

# BMT 2660: CONFLICT MANAGEMENT



# BMT2660: Conflict Management

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## CHAPTER OVERVIEW

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1.1: What Is Conflict?

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## 1.1: What Is Conflict?

### Learning Objectives

- Define conflict

The word “conflict” tends to generate images of anger, fighting, and other ugly thoughts that leave people bruised and beaten. Conflict isn’t uncommon in the workplace, and it isn’t always good. But it isn’t always a bad thing, either. Let’s talk a little bit about what conflict is and how we think about it.



Conflict is a perception—meaning it only really exists if it’s acknowledged by the parties that are experiencing it. If Teresa and Heitor have a heated discussion about the path the company should take to win more customers, but they walk away from the disagreement unfazed and either don’t think about the issue again or think the issue is resolved, then no conflict exists. If Teresa and Heitor both walk away feeling that their ideas weren’t heard by the other, that the other is wrong, that the other needs to come around to a better point of view . . . then conflict exists.

Teresa’s and Heitor’s situation could be viewed as a competition rather than conflict. Some people use competition and conflict interchangeably; however, while the terms are similar, they aren’t exactly synonymous. Competition is a rivalry between two groups or two individuals over an outcome that they both seek. In a competition there is a winner and a loser. Teresa might want to attract more customers by a direct mail campaign and Heitor may be championing a television campaign. They may be competing for a finite amount of marketing budget, and if Heitor’s idea is rewarded, then he is the competition’s winner. Teresa is the loser. They may shake hands after the fact, shrug it off and go on to compete another day.

Conflict is when two people or groups disagree, and the disagreement causes friction. One party needs to feel that the other’s point of view will have a negative effect on the final outcome. Teresa may feel strongly about direct mail campaigns because she’s done several with great results. Heitor may feel television is the way to go because no one reads their mail anymore—it just gets thrown out! Each of them may feel that the other’s approach is a waste of the marketing budget and that the company will not benefit from it. Teresa will jump in and prevent Heitor from trying to further his goal for television advertising, and Heitor will do the same to Teresa.

Conflict can be destructive to a team and to an organization. Disadvantages can include:

- Teams lose focus on common goals
- Winning eclipses any other goals of the group
- Judgement gets distorted
- There is a lack of cooperation
- Losing members lack motivation to continue participation

But if managed well, conflict can be healthy and spark creativity as parties try to come to consensus. Some of the benefits of conflict include:

- High energy
- Task focus
- Cohesiveness within the group
- Discussion of issues

There has been plenty of conflict over how conflict is viewed in the workplace over the years. Just like our concept of teams, our concepts of managing people and how they’re motivated, our concepts of stress in the workplace have changed as we’ve learned.

### PRactice Question

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## Traditional View

Early in our pursuit of management study, conflict was thought to be a dysfunctional outcome, a result of poor communication and lack of trust between co-workers. Conflict was associated with words like violence and destruction, and people were encouraged to avoid it at all costs.

This was the case all the way up until the 1940s, and, if you think about it, it goes right along with what we thought we knew about what motivated people, how they worked together and the structure and supervision we thought we needed to provide to ensure productivity. Because we viewed all conflict as bad, we looked to eradicate it, usually by addressing it with the person causing it. Once addressed, group and organization would become more productive again.

Many of us still take the traditional view—conflict is bad and we need to get rid of it – even though evidence today tells us that’s not the case.

## The Human Relations View

Since the late 1940s, our studies of organizational behavior have indicated that conflict isn’t so thoroughly bad. We came to view it as a natural occurrence in groups, teams and organizations. The Human Relations view suggested that, because conflict was inevitable, we should learn to embrace it.

But they were just starting to realize, with this point of view, that conflict might benefit a group’s performance. These views of dominated conflict theory from the late 1940s through the mid-1970s.

## The Interactionist View

In the Interactionist View of conflict, we went from accepting that conflict would exist and dealing with it to an understanding that a work group that was completely harmonious and cooperative was prone to becoming static and non-responsive to needs for change and innovation. So this view encouraged managers to maintain a minimal level of conflict, a level that was enough to keep the group creative and moving forward.

The Interactionist View is still viable today, so it’s the view we’re going to take from here on as we discuss conflict. We know that all conflict is both good and bad, appropriate and inappropriate, and how we rate conflict is going to depend on the type of conflict. We’ll discuss types of conflict next.

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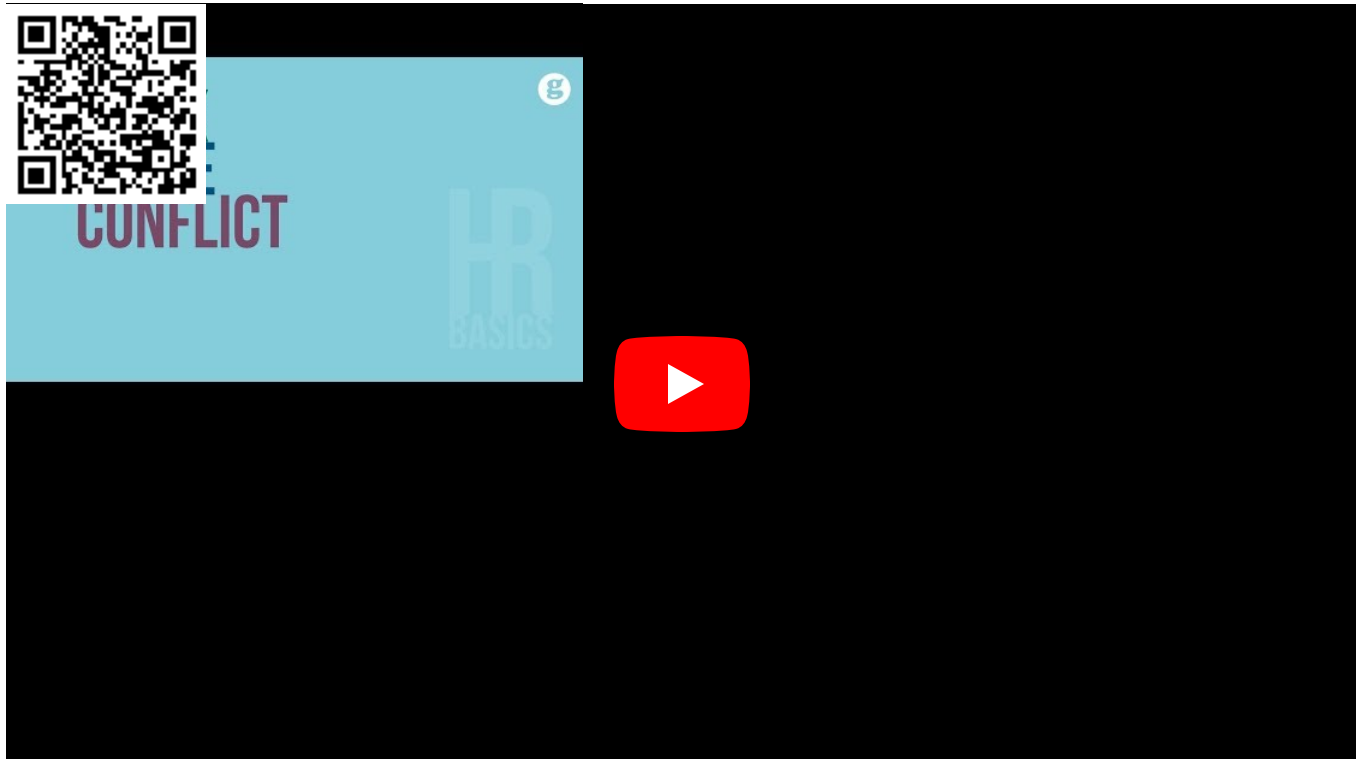
## 1.2: Conflict Resolution at Work

### Learning Objectives

- Describe workplace conflict resolution strategies

While you may not be able to avoid conflict, there are certain strategies you can use to navigate through it with ease. Before we dive into conflict resolution techniques, check out the video below to review sources of conflict and learn about the Thomas-Kilmann conflict mode Instrument (better known as the TKI Model).

A link to an interactive elements can be found at the bottom of this page.



You can also [download a transcript for the video “HR Basics: Workplace Conflict.”](#)

The TKI Model (repeated in Figure 1.2.1) is a great tool because it helps to promote one-on-one and group conversations around conflict and conflict resolution. It aids organizations in understanding how conflict resolution impacts both interpersonal dynamics as well as team dynamics. Understanding how conflict resolution impacts both the individual and the group will help people determine the best resolution strategy for the betterment of the team.

