings- overt questioning or challenging of others-assertive verbal attacks-threats and ultimatums- aggressive physical attacks-overt efforts to destroy the other party (annihilatory conflict)

Source: Based on S.P. Robbins, *Managing Organizational Conflict: A Nontraditional Approach* (Upper Saddle River, NJ: Prentice Hall, 1974), pp. 93–97; and F. Glasi, “The Process of Conflict Escalation and the Roles of Third Parties,” in G.B.J. Bomers and R. Peterson (eds.), *Conflict Management and Industrial Relations* (Boston: Kluwer-Nijhoff, 1982), pp. 119–40.

Conflict Management

The use of resolution and stimulation techniques to achieve the desired level of conflict.

Managing Intergroup Conflict Through Resolution

Internal focus—extent to which a group is intent upon addressing its own concerns in a conflict situation. External focus—extent to which a group is intent on addressing the concerns of the other group(s) involved in the conflict. Varying degrees of external and internal focus yield different resolution approaches. **Five approaches** for resolving conflicts categorized by relative internal/external focus .

1. **Dominating**—maximum focus on internal concerns. It is a power oriented approach; relies on force. Often both groups in a conflict try force. Usually one group has overestimated its power or underestimated the other group's power. Results may be a prolonged strike or battle, or a victory where the losing party feels mistreated and may even seek revenge. Despite problems, it is sometimes appropriate, e.g., emergency situations, or situations where unpopular action may be needed.
2. **Accommodating**—maximum emphasis on meeting needs of the other group and minimizing own concerns. Sometimes appears to be giving in. It is beneficial where issues over which groups conflict are not equally important to both parties. Sometimes it purchases "credits" which are more important than favorable resolution to this particular conflict.
3. **Problem solving**—theoretically the best approach, but can be extremely difficult. Also called collaboration, this approach requires that groups in conflict show a willingness to work toward an integrative solution that satisfies both parties. Obstacle is the common win-lose mentality. Potential benefits are :
 - i. Merger of insight, experience, knowledge, and perspective that leads to higher quality solutions.
 - ii. Commitment to effective implementation is likely to be high because both parties participate in developing the solution.

Sometimes it is aided by focusing on a super-ordinate goal, one that cannot be achieved by one group alone, and supersedes all other concerns.

4. Avoiding—May not bring long-term benefits. It is useful as a temporary alternative. It allows time to "cool down", or assemble additional information. People tend to overuse the avoiding approach as a way of avoiding the "pain" of conflict.

5. Compromising—traditional method for resolving intergroup conflicts. Middle-of-the-road approach. There is no distinct winner or loser. Resolution is probably not ideal for either group. It can work effectively when the goal can be divided equally. It works best when: i. Conflicting parties have about equal power. ii. Parties are strongly committed to mutually exclusive goals. iii. Allows a temporary settlement to a complex problem—good back-up strategy.

May involve third party interventions—higher managerial authority, mediation, or arbitration.

Use of Competition is recommended:

- a) When quick, decisive action is vital (in emergencies); on important issues
- b) Where unpopular actions need implementing (in cost cutting, enforcing unpopular rules, discipline)
- c) On issues vital to the organization's welfare
- d) When one knows one is right
- e) Against people who take advantage of noncompetitive behavior

Use of Collaboration is recommended:

- a) To find an integrative solution when both sets of concerns are too important to be compromised
- b) When objective is to learn
- c) To merge insights from people with different perspectives
- d) To gain commitment by incorporating concerns into a consensus
- e) To work through feelings that have interfered with a relationship

Use of Avoidance is recommended:

- a) When an issue is trivial, or more important issues are pressing
- b) When one perceives no chance of satisfying one's concerns
- c) When potential disruption outweighs the benefits of resolution
- d) To let people cool down and regain perspective
- e) When gathering information supersedes immediate decision
- f) When others can resolve the conflict effectively
- g) When issues seem tangential or symptomatic of other issues

Use of Accommodation is recommended:

- a) When one finds one is wrong and to allow a better position to be heard
- b) To learn, and to show your reasonableness
- c) When issues are more important to others than to yourself and to satisfy others and maintain cooperation
- d) To build social credits for later issues
- e) To minimize loss when outmatched and losing
- f) When harmony and stability are especially important
- g) To allow employees to develop by learning from mistakes

