

9

Conflict and Negotiation

The BC Government and the BC Teachers' Federation needed to negotiate a new collective bargaining agreement. Could the two sides reach an agreement after years of bitterness?

LEARNING OUTCOMES

After studying this chapter, you should be able to:

- 1 Define *conflict*.
- 2 Describe the three types of conflict and the two loci of conflict.
- 3 Identify the conditions that lead to conflict.
- 4 Contrast distributive and integrative bargaining.
- 5 Show how individual differences influence negotiations.
- 6 Assess the roles and functions of third-party negotiations.

The BC Teachers' Federation (BCTF), which is the union for public school teachers in BC, and the BC government have a long history of animosity.¹ The union has little admiration for Premier Christy Clarke because in 2002, when she was minister of Education, the BC government effectively tore up the teachers' collective agreement by passing Bills 27, 28, and 29, which eliminated provisions in the collective agreement that dealt with class size and composition, cut support for children with special needs, and took away the rights of teachers to collectively bargain for their working conditions.

These actions outraged the BCTF, which took the government to court over the Bills. In 2007, the Supreme

Court of Canada ruled that key parts of Bill 29 were unconstitutional. In 2011, the BC Supreme Court ruled that several sections in Bills 27 and 28 were unconstitutional and gave the government one year to amend those bills. The BC government then introduced Bill 22, which denied teachers the right to negotiate class size and composition. In January 2014, the BC Supreme Court ruled Bill 22 unconstitutional and ordered the government to reinstate the bargaining rights of teachers.

Faced with a government that has passed four bills on teachers' rights since 2002 that have each been declared unconstitutional, the BCTF entered into another round of bargaining with the BC government in spring 2014. Would the parties be able to overcome years of conflict and resolve their differences?

In this chapter, we look at sources of conflict and strategies for resolving conflict, including negotiation.



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THE BIG IDEA

Resolving conflicts and engaging in successful negotiations requires understanding your objectives and the objectives of the other party.

OB IS FOR EVERYONE

- Is conflict always bad?
- Should you try to win at any cost when you bargain?
- How does anxiety affect negotiating outcomes?
- Ever wonder if men and women negotiate differently?

1 Define *conflict*.

Conflict Defined

Several common themes underlie most definitions of conflict.² Conflict must be *perceived* by the parties to it; if no one is aware of a conflict, then it's generally agreed that no conflict exists. Conflict also involves opposition or incompatibility, and interaction between the parties.³ These factors set the conditions that determine the beginning point of the conflict process. We can define **conflict** broadly as 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.⁴

Conflict describes the point when an interaction becomes interparty disagreement. People experience a wide range of conflicts in groups and organizations—incompatibility of goals, differences over interpretations of facts, disagreements based on behavioural expectations, and the like. Our definition covers the full range of conflict levels—from subtle forms of disagreement to overt and violent acts.

Conflict has positive and negative effects, which we will discuss further when we cover functional and dysfunctional conflict. For a discussion of the benefits and drawbacks of conflict, see *Point/Counterpoint* on page 338.

Functional vs. Dysfunctional Conflict

The general view on conflict is that not all conflict is bad.⁵ Some conflicts support the goals of the group and improve its performance; these are **functional**, or constructive, forms of conflict. But some conflicts hinder group performance; these are **dysfunctional**, or destructive, forms of conflict. The criterion that differentiates functional from dysfunctional conflict is group performance. If a group is unable to achieve its goals because of conflict, then the conflict is dysfunctional.

Stimulating functional conflict can be productive, as *Case Incident—Choosing Your Battles* on page 340 shows.



Types of Conflict

One means of understanding conflict is to identify the type of disagreement, or what the conflict is about. Is it a disagreement about goals? Is it about people who just rub one another the wrong way? Or is it about the best way to get things done? Although each conflict is unique, researchers have classified conflicts into three categories: task, relationship, and process.

Task conflict relates to the content and goals of the work. **Relationship conflict** focuses on interpersonal relationships. **Process conflict** is about how the work gets done. Studies demonstrate that relationship conflicts, at least in work settings, are almost always dysfunctional.⁶ Why? It appears that the friction and interpersonal hostilities inherent in relationship conflicts increase personality clashes and decrease mutual understanding, which hinders the completion of organizational tasks. Of the three types, relationship conflicts also appear to be the most psychologically exhausting to individuals.⁷ Because they tend to revolve around personalities, you can see how relationship conflicts can become destructive. After all, we cannot expect to change our co-workers' personalities, and we would generally take offence at criticisms directed at who we are as opposed to how we behave.

While scholars agree that relationship conflict is dysfunctional, considerably less agreement exists as to whether task and process conflicts are functional. Early research suggested that task conflict within groups was associated with higher group performance, but in 2012 a review of 116 studies found that task conflict was essentially unrelated to group performance. However, the research found that the relationship between conflict and performance depends on a number of mediating factors.⁸

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.

functional conflict Conflict that supports the goals of the group and improves its performance.

dysfunctional conflict Conflict that hinders group performance.

task conflict Conflict over content and goals of the work.

relationship conflict Conflict based on interpersonal relationships.

process conflict Conflict over how work gets done.

One factor is whether the conflict includes top management or occurs at a lower hierarchical level in the organization. Task conflict among top management teams was positively associated with their performance, whereas conflict lower in the organization was negatively associated with their performance. The multi-study review also found that it matters whether other types of conflict are occurring at the same time. If task and relationship conflict occurred together, task conflict was more likely negative, whereas if task conflict occurs by itself, it was more likely positive. Some scholars have argued that the strength of conflict is important—if task conflict is very low, people are not really engaged or addressing the important issues. If task conflict is too high, however, infighting will quickly degenerate into personality conflict. According to this view, moderate levels of task conflict are optimal. Supporting this argument, one study in China found that moderate levels of task conflict in the early development stage increased creativity in groups, but high levels decreased team performance.⁹

Finally, the personalities of team members appear to matter. A recent study demonstrated that teams made up of individuals who are, on average, high in openness and emotional stability are better able to turn task conflict into increased group performance.¹⁰ The reason may be that open and emotionally stable teams can put task conflict in perspective and focus on how the variance in ideas can help solve the problem, rather than letting it degenerate into relationship conflicts.