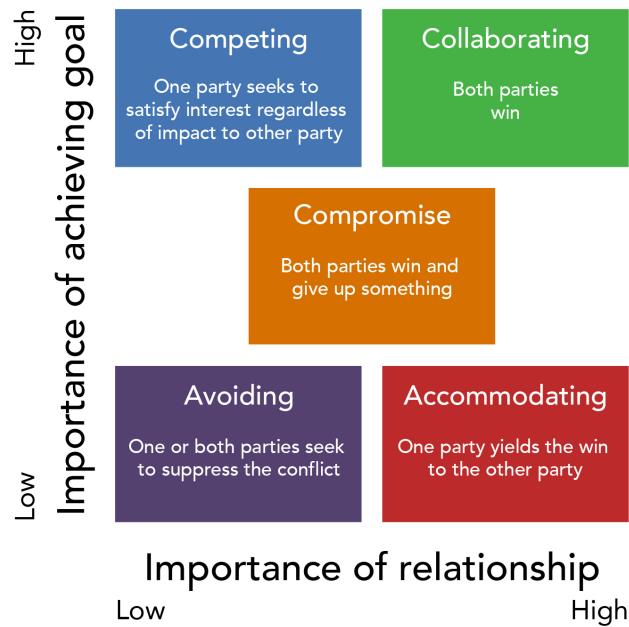


Figure 1.2.1: The TKI Model of Conflict Resolution. Alternative text for the TKI Model of Conflict Resolution can be found [here](#).

Individuals alike can use to navigate through conflict resolution. Check out the strategies below to learn more!

### Find the Cause of the Conflict

When dealing with conflict, it is more important to understand the root of the problem than to focus on who is in the right. Instead of looking for a person to blame for the conflict, focus on the central cause of the disagreement. Addressing the root cause of the issue will not only help fix the current conflict but can also help to prevent future problems.

It is important to focus on the behavior, not the individual's personality. Blaming a person's personality can create additional conflict. Focusing on behaviors and actions is a more constructive way to approach a conflict and is something an individual is capable of changing. It is not realistic or helpful to focus on personality traits and emotions that cannot be changed.

### Take a Step Back

Conflict is oftentimes accompanied by emotions. This is a normal reaction in many situations, however, it can create additional conflict when people let their emotions take control. Before addressing the conflict, take a moment to address any emotional reactions you are experiencing. Addressing your emotions in private before addressing the conflict with others is an effective way to approach the issue from a more objective standpoint. It also allows you time to address any anger or frustration before meeting with your coworkers or supervisors, which will help you to maintain a professional demeanor.

### Focus on Effective Communication



The way in which you communicate through a conflict will greatly influence the outcome. Communicating face-to-face is important to ensure clear communication. Trying to address conflict via email, or even through a phone conversation, leaves room for misinterpretation. Tone and inflection are extremely hard to decipher through text, and can be misconstrued as rude or snarky. Meeting face-to-face allows everyone involved in the conflict to clearly communicate their viewpoints and frustrations.

It may also be a good idea to get the opinion of a third party before addressing the issue (with the exception of conflict with sensitive or personal information that should not be shared). This will provide fresh perspective and help you see the conflict from a different angle.

## Take Ownership

Realistically, an individual will not be in the right in every conflict. Taking ownership for misunderstandings and shortcomings and using conflict resolution as an opportunity to learn from mistakes is an important tool. Being able to acknowledge how an individual could have handled things differently is important to strengthening relationships and personal growth.

Finally, it is important to take active steps to learn from the conflict. Determine what could have been done differently to avoid the conflict and find teachable moments that can be used to avoid future conflicts.

### ? PPractice Question

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## Sources

Fey, Jayna. “[Resolve Conflicts In The Workplace With These 12 Techniques.](#)” The Digital Project Manager, March 4, 2018.

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## 1.3: Introduction to Conflict Within Teams

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What you'll learn to do: describe common types and causes of conflict that arise within teams

Conflict has both positive and negative connotations in businesses. A moderate amount of controlled conflict can stimulate innovation and creativity. But too often, conflict is allowed to escalate because managers and team members don't understand conflict-resolution techniques. Unresolved negative conflict can shut down even the highest-performing teams.

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## 1.4: Conflict Within Teams


### Learning Objectives

- Describe common types and causes of conflict that arise within teams.
- Describe common causes of conflict that arise within teams.
- Explain how conflict can be beneficial to teamwork.
- Describe common approaches to conflict resolution.

### Common Types of Team Conflict

Conflict is a common occurrence on teams. Conflict itself can be defined as antagonistic interactions in which one party tries to block the actions or decisions of another party. Bringing conflicts out into the open where they can be resolved is an important part of the team leader's or manager's job.

There are two basic types of team conflict: substantive (sometimes called task) and emotional (or relationship).

-  **Substantive conflicts** arise over things such as goals, tasks, and the allocation of resources. When deciding how to track a project, for example, a software engineer may want to use a certain software program for its user interface and customization capabilities. The project manager may want to use a different program because it produces more detailed reports. Conflict will arise if neither party is willing to give way or compromise on his position.
- **Emotional conflicts** arise from things such as jealousy, insecurity, annoyance, envy, or personality conflicts. It is emotional conflict when two people always seem to find themselves holding opposing viewpoints and have a hard time hiding their personal animosity. Different working styles are also a common cause of emotional conflicts. Julia needs peace and quiet to concentrate, but her office mate swears that playing music stimulates his creativity. Both end up being frustrated if they can't reach a workable resolution.

### Practice Question

<https://assessments.lumenlearning.co...essments/12244>

### Conflict Can Be Beneficial

Not all conflict is negative. Just as some forms of stress can be beneficial, so can some types of conflict. **Eustress** is a positive reaction to stress that generates a desire to achieve and overcome challenges. For instance, some people find that they produce their best work when a deadline is looming and the pressure to produce gets the adrenaline flowing. Team conflicts can also produce positive results when the conflict centers on substantive issues. Conflict can spark new ideas and generate creativity.

On the other hand, when people feel they cannot disagree or offer different opinions, new ideas cannot emerge. **Groupthink** is the mindset that develops when people put too much value on team consensus and harmony. It is common when individuals are afraid to go against what most group members—especially dominant members—think. Some degree of conflict helps teams avoid groupthink and forces the group to make choices based on rational decision making.

If there is too much cooperation, the best ideas may never get shared and team effectiveness is sacrificed for the sake of efficiency. For the same reasons that diversity bestows benefits on a workforce, a mix of ideas and opinions improves team performance and decision making. If there is too much conflict, however, then nothing can get done. Employees on the team become less satisfied and motivated and may turn to social loafing or may even work against other members out of sheer frustration.

### Practice Question

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<https://assessments.lumenlearning.co...essments/12247>

## Common Causes of Conflict

Some common causes of negative conflict in teams are identified as follows:

- Conflict often arises when team members focus on **personal (emotional) issues** rather than work (substantive) issues. Enrico is attending night school to get his degree, but he comes to work late and spends time doing research instead of focusing on the job. The other team members have to pick up his slack. They can confront Enrico and demand his full participation, they can ignore him while tensions continue to grow, or they can complain to the manager. All the options will lower team performance.
- **Competition over resources**, such as information, money, supplies or access to technology, can also cause conflict. Maria is supposed to have use of the laboratory in the afternoons, but Jason regularly overstays his allotted time, and Maria's work suffers. Maria might try to "get even" by denying Jason something he needs, such as information, or by complaining to other team members.
- **Communication breakdowns** cause conflict—and misunderstandings are exacerbated in virtual teams and teams with cross-cultural members. The project manager should be precise in his expectations from all team members and be easily accessible. When members work independently, it is critical that they understand how their contributions affect the big picture in order to stay motivated. Carl couldn't understand why Latisha was angry with him when he was late with his reports—he didn't report to her. He didn't realize that she needed his data to complete her assignments. She eventually quit, and the team lost a good worker.
- Team morale can be low because of **external work conditions** such as rumors of downsizing or fears that the competition is beating them to market. A manager needs to understand what external conditions are influencing team performance.

## Common Approaches to Conflict Resolution

There are five common approaches, or styles, to handling negative conflict. Each of the approaches combines some degree of cooperation and assertiveness. Each of them is more likely to be effective in certain cases and not in others. A manager has the responsibility to make sure that the conflict resolution process—whichever approach is followed—is executed impartially and with respect for all the parties involved. Finally, experts agree that it is better to address conflict sooner rather than later to prevent escalation that would affect team performance. The five approaches are described in the following text. An easy way to remember these approaches are as "no way, my way, halfway, your way, and our way."

