

## Conflict and Negotiation in the Workplace



### learning objectives

**After reading this chapter, you should be able to:**

- 11-1** Define conflict and debate its positive and negative consequences in the workplace.
- 11-2** Distinguish task from relationship conflict and describe three strategies to minimize relationship conflict during task conflict episodes.
- 11-3** Diagram the conflict process model and describe six structural sources of conflict in organizations.
- 11-4** Outline the five conflict handling styles and discuss the circumstances in which each would be most appropriate.
- 11-5** Apply the six structural approaches to conflict management and describe the three types of third-party dispute resolution.
- 11-6** Describe the bargaining zone model and outline strategies that skilled negotiators use to claim value and create value in negotiations.



**L**'Oreal Canada boasts a diverse workforce. Its 1,200 employees represent 61 nationalities, 42 percent are women, and employees are spread across the three main generations: baby boomers (25%), Gen-X (33%), and Gen-Y (42%). These different forms of diversity have been immensely beneficial to the company and society. "From diversity stems stimulating, rich debates that propel our teams to think forward and encourage innovation," says Marie-Josée Lamothe, L'Oreal Canada's chief marketing officer and chief communications officer.

But rich debates can easily deteriorate into dysfunctional battles when participants fail to keep their differences in perspective. L'Oreal Canada's executives anticipated this risk several years ago as its workforce demography began shifting to a balance across the three generations. (Gen-Y is now its largest cohort.) These generations differed in their needs and expectations, which might lead to dysfunctional intergenerational conflict. "We realized we could be faced with an interesting problem," recalls Marjolaine Rompré, L'Oreal Canada's director of learning and development. "We called it Generation Shock."

Rather than have that generation shock turn into dysfunctional conflict, L'Oreal Canada introduced a full-day seminar, called Valorizing Intergenerational Differences, which aims to help employees across all generations understand and value each other's perceptions, values, and expectations. In one part of the program, for example, employees sit together in their generational cohorts and ask questions of employees in the other cohorts. "Each group is interested and surprised to see what's important to the other group," says Rompré.

Participants say the program leverages the company's creative potential by minimizing dysfunctional conflict and improving relations with coworkers. "The Valorizing Intergenerational Differences training really helped me understand where people from each generation are coming from," says key account manager Ashley Bancroft, shown at left in this photo with national accounts directors Christian Bouchard and Wendy Stewart. It has also helped L'Oreal Canada become one of the best places to work in Canada, and one of the country's best diversity employers.<sup>1</sup>

L'Oreal Canada employees (from left) Ashley Bancroft, Christian Bouchard, and Wendy Stewart say the company's Valorizing Intergenerational Differences training has helped them leverage the company's creative potential by minimizing dysfunctional conflict and improving relations with coworkers.

L'Oreal Canada has prospered through diversity, but it has also proactively addressed the potential downside of dysfunctional conflict by introducing a training program to improve mutual understanding. This chapter investigates the dynamics of conflict in organizational settings. It begins by defining conflict and discussing the age-old question: Is conflict good or bad? Next, we look at the conflict process and examine in detail the main factors that cause or amplify conflict. The five styles of handling conflict are then described, followed by discussion of the main structural approaches to conflict management. Next, we address the role of managers and others in third-party conflict resolution. The final section of this chapter reviews key issues in negotiating conflict resolution.

## The Meaning and Consequences of Conflict

### LO 11-1

One of the facts of life is that organizations are continuously adapting to their external environment and introducing better ways to transform resources into outputs (see Chapter 1). There is no clear road map for how companies should change, and employees and other stakeholders rarely agree completely on the direction or form of these adjustments. Employees have divergent personal and work goals, which leads them to prefer different directions for the organization to take.

These differences in goals and viewpoints, along with a few other key factors described in this chapter, lead to conflict. **Conflict** is a process in which one party perceives that its interests are being opposed or negatively affected by another party.<sup>2</sup> It may occur when one party obstructs another's goals in some way, or just from one party's perception that the other party is going to do so. Conflict is ultimately based on perceptions; it exists whenever one party *believes* that another might obstruct its efforts, whether or not the other party actually intends to do so.

### IS CONFLICT GOOD OR BAD?

One of the oldest debates in organizational behavior is whether conflict is good or bad—or, more recently, what forms of conflict are good or bad—for organizations.<sup>3</sup> The dominant view over most of this time has been that conflict is dysfunctional.<sup>4</sup> Almost a century ago, European administrative theorists Henri Fayol and Max Weber emphasized that organizations work best through harmonious relations. Elton Mayo, who founded Harvard University's human relations school and is considered one of the founders of organizational behavior, was convinced that employee–management conflict undermines organizational effectiveness. These and other critics warned that even moderately low levels of disagreement tatter the fabric of workplace relations and sap energy from productive activities. Disagreement with one's supervisor, for example, wastes productive time, violates the hierarchy of command, and challenges the efficient assignment of authority (in which managers make the decisions and employees follow them).

Although the “conflict-is-bad” perspective is now considered too simplistic, conflict certainly can have negative consequences in some circumstances (see Exhibit 11.1).<sup>5</sup> Conflict has been criticized for consuming otherwise productive time. For instance, almost one-third of the 5,000 employees recently surveyed across nine countries reported that they are frequently or always dealing with workplace conflict. More than half of the employees in Germany complained that conflict was consuming their workday.<sup>6</sup>

Conflict can undermine job performance in other ways.<sup>7</sup> It is often stressful, which consumes personal energy and distracts employees from their work. Conflict discourages people engaged in the dispute from sharing resources and coordinating with each other. It can reduce job satisfaction, resulting in higher turnover and lower customer service. Conflict fuels organizational politics, such as motivating employees to find ways to undermine the credibility of their opponents. Decision making suffers because people are less motivated to communicate valuable information. Ironically, with less communication, the feuding parties

#### conflict

The process in which one party perceives that its interests are being opposed or negatively affected by another party.

**EXHIBIT 11.1****Consequences of Workplace Conflict**

NEGATIVE CONSEQUENCES	POSITIVE CONSEQUENCES
	
<ul style="list-style-type: none"> <li>Uses otherwise productive time</li> <li>Less information sharing</li> <li>Higher stress, dissatisfaction, and turnover</li> <li>Increases organizational politics</li> <li>Wastes resources</li> <li>Weakens team cohesion (conflict among team members)</li> </ul>	<ul style="list-style-type: none"> <li>Better decision making               <ul style="list-style-type: none"> <li>• tests logic of arguments</li> <li>• questions assumptions</li> </ul> </li> <li>More responsive to changing environment</li> <li>Stronger team cohesion (conflict between the team and outside opponents)</li> </ul>

are more likely to escalate their disagreement because each side relies increasingly on distorted perceptions and stereotypes of the other party. Finally, conflict among team members may undermine team cohesion and performance. As Global Connection 11.1 describes, airlines and customers alike suffer when flight crew members don't get along.

**Benefits of Conflict** In the 1920s, when most organizational scholars viewed conflict as inherently dysfunctional, educational philosopher and psychologist John Dewey praised its benefits: "Conflict is the gadfly of thought. It stirs us to observation and memory. It instigates to invention. It shocks us out of sheeplike passivity, and sets us at noting and contriving."<sup>9</sup> Three years later, political science and management theorist Mary Parker Follett similarly remarked that the "friction" of conflict should be put to use rather than treated as an unwanted consequence of differences.<sup>10</sup>

But it wasn't until the 1970s that conflict management experts began to embrace the "optimal conflict" perspective.<sup>11</sup> According to this view, organizations are most effective when employees experience some level of conflict but become less effective with high levels of conflict.<sup>12</sup> What are the benefits of conflict? As Dewey stated, conflict energizes people to debate issues and evaluate alternatives more thoroughly. They probe and test each other's way of thinking to better understand the underlying issues that need to be addressed. This discussion and debate tests the logic of arguments and encourages participants to reexamine their basic assumptions about the problem and its possible solution. It prevents individuals and teams from making inferior decisions and potentially helps them develop more sound and creative solutions.<sup>13</sup>

A second potential benefit is that moderate levels of conflict prevent organizations from becoming nonresponsive to their external environment. As mentioned, differences of opinion encourage employees to engage in active thinking, and this often involves ongoing questioning and vigilance about how the organization can be more closely aligned with its customers, suppliers, and other stakeholders.<sup>14</sup> A third benefit of conflict occurs when team members have a dispute or competition with external sources. This form of conflict represents an external challenge, which, as we noted in the team dynamics chapter (Chapter 8), potentially increases cohesion within the team. People are more motivated to work together when faced with an external threat, such as conflict with people outside the team.