What about process conflict? Researchers found that process conflicts revolve around delegation and roles. Conflicts over delegation often relate to shirking. Moreover, conflicts over roles can leave some team members feeling marginalized. Thus, process conflicts often become highly personalized and quickly devolve into relationship conflicts. It's also true, of course, that arguing about how to do something takes time away from actually doing it. We have all been part of groups in which the arguments and debates about roles and responsibilities seem to go nowhere.

Loci of Conflict

Another way to understand conflict is to consider its locus, or where the conflict occurs. Here, too, there are three basic types. **Dyadic conflict** is conflict between two people. **Intragroup conflict** occurs within a group or team. **Intergroup conflict** is conflict between groups or teams.

Nearly all of the literature on task, relationship, and process conflict considers intragroup conflict (within the group). That makes sense given that groups and teams often exist only to perform a particular task. However, it does not necessarily tell us about the other loci of conflict. For example, research has found that for intragroup task conflict to influence performance within the team, it's important that the teams have a supportive climate in which mistakes are not penalized and every team member "[has] the other's back."¹¹ But is this concept useful for understanding the effects of intergroup conflict for the organization? Think about, say, the NHL. For a hockey team to adapt and improve, perhaps a certain amount of task conflict is good for team performance, especially when the team members support one another. But would we care whether members from one team supported members from another team? Probably not. In fact, if teams are competing with one another so that only one team can "win," interteam conflict seems almost inevitable. When is intergroup conflict helpful, and when is it a concern?

One study on intergroup conflict found an interplay between an individual's position within a group and the way that individual managed conflict between groups. Group members who were relatively peripheral in their own groups were better at resolving conflicts between their group and another one. But this happened only when those peripheral members were still accountable to their group.¹² Thus, being at the core

- 2** Describe the three types of conflict and the two loci of conflict.

dyadic conflict Conflict that occurs between two people.

intragroup conflict Conflict that occurs within a group or team.

intergroup conflict Conflict between different groups or teams.

of your work group does not necessarily make you the best person to manage conflict with other groups.

Another intriguing question about loci is whether conflicts interact or buffer one another. Assume, for example, that Dana and Alain are on the same team. What happens if they do not get along interpersonally (dyadic conflict) and their team also has high personality conflict? What happens to their team if two other team members, Shawna and Justin, do get along well? It's also possible to ask this question at the intragroup and intergroup level. Intense intergroup conflict can be quite stressful to group members and might well affect the way they interact. A 2012 study found, for example, that high levels of conflict between teams caused individuals to focus on complying with norms within their teams.¹³

Thus, understanding functional and dysfunctional conflict requires not only that we identify the type of conflict; we also need to know where it occurs. It's possible that while the concepts of task, relationship, and process conflict are useful in understanding intragroup or even dyadic conflict, they are less useful in explaining the effects of intergroup conflict.

Thinking about conflict in terms of type and locus helps us realize that it's probably inevitable in most organizations, and when it does occur, we can attempt to make it as productive as possible.

Sources of Conflict

A number of conditions can give rise to conflict. They *need not* lead directly to conflict, but at least one of these conditions is necessary if conflict is to surface. For simplicity's sake, these conditions (which we can also look at as causes or sources of conflict) have been condensed into three general categories: communication, structure, and personal variables.¹⁴

- 3 Identify the conditions that lead to conflict.



Chris Seward/MCT/Newscom/Newscom

IBM benefits from the diversity of employees like Greg Labows (left) and Tsegga Medhin, who engage in functional conflict that improves the company's performance. At IBM, diversity drives innovation. For innovation to flourish, IBM relies on the creative tension from different ideas, experiences, perspectives, skills, interests, and thinking.

Communication

As we saw in Chapter 7, communication can be a source of conflict through semantic difficulties, misunderstandings, and “noise” in the communication channels.¹⁵

A review of the research suggests that differing word connotations, jargon, insufficient exchange of information, and noise in the communication channel are all barriers to communication and potential antecedent conditions to conflict. Research has further demonstrated a surprising finding: The potential for conflict increases when either too little or too much communication takes place. Apparently, an increase in communication is functional up to a point, whereupon it’s possible to overcommunicate, with a resultant increase in the potential for conflict.

Structure

Conflicts between two people can be structural in nature; that is, they can be the consequence of the requirements of the job or the workplace more than personality. For instance, it’s not uncommon for the sales department to be in conflict with the production department, if sales perceives that products will be delivered late to customers. The term *structure* in this context includes variables such as size of the group, degree of specialization in the tasks assigned to group members, composition of the group, jurisdictional clarity, reward systems, leadership style, goal compatibility, and the degree of dependence between groups.

A review of structural variables that can lead to conflict in the workplace suggests the following:¹⁶

- *Size, specialization, and composition* of the group act as forces to stimulate conflict. The larger the group and the more specialized its activities, the greater the likelihood of conflict. The potential for conflict tends to be greatest where group members are younger and where turnover is high.
- *The greater the ambiguity* in precisely defining where responsibility for actions lies, the greater the potential for conflict to emerge. Such jurisdictional ambiguities increase intergroup fighting for control of resources and territory.
- *Reward systems* create conflict when one member’s gain is at another’s expense. Similarly, the performance evaluation process can create conflict when individuals feel that they are unfairly evaluated, or when managers and employees have differing ideas about the employees’ job responsibilities.
- *Leadership style* can create conflict if managers tightly control and oversee the work of employees, allowing employees little discretion in how they carry out tasks.
- *The diversity of goals* among groups is a major source of conflict. When groups within an organization seek diverse ends, some of which are inherently at odds—such as when the sales team promises products that the development team has not yet finalized—opportunities for conflict increase.
- *If one group is dependent on another* (in contrast to the two being mutually independent), or if interdependence allows one group to gain at another’s expense, opposing forces are stimulated.

Personal Variables

Have you ever met people to whom you take an immediate dislike? You disagree with most of their opinions. The sound of their voice, their smirk when they smile, and their personality annoy you. We have all met people like that. When you have to work with such individuals, there is often the potential for conflict.

Our last category of potential sources of conflict is personal variables, which include personality, emotions, and values. People high in the personality traits of

disagreeableness, neuroticism, or self-monitoring are prone to tangle with other people more often, and to react poorly when conflicts occur.¹⁷ Emotions can also cause conflict even when they are not directed at others. An employee who shows up to work irate from her hectic morning commute may carry that anger into her workday and result in a tension-filled meeting.¹⁸ People are furthermore more likely to cause conflict when their values are opposed.