### Avoiding (no way)

Rarely, but occasionally, the best approach to conflict is to ignore it. When the reason for the conflict is trivial (as when someone was inadvertently left off an e-mail) or when waiting for more information would help resolve the conflict, the avoidance approach is appropriate. The manager may also want to avoid the conflict if she wants team members to handle it informally, on their own—and if the conflict does not significantly interfere with team performance. A manager may also decide to avoid an issue if there could be no possible resolution to addressing the conflict (a "lose-lose" situation). Consider the case of a well-liked foreman in the inventory department of a major retailing firm with fewer than three months until his retirement. He had been leaving early and generally not meeting his responsibilities. His direct reports made excuses and covered for him. The manager felt conflicted because the foreman was setting a bad example, but she decided that team morale would suffer if the foreman were disciplined. It was a "no-win" scenario.

### Dominating (my way)

The dominating style ("my way or the highway") may actually be an appropriate response in emergency situations or when quick, decisive action is needed. It may also be the only effective approach for unpopular decisions or when individual team members are personally affected. Again, imagine that a popular and senior team member has been making disparaging and offensive remarks about another individual on the team. The target is not the type to complain, but you have heard that he is unhappy and thinking about leaving the team. You may be tempted to get them together to hash out the problems, but a better approach might be to tell the senior team member that his behavior is affecting team performance, that you are relying on him to behave more professionally, and that you will be monitoring the situation.

### Compromising (halfway)

Compromising can be an effective approach

- when the arguments on both sides are equally rationale.
- when the participants are fairly equal in status.

- when both sides are willing to give something up.
- when time or expediency is a factor.

The example at the beginning of this section referred to a software engineer who favored a certain software program to track a project for its user interface and customization capabilities. The project manager wanted to use a different program because it produced more detailed reports. As a compromise, the software engineer agreed to customize the software to produce two key reports, and the project manager agreed to support the engineer's choice of program.

### Accommodating (your way)

Accommodating a team member may be an effective strategy for resolving conflict when you agree that the team member is, in fact, right. It can also be a good approach if you don't feel strongly about the result, if you want to gain goodwill from the team member, or if it is more important at that particular time to keep the whole team functioning and cooperating.

### Collaborating (our way)

The collaborative approach is also known as the win-win approach. It is mostly used in high-stakes conflicts when getting a resolution is too important for the issues not to be carefully examined. It requires a great deal of skill to use the collaborative approach successfully. Negotiation and mediation are types of collaboration, usually in formal situations such as labor negotiations or creating employment contracts for senior level management. Negotiation and mediation are most effective when both parties have something to gain and something to lose, and when there is great amount of interdependence.

### Compromise vs Collaboration

Since this is a common point of confusion, let's clarify the difference between compromise and collaboration. Although both modes result in the parties getting their needs met, the process and result are distinctly different. As mediation consultant Dr. Ralph Kilmann explains "The key distinction concerns whose needs get met, and to what extent, as a result of using a particular conflict mode. Compromising means that each person gets partially satisfied but not completely satisfied." For example, compromise might be a 50/50 split or a 75/25 split or some other combination. The key point is that both people get less than 100% of their needs met. The totals add up to 100, but it's a zero sum game, where one person's gain is the other person's loss.

However, based on the [Thomas-Kilmann Conflict Model Instrument \(TKI Conflict Model\)](#), collaboration can result in both parties getting 100% of their needs met. Briefly, collaboration involves making conflict more complex specifically to expand the size of (rather than simply divvy up) the pie. Kilmann notes that to be effective, collaboration requires trust, empathy, effective listening skills, and synergy. Success in using this mode can result in development of "a creative solution that uniquely satisfies everyone's needs—a 100/100 resolution instead of a 50/50 split."

#### ? ? Practice Question

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## 1.5: Thinking About Conflict

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## 1.6: Conflict Styles

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## CHAPTER OVERVIEW

### 2: Examine how conflict impacts organizational outcomes

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- 2.2: Introduction to Conflict Management
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## 2.1: Understanding Conflict

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## 2.2: Introduction to Conflict Management

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What you'll learn to do: Describe why conflict resolution, “crucial conversations,” and other higher stakes communication is necessary to study in organizations

The moment there were just two automobiles on the highway, there was a potential for a vehicle crash. This is true not only of the network of open roads, but also in an organization, where just two employees can just as easily “crash” in some sort of conflict.

No matter what the size of the business, conflict is going to be a natural part of its existence. So, naturally, we need to understand how to dissect and navigate conflict and be prepared to have those conversations that lead to conflict resolution. Otherwise, conflict could result in a stalemate that stifles the purpose of the organization.

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## 2.3: Sources of Conflict in an Organization

### Learning Objectives

- Identify organizational sources of conflict

Personality conflicts make work rough. When you're not in the office, you get to choose who you hang out with, but during the work day, the cast of characters is chosen for you. If an organization is looking to hire people that fit with the company culture, then chances are good you'll get along with most of them! However, it's likely that there will be at least one coworker that you don't get along with 100 percent.

Organizational sources of conflict are those events or factors that cause goals to differ. Personality conflicts, irritating as they may be, don't actually qualify as an organizational source of conflict. They may be the most aggravating part of your day and, certainly, they're something organizations need to watch for if it interferes with daily work, but these organizational sources produce much bigger problems. Those sources are

- Goal incompatibility and differentiation
- Interdependence
- Uncertainty and resource scarcity
- Reward systems

### Goal Incompatibility and Differentiation



Organizational sources of conflict occur when departments are differentiated in their goals. For instance, the research and development team at an electronics company might be instructed to come up with the best new, pie-in-the-sky idea for individual-use electronics—that thing consumers didn't know they needed. The R&D team might come up with something fantastic, featuring loads of bells and whistles that the consumer will put to excellent use.

Then, the manufacturing team gets together to look at this new design. They've been told that management likes it, and that they need to build it by the most economical means possible. They start make adjustments to the design, saving money by using less expensive materials than what were recommended by the R&D team. Conflict arises.

Goal incompatibility and differentiation is a fairly common occurrence. The manufacturing team disagrees with research and development. The sales department feels like the legal department is there to keep them from getting deals signed. Departments within the organization feel like they are working at cross-purposes, even though they're both operating under the assumption that their choices are best for the company.

### Interdependence

Interdependence describes the extent to which employees rely on other employees to get their work done. If people all had independent goals that didn't affect one another, everything would be fine. That's not the case in many organizations.

For instance, a communication department is charged with putting together speaking points that help their front-line employees deal with customer questions. Because the communications department is equipped to provide clear instructions but are not necessarily the subject matter experts, they must wait for engineering to provide product details that are important to the final message. If those details are not provided, the communication department cannot reach their goal of getting these speaking points out on time for their front-line staff to deal with questions.

The same holds true for a first-, second-, and third-shift assembly line. One shift picks up where another leaves off. The same standards of work, production numbers, and clean-up should be upheld by all three teams. If one team deviates from those standards, then it creates conflict with the other two groups.

### Uncertainty and Resource Scarcity

Change. We talked about it as a source of stress, and we're going to talk about it here as an organizational source of conflict. Uncertainty makes it difficult for managers to set clear directions, and lack of clear direction leads to conflict.

Resource scarcity also leads to conflict. If there aren't enough material and supplies for every worker, then those who do get resources and those who don't are likely to experience conflict. As resources dwindle and an organization has to make do with less, departments will compete to get those resources. For instance, if budgets are slim, the marketing department may feel like they can make the most of those dollars by earning new customers. The development team may feel like they can benefit from the dollars by making more products to sell. Conflict results over resource scarcity.

## Reward System

An organization's reward system can be a source of conflict, particularly if the organization sets up a win-lose environment for employee rewards.



For instance, an organization might set a standard where only a certain percent of the employees can achieve the top ranking for raises and bonuses. This standard, not an uncommon practice, creates heavy competition within its employee ranks. Competition of this nature often creates conflict.

Other forms of rewards that might incite conflict include employee of the month or other major awards that are given on a competitive basis.

Conflict can occur between two employees, between a team of employees, or between departments of an organization, brought about by the employees, teams, or organizations themselves. Now that we understand conflict, we're ready to take on

negotiation. It's different from conflict, but it's easy to see how some of the skills one uses to be a great negotiator are snatched from conflict resolution.

### Practice Question

<https://assessments.lumenlearning.co...essments/13704>

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## 2.4: Conflict in the Work Environment

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## 2.5: Dealing with Conflict- Different Approaches

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## 2.6: Managing Intercultural Conflict

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## CHAPTER OVERVIEW

3: Describe how to apply emotional intelligence in the workplace to increase productivity.

3.1: Emotions and Feelings

3.2: Emotional Intelligence

3.3: What are the theories of multiple intelligences and emotional intelligence?

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## 3.1: Emotions and Feelings

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## 3.2: Emotional Intelligence

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### 3.3: What are the theories of multiple intelligences and emotional intelligence?

