

Conflict and Negotiations

Dr. Vinod Sharma

Objectives

- The factors that results in occurring of conflicts
- The various types of conflicts
- The sources of conflict and conflict process
- The approaches to negotiation
- The process of negotiation
- The issues in negotiation process
- The factors that affect intergroup relations.

Introduction

Employees in organizations have different opinions and attitudes, considering their varying backgrounds. Therefore, there is a possibility that conflicts may arise during interactions between them. Although a conflict might foster a competitive environment to a certain extent, prolonged conflicts could prove detrimental to the organization. Hence, there is a need for these conflicts to be resolved at the earliest. An ideal way of settling conflicts is through the negotiation process. A study of the inter-group behavior of people in organizations is also essential for understanding and resolving organizational conflicts.

Sources of Conflict

A conflict occurs when two or more individuals or groups have differences over goals, achievements, objectives, or an issue of mutual interest. It can arise as result of a variety of factors. Some of them are:

- *Organizational change:* Generally, employees of an organization hold different views on the changes in organization with respect to technology, structure, hierarchy, etc., and this might lead to conflicts between them.
- *Personality clashes:* When individuals do not recognize differences in personalities such as emotional stability, behavior, etc., it might lead to a conflict.
- *Differences in values sets:* When people with contradicting values and beliefs interact with each other, conflicts are likely to occur.
- *Threats to status:* When individuals feel that the acts of other individuals may affect their reputation and status in society, it might lead to a conflict.
- *Perceptual differences:* When individuals believe that what they perceive is true irrespective of reality, then they fail to understand the ideas of another person. This again might lead to a conflict.

Classification of Conflicts

Conflicts can be classified into intrapersonal conflict, interpersonal conflict, and intergroup conflict.

Intrapersonal Conflict

Individuals might experience stress and frustration in the process of achieving their goals. This

leads to 'intrapersonal conflict.' Intrapersonal conflict may arise under the following circumstances:

- when the employee's roles and responsibilities are not defined clearly
- when the employee receives conflicting orders from more than one boss
- when the employee faces conflicting expectations from superiors and subordinates (usually middle level managers face this situation).

Interpersonal Conflict

In general, differences in the perceptions and attitudes of individuals lead to interpersonal conflicts. The communication gap is another major aspect that leads to interpersonal conflicts.

Intergroup Conflict

Intergroup conflicts often arise when one group considers that it is being treated unfairly (in comparison to one or more groups) with respect to working conditions, rewards, and status. When one group feels that it has not been recognized for its efforts in achieving a common goal and that another group has been given its due, it might lead to intergroup conflicts between the groups involved.

The Conflict Process

Following are the various stages in the conflict process:

Potential Opposition or Incompatibility

This is the first stage in the conflict process. A conflict arises as a result of the operation of certain factors. Although these factors might not always lead to a conflict, the presence of these factors is essential for a conflict to result. The factors that lead to a conflict can be classified into:

Communication

Communication barriers such as semantic difficulties, noise, and disturbances in the communication channel, failure on behalf of the sender to convey the message properly, etc. might obstruct effective communication. This in turn might lead to a conflict among individuals.

Structure

The following are some of the variables that constitute the structure of organizations:

- size of work groups
- degree of specialization of employees
- role clarity of individuals and departments
- leadership style
- diversity of goals and reward system.

The structural variables are also a major source of conflict in organizations. For instance, ambiguity in the roles and responsibilities of individuals in a work group might lead to conflicts.

Personal variables

Every individual has different personality traits, value systems, etc. If these differences come to the fore during an interaction between the employees, then it might lead to a conflict.

Cognition and Personalization

This stage occurs only when the individual (or a group) perceives a negative impact of the conditions discussed in the previous stage. During this stage, the affected individual or group develops a sense of opposition toward the other party. The affected individual might not necessarily 'personalize' the perceived conflict. However, if the perceived conflict is prolonged then the