**LO 11-2****task conflict**

A type of conflict in which people focus their discussion around the issue while showing respect for people who have other points of view.

**THE EMERGING VIEW: TASK AND RELATIONSHIP CONFLICT**

Although many writers still refer to the "optimal conflict" perspective, an emerging school of thought is that there are two types of conflict with opposing consequences: task conflict and relationship conflict.<sup>15</sup> **Task conflict** (also called *constructive conflict*) occurs when people focus their discussion around the issue (i.e., the "task") while showing respect for people



## global connections 11.1

### High Cost of On-Board Conflicts

Airline customers suffer enough when experiencing or observing on-board conflicts with other passengers. But these are usually minor inconveniences compared with situations when flight crew members can't get along. Consider the following recent events.

An American Airlines flight recently returned to the gate almost as soon as it began to taxi toward the takeoff area because, in the airline's words, "there was a disagreement between two flight attendants." One flight attendant was using her cell phone during the pre-departure preparations for the New York-to-Washington commuter flight. Her activities apparently prompted the other flight attendant to use the intercom and announce that everyone needed to turn off their phones and electronic devices, "including the other flight attendant." That comment led to a scuffle between the two crew members, which was serious enough that the pilots decided to cancel the flight. Passengers had to wait four hours for a new crew to arrive.

Exactly one week later, a United Airlines flight bound for Chicago returned to Raleigh/Durham shortly after takeoff because of conflict between two flight attendants. The cause of the tiff seemed almost trivial. "One flight attendant had crossed their leg and accidentally brushed the other person," explained a spokesperson at Raleigh/Durham International Airport after the flight had returned. Although apparently unintentional, the other flight attendant interpreted the incident as provocation, because relations between the two were already fragile. "It appears there was a disagreement before that, that became elevated," the spokesperson said. Passengers had to wait three hours for an alternative flight. United Airlines faced the costs of an abandoned flight, compensation for travelers with missed



Conflict among airline crew members can be costly for airlines and ruin their customer service reputation.

connections, possible overtime for the replacement crew, and loss of customer service reputation.

Pilots probably also have disagreements, but few are noticed and fewer still lead to flight delays. But cockpit conflict may have indirectly contributed to the cancellation of a recent Qantas flight from Dallas to Sydney, Australia. The flight operations managers decided to cancel the flight because thunderstorms delayed the departure and the pilots were already close to exceeding their maximum work hours. However, the captain and second officer were later suspended when the managers learned the pilots had an argument while preparing for departure regarding takeoff calculations to enter into the computer system. The airline had to fly in replacement pilots, resulting in an 18-hour delay.<sup>8</sup>

with other points of view. This type of conflict features debates about the merits and limitations of different positions so ideas and recommendations can be clarified, redesigned, and tested for logical soundness. By keeping the debate focused on the issue, participants calmly reexamine their assumptions and beliefs without having hostile emotions triggered by their drive to defend their self-concept. Research indicates that task conflict tends to produce the beneficial outcomes that we described earlier, particularly better decision making.<sup>16</sup> At the same time, there is likely an upper limit to the intensity of any disagreement, beyond which it would be difficult to remain constructive.

In contrast with task conflict, **relationship conflict** focuses on interpersonal differences between or among adversaries. The parties refer to "personality clashes" and other interpersonal incompatibilities rather than legitimate differences of opinion regarding tasks or decisions. Relationship conflict involves one party questioning or critiquing personal characteristics of the other person. As such, it attempts (or is perceived to attempt) to undermine another person's competence. These personal attacks threaten self-esteem and oppose self-enhancement and self-verification processes (see Chapter 3). Consequently, they usually trigger defense mechanisms and a competitive orientation between the parties. Relationship conflict also reduces mutual trust because it emphasizes interpersonal differences that shred any existing bond with the other person.<sup>17</sup> Relationship conflict escalates more easily than

#### relationship conflict

A type of conflict in which people focus on characteristics of other individuals, rather than on the issues, as the source of conflict.

task conflict because the adversaries become less motivated to communicate and share information, making it more difficult for them to discover common ground and ultimately resolve the conflict. Instead, they rely more on distorted perceptions and stereotypes that, as we noted earlier, tend to further escalate the conflict.



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**Separating Task from Relationship Conflict** If there are two types of conflict, then the obvious advice is to encourage task conflict and minimize relationship conflict. This recommendation sounds good in theory, but separating these two types of conflict isn't easy. Research indicates that we experience some degree of relationship conflict whenever we are engaged in constructive debate.<sup>18</sup> No matter how diplomatically someone questions our ideas and actions, they potentially trigger our drive to defend our ideas, our sense of competence, and our public image. The stronger the level of debate and the more the issue is tied to our self-concept, the higher the chance that the task conflict will evolve into (or mix with) relationship conflict.

Fortunately, three strategies or conditions potentially minimize the level of relationship conflict during task conflict episodes.<sup>20</sup>

- *Emotional Intelligence and Emotional Stability.* Relationship conflict is less likely to occur, or is less likely to escalate, when team members have high levels of emotional intelligence and its associated personality characteristic: emotional stability.<sup>21</sup> Employees with higher emotional intelligence and stability are better able to regulate their emotions during debate, which reduces the risk of escalating perceptions of interpersonal hostility. They are also more likely to view a coworker's emotional reaction as valuable information about that person's needs and expectations, rather than as a personal attack.
- *Cohesive Team.* Relationship conflict is suppressed when the conflict occurs within a highly cohesive team. The longer people work together, get to know each other, and develop mutual trust, the more latitude they give to each other to show emotions without being personally offended. This might explain why task conflict is more effective in top management teams than in teams of more junior staff.<sup>22</sup> Strong cohesion also allows each person to know about and anticipate the behaviors and emotions of their teammates. Another benefit is that cohesion produces a stronger social identity with the group, so team members are motivated to avoid escalating relationship conflict during otherwise emotionally turbulent discussions.



Intel is famous for encouraging lively debates among its employees. Intel cofounder Andy Grove introduced and embedded this culture of constructive confrontation long ago to help the computer chip designer make better decisions. But he also recognized the fine line between task and relationship conflict. "Constructive confrontation does not mean being loud, unpleasant or rude, and it is not designed to affix blame," warns Grove. "The essence of it is to attack a problem by speaking up in a businesslike way."<sup>19</sup>

- *Supportive Team Norms.* Various team norms can hold relationship conflict at bay during task-focused debate. When team norms encourage openness, for instance, team members learn to appreciate honest dialogue without personally reacting to any emotional display during the disagreements.<sup>23</sup> Other norms might discourage team members from displaying negative emotions toward coworkers. Team norms also encourage tactics that diffuse relationship conflict when it first appears. For instance, research has found that teams with low relationship conflict use humor to maintain positive group emotions, which offsets negative feelings team members might develop toward some coworkers during debate.

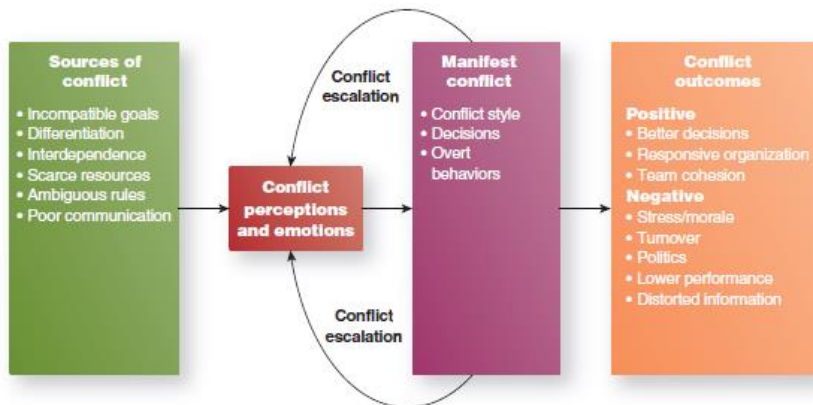
## Conflict Process Model

### LO 11-3

Now that we have outlined the history and current knowledge about conflict and its outcomes, let's look at the model of the conflict process, shown in Exhibit 11.2.<sup>24</sup> This model begins with the sources of conflict, which we will describe in the next section. At some point, the sources of conflict lead one or both parties to perceive that conflict exists. They become aware that one party's statements and actions are incompatible with their own goals or beliefs. These perceptions usually interact with emotions experienced about the conflict.<sup>25</sup> Conflict perceptions and emotions produce manifest conflict—the decisions and behaviors of one party toward the other. These *conflict episodes* may range from subtle non-verbal behaviors to warlike aggression. Particularly when people experience high levels of conflict-generated emotions, they have difficulty finding the words and expressions that communicate effectively without further irritating the relationship.<sup>26</sup> Conflict is also manifested by the style each side uses to resolve the conflict. Some people tend to avoid the conflict, whereas others try to defeat those with opposing views.

