Module 12

Conflict and Negotiations

Introduction

Managers spend considerable time addressing conflict within organisations. Like politics, it is an inevitable occurrence, and the management of conflict is a skill that will enhance one's ability to be more effective in the workplace. While we often think of conflict as dysfunctional, under some circumstances it is beneficial, and we address this concept in Module 12. For our purposes, we will define conflict as follows: an existing disagreement in a social situation that emerges when the goals, interests, or values of different individuals or groups are incompatible, and those individuals or groups block or thwart each other's attempts to achieve their objectives. One of the tactics that organisational members use in order to mitigate or manage conflict is negotiation, also a focus of this module.

Upon completion of this module you will be able to:

Outcomes

- *identify* sources of conflict.
- *discuss* the different types of conflict at workplace.
- *recognise* the characteristics of functional versus dysfunctional conflicts.
- *show* how conflict is managed.
- *practice* effective negotiation strategies.

Terminology

Terminology

Conflict:	Conflict is an existing disagreement in a social situation that emerges when the goals, interests, or values of different individuals or groups are incompatible, and those individuals or groups block or thwart each other's attempts to achieve their objectives.
Distributive Negotiation:	Distributive negotiation, also referred to as 'position' negotiation, believes that the parties involved in negotiations have to claim specific components of a 'fixed pie' of resources. Also

Integrative
Negotiation:

With integrative negotiation, the negotiating parties focus their attention and energy on how to best utilise the resources, with a view to working toward a win-win solution. Unlike distributive bargaining, integrative bargaining is characterised by trust, information sharing, and the willingness and desire to work toward a solution that is satisfactory for all parties.

Negotiation:

One of the tactics that organisational members use in order to mitigate or manage conflict is negotiation.

Case study 12.1

Case study

Ellie the Elephant versus Geoffrey the Giraffe

Redgwood's Holdings Ltd., the owner of Reggie's Toy Store, legally registered the Toys "R" Us trademark during South Africa's apartheid regime. In post-apartheid South Africa, when trade embargoes vanished and the opportunity existed to participate more extensively in international trade, Redgwood's had to confront the possibility of a challenge to its trademark. The four Redgwood Toys "R" Us stores were similar to the original Toys "R" Us chain in the United States, except Redgwood's used Ellie the Elephant as its mascot instead of Geoffrey the Giraffe.

As expected, the U.S.-based Toys "R" Us objected to Redgwood's use of its trademark. Rather than fighting in court, where Redgwood's might have won, Redgwood's decided to negotiate with Toys "R" Us. The result was a win-win solution. Redgwood's agreed to sell back the trademark to the U.S. company and simultaneously buy the rights to its use in South Africa. The South African government approved the deal in March 1996, making Redgwood's the seventh foreign franchise of Toys "R" Us.

Source: McNeil, Jr. (1996, May 1)

You can imagine the conflict that faced the executives from the two companies discussed above. Each company potentially had a lot to lose. However, through effective cross-cultural negotiation, both were happy with the outcome.

Let's begin with discussion of some of the antecedents of conflict.

Sources of conflict

As you may have experienced, conflict within an organisation emerges for a number of reasons. In this section, we will examine six potential sources of conflict:

1. **Incongruent goals:** Module 6 discussed organisational structure, which included departmentation and division. The establishment of such categories often results in the emergence of distinct priorities of goals and time horizons for the groupings. The importance of strong and cohesive teams has also been emphasised, and while this has had a positive impact on performance, the down side is that group or team biases emerge that provide a source of conflict. As an example, the sales department in a computer retail store will likely place sales as its top priority. This encourages the sales people within the department to offer features, upgrades and delivery times that might not be realistic for the service department that is responsible for meeting these requirements.

2. **Power and Status:** Power presents a potential for conflict when individuals or groups are not mutually dependent. If I prepare financial statements for my organisation on a monthly basis, I might be dependent on another party to first complete the bank reconciliation. The person preparing the bank reconciliation does not require my assistance; as such, antagonism could develop.

   With respect to status, people have come to accept that if they have a lower status in the organisation, they are typically dependent on others to whom they report. However, there are occasions where people with lower status develop control, or give orders to those with higher status. An example of this is in the restaurant industry, where wait staff (servers or waiters) typically give food orders to higher-status chefs. In addition, the wait staff return food to the chef that is unacceptable to the customer. As a result, conflict often emerges. Often, we see wait staff putting the order for food in writing rather than speaking with the chefs directly, a practice that serves to mitigate conflict.

3. **Culture:** As discussed in Module 10, subcultures often emerge within organisations. Distinct sets of values, beliefs, and assumptions within the same organisation often foster conflict. As an example, we often see subcultures emerge in hospitals among hospital administrators, nurses and doctors.