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## CHAPTER OVERVIEW

### 4: Apply conflict management techniques to develop effective workplace relationships

- 4.1: Conflict is Normal
- 4.2: Responses to Conflict
- 4.3: Conflict Management I
- 4.4: Conflict Management II
- 4.5: Conflict Management Strategies
- 4.6: Power and Influence
- 4.7: Negotiation Failure- The Case of the PointCast

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## 4.1: Conflict is Normal

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## 4.2: Responses to Conflict

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## 4.3: Conflict Management I

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## 4.4: Conflict Management II

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### Learning Outcomes

- Identify stages of the conflict process
- Discuss the appropriate use of various conflict management styles
- Identify organizational sources of conflict

A link to an interactive elements can be found at the bottom of this page.

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## 4.5: Conflict Management Strategies

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## 4.6: Power and Influence

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## 4.7: Negotiation Failure- The Case of the PointCast

In 1997, a company called PointCast Network Inc. was the hottest start-up in Silicon Valley. Its founder and CEO, Christopher Hassett, was “the most famous guy on the Internet,” said Hassett’s former attorney, Allen Morgan. Hassett was named CNET’s newsmaker of the year—an honor previously bestowed on giants such as Bill Gates of Microsoft and Larry Ellison of Oracle. The “push technology” that PointCast pioneered was making headlines as well as being featured on the cover of *Wired* as “The Radical Future of the Media beyond the Web.”



Figure 4.7.1: Patrick Nouhailer – [Silicon Valley from above](#) – CC BY-SA 2.0.

All the attention around PointCast motivated one of the world’s largest communications companies—Rupert Murdoch’s News Corporation—to make them an offer of \$450 million. Negotiations were intense and lasted weeks. With media speculation that PointCast—a company with almost no revenue—deserved to be valued at \$750 million, some people say Hassett started believing the hype and, with the support of his board, asked for more money. “People involved in the company thought they’d be the next Netscape. They hung out for more,” Murdoch said. News Corporation instead lowered its initial offer to \$400 million but added incentive clauses that brought the offer close to the original \$450 million if PointCast met its financial projections.

PointCast also rejected that offer, and News Corporation walked away from the bargaining table. The timing couldn’t have been worse for PointCast, as “push” technology became old news thanks to the maturing of alternatives such as Yahoo! By the time PointCast decided to go public in 1998, the company was valued at half of News Corporation’s last offer. Worse, the process of filing an initial public offering (IPO) requires the company to disclose all potential dangers to investors. PointCast’s disclosures—such as news that customers had left because of poor performance—scared off so many investors that PointCast ultimately withdrew its IPO. By that time Hassett had been forced out by the board, but the company never fully recovered. In the end, PointCast was acquired in 1999 by Idealab for \$7 million. In this case, stalled negotiations cost the firm a steep price of \$443 million.

Referring to the missed opportunity, an industry expert said, “It may go down as one of the biggest mistakes in Internet history.” According to Steve Lippin, writing in the *Wall Street Journal*, “Merger professionals point to these euphemistically called ‘social issues’—ego and corporate pride, that is—as among the most difficult aspects of negotiating multibillion-dollar mergers these days. Although financial issues can be vexing too, these social issues can be deal-breakers.”

In a similar and more recent situation in 2008, Yahoo! CEO Jerry Yang was ousted by the board of directors following failed deals with Microsoft and Google. Yang’s behavior during negotiations indicated that he wasn’t interested in bargaining as much as playing “hard to get.” He “kept saying we should get more money, we should get more money, and [he was] not realizing how precarious their position was,” says high-tech analyst Rob Enderle. In other words, even deals that look great financially can fall apart if participants fail to pay attention to organizational behavior issues such as perception, groupthink, and power and influence.

Based on information from Arnoldy, B. (2008, November 19). Why Yahoo’s Jerry Yang stepped down. *Christian Science Monitor*. Retrieved January 20, 2009, from <http://www.csmonitor.com/2008/1119/p02s01-usec.html>; Auletta, K. (1998, November 19). The last sure thing. *New Yorker*; Lipin, S. (1996, August 22). In many merger deals, ego and pride play big roles in which way talks go.

*Wall Street Journal*, Eastern edition, p. C1; PointCast fire sale. (1999, May 11). *Wired*. Retrieved November 14, 2008, from [www.wired.com/techbiz/media/news/1999/05/19618](http://www.wired.com/techbiz/media/news/1999/05/19618).

### Discussion Questions

1. Considering the amount of buzz surrounding Hasset's new technology and the impact previous, similar advancements have made, was Hasset necessarily foolish for not taking a quick offer?
2. Is the PointCast situation a case of pride clouding someone's judgment or more accurately a representation of the rapidly changing nature of computer-related business? In other words, if Hasset's advancement had been in an industry that is not known for such rapid changes, would he have been considered foolish if he *hadn't* held out for more money?
3. This case focuses on how foolish Hasset was for not accepting Rupert Murdoch's first or second offer. However, think of the buyout offer from the perspective of Rupert Murdoch. If the buyout had gone through, News Corporation would likely have lost hundreds of millions of dollars on the deal, and the company was effectively spared massive losses by the merger falling through. What could Murdoch have done differently to protect against such risky mergers in the future?

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## CHAPTER OVERVIEW

### 5: Utilize negotiation strategies to resolve conflict.

5.1: Negotiation I

5.2: Negotiations II

5.3: Effective Conflict Management Strategies Using Negotiations

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## 5.1: Negotiation I

We frequently engage in negotiations as we go about our daily activities, often without being consciously aware that we are doing so. Negotiation can be simple, e.g., two friends deciding on a place to eat dinner, or complex, e.g., governments of several nations trying to establish import and export quotas across multiple industries. When a formal proceeding is started in the court system, **alternative dispute resolution (ADR)**, or ways of solving an issue with the intent to avoid **litigation**, may be employed. Negotiation is often the first step used in ADR. While there are other forms of alternative dispute resolution, negotiation is considered to be the simplest because it does not require outside parties. An article in the **Organization Behavior and Human Decision Processes** defined **negotiation** as the “process by which parties with nonidentical preferences allocate resources through interpersonal activity and joint decision making.” Analyzing the various components of this definition is helpful in understanding the theories and practices involved in negotiation as a form of dispute settlement.

### Negotiation Types and Objectives

Per the above definition, negotiation becomes necessary when two parties hold “non-identical” preferences. This statement seems fairly obvious, since 100% agreement would indicate that there is not any need for negotiation. From this basic starting point, there are several ways of thinking about negotiation, including how many parties are involved. For example, if two small business owners find themselves in a disagreement over property lines, they will frequently engage in **dyadic negotiation**. Put simply, dyadic negotiation involves two individuals interacting with one another in an attempt to resolve a dispute. If a third neighbor overhears the dispute and believes one or both of them are wrong with regard to the property line, then **group negotiation** could ensue. Group negotiation involves more than two individuals or parties, and by its very nature, it is often more complex, time-consuming, and challenging to resolve.

While dyadic and group negotiations may involve different dynamics, one of the most important aspects of any negotiation, regardless of the quantity of negotiators, is the objective. Negotiation experts recognize two major goals of negotiation: relational and outcome. **Relational goals** are focused on building, maintaining, or repairing a partnership, connection, or rapport with another party. **Outcome goals**, on the other hand, concentrate on achieving certain end results. The goal of any negotiation is influenced by numerous factors, such as whether or not there will be contact with the other party in the future. For example, when a business negotiates with a supply company that it intends to do business with in the foreseeable future, it will try to focus on “win-win” solutions that provide the most value for each party. In contrast, if an interaction is of a one-time nature, that same company might approach a supplier with a “win-lose” mentality, viewing its objective as maximizing its own value at the expense of the other party’s value. This approach is referred to as **zero-sum negotiation**, and it is considered to be a “hard” negotiating style. Zero-sum negotiation is based on the notion that there is a “fixed pie,” and the larger the slice that one party receives, the smaller the slice the other party will receive. Win-win approaches to negotiation are sometimes referred to as **integrative**, while win-lose approaches are called **distributive**.