Exhibit 11.2 shows arrows looping back from manifest conflict to conflict perceptions and emotions. These arrows illustrate that the conflict process is really a series of episodes that potentially cycle into conflict escalation.<sup>27</sup> It doesn't take much to start this conflict cycle—just an inappropriate comment, a misunderstanding, or an action that lacks diplomacy. These behaviors cause the other party to perceive that conflict exists. Even if the first party did not intend to demonstrate conflict, the second party's response may create that perception.

**EXHIBIT 11.2** Model of the Conflict Process







Visit [connect.mcgrawhill.com](http://connect.mcgrawhill.com) for activities and test questions to help you learn about the structural sources of conflict.

## Structural Sources of Conflict in Organizations

The conflict model starts with the sources of conflict, so we need to understand these sources to effectively diagnose conflict episodes and subsequently resolve the conflict or occasionally to generate conflict where it is lacking. The six main conditions that cause conflict in organizational settings are incompatible goals, differentiation, interdependence, scarce resources, ambiguous rules, and communication problems.

### INCOMPATIBLE GOALS

Goal incompatibility occurs when the goals of one person or department seem to interfere with another person's or department's goals.<sup>28</sup> For example, the production department strives for cost efficiency by scheduling long production runs, whereas the sales team emphasizes customer service by delivering the client's product as quickly as possible. If the company runs out of a particular product, the production team would prefer to have clients wait until the next production run. This infuriates sales representatives who would rather change production quickly to satisfy consumer demand.

### DIFFERENTIATION

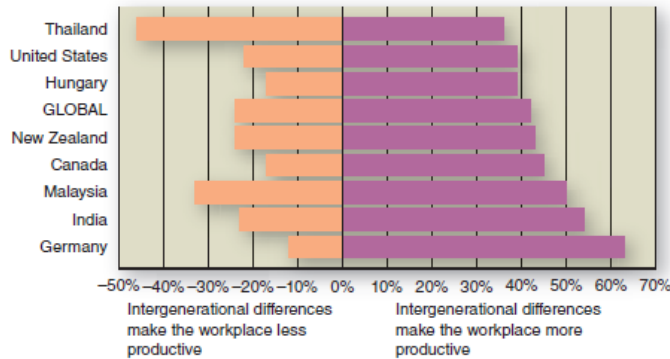
Another source of conflict is differentiation—differences among people and work units regarding their training, values, beliefs, and experiences. Differentiation differs from goal incompatibility; two people or departments may agree on a common goal (serving customers better) but have different beliefs about how to achieve that goal (e.g., standardize employee behavior versus give employees autonomy in customer interactions). Consider the opening story to this chapter. Intergenerational conflicts occur because younger and older employees have different needs, different expectations, and different workplace practices, which sometimes produce conflicting preferences and actions. Recent studies suggest that these intergenerational differences occur because people develop social identities around technological developments and other pivotal social events that are unique to their era.<sup>30</sup>



GE invested \$320 million in a new business, GE Energy Storage, in Schenectady, New York, to manufacture its innovative Durathon batteries for the utilities and telecommunications industries. During the plant start-up, GE's engineers had heated debates because of their different goals and priorities. The engineers who designed the battery wanted prototypes made quickly for real-world testing, whereas GE's manufacturing engineers held back initial production to ensure the batteries met the company's rigorous quality standards. "We went through some fights, some serious fights," admits GE Energy Storage General Manager, Prescott Logan. "It's a kind of interesting tension at times. We have to find a balance."<sup>29</sup>



## Do Intergenerational Differences Increase or Decrease Productivity?<sup>31</sup>



Percentage of employees by country who believe that intergenerational (Baby Boomers, Gen X, and Gen Y) differences have a positive or negative effect on workplace productivity. Percentages do not add up to 100 percent because some respondents reported that generational differences have no effect on productivity. Based on a survey of 100,000 employees in 33 countries.

Differentiation also produces the classic tension between employees from two companies brought together through a merger.<sup>32</sup> Even when people from both companies want the integrated organization to succeed, they fight over the “right way” to do things because of their unique experiences in the separate companies. This form of conflict emerged when CenturyLink acquired Qwest, creating the third largest telecommunications company in the United States. The two companies were headquartered in different parts of the country. “Their languages were different, their food was different, answers were different. We talked fast and interrupted, and they talked slow and were polite,” recalls a senior Qwest executive. “If we said up, they said down. If we said yes, they said no. If we said go, they said stop.” The result was “unnecessary misunderstandings” as executives tried to integrate the two companies.<sup>33</sup>

### INTERDEPENDENCE

Conflict tends to increase with the level of task interdependence. Task interdependence refers to the extent to which employees must share materials, information, or expertise to perform their jobs (see Chapter 8). This interdependence includes sharing common resources, exchanging work or clients back and forth, and receiving outcomes (such as rewards) that are partly determined by the performance of others.<sup>34</sup> Higher interdependence increases the risk of conflict because there is a greater chance that each side will disrupt or interfere with the other side’s goals.<sup>35</sup>

Other than complete independence, employees tend to have the lowest risk of conflict when working with others in a pooled interdependence relationship. Pooled interdependence occurs where individuals operate independently except for their reliance on a common resource or authority. The potential for conflict is higher in sequential interdependence work relationships, such as an assembly line. The highest risk of conflict tends to occur in reciprocal interdependence situations. With reciprocal interdependence, employees have

high mutual dependence on each other and, consequently, a higher probability of interfering with each other's work and personal goals.

### SCARCE RESOURCES

Resource scarcity generates conflict because each person or unit requiring the same resource necessarily undermines others who also need that resource to fulfill their goals. Most labor strikes, for instance, occur because there aren't enough financial and other resources for employees and company owners to each receive the outcomes they seek, such as higher pay (employees) and higher investment returns (stockholders). Budget deliberations within organizations also produce conflict because there aren't enough funds to satisfy the goals of each work unit. The more resources one group receives, the fewer resources other groups will receive. Fortunately, these interests aren't perfectly opposing in complex negotiations, but limited resources are typically a major source of friction.

### AMBIGUOUS RULES

Ambiguous rules—or the complete lack of rules—breed conflict. This occurs because uncertainty increases the risk that one party intends to interfere with the other party's goals. Ambiguity also encourages political tactics, and in some cases, employees enter a free-for-all battle to win decisions in their favor. This explains why conflict is more common during mergers and acquisitions. Employees from both companies have conflicting practices and values, and few rules have developed to minimize the maneuvering for power and resources.<sup>36</sup> When clear rules exist though, employees know what to expect from each other and have agreed to abide by those rules.

### COMMUNICATION PROBLEMS

Conflict often occurs due to the lack of opportunity, ability, or motivation to communicate effectively. Let's look at each of these causes. First, when two parties lack the opportunity to communicate, they tend to rely more on stereotypes to understand the other party in the conflict. Unfortunately, stereotypes are sufficiently subjective that emotions can negatively distort the meaning of an opponent's actions, thereby escalating perceptions of conflict. Second, some people lack the necessary skills to communicate in a diplomatic, nonconfrontational manner. When one party communicates its disagreement arrogantly, opponents are more likely to heighten their perception of the conflict. This may lead opponents to reciprocate with a similar response, which further escalates the conflict.<sup>37</sup>

Third, relationship conflict is uncomfortable, so people are less motivated to communicate with others in a disagreement. Unfortunately, less communication can further escalate the conflict because each side has less accurate information about the other side's intentions. To fill in the missing pieces, they rely on distorted images and stereotypes of the other party. Perceptions are further distorted because people in conflict situations tend to engage in more differentiation with those who are different from them (see Chapter 3). This differentiation creates a more positive self-concept and a more negative image of the opponent. We begin to see competitors less favorably so our self-concept remains positive during these conflict episodes.<sup>38</sup>

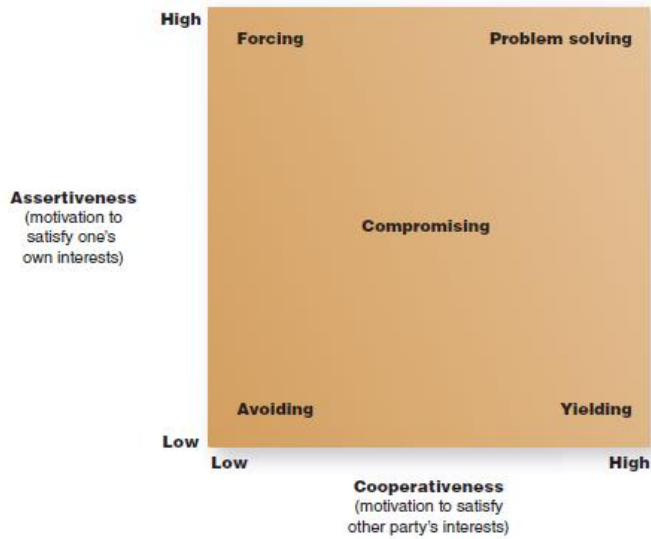
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## Interpersonal Conflict Handling Styles

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### LO 11-4

The six structural conditions described in the previous section lead to conflict perceptions and emotions which, in turn, motivate people to take some sort of action to address the conflict. Along with her pioneering view that some conflict is beneficial, Mary Parker Follett observed that people use different conflict handling styles. Conflict management experts subsequently expanded and refined this taxonomy of conflict handling styles, with most of them adapting variations of the five-category model shown in Exhibit 11.3 and described next.