Conflict Resolution

During spring 2014, both the BC government and the province's teachers tried to gain public approval for their approach to bargaining.¹⁹ At the time, public opinion sided more with the teachers (with 43 percent of support) than the government (with 28 percent of support). In late August, a week before classes were to resume (and no one believed that they would), 36 percent of those polled supported the teachers and 35 percent supported the government.

In an effort to restart the stalled negotiations and get the schools opened on time, the minister of Education recommended that both sides enter into mediation and suspend strike and lockout activities for two weeks while mediation carried on. The parties began meeting with mediator Vince Ready a day before the Labour Day weekend was to begin, although the teachers had not yet decided whether to call off their strike. What other approaches might parties use to try to resolve a conflict?

Conflict in the workplace can affect the effectiveness of individuals, teams, and the entire organization.²⁰ One study found that 20 percent of managers' time is spent managing conflict.²¹

Once conflict arises, what can be done to resolve it? The way a conflict is defined goes a long way toward establishing the sort of outcomes that might settle it. For instance, if I define our salary disagreement as a zero-sum or *win-lose situation*—that is, if you get the increase in pay you want, there will be just that amount less for me—I am going to be far less willing to look for mutual solutions than if I frame the conflict as a potential *win-win situation*. So individual attitudes toward a conflict are important, because attitudes typically define the set of possible settlements.

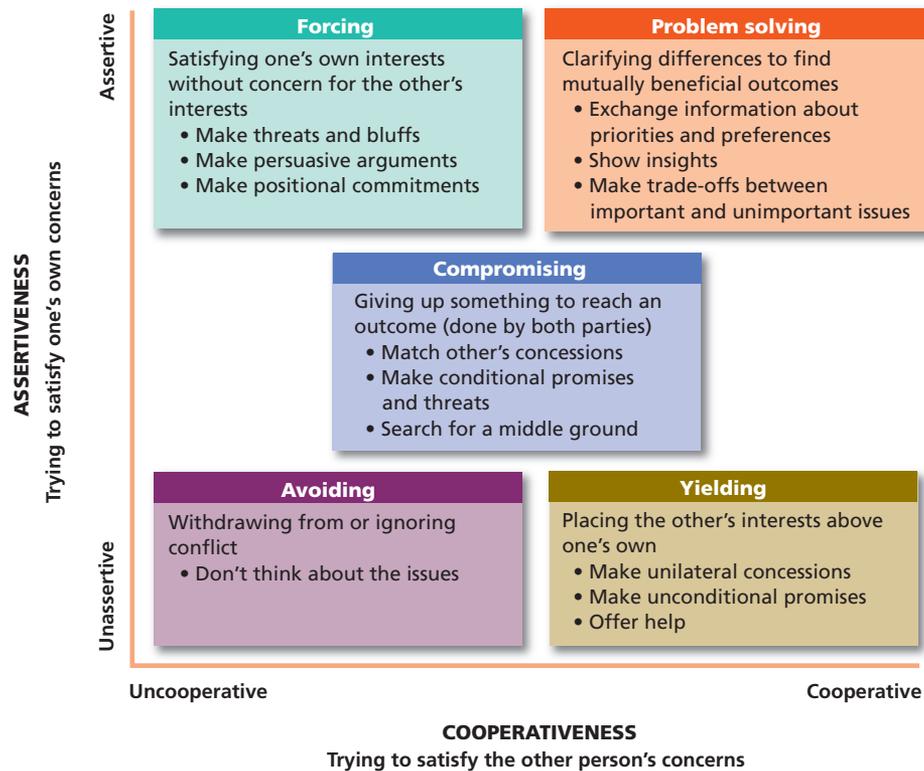
Conflict Management Strategies Based on Dual Concern Theory

Conflict researchers often use *dual concern theory* to describe people's conflict management strategies.²² Dual concern theory considers how one's degree of *cooperativeness* (the degree to which one tries to satisfy the other person's concerns) and *assertiveness* (the degree to which one tries to satisfy one's own concerns) determine how a conflict is handled.²³ The five conflict-handling strategies identified by the theory are as follows:

- *Forcing*. Imposing one's will on the other party.
- *Problem solving*. Trying to reach an agreement that satisfies both one's own and the other party's aspirations as much as possible.
- *Avoiding*. Ignoring or minimizing the importance of the issues creating the conflict.
- *Yielding*. Accepting and incorporating the will of the other party.
- *Compromising*. Balancing concern for oneself with concern for the other party in order to reach a solution.

Forcing is a win-lose solution, as is yielding, while problem solving seeks a win-win solution. Avoiding conflict and pretending it does not exist, and compromising,

EXHIBIT 9-1 Conflict-Handling Strategies and Accompanying Behaviours



Sources: Based on K. W. Thomas, "Conflict and Negotiation Processes in Organizations," in *Handbook of Industrial and Organizational Psychology*, vol. 3, 2nd ed., ed. M. D. Dunnette and L. M. Hough (Palo Alto, CA: Consulting Psychologists Press, 1992), p. 668; C. K. W. De Dreu, A. Evers, B. Beersma, E. S. Kluwer, and A. Nauta, "A Theory-Based Measure of Conflict Management Strategies in the Workplace," *Journal of Organizational Behavior* 22, no. 6 (September 2001), pp. 645–668; and D. G. Pruitt and J. Rubin, *Social Conflict: Escalation, Stalemate and Settlement* (New York: Random House, 1986).

so that neither person gets what they want, can yield lose–lose solutions. Exhibit 9-1 illustrates these five strategies, along with specific actions that one might take when using them.

Choosing a particular strategy for resolving conflict depends on a variety of factors. Research shows that while people may choose among the strategies, they have an underlying disposition to handle conflicts in certain ways.²⁴ In addition, some situations call for particular strategies. For instance, when a small child insists on trying to run into the street, a parent may need a forcing strategy to restrain the child. Co-workers who are having a conflict over setting deadlines to complete a project on time may decide that problem solving is the best strategy to use.

OB in Action—Choosing Strategies to Deal with Conflicts indicates the situations in which each strategy is best used.

What Can Individuals Do to Manage Conflict?