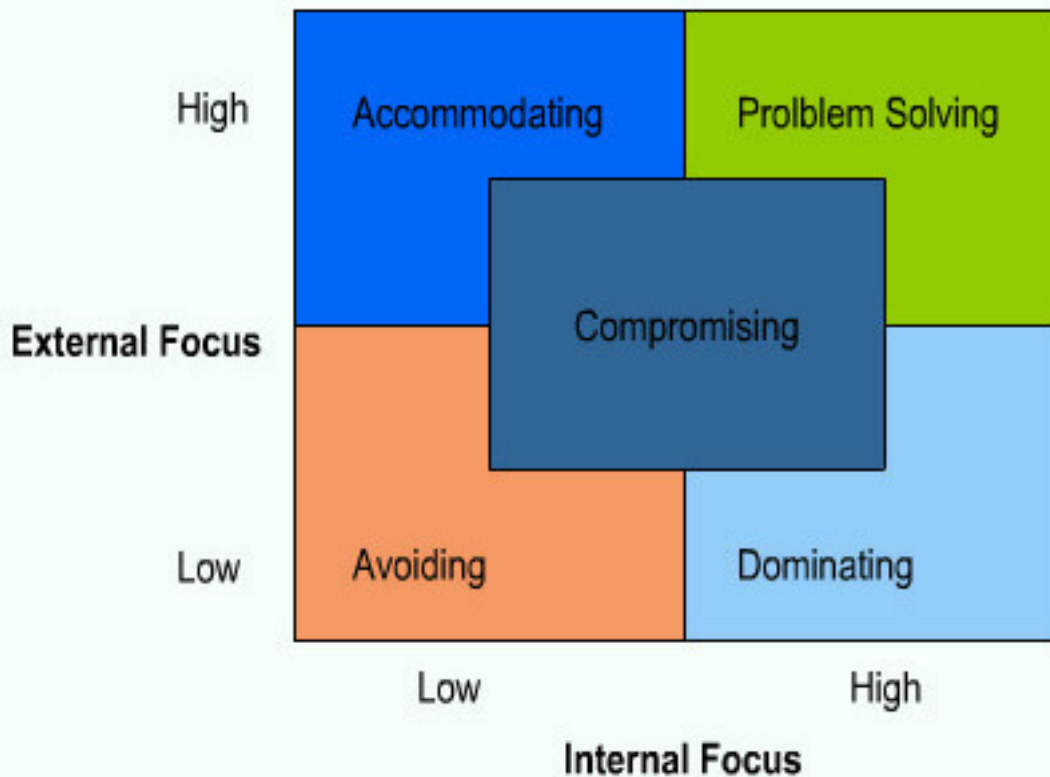
individual might reach the 'felt' level where personalization may begin. At this point, both the parties concerned experience anxiety, tension, and frustration and might develop hostility toward each other. Clearly defining the issue over which there is a conflict and examining the role of emotions might help in determining the root cause and also the outcome of the conflict.

Intentions

In the third stage of the conflict process, the individuals try to choose an action which will help them to settle or deal with the conflict. Toward this end, they attempt to understand the intentions of the other party. However, they should not do this based on the behavior of the others because there is often a mismatch between the behavior and real intentions of people.

Five types of conflict handling situations have been identified. (Refer figure 13.1).

Figure 13.1: Dimensions of Conflict-Handling Intentions



Dominating: This occurs when each party tries to satisfy its own need at the expense of the other party.

Avoiding: This occurs when one party recognizes the conflict situation and tries to avoid the other party in order to avoid the conflict.

Accommodating: This occurs when one party tries to satisfy the interests of the other party by sacrificing its own interests.

Problem-Solving: This type of intention creates a win-win situation for both the parties. In this type, both the parties involved in the conflict are willing to co-operate with each other to resolve the conflict. However, both the parties are unwilling to let go of their personal interests.

Compromising: This occurs when both the parties involved in the conflict are willing to compromise and let go of some of their interests. Often, this leads to dissatisfaction among the individuals in both the parties.

Behavior

The existence of a conflict may not be visible to outsiders during the initial stages. However, as the conflict prolongs, the parties involved might make their conflicts explicit in the form of verbal statements, actions, and reactions. Outsiders get to know about the conflict as a result of the behavior of the parties involved.

Conflict behavior can range from disagreements between the parties and subtle remarks to abusive physical attacks.

Outcomes

This is the last stage of the conflict process. The interaction among the conflicting parties results in certain consequences which are known as 'outcomes.' Outcomes may have a positive or negative effect on organizations. They may be functional or dysfunctional.

Functional outcomes

Functional outcomes are the result of constructive conflicts among individuals. They have a positive influence on organizations. The following are some of the advantages of functional outcomes:

- They help in preventing the group from accepting decisions which are based on inaccurate assumptions, inadequate consideration of attributes, and flawed decisions.
- They encourage group members to put forward creative and innovative ideas, which in turn might improve the quality of decisions to be taken by the management.
- Constructive conflicts, which arise due to differences in cultural background, might lead to diverse solutions that suit the needs of the diverse workforce.

Dysfunctional outcomes

Dysfunctional outcomes are the result of destructive conflicts among the individuals of the organization. They have a negative impact on the performance of the organization. Some of the disadvantages of dysfunctional conflicts are:

- They weaken relationship between the members of the organization.
- They hinder the effectiveness of the communication channel between individuals.

It has been observed that constructive conflicts encourage members of organizations to perform better. Therefore, managers should encourage constructive conflicts.