**EXHIBIT 11.3****Interpersonal Conflict Handling Styles**

Source: C. K. W. de Dreu, A. Evers, B. Beersma, E. S. Kluwer, and A. Nauta, "A Theory-Based Measure of Conflict Management Strategies in the Workplace," *Journal of Organizational Behavior*, 22 (2001), pp. 645–68. For other variations of this model, see T. L. Ruble and K. Thomas, "Support for a Two-Dimensional Model of Conflict Behavior," *Organizational Behavior and Human Performance*, 16 (1976), p. 145; R. R. Blake, H. A. Shepard, and J. S. Mouton, *Managing Intergroup Conflict in Industry*, Houston: Gulf Publishing, 1964; M. A. Rahim, "Toward a Theory of Managing Organizational Conflict," *International Journal of Conflict Management* 13, no. 3 (2002), pp. 206–35.



What is your preferred conflict-handling style? Visit [connect.mcgrawhill.com](http://connect.mcgrawhill.com) to assess your preferred way of handling conflict, and to assist your learning about this topic.

This model recognizes that how people approach a conflict situation depends on the relative importance they place on maximizing outcomes for themselves and maximizing outcomes for the other party.<sup>39</sup>

- **Problem solving.** Problem solving tries to find a solution that is beneficial for both parties. This is known as the **win-win orientation**, because people using this style believe the resources at stake are expandable rather than fixed if the parties work together to find a creative solution. Information sharing is an important feature of this style, because both parties collaborate to identify common ground and potential solutions that satisfy everyone involved.

**win-win orientation**

The belief that conflicting parties will find a mutually beneficial solution to their disagreement.

**win-lose orientation**

The belief that conflicting parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive.

- **Forcing.** Forcing tries to win the conflict at the other's expense. People who use this style typically have a **win-lose orientation**; they believe the parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive. Consequently, this style relies on some of the "hard" influence tactics described in Chapter 10, particularly assertiveness, to get one's own way.



"We are really, really, really nice," emphasizes Xerox CEO Ursula Burns (left in this photo) about social relationships in the technology company. But she also believes this "terminal niceness" encourages too much of an avoidance conflict handling style. For example, Burns notes that employees don't raise objections in meetings, even when others present ideas that aren't workable. "When we're in the family, you don't have to be as nice as when you're outside of the family," says Burns. "I want us to stay civil and kind, but we have to be frank—and the reason we can be frank is because we are all in the same family."<sup>42</sup>



- **Avoiding.** Avoiding tries to smooth over or evade conflict situations altogether. A common avoidance strategy is to minimize interaction with certain coworkers. For instance, 67 percent of employees in one large global survey said they go out of their way to avoid seeing coworkers with whom they have had a disagreement. A smaller number (14 percent) have missed a day of work to avoid workplace conflict.<sup>40</sup> A second avoidance strategy is to steer clear of the sensitive topic when interacting with the other person in the conflict. These examples indicate that avoidance does not necessarily mean a low concern for both one's own and the other party's interest. Instead, we might be very concerned about the issue but believe that avoidance is the best solution, at least for the short term.<sup>41</sup>
- **Yielding.** Yielding involves giving in completely to the other side's wishes, or at least cooperating with little or no attention to your own interests. This style involves making unilateral concessions and unconditional promises, as well as offering help with no expectation of reciprocal help.
- **Compromising.** Compromising involves looking for a position in which your losses are offset by equally valued gains. It involves matching the other party's concessions, making conditional promises or threats, and actively searching for a middle ground between the interests of the two parties.

### CHOOSING THE BEST CONFLICT HANDLING STYLE

Chances are that you have a preferred conflict handling style. You might typically engage in avoiding or yielding, because disagreement makes you feel uncomfortable and is contrary to your self-view as someone who likes to get along with everyone. Or perhaps you prefer the compromising and forcing strategies because they reflect your strong need for achievement and to control your environment. People usually gravitate toward one or two conflict handling styles that match their personality, personal and cultural values, and past experience.<sup>43</sup> However, the best style depends on the situation, so we need to understand and develop the capacity to use each style for the appropriate occasions.<sup>44</sup>

Exhibit 11.4 summarizes the main contingencies, as well as problems, associated with using each conflict handling style. Problem solving is widely recognized as the preferred conflict handling style, whenever possible. Why? This approach calls for dialogue and clever thinking,

**EXHIBIT 11.4** Conflict Handling Style Contingencies and Problems

CONFLICT HANDLING STYLE	PREFERRED STYLE WHEN...	PROBLEMS WITH THIS STYLE
Problem solving	<ul style="list-style-type: none"> <li>Interests are not perfectly opposing (i.e., not pure win-lose)</li> <li>Parties have trust, openness, and time to share information</li> <li>The issues are complex</li> </ul>	<ul style="list-style-type: none"> <li>Sharing information that the other party might use to their advantage</li> </ul>
Forcing	<ul style="list-style-type: none"> <li>You have a deep conviction about your position (e.g., believe the other person's behavior is unethical)</li> <li>Dispute requires a quick solution</li> <li>The other party would take advantage of more cooperative strategies</li> </ul>	<ul style="list-style-type: none"> <li>Highest risk of relationship conflict</li> <li>May damage long-term relations, reducing future problem solving</li> </ul>
Avoiding	<ul style="list-style-type: none"> <li>Conflict has become too emotionally charged</li> <li>Cost of trying to resolve the conflict outweighs the benefits</li> </ul>	<ul style="list-style-type: none"> <li>Doesn't usually resolve the conflict</li> <li>May increase other party's frustration</li> </ul>
Yielding	<ul style="list-style-type: none"> <li>Other party has substantially more power</li> <li>Issue is much less important to you than to the other party</li> <li>The value and logic of your position isn't as clear</li> </ul>	<ul style="list-style-type: none"> <li>Increases other party's expectations in future conflict episodes</li> </ul>
Compromising	<ul style="list-style-type: none"> <li>Parties have equal power</li> <li>Time pressure to resolve the conflict</li> <li>Parties lack trust/openness for problem solving</li> </ul>	<ul style="list-style-type: none"> <li>Suboptimal solution where mutual gains are possible</li> </ul>

both of which help the parties discover a win-win solution. In addition, the problem-solving style tends to improve long-term relationships, reduce stress, and minimize emotional defensiveness and other indications of relationship conflict.<sup>45</sup>

However, problem solving assumes there are opportunities for mutual gains, such as when the conflict is complex with multiple elements. If the conflict is simple and perfectly opposing (each party wants more of a single fixed pie), then this style will waste time and increase frustration. The problem-solving approach also takes more time and requires a fairly high degree of trust, because there is a risk that the other party will take advantage of the information you have openly shared. As one study recently found, the problem-solving style is more stressful when people experience strong feelings of conflict, likely because these negative emotions undermine trust in the other party.<sup>46</sup>

The conflict avoidance style is often ineffective because it doesn't resolve the conflict and may increase the other party's frustration. However, avoiding may be the best strategy when conflict has become emotionally charged or where conflict resolution would cost more than the benefits it provides.<sup>47</sup> The forcing style is usually inappropriate because it commonly generates relationship conflict more quickly or intensely than other conflict handling styles. However, forcing may be necessary if you know you are correct (e.g., the other party's position is unethical or based on obviously flawed logic), the dispute requires a quick solution, or the other party would take advantage of a more cooperative conflict handling style.