Individuals can use a number of conflict resolution techniques to try to defuse conflict inside and outside of the workplace. These include the following:²⁵

- *Problem solving.* Requesting a face-to-face meeting to identify the problem and resolve it through open discussion.
- *Developing overarching goals.* Creating a shared goal that requires both parties to work together, and motivates them to do so.



IN ACTION

Choosing Strategies to Deal with Conflicts

Forcing

- In **emergencies**
- On **important** but unpopular **issues**
- On **vital issues** when you know you are right
- Against **people who take advantage** of noncompetitive behaviour

Problem solving

- If both sets of concerns are **too important for compromise**
- To **merge different perspectives**
- To **gain commitment** through a consensus
- To **mend a relationship**

Avoiding

- When an issue is **trivial**
- When your **concerns won't be met**
- When potential **disruption outweighs the benefits** of resolution
- To let people **cool down** and regain perspective

Yielding

- When you find **you are wrong**
- To show your **reasonableness**
- When **issues are more important to others** than yourself
- To **build social credits** for later issues
- When **harmony and stability** are especially important

Compromising

- When **goals are important but not worth more assertive approaches**
- When opponents are committed to **mutually exclusive goals**
- To achieve **temporary settlements** to complex issues
- To arrive at **expedient solutions** under time pressure²⁶

- *Smoothing.* Playing down differences while emphasizing common interests with the other party.
- *Compromising.* Agreeing with the other party that each will give up something of value to reach an accord.
- *Avoiding.* Withdrawing from or suppressing the conflict.

The choice of technique may depend on how serious the issue is to you, whether you take a win-win or a win-lose approach, and your preferred conflict management style.

When the conflict is specifically work-related, there are additional techniques that might be used:

- *Expansion of resources.* The scarcity of a resource—say, money, promotion opportunities, office space—can create conflict. Expansion of the resource can create a win-win solution.
- *Authoritative command.* Management can use its formal authority to resolve the conflict and then communicate its desires to the parties involved.
- *Altering the human variable.* Behavioural change techniques such as human relations training can alter attitudes and behaviours that cause conflict.
- *Altering the structural variables.* The formal organization structure and the interaction patterns of conflicting parties can be changed through job redesign, transfers, creation of coordinating positions, and the like.

Resolving Personality Conflicts

Personality conflicts are an everyday occurrence in the workplace. A 2011 study found that Canadian supervisors spend about 16 percent of their time handling disputes among employees.²⁷ A variety of factors lead to personality conflicts at work, including the following:²⁸

- Misunderstandings based on age, race, or cultural differences
- Intolerance, prejudice, discrimination, or bigotry
- Perceived inequities
- Misunderstandings, rumours, or falsehoods about an individual or group
- Blaming for mistakes or mishaps (finger-pointing)

Personality conflicts can result in lowered productivity when people find it difficult to work together. The individuals experiencing the conflict may seek sympathy from other members of the work group, causing co-workers to take sides. The ideal solution would be for the two people having a conflict to work it out between themselves, without involving others, but this does not always happen. *OB in Action—Handling Personality Conflicts* suggests ways of dealing with personality conflicts in the workplace.

Resolving Intercultural Conflicts

While some personality conflicts may be stimulated by cultural differences, it's important to consider intercultural conflicts as a separate form of conflict. Canada is a multicultural society, and its organizations increasingly interact in a global environment, setting up alliances and joint ventures with partners from other parts of the world. Greater contact with people from other cultures can lead to greater understanding, but it can also lead to misunderstanding when individuals ignore the different perspectives that might result from cultural differences.



RESEARCH FINDINGS: Cultural Views on Conflict

Across cultures, people have different ideas about the appropriateness and effects of conflict. For instance, Mexicans expect conflict to be kept private, while Americans expect conflict to be dealt with directly and openly.³⁰ We suggest in Exhibit 9-2 that there is an optimal level of conflict in the workplace to maximize productivity, but this is decidedly a North American viewpoint. Many Asian cultures believe that conflict almost always has a negative effect on the work unit.³¹

Collectivistic cultures value harmony among members more than individualistic cultures do. Consistent with this idea, research shows that those from Asian cultures show a preference for conflict avoidance, compared with Americans and Britons.³² Research also shows that Chinese and East Asian managers prefer compromising as a strategy,³³ even though from a North American perspective, this might be viewed as suboptimal. Compromise may be viewed as a way of saving face, so that each party gets to preserve pride and dignity.³⁴



IN ACTION

Handling Personality Conflicts

Tips for employees having a personality conflict

- **Communicate directly** with the other person to resolve the perceived conflict (emphasize problem solving and common objectives, not personalities).
- **Avoid dragging** co-workers into the conflict.
- If dysfunctional conflict persists, **seek help** from direct supervisors or human resource specialists.

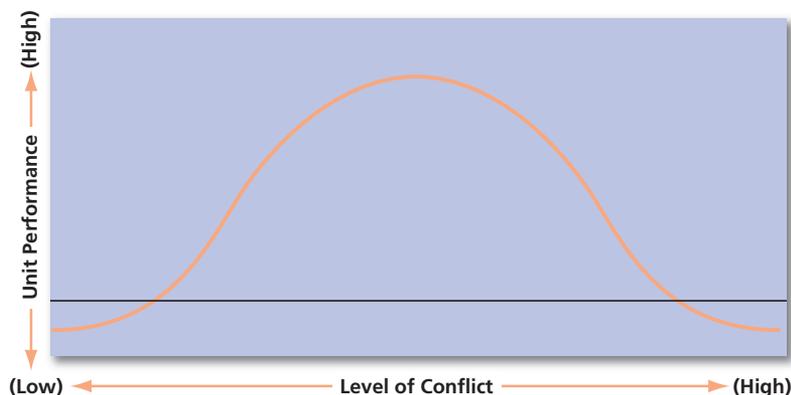
Tips for third-party observers of a personality conflict

- **Do not take sides** in someone else's personality conflict.
- **Suggest the parties work things out** themselves in a constructive and positive way.
- If dysfunctional conflict persists, **refer the problem** to parties' direct supervisors.