Figure 5.1.1: Certain negotiation styles adopt a mindset in which the extent of one's win is proportional to the other's loss. (Credit: Sebastian Voortman/ pexels/ License: CC0)

## Negotiation Style

Everyone has a different way of approaching negotiation, depending on the circumstance and the person's personality. However, the **Thomas-Kilmann Conflict Mode Instrument (TKI)** is a questionnaire that provides a systematic framework for categorizing five broad negotiation styles. It is closely associated with work done by conflict resolution experts Dean Pruitt and Jeffrey Rubin. These styles are often considered in terms of the level of self-interest, instead of how other negotiators feel. These five general negotiation styles include:

- **Forcing.** If a party has high concern for itself, and low concern for the other party, it may adopt a competitive approach that only takes into account the outcomes it desires. This negotiation style is most prone to zero-sum thinking. For example, a car dealership that tries to give each customer as little as possible for his or her trade-in vehicle would be applying a forcing negotiation approach. While the party using the forcing approach is only considering its own self-interests, this negotiating style often undermines the party's long-term success. For example, in the car dealership example, if a customer feels she has not received a fair trade-in value after the sale, she may leave negative reviews and will not refer her friends and family to that dealership and will not return to it when the time comes to buy another car.
- **Collaborating.** If a party has high concern and care for both itself and the other party, it will often employ a collaborative negotiation that seeks to maximize the gain for both. In this negotiating style, parties recognize that acting in their mutual interests may create greater value and synergies.
- **Compromising.** A compromising approach to negotiation will take place when parties share some concerns for both themselves and the other party. While it is not always possible to collaborate, parties can often find certain points that are more important to one versus the other, and in that way, find ways to isolate what is most important to each party.
- **Avoiding.** When a party has low concern for itself and for the other party, it will often try to avoid negotiation completely.
- **Yielding.** Finally, when a party has low self-concern for itself and high concern for the other party, it will yield to demands that may not be in its own best interest. As with avoidance techniques, it is important to ask why the party has low self-concern. It may be due to an unfair power differential between the two parties that has caused the weaker party to feel it is futile to represent its own interests. This example illustrates why negotiation is often fraught with ethical issues.

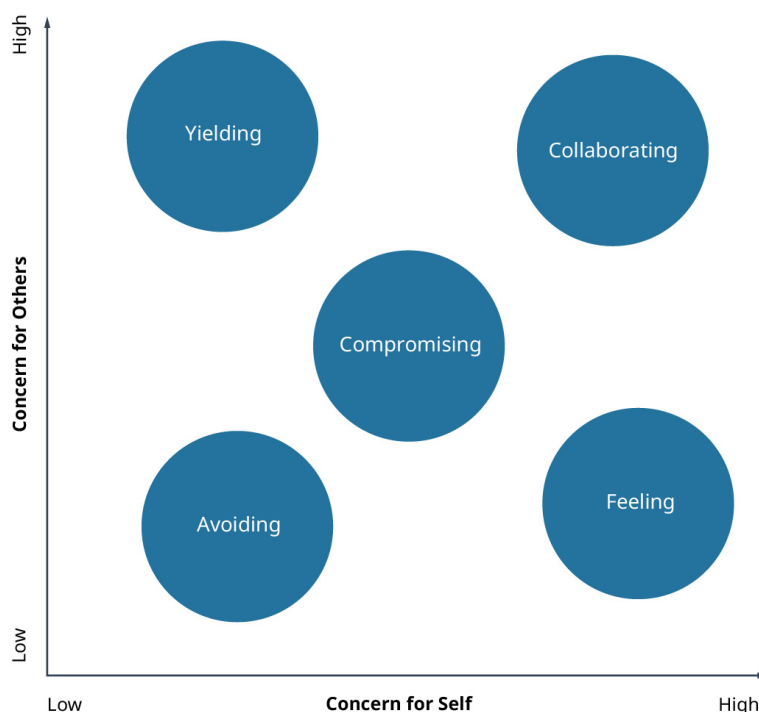


Figure 5.1.2: Concern for self vs. others leads to the differences in negotiating styles. (Modification of art by BNED/Rubin Credit: CC BY NC SA)

## Negotiation Styles in Practice

Apple’s response to its treatment of warranties in China, i.e., giving one-year warranties instead of two-year warranties as required by law, serves as an example of how negotiation may be used. While Apple products continued to be successful and popular in China, the issue rankled its customers, and Chinese celebrities joined the movement to address the concern. Chinese consumers felt that Apple was arrogant and didn’t value its customers or the customers’ feedback. In response, Tim Cook issued a public apology in which he expressed regret over the misunderstanding, saying, “We are aware that insufficient communications during this process has led to the perception that Apple is arrogant and disregards, or pays little attention to, consumer feedback. We express our sincere apologies for any concern or misunderstanding arising therefrom.” Apple then listed four ways it intended to resolve the matter. By exhibiting humility and concern for its customers, Apple was able to diffuse a contentious situation that might have resulted in costly litigation.

## Negotiation Laws

Negotiations are covered by a medley of federal and state laws, such as the **Federal Arbitration Act** and **Uniform Arbitration Act**. The Federal Arbitration Act (FAA) is a national policy that favors arbitration and enforces situations in which parties have contractually agreed to participate in arbitration. Parties who have decided to be subject to binding arbitration relinquish their constitutional right to settle their dispute in court. It is the FAA that allows parties to confirm their awards, as will be discussed in the following chapters. When considering negotiation laws, it is important to keep in mind that each state has laws with their own definitions and nuances. While the purpose of the Uniform Arbitration Act in the United States was to provide a uniform approach to the way states handle arbitration, it has only been adopted in some form by about 35 states.

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## 5.2: Negotiations II

### Learning Objectives

1. Learn the five phases of negotiation.
2. Learn negotiation strategies.
3. Avoid common mistakes in negotiations.
4. Learn about third-party negotiations.

A common way that parties deal with conflict is via negotiation. Negotiation is a process whereby two or more parties work toward an agreement. There are five phases of negotiation, which are described below.

### The Five Phases of Negotiation



Figure 5.2.1: The Five Phases of Negotiation

#### Phase 1: Investigation

The first step in negotiation is the investigation, or information gathering stage. This is a key stage that is often ignored. Surprisingly, the first place to begin is with yourself: What are your goals for the negotiation? What do you want to achieve? What would you concede? What would you absolutely not concede? Leigh Steinberg, the most powerful agent in sports (he was the role model for Tom Cruise’s character in *Jerry Maguire*), puts it this way: “You need the clearest possible view of your goals. And you need to be brutally honest with yourself about your priorities” (Webber, 1998).

During the negotiation, you’ll inevitably be faced with making choices. It’s best to know what you want, so that in the heat of the moment you’re able to make the best decision. For example, if you’ll be negotiating for a new job, ask yourself, “What do I value most? Is it the salary level? Working with coworkers whom I like? Working at a prestigious company? Working in a certain geographic area? Do I want a company that will groom me for future positions or do I want to change jobs often in pursuit of new challenges?”

#### Phase 2: Determine Your BATNA

If you don’t know where you’re going, you will probably end up somewhere else.

Lawrence J. Peter

One important part of the investigation and planning phase is to determine your BATNA, which is an acronym that stands for the “best alternative to a negotiated agreement.” Roger Fisher and William Ury coined this phrase in their book *Getting to Yes: Negotiating without Giving In*.

Thinking through your BATNA is important to helping you decide whether to accept an offer you receive during the negotiation. You need to know what your alternatives are. If you have various alternatives, you can look at the proposed deal more critically. Could you get a better outcome than the proposed deal? Your BATNA will help you reject an unfavorable deal. On the other hand, if the deal is better than another outcome you could get (that is, better than your BATNA), then you should accept it.

Think about it in common sense terms: When you know your opponent is desperate for a deal, you can demand much more. If it looks like they have a lot of other options outside the negotiation, you’ll be more likely to make concessions.

As Fisher and Ury said, “The reason you negotiate is to produce something better than the results you can obtain without negotiating. What are those results? What is that alternative? What is your BATNA—your Best Alternative To a Negotiated Agreement? That is the standard against which any proposed agreement should be measured” (Fisher & Ury, 1981).

The party with the best BATNA has the best negotiating position, so try to improve your BATNA whenever possible by exploring possible alternatives (Pinkley, 1995).

Going back to the example of your new job negotiation, consider your options to the offer you receive. If your pay is lower than what you want, what alternatives do you have? A job with another company? Looking for another job? Going back to school? While you’re thinking about your BATNA, take some time to think about the other party’s BATNA. Do they have an employee who could readily replace you?

Once you’ve gotten a clear understanding of your own goals, investigate the person you’ll be negotiating with. What does that person (or company) want? Put yourself in the other party’s shoes. What alternatives could they have? For example, in the job negotiations, the other side wants a good employee at a fair price. That may lead you to do research on salary levels: What is the pay rate for the position you’re seeking? What is the culture of the company?

Greenpeace’s goals are to safeguard the environment by getting large companies and organizations to adopt more environmentally friendly practices such as using fewer plastic components. Part of the background research Greenpeace engages in involves uncovering facts. For instance, medical device makers are using harmful PVCs as a tubing material because PVCs are inexpensive. But are there alternatives to PVCs that are also cost-effective? Greenpeace’s research found that yes, there are (Layne, 1999). Knowing this lets Greenpeace counter those arguments and puts Greenpeace in a stronger position to achieve its goals.