4. **Task interdependencies:** Without doubt, interdependencies among individuals, groups, teams and departments represent potential for conflict. Many of you have likely worked in groups where one member of that group did not complete his or her expected contribution to the effort. As a result the process might have been delayed or incomplete. This is common source of conflict, and one that groups must constantly manage.

5. **Ambiguity:** Typically, there are numerous rules and procedures that govern interaction between individuals, groups and departments. When these rules are unclear, it becomes difficult to determine the source of success or failure. As such, various individuals or groups might take credit or lay blame for performance or results. In addition, often evaluations and reward systems are not clearly articulated to employees. Therefore, outcomes are difficult to predict and measure. For example, an employee may believe that she has done an excellent job, and met planned objectives while, in the superior's mind, criteria for high performance were not met. This is a common source of conflict within the organisation.

6. **Scarce Resources:** It is management's responsibility to work toward an appropriate and sufficient allocation of resources. In perfect circumstances, there would never be a scarcity of resources. Yet the reality suggests that resource scarcity is typical in organisations and this often leads to conflict.

So we see that there are numerous factors that can give rise to conflict. Scholars and observers have also categorised types of conflict.

Types of conflict

The literature on conflict identifies four primary types:

1. **Interpersonal:** This is conflict between two or more individuals who do not share the same goals or values. One manager might argue that the organisation must hire more MBAs in order to increase performance, while another manager may insist that MBAs are too expensive and not required, given the objectives of the organisation.

2. **Intergroup:** This type of conflict is most often seen between functional groups, teams or departments. These groups may have diverse interests and may not be willing to share information freely. Members of groups might clash with members of other groups as well. An example can be provided using the R&D department and manufacturing. The R&D department might have designed a product that they believe will capture a large market share if sold at a specific price point. Manufacturing may insist that the resources required to manufacture the product as designed far exceed those anticipated by members within the R&D department.

3. **Intragroup:** Intragroup conflict arises within groups, teams or departments. Members of the marketing department might experience conflict over the allocation of resources made available to that department. For example, some members may believe that a successful marketing campaign necessitates a larger allocation to television advertising, while other members insist that print advertising would be more effective.

4. **Interorganisational:** This conflict emerges among organisations. For example, an organisation that has mission to defend and protect wildlife may come into conflict with builders who argue the need to clear large areas of wilderness in order to develop properties. As one might expect, interorganisational conflict is also often seen between businesses that operate in the same markets.

Functional versus dysfunctional conflict

Many of us have the perception that conflict is always bad, but certainly this need not be the case. In fact, progress among individuals, groups and departments is often dependent on functional conflict. Without conflict, we as individuals often do not make the kind of progress (at least at the pace) that we would like. Functional conflict is also called constructive conflict, and ultimately leads to a clear and progressive path of action. It can foster creativity, clarify goals and objectives, and ultimately improve team performance and hence organisational performance. What is most critical, is that you as a manager can foster an environment that is conducive to constructive conflict, where individuals welcome criticism.

Dysfunctional conflict does exist, of course. Also known as destructive conflict, it sucks energy from the group and is de-motivating. This is a work environment that is unattractive to employees, and leads to poor productivity, low morale, absenteeism, high turnover, and so on. Again, it is the responsibility of a manager to recognise and eliminate destructive conflict before it becomes an irremediable situation.

Management of conflict

Conflict must be managed. Individuals tend to react to conflict in various ways: you might know of people who, because of their intense aversion to conflict, tend to ignore it in the hope that it will go away! Others tend to become very assertive or aggressive, while others are very cooperative. Perhaps the same individuals behave differently across conflict situations. Kenneth Thomas argues that there is no one best way to facilitate conflict management and various styles will be more or less effective, depending on the situation.[7] Conflict management styles become easier to observe if you are aware of the stages of conflict. A short description of these follows.

1. **Conflict antecedents:** These are simply conditions that lay the seeds for potential conflict. You might have a mandate to reduce operating costs by 10 per cent this year, and the operations department has a mandate to increase quality by 15 per cent. This might provide the basis for future conflict.

2. **Perceived conflict:** In the example above, your operations staff may perceive that increased quality will necessitate more resources, which is incongruent with your planned direction. Perceived conflict emerges once individuals and groups discover that their mandates are somewhat contradictory.

3. **Felt conflict:** Felt conflict is identified when the conflict has surfaced and people start vying for resources that might help them achieve their objectives.

4. **Manifest conflict:** This exists when the conflict is out in the open. Yet people might still feel a need to somehow quash it, or pretend that it is manageable. They might even try to suppress it.