Tips for managers whose employees are having a personality conflict

- **Investigate and document** conflict.
- If appropriate, **take corrective action** (e.g., feedback or behaviour shaping).
- If necessary, **attempt informal dispute resolution**.
- **Refer difficult conflicts** to human resource specialists or hired counsellors for formal resolution attempts and other interventions.²⁹

EXHIBIT 9-2 Conflict and Unit Performance



Studies show that North Americans prefer a problem-solving approach to conflicts, because this presents both parties with a win-win solution.³⁵ Win-win solutions are less likely to be achieved in Asian cultures, however. East Asian managers tend to ignore conflict rather than make it public,³⁶ and more often than not, Japanese managers tend to choose nonconfrontational styles.³⁷ Chinese managers prefer compromising and avoiding to manage conflict.³⁸ These preferences make it difficult to negotiate a win-win solution. In general, Westerners are more comfortable with competition, which may explain why research finds that Westerners are more likely to choose forcing as a strategy than are Asians.³⁹

Taken together, these research findings suggest the importance of being aware of cultural differences with respect to conflict. Using one's own culture's conflict resolution strategies may result in even greater conflict.⁴⁰ Some individuals and some cultures prefer harmonious relations over asserting themselves, and they may not react well to the confrontational dynamics more common among North Americans. Similarly, North Americans expect that negotiations may lead to a legal contract, whereas Asian cultures rely less on legal contracts and more on relational contracts.

Conflict Outcomes

One of the unfortunate side effects of the dispute between the BC government and the BC Teachers' Federation has been a loss of mutual trust.⁴¹ The teachers were particularly livid that the government, instead of accepting the decision by the BC Supreme Court that Bill 22 was unconstitutional, asked the teachers to set aside grievances arising from that decision while the provincial government appeals the ruling, which could take many years. From the teachers' perspective, the judge had ordered the province to reinstate clauses that it had previously removed from the contract illegally, and the government should follow the judge's directive. Is there a way to minimize negative outcomes when conflict becomes inevitable?

The action-reaction interplay between conflicting parties creates consequences that are *functional*, if the conflict improves the group's performance, or *dysfunctional*, if it hinders performance.

Conflict is constructive when it improves the quality of decisions, stimulates creativity and innovation, encourages interest and curiosity among group members, provides the medium for problems to be aired and tensions released, and fosters self-evaluation and change. Conflict can prevent groupthink (discussed in Chapter 12). It does not allow the group passively to "rubber-stamp" decisions that may be based on weak assumptions, inadequate consideration of relevant alternatives, or other problems.

Conflict challenges the status quo and supports the creation of new ideas, promotes reassessment of group goals and activities, and increases the probability that the group will respond to change. An open discussion focused on higher-order goals can make functional outcomes more likely. Groups that are extremely polarized do not manage their underlying disagreements effectively and tend to accept suboptimal solutions, or they avoid making decisions altogether rather than working out the conflict.⁴²

Dean Tjosvold of Lingnan University in Hong Kong suggests three desired outcomes for conflict:⁴³

- *Agreement.* Equitable and fair agreements are the best outcome. If agreement means that one party feels exploited or defeated, this will likely lead to further conflict later.
- *Stronger relationships.* When conflict is resolved positively, this can lead to better relationships and greater trust. If the parties trust each other, they are more likely to keep the agreements they make.
- *Learning.* Handling conflict successfully teaches one how to do it better next time. It gives an opportunity to practise the skills one has learned about handling conflict.

Below we examine what research tells us about the constructive effects of conflict.



RESEARCH FINDINGS: The Constructive Effects of Conflict

Research studies in diverse settings confirm that conflict can be functional and improve productivity. Team members with greater differences in work styles and experience also tend to share more information with one another.⁴⁴

These observations lead us to predict benefits to organizations from the increasing cultural diversity of the workforce. And that is what the evidence indicates, under most conditions. Heterogeneity among group and organization members can increase creativity, improve the quality of decisions, and facilitate change by enhancing member flexibility.⁴⁵ Researchers compared decision-making groups composed of all-Caucasian individuals with groups that also contained members from Asian, Hispanic, and Black ethnic groups. The ethnically diverse groups produced more effective and more feasible ideas, and the unique ideas they generated tended to be higher quality than the unique ideas produced by the all-Caucasian group.

The above research findings suggest that conflict within a group can lead to strength rather than weakness. However, factors such as personality, social support, and communication moderate how well groups can deal with internal conflict. At an individual level, both a person's personality (agreeableness) and his or her level of social support influence that person's response to conflict. Agreeable employees and those with lower levels of social support respond to conflict more negatively.⁴⁶

Open communication is important to resolving conflict. Group members who discuss differences of opinion openly and are prepared to manage conflict when it arises resolve conflicts successfully.⁴⁷ Group members with cooperative conflict styles and a strong underlying identification to the overall group goals are more effective than those with a more competitive style.⁴⁸ Managers need to emphasize shared interests in resolving conflicts, so group members who disagree with one another don't become too entrenched in their points of view and start to take the conflicts personally.

Unfortunately, not all conflict results in positive outcomes. A substantial body of literature documents how dysfunctional conflict can reduce group effectiveness.⁴⁹ Among the undesirable outcomes are poor communication, reduced group cohesiveness, and subordination of group goals due to infighting among members. All forms

of conflict—even the functional varieties—appear to reduce group member satisfaction and trust.⁵⁰ When active discussions turn into open conflicts between members, information sharing between members decreases significantly.⁵¹ At the extreme, conflict can bring group functioning to a halt and potentially threaten the group’s survival.

Negotiation

4 Contrast distributive and integrative bargaining.

The dispute between the BC Teachers’ Federation and the BC government ended on September 16, 2014, two weeks after what should have been the first day of classes.⁵² Throughout the previous summer, it was not clear how the dispute would end. The province assured everyone that it would not legislate the teachers back to work (a tactic the government had used in the past). The teachers said they were not going to call off their strike in order for classes to start on time.

Both parties had spoken occasionally with mediator Vince Ready, to see if he could somehow help them arrive at an agreement. In the spring, Ready had said he did not have time to mediate the dispute. In August, Ready said the parties were too far apart. But in mid-September, Ready found that the parties might be ready to actually engage in collective bargaining and, if that were true, then maybe he could help them through mediation.

As in any collective bargaining situation, it’s rare for either party to get everything they want. Compromise is part of negotiation, and both sides hope to get some part of what it wants. In the settlement obtained with the help of Ready, teachers likely felt that the deal offered in mediation was better than what they would get should the province decide instead to legislate the teachers back to work. The province, however, recognized that legislating the teachers back to work would not be popular and would likely lead to a court case. So the province made a somewhat better financial offer, and the teachers agreed to accept less than what they were initially hoping for.