Use of Compromise is recommended:

- a) When goals are important but not worth the effort of potential disruption of more assertive approaches
- b) When opponents with equal power are committed to mutually exclusive goals
- c) To achieve temporary settlements to complex issues
- d) To arrive at expedient solutions under time pressure
- e) As a backup when collaboration or competition is unsuccessful

Managing Intergroup Conflict Through Stimulation

- A. Bringing Outside Individuals into the Group-Hiring or transferring in individuals whose attitudes, values and backgrounds differ from those already in the group. It ensures a diversity of viewpoints. It is used frequently in universities, governments and business.
- B. Altering the Organization's Structure- Can help both to solve dysfunctional conflict and create functional conflict. Competition can be created among groups.
- C. Stimulating Competition-Use of incentives, rewards and bonuses for outstanding performance.
- D. Making use of programmed conflict-Programmed conflict is deliberately and systematically creating conflict even when no real differences appear to exist. Popular form is the devil's advocate which involves assigning someone the role of critic, whose job is to uncover all the possible problems with a proposal. The goal is to uncover all possible opposing views before making a final decision.

Stage V: Outcomes

Functional Outcomes from Conflict-Increased group performance, improved quality of decisions, stimulation of creativity and innovation, encouragement of interest and curiosity, provision of a medium for problem-solving, creation of an environment for self-evaluation and change. Functional Conflict can be created by rewarding dissent and punishing conflict avoiders

Dysfunctional Outcomes from Conflict-Development of discontent, reduced group effectiveness, retarded communication, reduced group cohesiveness and infighting among group members overcomes group goals

Conflict and organizational performance.

Each organization has an optimal level of intergroup conflict. Too little hinders innovation and change and too much can produce chaos and threaten the organization's survival.

Conflict and Unit Performance

When level of conflict is low or none, type of conflict is dysfunctional, units internal characteristics is apathetic, stagnant, nonresponsive to change and lack of new ideas and unit performance is low.

When level of conflict is optimal, type of conflict is functional, units internal characteristics is viable, self critical and innovative and unit performance outcome is high.

When level of conflict is high, type of conflict is dysfunctional, units internal characteristics is disruptive, chaotic and uncooperative and unit performance is low.

Negotiations

- A process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them.
- A process in which two or more parties attempt to reach acceptable agreement in a situation characterized by some level of disagreement.

In an organizational context, negotiations may take place:

- Between two people
- Within a group
- Between groups
- Over the Internet

Negotiations are characterized by four elements:

1. Some disagreement or conflict exists, which may be perceived, felt or manifest.
2. There is some degree of interdependence between the parties.
3. The situation must be conducive to opportunistic interaction—each party must have both the means and in the inclination to attempt to influence the other.
4. There exists some possibility of agreement, without which the negotiation cannot bring about a positive resolution.

Bargaining strategies in Negotiation

Win-Lose Negotiating—The Zero Sum Game

It is also known as Distributive Negotiation, since the process of dividing or “distributing” resources is used. It is quite common in organizations; characterizes most bargaining of prices, salaries, etc.

Win-Win Negotiating—A Positive Sum Approach

It is Integrative Negotiating, where each party gains without a corresponding loss by the other party. It does not necessarily mean that everyone gets exactly what he or she wanted. It is simply an agreement has been reached in which each party is better off then when they started.

Bargaining Characteristic	Distributive Bargaining	Integrative Bargaining
Goal	Get as much of pie as possible	Expand the pie
Motivation	Win-Lose	Win-Win
Focus	Positions	Interests
Information Sharing	Low	High
Duration of relationships	Short term	Long term

Source: Based on R. J. Lewicki and J. A. Litterer, Negotiation (Homewood, IL: Irwin, 1985,

p. 280). (exhibit taken from **Organizational Behaviour, Stephen P.Robbins, Timothi A.Judge and Seema Sanghi, 12th ed, Pearson education, pp567)**)

Staking Out the Bargaining Zone

The settlement range is the zone determined by the interface between the aspiration range of one party A and the resistance point of the other party B and viceversa.