#### OB Toolbox: BATNA Best Practices

1. Brainstorm a list of alternatives that you might conceivably take if the negotiation doesn’t lead to a favorable outcome for you.
2. Improve on some of the more promising ideas and convert them into actionable alternatives.
3. Identify the most beneficial alternative to be kept in reserve as a fall-back during the negotiation.
4. Remember that your BATNA may evolve over time, so keep revising it to make sure it is still accurate.
5. Don’t reveal your BATNA to the other party. If your BATNA turns out to be worse than what the other party expected, their offer may go down, as PointCast learned in the opening case.

Sources: Adapted from information in Spangler, B. (2003, June). *Best Alternative to a Negotiated Agreement (BATNA)*. Retrieved November 12, 2008, from <http://www.beyondintractability.org/essay/batna/>; Conflict Research Consortium, University of Colorado. (1998). *Limits to agreement: Better alternatives*. Retrieved November 12, 2008, from [www.colorado.edu/conflict/pea...blem/batna.htm](http://www.colorado.edu/conflict/pea...blem/batna.htm); Venter, D. (2003). *What is a BATNA?* Retrieved January 14, 2008, from [www.negotiationeurope.com/articles/batna.html](http://www.negotiationeurope.com/articles/batna.html).

### Phase 3: Presentation



Figure 5.2.2: All phases of the negotiation process are important. The presentation is the one that normally receives the most attention, but the work done before that point is equally important. The Bush Center – [Negotiations](#) – CC BY-NC-ND 2.0.

The third phase of negotiation is presentation. In this phase, you assemble the information you’ve gathered in a way that supports your position. In a job hiring or salary negotiation situation, for instance, you can present facts that show what you’ve contributed to the organization in the past (or in a previous position), which in turn demonstrates your value. Perhaps you created a blog that brought attention to your company or got donations or funding for a charity. Perhaps you’re a team player who brings out the best in a group.

#### Phase 4: Bargaining

During the bargaining phase, each party discusses their goals and seeks to get an agreement. A natural part of this process is making concessions, namely, giving up one thing to get something else in return. Making a concession is not a sign of weakness—parties expect to give up some of their goals. Rather, concessions demonstrate cooperativeness and help move the negotiation toward its conclusion. Making concessions is particularly important in tense union-management disputes, which can get bogged down by old issues. Making a concession shows forward movement and process, and it allays concerns about rigidity or closed-mindedness. What would a typical concession be? Concessions are often in the areas of money, time, resources, responsibilities, or autonomy. When negotiating for the purchase of products, for example, you might agree to pay a higher price in exchange for getting the products sooner. Alternatively, you could ask to pay a lower price in exchange for giving the manufacturer more time or flexibility in when they deliver the product.

One key to the bargaining phase is to ask questions. Don’t simply take a statement such as “we can’t do that” at face value. Rather, try to find out why the party has that constraint. Let’s take a look at an example. Say that you’re a retailer and you want to buy patio furniture from a manufacturer. You want to have the sets in time for spring sales. During the negotiations, your goal is to get the lowest price with the earliest delivery date. The manufacturer, of course, wants to get the highest price with the longest lead time before delivery. As negotiations stall, you evaluate your options to decide what’s more important: a slightly lower price or a slightly longer delivery date? You do a quick calculation. The manufacturer has offered to deliver the products by April 30, but you know that some of your customers make their patio furniture selection early in the spring, and missing those early sales could cost you \$1 million. So, you suggest that you can accept the April 30 delivery date if the manufacturer will agree to drop the price by \$1 million.

“I appreciate the offer,” the manufacturer replies, “but I can’t accommodate such a large price cut.” Instead of leaving it at that, you ask, “I’m surprised that a 2-month delivery would be so costly to you. Tell me more about your manufacturing process so that I can understand why you can’t manufacture the products in that time frame.”

“*Manufacturing* the products in that time frame is not the problem,” the manufacturer replies, “but getting them *shipped* from Asia is what’s expensive for us.”

When you hear that, a light bulb goes off. You know that your firm has favorable contracts with shipping companies because of the high volume of business the firm gives them. You make the following counteroffer: “Why don’t we agree that my company will arrange and pay for the shipper, and you agree to have the products ready to ship on March 30 for \$10.5 million instead of \$11

million?” The manufacturer accepts the offer—the biggest expense and constraint (the shipping) has been lifted. You, in turn, have saved money as well (Malhotra & Bazerman, 2007).

## Phase 5: Closure

Closure is an important part of negotiations. At the close of a negotiation, you and the other party have either come to an agreement on the terms, or one party has decided that the final offer is unacceptable and therefore must be walked away from. Most negotiators assume that if their best offer has been rejected, there’s nothing left to do. You made your best offer and that’s the best you can do. The savviest of negotiators, however, see the rejection as an opportunity to learn. “What would it have taken for us to reach an agreement?”

Recently, a CEO had been in negotiations with a customer. After learning the customer decided to go with the competition, the CEO decided to inquire as to why negotiations had fallen through. With nothing left to lose, the CEO placed a call to the prospect’s vice president and asked why the offer had been rejected, explaining that the answer would help improve future offerings. Surprisingly, the VP explained the deal was given to the competitor because, despite charging more, the competitor offered after-sales service on the product. The CEO was taken by surprise, originally assuming that the VP was most interested in obtaining the lowest price possible. In order accommodate a very low price, various extras such as after-sales service had been cut from the offer. Having learned that the VP was seeking service, not the lowest cost, the CEO said, “Knowing what I know now, I’m confident that I could have beaten the competitor’s bid. Would you accept a revised offer?” The VP agreed, and a week later the CEO had a signed contract (Malhotra & Bazerman, 2007).

Sometimes at the end of negotiations, it’s clear why a deal was not reached. But if you’re confused about why a deal did not happen, consider making a follow-up call. Even though you may not win the deal back in the end, you might learn something that’s useful for future negotiations. What’s more, the other party may be more willing to disclose the information if they don’t think you’re in a “selling” mode.

### Should You Negotiate for a Higher Salary?

Yes! According to a survey conducted by CareerBuilder.com, 58% of hiring managers say they leave some negotiating room when extending initial job offers. The survey also found that many of the hiring managers agree to a candidate’s request for a higher salary. “Salary negotiation has become a growing opportunity in the job acquisition process,” says Bill Hawkins, president and CEO of The Hawkins Company, a full-service executive search firm with offices in Los Angeles and Atlanta. “Candidates who fail to make a counteroffer could forfeit significant income.”

Source: Adapted from information in Reed-Woodard, M. (2007, April). Taking money off the table. *Black Enterprise*, 37(9), 60–61.

## Negotiation Strategies

### Distributive Approach

The distributive view of negotiation is the traditional fixed-pie approach. That is, negotiators see the situation as a pie that they have to divide between them. Each tries to get more of the pie and “win.” For example, managers may compete over shares of a budget. If marketing gets a 10% increase in its budget, another department such as R&D will need to decrease its budget by 10% to offset the marketing increase. Focusing on a fixed pie is a common mistake in negotiation, because this view limits the creative solutions possible.

### Integrative Approach

A newer, more creative approach to negotiation is called the integrative approach. In this approach, both parties look for ways to integrate their goals under a larger umbrella. That is, they look for ways to *expand* the pie, so that each party gets more. This is also called a win–win approach. The first step of the integrative approach is to enter the negotiation from a cooperative rather than an adversarial stance. The second step is all about listening. Listening develops trust as each party learns what the other wants and everyone involved arrives at a mutual understanding. Then, all parties can explore ways to achieve the individual goals. The general idea is, “If we put our heads together, we can find a solution that addresses everybody’s needs.” Unfortunately, integrative outcomes are not the norm. A summary of 32 experiments on negotiations found that although they could have resulted in

integrated outcomes, only 20% did so (Thompson & Hrebec, 1996). One key factor related to finding integrated solutions is the experience of the negotiators who were able to reach them (Thompson, 1990).