The yielding style may be appropriate when the other party has substantially more power, the issue is not as important to you as to the other party, and you aren't confident that your position has superior logical or ethical justification.<sup>48</sup> However, yielding behaviors may give the other side unrealistically high expectations, thereby motivating them to seek more from you in the future. In the long run, yielding may produce more conflict, rather than resolve it. "Raised voices, red faces and table thumping is a far less dysfunctional way of challenging each other than withdrawal, passivity and sullen acceptance," argues one conflict management consultant. "It doesn't mean that people agree with you: they just take their misgivings underground and spread them throughout the organization, which has a corrosive effect."<sup>49</sup>

The compromising style may be best when there is little hope for mutual gain through problem solving, both parties have equal power, and both are under time pressure to settle their

differences. However, we rarely know whether the parties have perfectly opposing interests, yet the compromise approach assumes this win-lose orientation. Therefore, entering a conflict with the compromising style may cause the parties to overlook better solutions, because they have not attempted to share enough information or creatively look for win-win alternatives.

### CULTURAL AND GENDER DIFFERENCES IN CONFLICT HANDLING STYLES

Cultural differences are more than just a source of conflict. They also influence the preferred conflict handling style.<sup>50</sup> Some research suggests that people from high collectivism cultures—where group goals are valued more than individual goals—are motivated to maintain harmonious relations and, consequently, are more likely than those from low collectivism cultures to manage disagreements through avoidance or problem solving. However, this view may be somewhat simplistic. Collectivism motivates harmony within the group but not necessarily with people outside the group. Indeed, research indicates that managers in some collectivist cultures are more likely to publicly shame those whose actions oppose their own.<sup>51</sup> Cultural values and norms influence the conflict handling style used most often in a society, but they also represent an important contingency when outsiders choose their preferred conflict handling approach. For example, people who frequently use the conflict avoidance style might have more problems in cultures in which the forcing style is common.

According to some writers, men and women tend to rely on different conflict handling styles.<sup>52</sup> They suggest that, compared with men, women pay more attention to the relationship between the parties. Consequently, women tend to adopt a compromising or occasionally problem-solving style in business settings and are more willing to compromise to protect the relationship. Compared with men, they are also slightly more likely to use the avoiding style. Men tend to be more competitive and take a short-term orientation to the relationship. In low collectivism cultures, men are more likely than women to use the forcing approach to conflict handling. We must be cautious about these observations, however, because differences between men and women on preferred conflict handling styles are fairly small.

## Structural Approaches to Conflict Management

### LO 11-5

Conflict handling styles describe how we approach the other party in a conflict situation. But conflict management also involves altering the underlying structural causes of potential conflict. The main structural approaches are emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing task interdependence, increasing resources, and clarifying rules and procedures.



Visit [connect.mcgrawhill.com](http://connect.mcgrawhill.com) for activities and test questions to help you learn about structural approaches to managing conflict.

### superordinate goals

Goals that the conflicting parties value and whose attainment requires the joint resources and effort of those parties.

### EMPHASIZING SUPERORDINATE GOALS

One of the oldest recommendations for resolving conflict is to refocus the parties' attention around superordinate goals and away from the conflicting subordinate goals.<sup>53</sup> **Superordinate goals** are goals that the conflicting employees or departments value and whose attainment requires the joint resources and effort of those parties.<sup>54</sup> These goals are called superordinate because they are higher-order aspirations, such as the organization's strategic objectives rather





Boeing and the International Association of Machinists and Aerospace Workers (IAMAW) are working to reduce union-management conflict by focusing everyone on superordinate goals. Employees are encouraged to attend 30-minute “business basics” classes that teach financial metrics and describe Boeing’s external customers, competitors, and emerging business risks. The sessions give employees business skills and help them see that they and management have common objectives. “I think we as a union now understand that there is competition out there, and we need to understand that competition, and see what we can do to help the company be competitive,” says IAMAW District 751 President Tom Wroblewski. “It’s a whole new mind shift for all of us.”<sup>57</sup>

than objectives specific to the individual or work unit. Research indicates that the most effective executive teams frame their decisions as superordinate goals that rise above each executive’s departmental or divisional goals. Similarly, one recent study reported that leaders reduce conflict through an inspirational vision that unifies employees and makes them less preoccupied with their subordinate goal differences.<sup>55</sup>

Suppose that marketing staff want a new product released quickly, whereas engineers want more time to test and add new features. Leaders can potentially reduce this interdepartmental conflict by reminding both groups of the company’s mission to serve customers, or by pointing out that competitors currently threaten the company’s leadership in the industry. By increasing commitment to corporate-wide goals (customer focus, competitiveness), engineering and marketing employees pay less attention to their competing departmental-level goals, which reduces their perceived conflict with each other. Superordinate goals also potentially reduce the problem of differentiation, because they establish feelings of a shared social identity (work for the same company).<sup>56</sup>

### REDUCING DIFFERENTIATION

Another way to minimize dysfunctional conflict is to reduce the differences that generate conflict. As people develop common experiences and beliefs, they become more motivated to coordinate activities and resolve their disputes through constructive discussion.<sup>58</sup> SAP, the German enterprise software company, applied this approach when it recently acquired Business Objects, a French company with a strong U.S. presence. Immediately after the merger, SAP began intermingling people from the two organizations. Several senior SAP executives transferred to Business Objects, and all of the acquired company’s executives are on SAP’s shared services team. “We also encourage cross-border, cross-functional teamwork on projects such as major product releases,” says Business Objects CEO John Schwarz. “In this way team members come to depend on each other.”<sup>59</sup> Essentially, SAP provided opportunities for managers and technical employees in the acquired firm to develop common experiences with their SAP counterparts by moving staff across the two companies or having them work together on joint projects.

### IMPROVING COMMUNICATION AND MUTUAL UNDERSTANDING

A third way to resolve dysfunctional conflict is to give the conflicting parties more opportunities to communicate and understand each other. This recommendation applies two principles and practices introduced in Chapter 3: the Johari Window model and meaningful interaction. Although both were previously described as ways to improve self-awareness, they are equally valuable to improve other-awareness.

In the Johari Window process, individuals disclose more about themselves so others have a better understanding of the underlying causes of their behavior. L'Oreal Canada's intergenerational seminar, described in the opening case study for this chapter, applied a variation of the Johari Window. The cosmetics company's program includes an activity in which each generational cohort answers questions from the other cohorts about what is important to them (such as security, performance, and collaboration). A variation of Johari Window also occurs in "lunch and learn" sessions, where employees in one functional area describe their work and its challenges to coworkers in other areas. Houston-based Brookstone Construction introduced these information meetings, which helped reduce the tensions between its field and office staff.<sup>60</sup>

Meaningful interaction potentially improves mutual understanding through the contact hypothesis, which says that we develop a more person-specific and accurate understanding of others by working closely with them.<sup>61</sup> For example, more than 18,000 employees and managers at the various companies of System Capital Management recently participated in the "Let's Make Ukraine Clean" campaign. In addition to improving the environment—each person picked up an average of about 100 kilograms (220 pounds) of garbage—this volunteering opportunity improved relations among management and employees at the Ukraine's leading financial and industrial group.<sup>62</sup>

Although communication and mutual understanding can work well, there are two important warnings. First, these interventions should be applied only where differentiation is sufficiently low or *after* differentiation has been reduced. If perceived differentiation remains high, attempts to manage conflict through dialogue might escalate rather than reduce relationship conflict. When forced to interact with people who we believe are quite different and in conflict with us, we tend to select information that reinforces that view.<sup>63</sup> The second warning is that people in collectivist and high power distance cultures are less comfortable with the practice of resolving differences through direct and open communication.<sup>64</sup> As noted earlier, people in Confucian cultures prefer an avoidance conflict management style, because it is the most consistent with harmony and face saving. Direct communication is a high-risk strategy that easily threatens the need to save face and maintain harmony.

## REDUCING INTERDEPENDENCE

Conflict occurs where people are dependent on one another, so another way to reduce dysfunctional conflict is to minimize the level of interdependence between parties. Three ways to reduce interdependence among employees and work units are to create buffers, use integrators, and combine jobs.

- *Create Buffers.* A buffer is any mechanism that loosens the coupling between two or more people or work units. This decoupling reduces the potential for conflict because the buffer reduces the effect of one party on the other. Building up inventories between people in an assembly line would be a buffer, for example, because each employee is less dependent in the short term on the previous person along that line.
- *Use Integrators.* Integrators are employees who coordinate the activities of work units toward the completion of a common task. For example, an individual might be responsible for coordinating the efforts of the research, production, advertising, and marketing departments in launching a new product line. In some respects, integrators are human buffers; they reduce the frequency of direct interaction among work units that have diverse goals and perspectives. Integrators rarely have direct authority over the departments they integrate, so they must rely on referent power and persuasion to manage conflict and accomplish the work.
- *Combine Jobs.* Combining jobs is both a form of job enrichment and a way to reduce task interdependence. Consider a toaster assembly system, where one person inserts the heating element, another adds the sides, and so on. By combining these tasks so that each person assembles an entire toaster, the employees now have a pooled rather than sequential form of task interdependence, and the likelihood of dysfunctional conflict is reduced.