In the end, the teachers voted 86 percent in favour of the new contract. BCTF president Jim Iker explained, “We all know that this deal isn’t perfect, but it does provide gains for teachers, it protects our charter rights, it increases support for our students,” he said. “There will be more classroom and specialist teachers in schools to help our students; our teachers on call will get fair pay for a day’s work and all our members will get a salary increase.” How do perceptions of fairness influence the negotiation process?

Earlier in the chapter, we reviewed a number of conflict resolution strategies. One well-developed strategy is to negotiate a resolution. Negotiation permeates the interactions of almost everyone in groups and organizations: Labour bargains with management; managers negotiate with employees, peers, and senior management; salespeople negotiate with customers; purchasing agents negotiate with suppliers; employees agree to cover for one another for a few minutes in exchange for some past or future benefit. In today’s loosely structured organizations, in which members work with colleagues over whom they have no direct authority and with whom they may not even share a common boss, negotiation skills are critical.

We define **negotiation** as a process in which two or more parties try to agree on the exchange rate for goods or services they are trading.⁵³ Note that we use the terms *negotiation* and *bargaining* interchangeably.

Within a negotiation, be aware that individuals have issues, positions, and interests. *Issues* are items that are specifically placed on the bargaining table for discussion. *Positions* are the individual’s stand on the issues. For instance, salary may be an issue for discussion. The salary you hope to receive is your position. Finally, *interests* are the underlying concerns that are affected by the negotiation resolution. For instance, the reason that you might want a six-figure salary is that you are trying to buy a house in Vancouver, and that is your only hope of being able to make mortgage payments.

Negotiators who recognize the underlying interests of themselves and the other party may have more flexibility in achieving a resolution. For instance, in the example just given, an employer who offers you a mortgage at a lower rate than the bank does, or

negotiation A process in which two or more parties exchange goods or services and try to agree on the exchange rate for them.



In general, people negotiate more effectively within cultures than between them. Politeness and positivity characterize the typical conflict-avoidant negotiations in Japan such as those of labour union leader Hidekazu Kitagawa (right), shown here presenting wage and benefits demands to Ikuo Mori, president of Fuji Heavy Industries, maker of Subaru vehicles.

who provides you with an interest-free loan that can be used against the mortgage, may be able to address your underlying interests without actually meeting your salary position. You may be satisfied with this alternative, if you understand what your interest is.

Below we discuss bargaining strategies and how to negotiate.

Bargaining Strategies

There are two general approaches to negotiation: *distributive bargaining* and *integrative bargaining*.⁵⁴ These are compared in Exhibit 9-3.

Distributive Bargaining

Distributive bargaining is a negotiating strategy that operates under zero-sum (win–lose) conditions. That is, any gain I make is at your expense, and vice versa. You see a used car advertised for sale online. It appears to be just what you have been looking to buy. You go out to see the car. It’s great, and you want it. The owner tells you the asking price. You don’t want to pay that much. The two of you then negotiate over the price. Every dollar you can get the seller to cut from the car’s price is a dollar you save, and

Should you try to win at any cost when you bargain?

distributive bargaining Negotiation that seeks to divide up a fixed amount of resources; a win–lose solution.

EXHIBIT 9-3 Distributive vs. Integrative Bargaining

Bargaining Characteristic	Distributive Bargaining	Integrative Bargaining
<i>Available resources</i>	Fixed amount of resources to be divided	Variable amount of resources to be divided
<i>Primary motivations</i>	I win, you lose	I win, you win
<i>Primary interests</i>	Opposed to each other	Convergent or congruent with each other
<i>Focus of relationships</i>	Short-term	Long-term

Source: Based on R. J. Lewicki and J. A. Litterer, *Negotiation* (Homewood, IL: Irwin, 1985), p. 280.

every dollar more the seller can get from you comes at your expense. So the essence of distributive bargaining is negotiating over who gets what share of a fixed pie. By **fixed pie**, we mean a set amount of goods or services to be divided up. When the pie is fixed, or the parties believe it is, they tend to bargain distributively.

A party engaged in distributive bargaining focuses on trying to get the opponent to agree to a specific target point, or to get as close to it as possible. Examples of this tactic are persuading your opponent of the impossibility of reaching his or her target point and the advisability of accepting a settlement near yours; arguing that your target is fair, while your opponent's is not; and attempting to get your opponent to feel emotionally generous toward you and thus accept an outcome close to your target point.

When engaged in distributive bargaining, one of the best things you can do is to make the first offer, and to make it an aggressive one. Making the first offer shows power; individuals in power are much more likely to make initial offers, speak first at meetings, and thereby gain the advantage. Another reason this is a good strategy is the anchoring bias (the tendency for people to fixate on initial information). Once that anchoring point is set, people fail to adequately adjust it based on subsequent information. A savvy negotiator sets an anchor with the initial offer, and scores of negotiation studies show that such anchors greatly favour the person who sets them.⁵⁵

For example, say you have a job offer, and your prospective employer asks you what sort of starting salary you would want. You have just been given a gift—you have a chance to set the anchor, meaning that you should ask for the highest salary that you think the employer could reasonably offer. For most of us, asking for a million dollars is only going to make us look ridiculous, which is why we suggest being on the high end of what you think is *reasonable*. Too often, we err on the side of caution, being afraid of scaring off the employer, and thus settle for far too little. It is possible to scare off an employer, and it's true that employers do not like candidates to be overly aggressive in salary negotiations, but liking is not the same as respect or doing what it takes to hire or retain someone.⁵⁶ What happens much more often is that we ask for less than what we could have obtained, as the *Ethical Dilemma* on page xxx shows.

OB in the Street shows that in the context of eBay auctions, however, sellers who start with a low price on an item can end up getting a higher selling price.



IN THE STREET

A Low Anchor Value Can Reap Higher Returns on eBay

Should a seller use a high or a low starting bid in an eBay auction? In their analysis of auction results on eBay, a group of researchers found that *lower* starting bids generated higher final prices.⁵⁷ As just one example, Nikon digital cameras with ridiculously low starting bids (one penny) sold for an average of \$312, whereas those with higher starting prices went for an average of \$204.