5. **Conflict suppression:** When we suppress the conflict by ignoring it, none of the antecedents are removed or mitigated. It often leads to further future conflict. Nevertheless, this does not mean that one should not suppress conflict in some situations. For example, maybe Noni does not get along with Stephen, but in three weeks Noni is being transferred overseas. Perhaps the personality conflict does not merit extensive attention at this point, given that these two individuals will soon not be working together.

6. **Aftermath:** Often the management of conflict can have implications for future conflict. Manager must try (to the best of their ability) to resolve the conflict in a way that will prevent it from rearing its ugly head again.

A number of things can be done that do not necessitate the alteration or expectation of personality changes. In other words, if you are a manager who must reduce a conflict between two people, you might try and find a way to do it without insisting to one person that they have an unattractive or offensive personality! What options are available to managers that might help mitigate or even eliminate conflict? The following section examines several, beginning with indirect approaches:

Indirect approaches to conflict management

Sometimes conflicting individuals and groups reach resolution by confronting each other directly - or the opposite, engaging in withdrawal and avoidance while silently retaining their claims to resources or validation. There is a range of less-direct measures that may mitigate or resolve a conflict. These are the principal indirect approaches identified in the literature.

Reduced interdependencies

We know that task and workflow interdependencies are a very common source of conflict. A number of techniques can reduce these interdependencies to manage conflict:

1. **Decoupling** – decoupling simply means reducing the contact between the two parties. This might be accomplished through job redesign, transfers, or a redefined reporting structure.

2. **Buffering** – buffering is one tactic available when the inputs of one group or department are the outputs of another. Should one group become uncooperative or become unavailable to do the work, then building an inventory is a type of buffering that will help to reduce the risk of a shortfall. This is not a very popular choice because of the cost of inventory storage.

3. **Linking pins** – a linking pin is a person who acts as a liaison between parties in an effort to help create and sustain mutual objectives, a mutual benefit or vision. This person is responsible for keeping informed about departmental objectives, obstacles, members' needs, etc.

Appeals to common goals

This is really about trying to champion both sides (or in some cases many sides) around a common vision. And again, this is the job of a linking pin in many cases, but can also be done with the help of external consultants. What can all parties focus on that will mobilise the energy in a similar or common direction?

Hierarchical referral

This is simply the act of referring the conflict to someone higher in the hierarchy. Sometimes this does indeed resolve the conflict permanently, but it can also fuel future 'fires.' For example, if a conflict is referred to a VP level and the VP finds in favour of one party, that party may be more aggressive in the next conflict, making the assumption that the VP will rule in his/her favour again. What's worse is that sometimes the conflict management gets moved so high up the hierarchy that the person at the top does not know enough about the antecedents or causes of the conflict to make an informed decision.

Altering scripts and myths

Recall from our discussion on organisational culture that scripts and myths represent observable artefacts of culture. Sometimes, for example, managers try to manage conflict through standard meetings. This scenario might seem familiar if you participate with a number of other managers in a monthly meeting to discuss various challenges and issues across your departments. Yet, in reality this approach rarely, if ever, seems to reduce serious conflict. As a result, this type of ritual ceases to be taken seriously by participants.

Direct conflict management

There are a number of direct approaches to mitigating or eliminating conflict. Described below are five such styles.

1. **Avoiding:** This is a popular tactic used by people who do not want to cooperate and do not assert their own preferences when conflict emerges. While generally not very effective in resolving conflict, in the short term it might allow people to regroup or re-examine the issues.

2. **Accommodating:** If we accommodate in a conflict situation, we are, like avoidance above, not asserting our own position. However, this approach is distinct because we are cooperating with the other party. You might sacrifice your own goals in an effort to cooperate. Under some circumstances, this might, in the end, cause you to resent the other party.

3. **Competing:** A person reliant on a competing management style is not interested in cooperating with the other party. Personal interests are given priority and full attention. This type of behaviour sometimes includes blaming others in an effort to look good and achieving your own goals by sacrificing goals of others. This is often used under emergency situations, where time is critical, or where unpopular actions must be implemented.

4. **Compromise:** When parties compromise, you are both willing to giving up something in order to resolve the conflict. You do not necessarily feel like a 'winner' or 'loser,' and the outcome does not indicate one or the other. An example of this is when an employee requests a 5 per cent salary increase, but ultimately accepts 3 per cent.

5. **Collaborating:** Collaborating behaviour is a demonstration by both parties of good faith, interest and determination to find a win-win solution. The parties attempt to clarify their differences and examine potential solutions that are mutually beneficial. Often the issues for both sides are recognised as very important and the objective of negotiating a solution is to form consensus and sustain the relationship.