Negotiation

Negotiation is a process whereby two or more parties try to come to an agreement regarding the resolution of a common problem. It might involve accepting the terms of one party or of one party foregoing its interests for the sake of resolving the common problem. In the organizational context, negotiation generally takes place between the management and the workers. Often the term 'bargaining' is used to represent negotiation. Distributive bargaining and integrative bargaining are two widely used approaches to negotiation.

Distributive Bargaining

The distributive bargaining approach involves division of a fixed amount of resources among the negotiating parties. A peculiar feature of this approach is that if one party gains a certain amount in the bargaining process, the other party suffers the same amount of loss. Further, the parties involved in the bargaining process fix a target point which they hope to achieve. Similarly, the

parties also fix a resistance point. The parties are not willing to accept the settlement solution if the outcome falls below the resistance point. Distributive bargaining leads to a win-lose situation.

Integrative Bargaining

In integrative bargaining, one can find more than a single solution to a common problem. Further, this approach tries to eliminate the losses that could be caused to one party during the process of negotiation (as seen in the case of distributive bargaining). In other words, integrative bargaining attempts to establish a win-win situation. The following are the conditions under which integrative bargaining can take place:

- Both parties involved must be sensitive to the needs of the other party
- The parties concerned must be honest about their intentions
- The parties must trust each other
- Both sides should be willing to be flexible.

In general, it is very difficult for these conditions to prevail in organizations. And if these conditions do not exist, it is difficult to successfully implement the integrative bargaining. Therefore, organizations generally prefer the distributive approach to bargaining.

The Negotiation Process

Preparation and Planning

Before starting the negotiations, the negotiator must thoroughly understand the reasons and the situations that led to the conflict. One major aspect that a negotiator needs to be clear about is the goal/s that he/she wants to achieve for his/her party. The negotiator must also precisely understand the priority and relevance of these goals to his/her party.

Preparing a BATNA (Best Alternative to a Negotiating Agreement) helps the negotiator to correctly identify the desired objectives or goals from the negotiation. Also the negotiator must make an effort in preparing a BATNA that is more attractive in comparison to the agreement of the opposite party, to get the best results from the negotiation.

Defining Rules

This is the second stage of the negotiation process. In this stage, the parties involved come prepared with their respective negotiation strategies. They also decide upon the rules and procedures to be followed during the process of negotiation. The decisions could pertain to

- the person who is going to represent the group
- specific issues which need to be discussed
- order of importance of the issues to be discussed
- time limit for the discussion
- strategy to be adopted in case a deadlock arises over a specific issue.

The parties then put forward their list of demands and proposals.

Clarification and Justification

In this stage, both the parties attempt to provide clarifications and justify the demands that they had put forward in the previous stage. They might justify their demands by explaining the rationale behind them, present documents in support of their decision, etc. This stage might not necessary be confrontational between the parties.

Bargaining and Problem Solving

- In this stage, the parties generally present a big list of demands that often consist of

both important and unimportant issues. The rationale behind this process is that each expects to sacrifice some of its interests during the negotiation process.

- The negotiator must be careful in dealing with the other party. He/she should avoid using statements, words, or phrases that might hurt the feelings and emotions of members of other party.
- If a negotiator feels that a specific issue is critical and more time is needed to discuss it, then he/she must set it aside and try to deal with other issues that can be more easily solved.
- If the negotiation process is showing signs of becoming heated and is resulting in arguments between the parties, then they must take a break and decide upon meeting at another date.

Closure and Implementation

This is the final stage where an agreement is reached that is acceptable to both the parties. In general, the agreement is the outcome of several rounds of discussions and reciprocal concessions between the parties. The agreement is formally written and signed by both the parties. This is again followed by implementation in the form of new policies or procedures.

Issues in the Negotiation Process

Biases in Decision Making

During the negotiation process, individuals might fall a victim to biases on their part which results in ineffective decision making. This also prevents them from arriving at a mutually acceptable agreement.

Personality Traits

Assuming that a negotiating strategy can be predicted by observing the personality traits of the opponent could prove to be a hindrance in effective negotiations. However, studies have shown that the negotiation strategies as well as the outcomes of negotiation process are unaffected by the personality traits of the members involved in the negotiation process. Therefore, while preparing for the negotiation process, one would be better off focusing on the bargaining issues and the situational factors rather than on the opponent's personality traits.

Cultural Differences

Cultural differences have an impact on the negotiation process. For instance, negotiation styles differ from country to country. The Japanese and the Chinese, for example, tend to prolong the discussions, giving importance to minute details. In stark contrast, North Americans give importance to time and deadlines and try to end the discussion as soon as possible.

Third-Party Negotiation

In the event that the results of direct negotiations fail to satisfy both parties, they appoint a third-party negotiator to arrive at an agreement that is acceptable to both parties. The third-party negotiator could be:

A mediator: A mediator uses logical reasoning and persuasion techniques to convince parties to arrive at an agreement. S/he also suggests alternative solutions that could prove beneficial to the conflicting parties.