The Negotiation Process

BATNA

The Best Alternative To a Negotiated Agreement; the lowest acceptable value (outcome) to an individual for a negotiated agreement. It involves the following steps-1.preparation and planning, 2.defining of ground rules, 3.clarification and justification, 4.bargaining and problem solving and 5.closure and implementation.

Issues in Negotiation

The Role of Mood and Personality Traits in Negotiation

Positive moods positively affect negotiations. Traits do not appear to have a significantly direct effect on the outcomes of either bargaining or negotiating processes (except extraversion, which is bad for negotiation effectiveness)

Gender Differences in Negotiations

Women negotiate no differently from men, although men apparently negotiate slightly better outcomes. Men and women with similar power bases use the same negotiating styles. Women's attitudes toward negotiation and their success as negotiators are less favorable than men's

Negotiating Globally-People from different nations negotiate differently

Cross-Cultural Negotiations-Conducting successful cross-cultural negotiations is a key ingredient for many international business transactions. It is guided by parameters like language, sequence, communication style, contract and context.

Stages of the Negotiation Process:

- Non-task surroundings
- Task-related information exchange
- Persuasion
- Concessions and agreement

Cross-Cultural Negotiation Strategies include the following:

- a. Employing an agent or advisor
- b. Involving a mediator
- c. Inducing the counterpart to follow one's own negotiation script
- d. Adapting the counterpart's negotiation script
- e. Coordinating adjustment of both parties
- f. Embracing the counterpart's script
- g. Improvising an approach.
- h. Effecting symphony.

To pick a strategy, the following steps ought to be considered:

1. Reflecting on one's culture's negotiation practices
2. Learning the negotiation script common in the counterpart's culture
3. Considering the relationship and contextual cues
4. Predicting or influencing the counterpart's approach
5. Choosing a strategy

Increasing Negotiating Effectiveness

A way to think about desired outcomes is to distinguish between substantive and relationship outcome. Substantive have to do with specific issues settled while the object in relationships is to maintain good relationships.

The Four Factors of Negotiating Effectively

1. Obtaining substantial results—activities that focus on the content of what is being negotiated.
2. Influencing the balance of power—through the use of persuasion, facts and expertise, rather than dominance or deference.
3. Promoting a constructive climate—activities that are designed to facilitate progress by minimizing the likelihood that tension or animosity between the parties becomes disruptive.
4. Obtaining procedural flexibility—activities that allow a negotiator to increase negotiating effectiveness through increasing the type and number of option available for conducting the negotiations.

Using Third-Party Negotiations—Often used when negotiations have broken down or stalled.

Several different approaches:

- a. Mediation—a neutral party acts as a facilitator through the application of reasoning, suggestion, and persuasion.
- b. Arbitration—the third party has the power or authority to impose an agreement.
- c. Conciliation—the third party is someone who is trusted by both sides and serve primarily as a more formal authority to influence the outcome than does a mediator.
- d. Consultation—the third party is trained in conflict and conflict-resolution skills and attempts to aid problem solving by focusing more on the relationship between the parties than on the substance issues.

Improving Negotiations

1. Beginning the bargaining with a positive overture or small concession and then reciprocating the opponent's concessions.

2. Concentrating on the negotiations issues and situational factors, not on the opponent.
3. Trying to determine the opponent's strategy by looking below the surface.
4. Not allowing accountability to one's constituents or surveillance by them to produce competitive bargaining.
5. Using power in a negotiation.
6. Being open to accepting third-party assistance.
7. Attending to the environment; being aware that the opponent's behavior and power are altered by it.

Questions

1. Explain Conflict in Organizations. Discuss a contemporary perspective on intergroup conflict
2. What causes intergroup conflict? What are the causes of dysfunctional intergroup conflict. What are the ways of managing intergroup conflict through Resolution and Stimulating Constructive intergroup conflict-Discuss with suitable examples. Which conflict management technique is best and why?
3. What is Negotiation? What are the negotiation tactics followed in organizations?
4. What are the issues related to negotiation ? Discuss with examples ways of Increasing negotiation effectiveness