MBA 609
Organizational Behaviour

Week 8

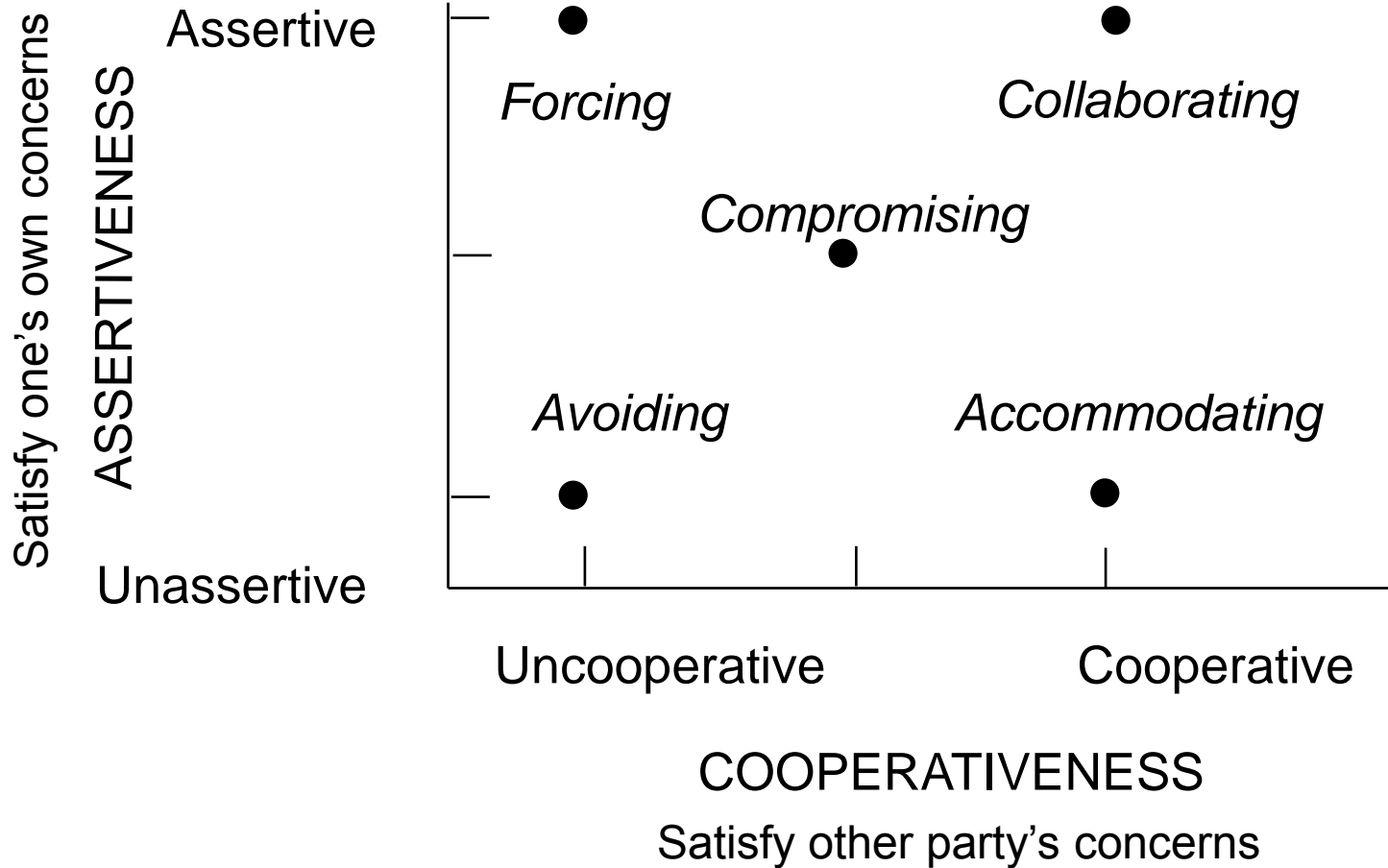**Conflict Management and Negotiations**

Today's learning outcomes

- What is conflict?

- How can conflict be resolved?

- What are the effects of conflict?

- How does one negotiate effectively?

- How do individual differences influence negotiations?
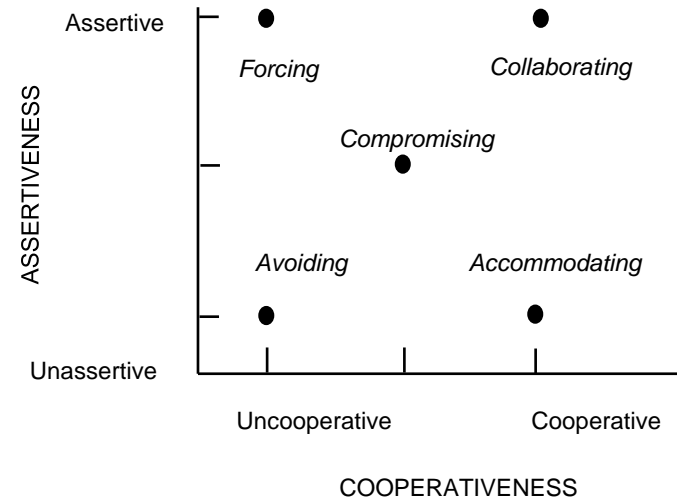
The Dual- concern theory

- The Dual-concern theory deals with the 2 concerns people use to determine their conflict resolution strategies.