### INCREASING RESOURCES

An obvious way to reduce conflict caused by resource scarcity is to increase the amount of resources available. Corporate decision makers might quickly dismiss this solution because of the costs involved. However, they need to carefully compare these costs with the costs of dysfunctional conflict arising out of resource scarcity.

### CLARIFYING RULES AND PROCEDURES

Conflicts that arise from ambiguous rights can be minimized by establishing rules and procedures. If two departments are fighting over the use of a new laboratory, a schedule might be established that allocates the lab exclusively to each team at certain times of the day or week.

## Third-Party Conflict Resolution

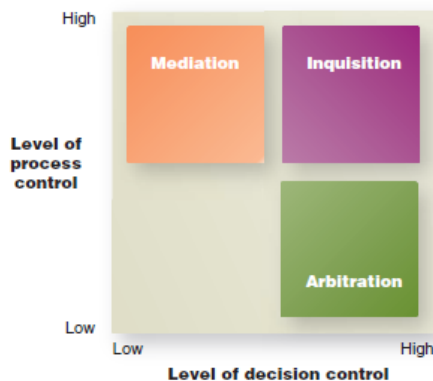
Most of this chapter has focused on people directly involved in a conflict, yet many disputes among employees and departments are resolved with the assistance of a manager. **Third-party conflict resolution** is any attempt by a relatively neutral person to help the parties resolve their differences. There are three main third-party dispute resolution activities: arbitration, inquisition, and mediation. These interventions can be classified by their level of control over the process and control over the decision (see Exhibit 11.5).<sup>65</sup>

- **Arbitration**—Arbitrators have high control over the final decision but low control over the process. Executives engage in this strategy by following previously agreed rules of due process, listening to arguments from the disputing employees, and making a binding decision. Arbitration is applied as the final stage of grievances by unionized employees in many countries, but it is also becoming more common in nonunion conflicts.
- **Inquisition**—Inquisitors control all discussion about the conflict. Like arbitrators, they have high decision control, because they determine how to resolve the conflict. However, they also have high process control, because they choose which information to examine and how to examine it, and they generally decide how the conflict resolution process will be handled.
- **Mediation**—Mediators have high control over the intervention process. In fact, their main purpose is to manage the process and context of interaction between the disputing parties. However, the parties make the final decision about how to resolve their differences. Thus, mediators have little or no control over the conflict resolution decision.<sup>66</sup>

**third-party conflict resolution**  
Any attempt by a relatively neutral person to help conflicting parties resolve their differences.

### EXHIBIT 11.5

Types of Third-Party Intervention







The United States Postal Service has an innovative process to resolve workplace disputes through mediation. Called REDRESS®—Resolve Employment Disputes, Reach Equitable Solutions Swiftly—the program gives both parties more power and involvement in the process with the aid of external professional mediators. The employee may bring a representative or engage in the process alone. The USPS employment mediation program is now the world's largest and has received favorable recognition from conflict resolution experts.<sup>67</sup>

### CHOOSING THE BEST THIRD-PARTY INTERVENTION STRATEGY

Team leaders, executives, and coworkers regularly intervene in workplace disputes. Sometimes they adopt a mediator role; other times they serve as arbitrators. Occasionally, they begin with one approach, and then switch to another. However, research suggests that people in positions of authority (e.g., managers) usually adopt an inquisitional approach, whereby they dominate the intervention process as well as make a binding decision.<sup>68</sup>

Managers tend to rely on the inquisition approach because it is consistent with the decision-oriented nature of managerial jobs, gives them control over the conflict process and outcome, and it tends to resolve disputes efficiently. However, inquisition is usually the least effective third-party conflict resolution method in organizational settings.<sup>69</sup> One problem is that leaders who take an inquisitional role tend to collect limited information about the problem, so their imposed decision may produce an ineffective solution to the conflict. Another problem is that employees often view inquisitional procedures and outcomes as unfair, because they have little control over this approach. In particular, the inquisitional approach potentially violates several practices required to support procedural justice (see Chapter 5).

Which third-party intervention is most appropriate in organizations? The answer partly depends on the situation, such as the type of dispute, the relationship between the manager and employees, and cultural values such as power distance.<sup>70</sup> Also, any third-party approach has more favorable results when it applies the procedural justice practices described in Chapter 5.<sup>71</sup> But generally speaking, for everyday disagreements between two employees, the mediation approach is usually best, because it gives employees more responsibility for resolving their own disputes. The third-party representative merely establishes an appropriate context for conflict resolution. Although not as efficient as other strategies, mediation potentially offers the highest level of employee satisfaction with the conflict process and outcomes.<sup>72</sup> When employees cannot resolve their differences through mediation, arbitration seems to work best, because the predetermined rules of evidence and other processes create a higher sense of procedural fairness.<sup>73</sup> Arbitration is also preferred where the organization's goals should take priority over individual goals.

LO 11-6

## Resolving Conflict through Negotiation

### negotiation

The process whereby two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence.

Think back through yesterday's events. Maybe you had to work out an agreement with other students about what tasks to complete for a team project. Chances are that you shared transportation with someone, so you had to agree on the timing of the ride. Then perhaps there was the question of who made dinner. Each of these daily events created potential conflict, and they were resolved through negotiation. **Negotiation** occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. In other words, people negotiate when they think that discussion can produce a more satisfactory arrangement (at least for them) in their exchange of goods or services.

As you can see, negotiation is not an obscure practice reserved for labor and management bosses when hammering out a collective agreement. Everyone negotiates, every day. Most of the time, you don't even realize that you are in negotiations. Negotiation is particularly evident in the workplace because employees work interdependently. They negotiate with their supervisors over next month's work assignments, with customers over the sale and delivery schedules of their product, and with coworkers over when to have lunch. And yes, they occasionally negotiate with each other in labor disputes and collective agreements.

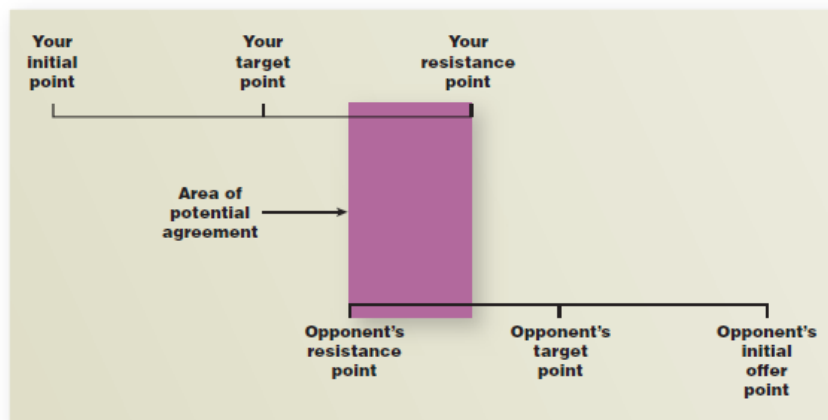
### BARGAINING ZONE MODEL OF NEGOTIATIONS

One way to view the negotiation process is that each party moves along a continuum in opposite directions with an area of potential overlap called the *bargaining zone*.<sup>74</sup> Exhibit 11.6 displays one possible bargaining zone situation. This linear diagram illustrates a purely win-lose situation—one side's gain will be the other's loss. However, the bargaining zone model can also be applied to situations in which both sides potentially gain from the negotiations. As this model illustrates, the parties typically establish three main negotiating points. The *initial offer point* is the team's opening offer to the other party. This may be its best expectation or a pie-in-the-sky starting point. The *target point* is the team's realistic goal or expectation for a final agreement. The *resistance point* is the point beyond which the team will make no further concessions.

The parties begin negotiations by describing their initial offer point for each item on the agenda. In most cases, the participants know that this is only a starting point that will change as both sides offer concessions. In win-lose situations, neither the target nor the resistance point is revealed to the other party. However, people try to discover the other side's resistance point, because this knowledge helps them determine how much they can gain without breaking off negotiations.

The bargaining zone model implies that the parties compete to reach their target point. Competition exists to varying degrees because negotiators try to *claim value*, that is, to get the best possible outcomes for themselves. Yet the hallmark of successful negotiations is a combination of competition and cooperation. Negotiators also need to cooperate with each other to *create value*, that is, to discover ways to achieve mutually satisfactory outcomes for

**EXHIBIT 11.6** Bargaining Zone Model of Negotiations





## debating point

### IS CREATING VALUE SUCH A GOOD NEGOTIATION STRATEGY?

One of the bedrock principles of conflict management and negotiation is that the parties need to adopt a problem-solving approach. In negotiation, this win-win perspective is called *creating value*: discovering ways to achieve mutually satisfactory outcomes for both parties. Creating value is important for several reasons. First, creating value produces more trust. Some experts suggest that trust is vital in negotiations, because it enables each side to move forward with concessions and points of agreement.