Negotiation

Negotiation is a technique often employed to manage conflict. In fact, negotiation is something that we do every day of our lives. We negotiate with our peers, our parents, our children, our superiors, the car dealer, our subordinates – the list is long and negotiation never goes away. If you are recognised as someone who can negotiate successfully, you are remembered as a person who can make a real difference in emotionally charged situations, or situations where the outcome is going to be very important to your organisation. And negotiation, like presentations, is something that you get better at over time, with experience.

Simply stated, negotiation is an attempt to resolve potential or existing conflict, by creating a decision among interdependent parties who do not share identical preferences. In reality, it does not always turn out that way; however, in most negotiations one's aim is to create a win-win outcome for the parties involved. There are two primary negotiation tactics that we will examine: Distributive negotiation and Integrative negotiation.

Distributive negotiation

Distributive negotiation is also referred to as 'position' negotiation in that each party has taken a position, and believes that they have to claim specific components of a 'fixed pie' of resources. Also known as a zero-sum game, the assumption in this type of negotiation is that whatever gain I make is your loss. Often parties are not concerned with creating or sustaining an amicable relationship; rather they are most concerned with getting as much as they can from the other side. This is most common in union-management negotiations where wages are often the issue and the

union is trying to get as much as possible in terms of a wage increase from management. Any amount of financial gain made by the union is an increased cost to management.

There is typically a bargaining zone that is defined as a range between one party's minimum reservation point and the other party's maximum reservation point. The union may want a 5 per cent wage increase, however has determined that it can settle for 3 per cent as a minimum increase. Management might have determined that it has a preference for a 2 per cent wage increase but will go as high as a 3.5 per cent increase. In this case, the bargaining zone is between 3 per cent and 3.5 per cent.

Integrative negotiation

With integrative negotiation, the parties do not assume a zero-sum game; rather they focus their attention and energy on how to best utilise the resources, with a view to working toward a win-win solution. Unlike distributive bargaining, integrative bargaining is characterised by trust, information sharing, and the willingness and desire to work toward a solution that is satisfactory for all parties. Fisher and Ury, in their book 'Getting to Yes,' argue that there are a number of strategies that parties can focus one in order to facilitate success in integrative negotiation.

Separate the people from the problem

You may have heard this expression before. It becomes critical in a negotiation that the parties try to focus on the substantive issues at hand rather than the failings or weaknesses of the other party. If the parties are not able to focus on the issues, the potential for further conflict increases. It is critical that each party try to consider the feelings and needs of the other parties, and that they attempt to build a foundation during the negotiation that can be used to build and maintain a relationship. Remember that more often than not, we negotiate potential outcomes with parties we must work with on an ongoing basis. Therefore, maintaining the relationship is usually critical.

Focus on interests, not positions

If we were to focus on positions, which is the position we have decided on, it is likely that we will ignore the more important factor: the interests of the parties. Interests are desires and concerns; they are not what the parties want, but why they want a specific outcome. Imagine that a number of parents have been invited to a meeting in a non-profit organisation that advocates on behalf of a specific disability. The purpose of the meeting is to determine how best to spend economic resources which have become available for their disabled children. Many of the parents will attempt to argue or negotiate based on their positions, that is, what they want for their child (and this will be based on many things, such as the severity of the disability, the age of the child, the existing resources available for that child). But it is argued that the most effective resolution will emerge if the parents focus on their interests, which refer to improving the quality of their children's lives. The 'bigger picture' focus is likely to foster more ideas, and keep emotions at bay.

Invent options for mutual gain

Often parties in a negotiation assume that the 'pie' is fixed, and that it must be divided in such a way that the parties get some portion of that. However, if negotiators are creative, they might invent more options that enhance the number of possible outcomes. Ury and Fisher provide a useful example: children might quarrel over an orange. After they agree to divide the orange in half, the first child takes one half and eats the fruit after throwing away the peel. The second child throws away the fruit and uses the peel for baking a cake! The best possible scenario here was for one child to have all of the fruit, and the other to have all of the peel. Often, negotiating parties fail to brainstorm together or think about new, creative ways to increase options for potential solutions.

Insist on using objective criteria

Despite the potential benefits of the strategies discussed above, one cannot ignore the fact that interests do conflict – you want a 10 per cent salary increase and your boss is willing to give you a 5 per cent increase. Therefore, it is important that you rely on objective criteria to reach a solution based on principle rather than will or egos. For example, if you want to negotiate a 10 per cent salary increase, you must build an argument based on the fact that you have met and/or exceeded performance measures. Perhaps your job description has changed in a way that merits an increase; maybe you have done some research on pay for similar positions in other organisations; or there might be someone else within your organisation that has a very similar job for comparison purposes. It is easier to strengthen your case when you can emphasise how the matter should be dealt with based on objective data, rather than on positions of the parties.