  - ***Cooperativeness***, or the degree to which one tries to satisfy the other person's concerns.
  - ***Assertiveness***, or the degree to which one tries to satisfy one's own concerns

Conflict Management strategies

Conflict Management strategies

CONFLICT MANAGEMENT STYLE	ISSUE	RELATIONSHIP	RELATIVE POWER	TIME URGENCY
FORCING	Important	Not important	High	High (usually)
COLLABORATING	Important	Important	Low to high	Low to moderate (not high)
AVOIDING	Not important	Not important	Low to high	low to high
ACCOMODATING	Not important	Important	Low	Low to high
COMPROMISING	Generally inappropriate as an initial strategy. Requires giving up part of what is wanted			

Assertive

Forcing

ASSERTIVENESS

Collaborating

Compromising

Avoiding

Accommodating

Unassertive

Uncooperative

Cooperative

COOPERATIVENESS

What is a conflict?

A process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.

A conflict situation

- In groups of 3, identify a conflict situation (real or imaginary).
- Describe the situation (Write it down)
- Indicate appropriate ways to work at resolving the conflict (I will collect this work)
- I will choose a few groups to present their case for a class discussion

Is conflict good or bad?

- **Functional conflict**
- **Dysfunctional conflict**

- **Cognitive conflict**
- **Affective conflict**

Sources of conflict

- **Communication**
  - Through semantic difficulties, misunderstandings and "noise" in the communication channels
- **Structure**
  - Size, specialization, and composition of the group
  - Ambiguity responsibility
  - Zero-sum reward systems
  - Leadership style
  - The diversity of goals
  - If one group is dependent on another

Sources of conflict

- **Personal Variables**
  - Personality
    - People high in disagreeableness, neuroticism, or self-monitoring are prone to tangle with other people more often, and to react poorly when conflict occurs
  - Emotions
  - Values

What can individuals do to manage conflict?

- Problem solving

- Developing overarching goals

- Smoothing

- Compromising

- Avoidance

What can managers do to manage conflict? (workplace related)

- Expansion of resources

- Authoritative command

- Altering the human variable

- Altering the structural variables

Third-party Interventions

- Mediation
- Arbitration
- Conciliation
- Consultation

Negotiation (Lewicki et al, 2006)

There are several characteristics common to all negotiation situations:

- There are two or more parties
- There is a conflict of needs and desires between two or more parties
- The parties negotiate *by choice!*
- When we negotiate we expect a "give and take" process that is fundamental to the definition of the negotiation itself.
- The parties prefer to negotiate and search for agreement rather than to fight.
- Successful negotiation involves the management of *tangibles* and also the resolution of *intangibles*

Negotiation strategies

- ## Distributive bargaining (zero-sum, win-lose)
    - The goals of the parties are initially at odds – or at least appear that way to some or all the parties.
    - Central to such conflict is the belief that there is a limited, controlled amount of the key resources to be distributed – a "fixed-pie" situation

- ## Integrative negotiation (non zero-sum, win-win)
    - The goals of the parties are not mutually exclusive.
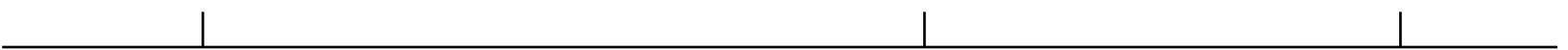   - If one side achieves its goals, the other is not precluded from achieving its goals as well

Distributive bargaining

Party A - Seller

Walkaway Point   Target Point   Asking Price

Initial Offer   Target Point   Walkaway Point

Party B - Buyer

Distributive Bargaining

Four key strategies:

- Push for settlement near opponent's resistance point
- Get the other party to change their resistance point
- If settlement range is negative, either:
    - Get the other side to change their resistance point
    - Modify your own resistance point
- Convince the other party that the settlement is the best possible

David out-negotiating Goliath

- In groups of 3 read the Case incident and answer the following questions:
    - How would you describe what Sherman did to gain his advantage?
    - Do you believe Sherman behaved ethically? Why or why not?
    - What does this incident tell you about the role of deception in negotiation? What is the impact of using deception in negotiation?

- We will follow with a class discussion.

Integrative negotiation

Four key steps to the strategy:

- Identify and define the problem
- Understand the problem fully (Get info)
    - Identify <u>interests</u> and <u>needs</u> on both sides
- Generate alternative solutions
- Evaluate and select among alternatives

Individual differences in Negotiation effectiveness

- Personality Traits in Negotiation

- Moods/Emotions in Negotiation

- Gender Differences in Negotiation

Personal traits in Negotiation

Negotiators who are agreeable or extraverted are not very successful in distributive bargaining

- Extraverts are outgoing and friendly, they tend to share more information than they should
- Agreeable people are more interested in findings ways to cooperate rather than to butt heads

Moods/Emotions in Negotiation

- Distributive negotiations
  - it appears that negotiators in a position of power or equal status who show anger negotiate better outcomes because their anger induces concessions from their opponents
  - Those in a less powerful position, displaying anger leads to worse outcomes

- Integrative negotiations
  - positive moods and emotions appear to lead to more integrative agreements (higher levels of joint gain).

Gender difference

Popular Stereotypes of Men and Women

- Woman more cooperative and pleasant in negotiations than men

- A few hundred dollars more in salary or the corner office is less important to women than forming and maintaining an interpersonal relationship

- Women are "nicer" than men is probably due to a confusion between gender and the lower degree of power women typically hold in most large organizations

- Men are expected to be "tough"

- Women's attitudes and behaviours hurt them in negotiations

- Managerial women demonstrate less confidence in anticipation of negotiating and are less satisfied with their performance afterward

Culture and Conflict resolution

- Collectivistic cultures see people as deeply embedded in social situations, whereas individualistic cultures see people as autonomous.

- As a result, collectivists are more likely to seek to preserve relationships and promote the good of the group as a whole than individualists.

What did I learn today?
Make your own summary