### OB Toolbox: Seven Steps to Negotiating a Higher Salary

- Step 1: *Overcome your fear.*
  - The first step is to overcome your fears. Many people don't even begin a salary negotiation. We may be afraid of angering the boss or think that because we are doing a good job, we'll automatically be rewarded. But, just because you're doing a good job doesn't mean you'll automatically get a raise. Why? If you don't ask for one, the boss may believe you're satisfied with what you're getting. So why should he pay you more? Imagine going into a car dealership and being absolutely delighted with a car choice. The sticker price is \$19,000. Would you pay the dealer \$23,000 just because you really like the car? Of course not. You probably wouldn't even offer \$19,000. If the car was up for auction, however, and another bidder offered \$20,000, you'd likely increase your offer, too.
  - That's what salary negotiation is like. Your boss may be thrilled with you but at the same time is running a business. There's no reason to pay an employee more if you seem satisfied with your current salary.
- Step 2: *Get the facts.*
  - Before you enter into the negotiation, do some background research. What are other companies paying people in your position? Check sites such as Payscale.com, salary.com, and salaryexpert.com to get a feel for the market. Look at surveys conducted by your professional organization.
- Step 3: *Build your case.*
  - How important are you to the organization? How have you contributed? Perhaps you contributed by increasing sales, winning over angry customers, getting feuding team members to cooperate, and so on. Make a list of your contributions. Be sure to focus on the contributions that your boss values most. Is it getting recognition for the department? Easing workload? If another employer has shown interest in you, mention that as a fact. However, don't use this as a threat unless you're prepared to take the other offer. Mentioning interest from another employer gets the boss to think, "If I don't give this raise, I may lose the employee." (By the way, if you don't feel you have a strong case for your raise, perhaps this isn't the time to ask for one.)
- Step 4: *Know what you want.*
  - Set your target salary goal based on your research and the norms of what your organization will pay. Now ask yourself, if you don't get this figure, would you quit? If not, are there other alternatives besides a salary increase that you'd consider? For example, would you accept a higher title? More vacation time? Paid training to learn a new skill? Flexible hours?
- Step 5: *Begin assertively.*
  - Start the discussion on a strong but friendly tone. "I think I'm worth more than I'm being paid." List the ways you've contributed to the company.
- Step 6: *Don't make the first offer.*
  - Let your boss name the figure. You can do this by asking, "How much of a raise could you approve?" However, if the boss insists that you name a figure, ask for the most that you can reasonably expect to get. You want to be reasonable, but you need to allow room to make a concession. Your boss will assume your opening number was high and will offer you less, so asking for the actual figure you want may leave you feeling disappointed.
  - If the boss opens with, "The salary range for this position is \$66,000 to 78,000," ask for the high end. If your goal was higher than that range, challenge the range by explaining how you are an exception and why you deserve more.
- Step 7: *Listen more than talk.*
  - You'll learn more by listening rather than talking. The more you listen, the better the boss will feel about you—people tend to like and trust people who listen to them.
  - If you can't get a raise now, get your boss to agree to one in a few months if you meet agreed-upon objectives.

Sources: Adapted from information in Brodow, E. (2006). *Negotiation boot camp*. New York: Currency/Doubleday; Nemko, M. (2007, December 31). The general way to get a raise. *U.S. News & World Report*, 57.



## Avoiding Common Mistakes in Negotiations

### Failing to Negotiate/Accepting the First Offer

You may have heard that women typically make less money than men. Researchers have established that about one-third of the gender differences observed in the salaries of men and women can be traced back to differences in starting salaries, with women making less, on average, when they start their jobs (Gerhart, 1990). Some people are taught to feel that negotiation is a conflict situation, and these individuals may tend to avoid negotiations to avoid conflict. Research shows that this negotiation avoidance is especially prevalent among women. For example, one study looked at students from Carnegie-Mellon who were getting their first job after earning a master's degree. The study found that only 7% of the women negotiated their offer, while men negotiated 57% of the time (CNN, 2003). The result had profound consequences. Researchers calculate that people who routinely negotiate salary increases will earn over \$1 million more by retirement than people who accept an initial offer every time without asking for more (Babcock & Lascheve, 2003). The good news is that it appears that it is possible to increase negotiation efforts and confidence by training people to use effective negotiation skills (Stevens, Bavetta, & Gist, 1993).

### Letting Your Ego Get in the Way

Thinking only about yourself is a common mistake, as we saw in the opening case. People from the United States tend to fall into a self-serving bias in which they overinflate their own worth and discount the worth of others. This can be a disadvantage during negotiations. Instead, think about why the other person would want to accept the deal. People aren't likely to accept a deal that doesn't offer any benefit to them. Help them meet their own goals while you achieve yours. Integrative outcomes depend on having good listening skills, and if you are thinking only about your own needs, you may miss out on important opportunities. Remember that a good business relationship can only be created and maintained if both parties get a fair deal.

### Having Unrealistic Expectations

Susan Podziba, a professor of mediation at Harvard and MIT, plays broker for some of the toughest negotiations around, from public policy to marital disputes. She takes an integrative approach in the negotiations, identifying goals that are large enough to encompass both sides. As she puts it, "We are never going to be able to sit at a table with the goal of creating peace and harmony between fishermen and conservationists. But we can establish goals big enough to include the key interests of each party and resolve the specific impasse we are currently facing. Setting reasonable goals at the outset that address each party's concerns will decrease the tension in the room, and will improve the chances of reaching an agreement" (Rothenberger, 2008). Those who set unreasonable expectations are more likely to fail.

### Getting Overly Emotional

Negotiations, by their very nature, are emotional. The findings regarding the outcomes of expressing anger during negotiations are mixed. Some researchers have found that those who express anger negotiate worse deals than those who do not (Kopelman, Rosette, & Thompson, 2006), and that during online negotiations, those parties who encountered anger were more likely to compete than those who did not (Friedman et al., 2004). In a study of online negotiations, words such as *despise*, *disgusted*, *furious*, and *hate* were related to a reduced chance of reaching an agreement (Brett et al., 2007). However, this finding may depend on individual personalities. Research has also shown that those with more power may be more effective when displaying anger. The weaker party may perceive the anger as potentially signaling that the deal is falling apart and may concede items to help move things along (Van Kleef & Cote, 2007). This holds for online negotiations as well. In a study of 355 eBay disputes in which mediation was requested by one or both of the parties, similar results were found. Overall, anger hurts the mediation process unless one of the parties was perceived as much more powerful than the other party, in which case anger hastened a deal (Friedman et al., 2004). Another aspect of getting overly emotional is forgetting that facial expressions are universal across cultures, and when your words and facial expressions don't match, you are less likely to be trusted (Hill, 2007; Holloway, 2007).

### Letting Past Negative Outcomes Affect the Present Ones

Research shows that negotiators who had previously experienced ineffective negotiations were more likely to have failed negotiations in the future. Those who were unable to negotiate some type of deal in previous negotiation situations tended to have lower outcomes than those who had successfully negotiated deals in the past (O'Connor, Arnold, & Burris, 2005). The key to remember is that there is a tendency to let the past repeat itself. Being aware of this tendency allows you to overcome it. Be vigilant to examine the issues at hand and not to be overly swayed by past experiences, especially while you are starting out as a negotiator and have limited experiences.

## Tips for Negotiation Success

- *Focus on agreement first.* If you reach an impasse during negotiations, sometimes the best recourse is to agree that you disagree on those topics and then focus only on the ones that you can reach an agreement on. Summarize what you've agreed on, so that everyone feels like they're agreeing, and leave out the points you don't agree on. Then take up those issues again in a different context, such as over dinner or coffee. Dealing with those issues separately may help the negotiation process.
- *Be patient.* If you don't have a deadline by which an agreement needs to be reached, use that flexibility to your advantage. The other party may be forced by circumstances to agree to your terms, so if you can be patient you may be able to get the best deal.
- *Whose reality?* During negotiations, each side is presenting their case—their version of reality. Whose version of reality will prevail? Leigh Steinberg offers this example from the NFL, when he was negotiating the salary of Warren Moon. Moon was 41 years old. That was a fact. Did that mean he was hanging on by a thread and lucky to be employed in the first place? “Should he be grateful for any money that the team pays him?” Steinberg posed, “Or is he a quarterback who was among the league leaders in completions and attempts last year? Is he a team leader who took a previously moribund group of players, united them, and helped them have the best record that they've had in recent years?” All those facts are true, and negotiation brings the relevant facts to the forefront and argues their merit.
- *Deadlines.* Research shows that negotiators are more likely to strike a deal by making more concessions and thinking more creatively as deadlines loom than at any other time in the negotiation process.
- *Be comfortable with silence.* After you have made an offer, allow the other party to respond. Many people become uncomfortable with silence and feel they need to say something. Wait and listen instead.

Sources: Adapted from information in Stuhlmacher, A. F., Gillespie, T. L., & Champagne, M. V. (1998). The impact of time pressure in negotiation: A meta-analysis. *International Journal of Conflict Management*, 9, 97–116; Webber, A. (1998, October). How to get them to show you the money. *Fast Company*. Retrieved November 13, 2008 from <http://www.fastcompany.com/magazine/19/showmoney.html>.

## When All Else Fails: Third-Party Negotiations

### Alternative Dispute Resolution

Alternative Dispute Resolution (ADR) includes mediation, arbitration, and other ways of resolving conflicts with the help of a specially trained, neutral third party without the need for a formal trial or hearing (New York State Unified Court System, 2008). Many companies find this effective in dealing with challenging problems. For example, Eastman Kodak Company added an alternative dispute resolution panel of internal employees to help them handle cases of perceived discrimination and hopefully stop a conflict from escalating (Deutsch, 2004).