Integrative negotiating is a strategy designed to establish a process for managing differences. This strategy encourages each party to focus on the substantive issues objectively, and to search for mutual gains that emerge from identifying and relying on fair standards. This will hopefully result in a positive outcome for all parties, where they feel they have succeeded in resolving substantive issues as well as maintaining important relationships.

Module summary

Summary

Conflict is a process resulting in two parties perceiving that they are working in opposition to each other. Although conflict often is considered harmful, and thus something to avoid, it can also have some benefits. In this module, you learned six potential sources of conflict: incongruent goals, power and status, culture, task interdependencies, ambiguity, and scarce resources. There are four basic forms of conflict that exist within an organisation. Interpersonal conflict is conflict between two or more individuals who do not share the same goals or values. Intergroup conflict is most often observed between functional groups, teams or departments. Intragroup conflict arises within groups, teams or departments, whereas interorganisational conflict emerges among organisations. Kenneth Thomas argues that conflict management styles become easier to manage if there is awareness of the stages of conflict. The stages of conflict are as follows: antecedents stage, perceived stage, felt stage, manifest stage, suppression stage and aftermath stage. The most common reactions to conflict are avoidance, accommodation competition, compromise, and collaboration. Negotiation is the process in which two or more parties (people or groups) reach agreement on an issue even though they have different preferences regarding it. This module discussed two primary negotiation tactics: distributive negotiation and integrative negotiation. Distributive negotiation suggests that each party has taken a position where its primary concern is to gain as much as it can from the other party. Integrative negotiation; however, focusses its attention on how best to utilise resources to achieve a win-win solution.

Case study 12.2

Case study

In the shadow of the city (Optional Submission)

Please read case study 12.2, 'In the shadow of the city' given in the case study handbook of your study material and analyse it using the written case format provided in the handbook. Your paper should be no longer than eight pages.

Self-assessment

Assessment

What is your primary conflict-handling intention?

Indicate how often you rely on each of the following tactics by marking the number that you feel is most appropriate. The number 1 indicates rarely, and the number 5 indicates always.

1.	I argue my case with my co-workers to show the merits of my position.	1	2	3	4	5
2.	I negotiate with my co-workers so that a compromise can be reached.	1	2	3	4	5
3.	I try to satisfy the expectations of my co-workers.	1	2	3	4	5
4.	I try to investigate an issue with my co-workers to find a solution acceptable to us.	1	2	3	4	5
5.	I am firm in pursuing my side of the issue.	1	2	3	4	5
6.	I attempt to avoid being put on the spot and try to keep my conflict with my co-workers to myself.	1	2	3	4	5
7.	I hold on to my solution to a problem.	1	2	3	4	5
8.	I use give-and-take so that a compromise can be made.	1	2	3	4	5
9.	I exchange accurate information with my co-workers to solve a problem together.	1	2	3	4	5
10.	I avoid open discussion of my differences with my co-workers.	1	2	3	4	5
11.	I accommodate the wishes of my co-workers.	1	2	3	4	5
12.	I try to bring all our concerns out in the open so that the issues can be resolved in the best possible way.	1	2	3	4	5
13.	I propose a middle ground for breaking deadlocks.	1	2	3	4	5
14.	I go along with the suggestions of my co-workers.	1	2	3	4	5
15.	I try to keep my disagreements with my co-workers to myself in order to avoid hard feelings.	1	2	3	4	5

Source: An abbreviated version of a 35-item instrument from Rahim (1983, pp. 368-376); Robbins & Langton (2000)

To determine your primary conflict-handling intention, place the number 1 to 5 that represents your score for each statement next to the number for that statement. Then total up the columns.

Competing	Collaborating	Avoiding	Accommodating	Compromising
1.	4.	6.	3.	2.
5.	9.	10.	11.	8.
7.	12.	15.	14.	13.
Total	Total	Total	Total	Total

Assessment

Assessment

1. Think about the organisation in which you are working or any other organisation which you are familiar. Do you identify any organisational conflicts? After identifying the conflicts, analyse the sources of such conflicts. Suggest measures to manage each of those conflicts.

2. "Negotiation is a technique often employed to manage conflict." In view of this statement, explain how different types of negotiations manage conflicts.

3. What do you understand organisational conflict? What are the various types of conflicts normally experienced by the organisations?

4. Explain various sources conflicts in the organisations.

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