Second, creating value involves sharing information, including a better understanding of each other's needs, so the parties can reach an optimal solution. This solution needs to determine the relative value that each side assigns to aspects of the issues or items negotiated. By identifying which items are more important to one party than the other, the resources can be divided up in a way that gains the most value for both sides.

Experts agree with these and other benefits of creating value, but some also warn that this scholarly picture isn't always as rosy in real life. The most potent problem with creating value is that it requires the parties to share information. This sharing is fine if you know the other party will reveal any mutual gains and discoveries from the information-sharing process, but this revelation doesn't always occur. Instead, Side B might discover something of value that could give it more of what it wants while making Side A think it has gained, at great loss to Side B.

Consider the following true example:<sup>76</sup> Back in the days of the Model-T, the supplier of the car's door handles asked Ford for a 5 percent increase. Ford initially balked, but then agreed to the higher price if the supplier would reconfigure the bolt holes in the lids of the wooden crates used to deliver the door handles. The supplier was both perplexed and delighted; it didn't cost anything to make the change, but what was the value to Ford? Back then, Model-T floorboards were made of wood, and Ford staff figured out how to modify the supplier's crate lids as floorboards.

In this incident, Ford might have told the curious supplier why it was willing to pay this higher price, but this doesn't always occur. Sometimes, one side falsely believes the other side is making a significant sacrifice when, in fact, that other side has received considerable gains.<sup>77</sup> If these gains had been revealed, the first party might have asked for even more!

Another concern is that it is sometimes difficult for each party to distinguish creating value from yielding—that is, giving the other party what they want. In an attempt to show collaboration, you give one concession here, another there, and so forth. Eventually, your position lacks negotiation options, because most of the concession space has been given away, while the other party has given very little. Creating value is an inherent tension with gaining value, because you must always keep your own interests equal to or greater than the interests of the other party.

both parties.<sup>75</sup> Cooperation maintains a degree of trust necessary to share information. To some degree, it may also improve concessions so the negotiations are resolved more quickly and with greater mutual gains.

### STRATEGIES FOR CLAIMING VALUE

Claiming value involves trying to obtain the best possible outcomes for yourself and your constituents. A purely competitive approach, in which you forcefully influence the other party and assert your power (such as threatening to walk away from the negotiation), typically leads to failure, because it generates negative emotions and undermines trust. Even so, some degree of value claiming is necessary to achieve a favorable outcome. Here are four skills to effectively claim value in negotiations.

**Prepare and Set Goals** People negotiate more successfully when they carefully think through their three key positions in the bargaining zone model (initial, target, and resistance), consider alternative strategies to achieve those objectives, and test their underlying assumptions about the situation.<sup>78</sup> Equally important, they need to research what the other party wants from the negotiation. “You have to be prepared every which way about the people, the subject, and your fallback position,” advises Paul Tellier, Chairman of Global Container Terminals and the former president of CN Railway and Bombardier, Inc. “Before walking into the room for the actual negotiation, I ask my colleagues to throw some curveballs at me.”<sup>79</sup>

**Know Your BATNA** To determine whether the opponent's offers are favorable, negotiators need to understand what outcome they might achieve through some other means (such as negotiating with someone else). This comparison is called the **best alternative to a negotiated agreement (BATNA)**. BATNA estimates your power in the negotiation, because it represents the estimated cost of walking away from the relationship. If others are willing to negotiate with you for the product or service you need, then you have a high BATNA and considerable power in the negotiation; it would not cost you much to walk away from the current negotiation. A common problem in negotiations, however, is that people tend to overestimate their BATNA; they wrongly believe there are plenty of other ways to achieve their objective rather than through this negotiation.

**Manage Time** Negotiators make more concessions as the deadline gets closer.<sup>80</sup> This can be a liability if you are under time pressure, or it can be an advantage if the other party alone is under time pressure. Negotiators with more power in the relationship sometimes apply time pressure through an "exploding offer," whereby they give their opponent a very short time to accept their offer.<sup>81</sup> These time-limited offers are frequently found in consumer sales ("on sale today only!") and in some job offers. They produce time pressure, which can motivate the other party to accept the offer and forfeit the opportunity to explore their BATNA. Another time factor is that the more time someone has invested in the negotiation, the more committed they become to ensuring an agreement is reached. This commitment increases the tendency to make unwarranted concessions so that the negotiations do not fail.

**Manage First Offers and Concessions** Negotiators who make the first offer have the advantage of creating a position around which subsequent negotiations are anchored. As we explained in Chapter 7, people tend to adjust their expectations around the initial point, so if your initial request is high, opponents might move more quickly toward their resistance point along the bargaining zone.<sup>82</sup> It may even cause opponents to lower their resistance point.

After the first offer, negotiators need to make concessions.<sup>83</sup> Concessions serve at least three important purposes: (1) They enable the parties to move toward the area of potential agreement, (2) they symbolize each party's motivation to bargain in good faith, and (3) they tell the other party of the relative importance of the negotiating items. However, concessions need to be clearly labeled as such and should be accompanied by an expectation that the other party will reciprocate. They should also be offered in installments, because people experience more positive emotions from a few smaller concessions than from one large concession.<sup>84</sup> Generally, the best strategy is to be moderately tough and give just enough concessions to communicate sincerity and motivation to resolve the conflict.<sup>85</sup>

## STRATEGIES FOR CREATING VALUE

Earlier in this section, we pointed out that negotiations involve more than just claiming value; they also involve creating value, or trying to obtain the best possible outcomes for both parties. In other words, negotiators need to apply a problem-solving approach to conflict handling. Information exchange is a critical feature of creating value, but it is also a potential pitfall. Information is power in negotiations, so information sharing gives the other party more power to leverage a better deal if the opportunity occurs.<sup>86</sup> Skilled negotiators address this dilemma by adopting a cautious problem-solving style at the outset. They begin by sharing information slowly and determining whether the other side will reciprocate. In this way, they try to establish trust with the other party. Here are several ways that skilled negotiators reap the benefits of problem-solving and value creation.

**Gather Information** Information is the corner stone of effective value creation.<sup>87</sup> Therefore, skilled negotiators heed the advice of the late management guru Stephen Covey: "Seek first to understand, then to be understood."<sup>88</sup> This means that we should present our case only after spending more time listening closely to the other party and asking for details. It is particularly

### best alternative to a negotiated settlement (BATNA)

The best outcome you might achieve through some other course of action if you abandon the current negotiation.



important to look beyond the opponent's stated justifications to the unstated motivation for their claims. Probing questions (such as asking "why") and listening intently can reveal better solutions for both parties. Nonverbal communication can also convey important information about the other party's priorities. Negotiating in teams can also aid the information gathering process, because some team members will hear information that others have ignored.

**Discover Priorities Through Offers and Concessions** Some types of offers and concessions are better than others at creating value. The key objective is to discover and signal which issues are more and less important to each side. Suppose that you have been asked to "second" (temporarily transfer) some of your best staff to projects in another division, whereas you need these people on site for other assignments and to coach junior staff. Through problem-solving negotiation, you discover that the other division doesn't need those staff at their site; rather the division head mainly needs some guarantee that these people will be available. The result is that your division keeps the staff (important to you), while the other division has some guarantee these people will be available at specific times for their projects (important to them).

One way to figure out the relative importance of the issues to each party is to make multi-issue offers rather than discussing one issue at a time.<sup>89</sup> You might offer a client a specific price, delivery date, and guarantee period, for example. The other party's counter-offer to multiple items signals which are more and which are less important to them. Your subsequent concessions similarly signal how important each issue is to your group.

**Build the Relationship** Trust is critical for the problem-solving style of conflict handling, as well as in the value creation objective of negotiations.<sup>90</sup> How do you build trust in negotiations? One approach is to discover common backgrounds and interests, such as places you have lived, favorite hobbies and sports teams, and so forth. If there are substantial differences between the parties (age, gender, etc.), consider having team members who more closely match the backgrounds of the other party. First impressions are also important. Recall from earlier chapters in this book that people attach emotions to incoming stimuli in a fraction of a second. Therefore, you need to be sensitive to your nonverbal cues, appearance, and initial statements.