An arbitrator: An arbitrator is sometimes appointed voluntarily by the parties and in some cases by the law. S/he has the authority to enforce her/his decision over the conflicting parties.

A conciliator: A conciliator is a third-party negotiator who tries to act as an informal link between both the parties. S/he is also trusted by both parties and tries to come up with a solution that is acceptable by both sides.

A consultant: A consultant uses conflict management techniques to resolve the differences between the parties. However, he does not find any specific solutions, but only helps both the parties in finding a solution.

Intergroup Relations

An intergroup relation refers to the relationship that exists between two or more groups in an organization. Intergroup relationships have a major influence on the co-ordination among the individuals belonging to various groups. Co-ordination is a necessary element in the effective performance of organizations. Therefore, intergroup relations have to be maintained properly.

Factors that Affect Intergroup Relations

Interdependence

The degree to which groups are interdependent defines the extent of their interaction with each other. Therefore, interdependence of groups is a major factor that affects intergroup relations. The interdependence of groups can be pooled, sequential, and reciprocal.

Pooled Interdependence: When two or more groups work individually but their cumulative efforts lead to the accomplishment of a common task, then the groups are said to share a pooled interdependence.

Sequential Interdependence: This kind of interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true. For instance, in a manufacturing company, during the process of manufacturing, work groups belonging to production of products are dependent on the inventory department for the supply of raw material, but the inventory department is not dependent upon the production department.

Reciprocal Interdependence: This type of interdependence exists between groups that are mutually dependent on each other for exchange of inputs and outputs. This type of interdependence results in a higher degree of interaction between groups when compared to pooled or sequential interdependence.

Task Uncertainty

Interaction between groups is also dependent upon the nature of the tasks to be performed by individuals in a group. The tasks can be routine or non-routine. Routine tasks do not require much interaction with other groups and so groups performing such tasks are less interdependent. On the contrary, groups performing non-routine tasks are required to frequently interact with other groups and hence there is more interdependence among groups.

Orientation of time and goal Depending upon the nature of the tasks, the time and goal orientations also differ from group to group. For instance, in a bank while the marketing executive tries to approve as many loans as possible to customers, the credit manager might reject many of those applications due to lack of credit worthiness. Therefore, this sort of interaction also leads to co-ordination problems between groups.

Managing Intergroup Relations

The seven methods of managing intergroup relations are:

Rules and procedures

The rules and procedures laid down by the management specify the way in which different groups have to interact with each other. This is the most inexpensive method of managing intergroup relations.

Hierarchy

In this method, the conflict arising between two or more groups is solved by a common superior,

who is generally a top authority in the hierarchy of the organization.

Planning

According to this method, the management clearly defines the roles and responsibilities of each group in the organization so that conflicts do not arise among them.

Liaison roles

The organization assigns a capable person as the liaison officer and he/she is responsible for facilitating effective communication between the interdependent groups.

Task forces

Organizations may form task forces by choosing a particular member from each group. These members represent their respective groups while resolving a common problem. Task forces generally are temporary and come into existence only during the period of problem situations.

Teams

The management creates permanent teams consisting of members from all groups in the organization to resolve the issues between groups as and when they arise.

Integrating departments

When all the above methods are unsuccessful in settling the disputes among groups then the 'integrating department' comes to the rescue of the organization. These departments are permanent and they try to integrate the various groups in the organization.

Summary

- A conflict arises when there is a disagreement between two or more individuals over the achievement of one or more common goals. The various factors that lead to conflicts could be organizational change, personality clashes, differences in value sets, threat to status, and perceptual differences.
- Conflicts can be classified into intrapersonal, interpersonal, and intergroup.
- The process of conflict goes through the following five stages: potential opposition or incompatibility, cognition and personalization, intentions, behavior, and outcomes.
- Negotiation is a process by which individuals seek to arrive at an agreement that is acceptable to both sides. There are two widely used approaches of negotiating. They are distributive bargaining and integrative bargaining.
- The negotiation process consists of the following five stages: preparation and planning, defining rules, clarification and justification, bargaining and problem solving, and closure and implementation.
- The negotiation process may be hindered by the following factors: biases in decision making, personality traits, cultural differences, and third-party negotiations.
- Often members of different groups interact with each other, giving rise to intergroup relationships. Favorable intergroup relations can have a positive impact on the performance of organizations.
- Various factors such as the interdependence of groups on each other, task uncertainty, and orientation of time and goal influence intergroup relations.
- Intergroup relationships can be managed effectively with the help of certain

methods. They are rules and procedures, hierarchy, planning, appointing a liaison officer, using task forces, teams, and integrating departments.

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