What explains such a counterintuitive result? The researchers found that low starting bids attract more bidders, and this increased traffic generates more competing bidders, so in the end the price is higher. Although this may seem irrational, negotiation and bidding behaviour are not always rational, and as you have probably experienced firsthand, once you start bidding for something, you want to win, forgetting that for many auctions the one with the highest bid is often the loser (the so-called winner's curse).

fixed pie The belief that there is only a set amount of goods or services to be divided up between the parties.

If you are thinking of participating in an auction, consider the following two points. First, some buyers think sealed-bid auctions—where bidders submit a single bid in a concealed fashion—present an opportunity to get a “steal” because a price war cannot develop among bidders. However, evidence routinely indicates that sealed-bid auctions are bad for the winning bidder (and thus good for the seller) because the winning bid is higher than would otherwise be the case. Second, buyers sometimes think jumping bids—placing a bid higher than the auctioneer is asking—is a smart strategy because it drives away competing bidders early in the game. Again, this is a myth. Evidence indicates bid jumping is good at causing other bidders to follow suit, thus increasing the value of the winning bid.

Another distributive bargaining tactic is revealing a deadline. Negotiators who reveal deadlines speed concessions from their negotiating counterparts, making them reconsider their position. And even though negotiators don't *think* this tactic works, in reality, negotiators who reveal deadlines do better.⁵⁸

Integrative Bargaining

In contrast to distributive bargaining, **integrative bargaining** assumes that one or more settlements exist that can create a win-win solution. In terms of intraorganizational behaviour, integrative bargaining is preferable to distributive bargaining. Why? Because the former builds long-term relationships and makes working together in the future easier. It bonds negotiators and allows both sides to leave the bargaining table feeling that they have achieved a victory. For instance, in union-management negotiations, both sides might sit down to figure out other ways to reduce costs within an organization, so that it's possible to have greater wage increases. Distributive bargaining, on the other hand, leaves one party a loser. It tends to build animosity and deepen divisions when people must work together on an ongoing basis. For a discussion on the role of unions in labour-management negotiations, see *Case Incident—The Pros and Cons of Collective Bargaining* on page 341.

Research shows that over repeated bargaining episodes, a “losing” party who feels positive about the negotiation outcome is much more likely to bargain cooperatively in subsequent negotiations. This points to the important advantage of integrative negotiations: Even when you “win,” you want your opponent to feel positively about the negotiation.⁵⁹

Why, then, don't we see more integrative bargaining in organizations? The answer lies in the conditions necessary for this type of negotiation to succeed. These include parties who are open with information and candid about their concerns, sensitivity by both parties to the other's needs, the ability to trust one another, and a willingness by both parties to maintain flexibility.⁶⁰ Because these conditions often don't exist in organizations, negotiations often take a win-at-any-cost dynamic.

There are ways to achieve more integrative outcomes. Individuals who bargain in teams reach more integrative agreements than those who bargain individually because more ideas are generated when more people are at the bargaining table.⁶¹ Another way to achieve higher joint-gain settlements is to put more issues on the table. The more negotiable issues that are introduced into a negotiation, the more opportunity there is for “logrolling,” where issues are traded because of the parties' differences in preferences. This approach creates better outcomes for each side than if each issue were negotiated individually.⁶² Focus also on the underlying interests of both sides rather than on issues. In other words, it's better to concentrate on *why* an employee wants a raise rather than to focus just on the raise amount—some unseen potential for integrative outcomes may arise if both sides concentrate on what they really want rather than on specific items they're bargaining over. Typically, it's easier to concentrate on

integrative bargaining Negotiation that seeks one or more settlements that can create a win-win solution.

underlying interests when parties stay focused on broad, overall goals rather than on immediate outcomes of a specific decision.⁶³ Negotiations when both parties are focused on learning and understanding the other side tend to yield higher joint outcomes than those in which parties are more interested in their individual bottom-line outcomes.⁶⁴

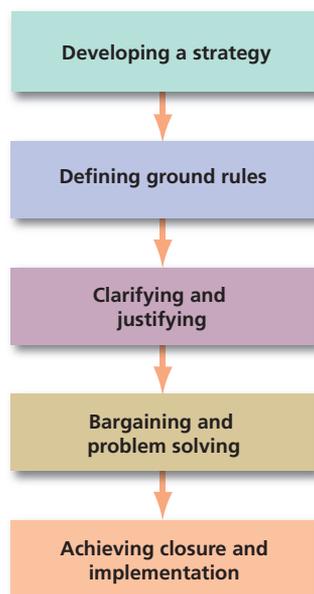
Compromise may be your worst enemy in negotiating a win-win agreement. Compromising reduces the pressure to bargain integratively. After all, if you or your opponent caves in easily, no one needs to be creative to reach a settlement. People then settle for less than they could have obtained if they had been forced to consider the other party's interests, trade off issues, and be creative.⁶⁵ Consider a classic example where two sisters are arguing over who gets an orange. Unknown to them, one sister wants the orange to drink the juice, whereas the other sister wants the orange peel to bake a cake. If one sister gives in and gives the other sister the orange, then they will not be forced to explore their reasons for wanting the orange, and thus they will never find the win-win solution: They could *each* have the orange because they want different parts of it! A poor compromise may sometimes be the result of negotiation anxiety. A 2011 study found that negotiators who feel anxious "expect lower outcomes, make lower first offers, respond more quickly to offers, exit bargaining situations earlier, and ultimately obtain worse outcomes."⁶⁶ If self-efficacy is high, this will moderate some of the harmful effects of anxiety.⁶⁷ So it's important to feel prepared and do what you can to reduce anxiety before negotiating a deal.

How does anxiety affect negotiating outcomes?

How to Negotiate

Exhibit 9-4 provides a simplified model of the negotiation process. It views negotiation as made up of five steps: (1) developing a strategy; (2) defining ground rules; (3) clarifying and justifying; (4) bargaining and problem solving; and (5) attaining closure and implementation.