Signaling that we are trustworthy also helps strengthen the relationship. We can do this by demonstrating that we are reliable and will keep our promises, as well as by identifying shared goals and values. Trustworthiness also increases by developing a shared understanding of the negotiation process, including its norms and expectations about speed and timing.<sup>91</sup> Finally, relationship building demands emotional intelligence.<sup>92</sup> This includes managing the emotions you display to the other party, particularly avoiding an image of superiority, aggressiveness, or insensitivity. Emotional intelligence also involves managing the other party's emotions. We can use well-placed flattery, humor, and other methods to keep everyone in a good mood and to break unnecessary tension.<sup>93</sup>

### SITUATIONAL INFLUENCES ON NEGOTIATIONS

The effectiveness of negotiating depends to some extent on the environment in which the negotiations occur. Three key situational factors are location, physical setting, and audience.

**Location** It is easier to negotiate on your own turf because you are familiar with the negotiating environment and are able to maintain comfortable routines.<sup>94</sup> Also, there is no need to cope with travel-related stress or depend on others for resources during the negotiation. Of course, you can't walk out of negotiations as easily when the event is on your own turf, but this is usually a minor issue. Considering



these strategic benefits of home turf, many negotiators agree to neutral territory. Phone calls, videoconferences, e-mail, and other forms of information technology potentially avoid territorial issues, but skilled negotiators usually prefer the media richness of face-to-face meetings. Frank Lowy, cofounder of retail property giant Westfield Group, says that telephones are “too cold” for negotiating. “From a voice, I don’t get all the cues I need. I go by touch and feel and I need to see the other person.”<sup>95</sup>

**Physical Setting** The physical distance between the parties and formality of the setting can influence their orientation toward each other and the disputed issues. So can the seating arrangements. People who sit face to face are more likely to develop a win–lose orientation toward the conflict situation. In contrast, some negotiation groups deliberately intersperse participants around the table to convey a win–win orientation. Others arrange the seating so that both parties face a whiteboard, reflecting the notion that both parties face the same problem or issue.

**Audience Characteristics** Most negotiators have audiences—anyone with a vested interest in the negotiation outcomes, such as executives, other team members, or the general public. Negotiators tend to act differently when their audience observes the negotiation or has detailed information about the process, compared with situations in which the audience sees only the end results.<sup>96</sup> When the audience has direct surveillance over the proceedings, negotiators tend to be more competitive, less willing to make concessions, and more likely to engage in assertive tactics against the other party. This “hardline” behavior shows the audience that the negotiator is working for their interests. With their audience watching, negotiators also have more interest in saving face.

## chapter summary

### 11-1 Define conflict and debate its positive and negative consequences in the workplace.

Conflict is the process in which one party perceives that its interests are being opposed or negatively affected by another party. The earliest view of conflict was that it was dysfunctional for organizations. Even today, we recognize that conflict sometimes or to some degree consumes productive time, increases stress and job dissatisfaction, discourages coordination and resource sharing, undermines customer service, fuels organizational politics, and undermines team cohesion. But conflict can also be beneficial. It is known to motivate more active thinking about problems and possible solutions, encourage more active monitoring of the organization in its environment, and improve team cohesion (where the conflict source is external).

### 11-2 Distinguish task from relationship conflict and describe three strategies to minimize relationship conflict during task conflict episodes.

Task conflict occurs when people focus their discussion around the issue while showing respect for people with other points of view. Relationship conflict exists when people view each other, rather than the issue, as the source of conflict. It is apparent when people attack each other’s credibility and display aggression toward the other party. It is difficult to separate task from relationship conflict. However, three strategies or conditions that minimize relationship conflict during constructive debate

are: (1) emotional intelligence and emotional stability of the participants, (2) team cohesion, and (3) supportive team norms.

### 11-3 Diagram the conflict process model and describe six structural sources of conflict in organizations.

The conflict process model begins with the five structural sources of conflict: incompatible goals, differentiation (different values and beliefs), interdependence, scarce resources, ambiguous rules, and communication problems. These sources lead one or more parties to perceive a conflict and to experience conflict emotions. This produces manifest conflict, such as behaviors toward the other side. The conflict process often escalates through a series of episodes.

### 11-4 Outline the five conflict handling styles and discuss the circumstances in which each would be most appropriate.

There are five known conflict handling styles: problem solving, forcing, avoiding, yielding, and compromising. People who use problem solving have a win–win orientation. Others, particularly forcing, assume a win–lose orientation. In general, people gravitate toward one or two preferred conflict handling styles that match their personality, personal and cultural values, and past experience.

The best style depends on the situation. Problem solving is best when interests are not perfectly opposing, the parties trust each other, and the issues are complex. Forcing works best when you strongly believe in your position, the dispute requires quick action,

and the other party would take advantage of a cooperative style. Avoidance is preferred when the conflict has become emotional or the cost of resolution is higher than its benefits. Yielding works well when the other party has substantially more power, the issue is less important to you, and you are not confident in the logical soundness of your position. Compromising is preferred when the parties have equal power, they are under time pressure, and they lack trust.

**11-5 Apply the six structural approaches to conflict management and describe the three types of third-party dispute resolution.**

Structural approaches to conflict management include emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing interdependence, increasing resources, and clarifying rules and procedures.

Third-party conflict resolution is any attempt by a relatively neutral person to help the parties resolve their differences. The three main forms of third-party dispute resolution are mediation, arbitration, and inquisition. Managers tend to use an inquisition approach, though mediation and arbitration often are more appropriate, depending on the situation.

**11-6 Describe the bargaining zone model and outline strategies skilled negotiators use to claim value and create value in negotiations.**

Negotiation occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. The bargaining zone model identifies three strategic positions for each party (initial, target, resistance) and shows how each party moves along a continuum in opposite directions with an area of potential overlap. All negotiations consist of two divergent objectives: claiming value (getting the best personal outcome) and creating value (discover ways to achieve mutually satisfactory outcomes for both parties). Skilled negotiators claim more value by preparing and setting goals, knowing their alternatives to the negotiation (BATNA), managing time to their advantage, and managing first offers and concessions. Skilled negotiators create more value by gathering information, using offers and concessions to discover issue priorities, and building relationships with the other party. The situation is also an important consideration in negotiations, including location, physical setting, and audience characteristics.

## key terms

best alternative to a negotiated agreement (BATNA), p. 330  
 conflict, p. 312  
 negotiation, p. 327

relationship conflict, p. 314  
 superordinate goals, p. 323  
 task conflict, p. 313

third-party conflict resolution, p. 326  
 win-lose orientation, p. 320  
 win-win orientation, p. 320

## critical thinking questions

1. Distinguish task conflict from relationship conflict and explain how to apply the former, with minimal levels of the latter.
2. The chief executive officer of Creative Toys, Inc., read about cooperation in Japanese companies and vowed to bring this same philosophy to the company. The goal is to avoid all conflict, so that employees would work cooperatively and be happier at Creative Toys. Discuss the merits and limitations of the CEO's policy.
3. Conflict among managers emerged soon after a French company acquired a Swedish firm. The Swedes perceived the French management as hierarchical and arrogant, whereas the French thought the Swedes were naive, cautious, and lacking an achievement orientation. Identify the source(s) of conflict that best explain this conflict, and describe ways to reduce dysfunctional conflict in this situation.
4. You have just been transferred from one unit of the organization to another unit. On the last day of work in the first unit, your current manager calls your new manager, informing her that you are a tough candidate and that you possess an attitude. The would-be manager calls you, providing you with the information, and expresses apprehension. How would you resolve this conflict?
5. You are a special assistant to the commander-in-chief of a peacekeeping mission to a war-torn part of the world. The unit consists of a few thousand peacekeeping troops from the United States, France, India, and four other countries. The troops will work together for approximately one year. What strategies would you recommend to improve mutual understanding and minimize conflict among these troops?
6. The chief operating officer (COO) has noticed that production employees in the company's Mexican manufacturing operations are unhappy with some of the production engineering decisions made by engineers in the company's headquarters in Chicago. At the same time, the engineers complain that production employees aren't applying their engineering specifications correctly and don't understand why those specifications were put in place. The COO believes that the best way to resolve this conflict is to have a frank and open discussion between some of the engineers and employees representing the Mexican production crew. This open dialogue approach worked well recently among managers in the company's Chicago headquarters, so it should work equally well between the engineers and production staff. Based on your knowledge of communication and mutual understanding as a way to resolve conflict, discuss the COO's proposal.
7. Describe the inquisitional approach to resolve disputes between employees or work units. Discuss its appropriateness in organizational settings, including the suitability of its use with a multigenerational workforce.
8. Jane has just been appointed as purchasing manager of Tacoma Technologies, Inc. The previous purchasing manager,