### Mediation

In mediation, an outside third party (the mediator) enters the situation with the goal of assisting the parties in reaching an agreement. The mediator can facilitate, suggest, and recommend. The mediator works with both parties to reach a solution but does not represent either side. Rather, the mediator's role is to help the parties share feelings, air and verify facts, exchange perceptions, and work toward agreements. Susan Podziba, a mediation expert, has helped get groups that sometimes have a hard time seeing the other side's point of view to open up and talk to one another. Her work includes such groups as pro-choice and pro-life advocates, individuals from Israel and Palestine, as well as fishermen and environmentalists. According to the U.S. Equal Employment Opportunity Commission, “Mediation gives the parties the opportunity to discuss the issues raised in the charge, clear up misunderstandings, determine the underlying interests or concerns, find areas of agreement and, ultimately, to incorporate those areas of agreements into resolutions. A mediator does not resolve the charge or impose a decision on the parties. Instead, the mediator helps the parties to agree on a mutually acceptable resolution. The mediation process is strictly confidential” (The U.S. Equal Employment Opportunity Commission, 2007). One of the advantages of mediation is that the mediator helps the parties design their own solutions, including resolving issues that are important to both parties, not just the ones under specific dispute. Interestingly, sometimes mediation solves a conflict even if no resolution is reached. Here's a quote from Avis Ridley-Thomas, the founder and administrator of the Los Angeles City Attorney's Dispute Resolution Program, who explains, “Even if there is no agreement reached in mediation, people are happy that they engaged in the process. It often opens up the possibility for resolution

in ways that people had not anticipated” (Layne, 1999). An independent survey showed 96% of all respondents and 91% of all charging parties who used mediation would use it again if offered (Layne, 1999).

#### You Know It's Time for a Mediator When...

- *The parties are unable to find a solution themselves.*
- *Personal differences are standing in the way of a successful solution.*
- *The parties have stopped talking with one another.*
- *Obtaining a quick resolution is important.*

Sources: Adapted from information in Crawley, J. (1994). *Constructive conflict management*. San Diego: Pfeiffer; Mache, K. (1990). *Handbook of dispute resolution: Alternative dispute resolution in action*. London: Routledge.

## Arbitration

In contrast to mediation, in which parties work with the mediator to arrive at a solution, in arbitration the parties submit the dispute to the third-party arbitrator. It is the arbitrator who makes the final decision. The arbitrator is a neutral third party, but the decision made by the arbitrator is final (the decision is called the “award”). Awards are made in writing and are binding to the parties involved in the case (American Arbitration Association, 2007). Arbitration is often used in union-management grievance conflicts.

## Arbitration-Mediation



Figure 5.2.3: As a last resort, judges resolve conflicts. [Wikimedia Commons](#) – public domain.

It is common to see mediation followed by arbitration. An alternative technique is to follow the arbitration with mediation. The format of this conflict resolution approach is to have both sides formally make their cases before an arbitrator. The arbitrator then makes a decision and places it in a sealed envelope. Following this, the two parties work through mediation. If they are unable to reach an agreement on their own, the arbitration decisions become binding. Researchers using this technique found that it led to voluntary agreements between the two parties 71% of the time versus 50% for mediation followed by arbitration (Conlon, Moon, & Ng, 2002).

## Key Takeaways

Negotiation consists of five phases that include investigation, determining your BATNA, presentation, bargaining, and closure. Different negotiation strategies include the distributive approach (fixed-pie approach) and the integrative approach (expanding-the-pie approach). Research shows that some common mistakes made during negotiations include accepting the first offer made, letting

egos get in the way, having unrealistic expectations, getting overly emotional, and letting past negative outcomes affect the present ones. Third-party negotiators are sometimes needed when two sides cannot agree.

## Exercises

1. What are the negotiation phases and what goes on during each of them?
2. When negotiating, is establishing a BATNA important? Why or why not?
3. What are the third-party conflict resolution options available?

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## 5.3: Effective Conflict Management Strategies Using Negotiations

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## CHAPTER OVERVIEW

### 6: Implications for Leaders and Managers Resolving Conflict

6.1: Leadership and Conflict

6.2: The Role of Ethics and National Culture

6.3: Emotional and Social Intelligence in Leadership

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## 6.1: Leadership and Conflict

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## 6.2: The Role of Ethics and National Culture

### Learning Objectives

1. Consider the role of ethics in negotiation.
2. Consider the role of national culture in negotiation.

### Ethics and Negotiations

Are hardball tactics OK to use? Sometimes a course of action is legal but is questionable in terms of ethics. A good rule of thumb is that hardball tactics should not be used because the negotiation is likely not to be the last time you will interact with the other party. Therefore, finding a way to make a deal that works for both sides is preferable. Otherwise, if you have the complete upper hand and use it to “destroy” the other party, it’s likely that at a future date the other party will have the upper hand and will use it to retaliate mercilessly against you. What’s more, your reputation as a negotiator will suffer. As J. Paul Getty said, “My father said: ‘You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.’”<sup>[1]</sup>

Ethics establish a way of doing what is right, fair, and honest. If your counterpart feels you are being unfair or dishonest, he or she is less likely to make any concessions—or even to negotiate with you in the first place.

Here are some tips for ethical negotiations:

- Be honest.
- Keep your promises.
- Follow the Platinum Rule. The Golden Rule tells us to treat others the way we want to be treated. Author Tony Alessandra goes a step further with the Platinum Rule: “Treat people the way they want to be treated.” Caring about others enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust (Stark & Flaherty, 2003).

### Negotiation Around the Globe

Not understanding cultural differences is another common mistake. Some cultures have a higher or lower threshold for conflict. For example, in countries such as Japan or Korea, the preference is for harmony (called *wa* in Japan) rather than overt conflict (Lebra, 1976). Americans and Germans have a much higher tolerance for conflict as a way of working through issues. In a study of Japanese, German, and American cultures, it was found that almost half of the preference for different conflict management styles was related to the country in which participants were raised (Tinsley, 1998).

In Japan, much like Pakistan, the tendency is not to trust what is heard from the other party until a strong relationship is formed. Similarly, in China, conversations start out with innocuous topics to set a mood of friendliness (U.S. Commerce Department, 2007). This differs a great deal from American negotiators who tend to like to “get down to business” and heavily weigh first offers as reference points that anchor the process as both sides make demands and later offers.

There are also differences in how individuals from different cultures use information and offers during the negotiation process. Observations show that Japanese negotiators tend to use offers as an information exchange process (Adair, Weingart, & Brett, 2007). Research has found that American negotiators tend to reveal more information than their Japanese counterparts (Adair, Okuma, & Brett, 2001). Japanese negotiators might learn little from a single offer, but patterns of offers over time are interpreted and factored into their negotiations. Since Japan is a high-context culture, information is learned from what is not said as well as from what is said.

Even the way that negotiations are viewed can differ across cultures. For example, the Western cultures tend to think of negotiations as a business activity rather than a social activity, but in other cultures, the first step in negotiations is to develop a trusting relationship. Negotiators in Brazil, for example, seriously damaged relationships when they tried to push negotiations to continue during the Carnival festival. “The local guys took that as a disrespectful action,” said Oscar Lopez, commercial director for Hexaprint, S.A. De C.V. in Mexico. “It took several weeks to restore confidence and move on” (Teague, 2006).

Also keep in mind what agreement means in different cultures. For example, in China, nodding of the head does not mean that the Chinese counterpart is agreeing to what you are proposing, merely that they are listening and following what you are saying. “Culturally, Chinese companies and workers do not like to say no,” says a buyer at a manufacturer based in the United States. Here’s how to overcome the problem. Instead of phrasing a question as, “Can you do this for us?” which would put the Chinese

official in an uncomfortable position of saying no (which they likely would not do), rephrase the question as, “How will you do this for us and when will it be done?” (Hannon, 2006)

## Key Takeaways

Being honest during negotiations, keeping your promises, and treating others as you would like to be treated all help you negotiate ethically. Not understanding the culture of a person or group of people you are negotiating with can be a major mistake. Try to learn as much as you can about the culture of others involved and be sure to clarify key points along the way. Also, keep in mind that agreement (e.g., nodding one’s head up and down or saying “yes, yes”) may not mean the same thing in all cultures.

## Exercises

1. Is the goal of negotiation to maximize your economic outcome at all costs? Why or why not? Is it ethical to do so?
2. What are some similarities and differences in conflict management preference and negotiation practices among different countries around the globe? Have you had any experiences with individuals from other cultures? If so, how did it go? How might it have gone better?

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## 6.3: Emotional and Social Intelligence in Leadership

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- conflict of interest
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### E

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### F

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