EXHIBIT 9-4 The Negotiation Process



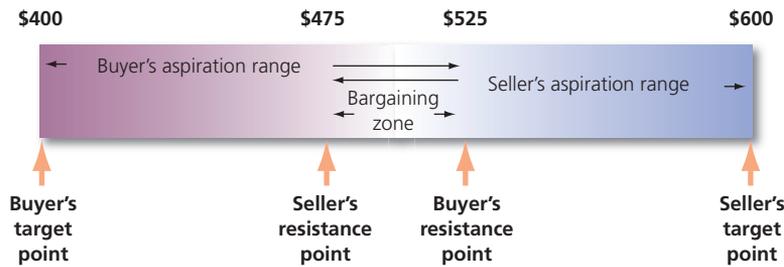
Developing a Strategy

Before you start negotiating, you need to do your homework. What is the nature of the conflict? What is the history leading up to this negotiation? Who is involved, and what are their perceptions of the conflict? What do you want from the negotiation? What are *your* goals? It often helps to put your goals in writing and develop a range of outcomes—from "most hopeful" to "minimally acceptable"—to keep your attention focused.

You also want to prepare an assessment of what you think are the other party's goals.⁶⁸ What will they probably ask for? How entrenched are they likely to be in their position? What intangible or hidden interests may be important to them? On what terms might they be willing to settle? When you can anticipate your opponent's position, you are better equipped to counter arguments with the facts and figures that support your position. You might also be able to anticipate better negotiating options for yourself. You want to be sure, however, that the information that you consider regarding your opponent is relevant to the negotiation. A 2011 study found that too much of the wrong kind of information can make for worse bargaining outcomes. In some cases, the person with extraneous information stopped looking for mutually beneficial outcomes earlier than those who did not have this information.⁶⁹

Source: Based on R. J. Lewicki, "Bargaining and Negotiation," *Exchange: The Organizational Behavior Teaching Journal* 6, no. 2 (1981), pp. 39–40.

EXHIBIT 9-5 Staking Out the Bargaining Zone



In determining goals, parties are well advised to consider their “target and resistance” points, as well as their *best alternative to a negotiated agreement (BATNA)*.⁷⁰ The buyer and the seller are examples of two negotiators. Each has a *target point* that defines what he or she would like to achieve. Each also has a *resistance point*, which marks the lowest outcome that is acceptable—the point below which each would break off negotiations rather than accept a less favourable settlement. The area between these two points makes up each negotiator’s aspiration range. As long as there is some overlap between the buyer’s and seller’s aspiration ranges, a **bargaining zone** exists where each side’s aspirations can be met. Referring to Exhibit 9-5, if the buyer’s resistance point is \$450, and the seller’s resistance point is \$500, then the two may not be able to reach agreement because there is no overlap in their aspiration ranges.

One’s BATNA represents the alternative that an individual will face if negotiations fail. For instance, during the BC Teachers’ Federation and BC government negotiations, both parties wanted to avoid a legislated end to the strike, if possible. The government knew that legislation would cause even more animosity. The teachers knew that they would likely get a worse deal if the government imposed one than if they worked with the mediator to get a settlement. In the end, both sides must have concluded that what they had achieved through mediation was better than the alternative of a legislated end to the dispute.

As part of your strategy, you should determine not only your BATNA but also some estimate of the other side’s as well.⁷¹ If you go into your negotiation having a good idea of what the other party’s BATNA is, even if you are not able to meet theirs, you might be able to get them to change it. Think carefully about what the other side is willing to give up. People who underestimate their opponent’s willingness to give on key issues before the negotiation even starts end up with lower outcomes from a negotiation.⁷²

You can practise your negotiating skills in the *Experiential Exercise* on page 339.

Defining Ground Rules

Once you have done your planning and developed a strategy, you are ready to begin defining the ground rules and procedures with the other party over the negotiation itself. Who will do the negotiating? Where will it take place? What time constraints, if any, will apply? To what issues will negotiation be limited? Will there be a specific procedure to follow if an impasse is reached? During this phase, the parties will also exchange their initial proposals or demands. *From Concepts to Skills* on pages 342–343 directly addresses some of the actions you should take to improve the likelihood that you can achieve a good agreement.

Clarifying and Justifying

After you have been presented your initial positions, you and the other party will explain, amplify, clarify, bolster, and justify your original demands. This step need not be confrontational. Rather, it’s an opportunity for educating each other on the issues,

BATNA The *best alternative to a negotiated agreement*; the outcome an individual faces if negotiations fail.

bargaining zone The zone between each party’s resistance point, assuming that there is overlap in this range.

OB IN ACTION

Tips for Getting to Yes

R. Fisher and W. Ury present four principles for win-win negotiations in their book *Getting to Yes*.⁷³

→ **Separate the people from the problem.**

Work on the issues at hand, rather than getting involved in personality issues between the parties.

→ **Focus on interests, not positions.** Try to identify what each person needs or wants, rather than coming up with an unmovable position.

→ **Look for ways to achieve mutual gains.**

Rather than focusing on one “right” solution for your position, brainstorm for solutions that will satisfy the needs of both parties.

→ **Use objective criteria** to achieve a fair solution. Try to focus on fair standards, such as market value, expert opinion, norms, or laws to help guide decision making.

why they are important, and how each arrived at their initial demands. Provide the other party with any documentation that helps support your position.

Bargaining and Problem Solving

The essence of the negotiation process is the actual give and take in trying to hash out an agreement. A 2011 study found that those who used competing and collaborating (essentially a combination of the forcing and problem solving conflict resolution styles discussed earlier in the chapter) as part of their strategy to gain a higher starting salary were more successful (and received higher increases) than those who used compromising and accommodating strategies.⁷⁴ The study looked at the influence of individual differences and negotiation strategies on starting salary outcomes based on a sample of 149 newly hired employees in various industry settings. Results indicated that those who chose to negotiate increased their starting salaries by an average of \$5000. Individuals who negotiated by using competing and collaborating strategies, characterized by an open discussion of one’s positions, issues, and perspectives, further increased their salaries as compared with those who used compromising and accommodating strategies. Individual differences, including risk aversion and integrative attitudes, played a significant role in predicting whether individuals negotiated, and if so, what strategies they used.

OB in Action—Tips for Getting to Yes gives you further ideas on how to make negotiating work for you, based on the popular book *Getting to Yes*.⁷⁵

Achieving Closure and Implementation

The final step in the negotiation process is formalizing your agreement and developing procedures necessary for implementing and monitoring it. For major negotiations—from labour-management negotiations to bargaining over lease terms—this will require hammering out the specifics in a formal contract. For most cases, however, closure of the negotiation process is nothing more formal than a handshake.

Individual Differences in Negotiation Effectiveness

Are some people better negotiators than others? The answer is more complex than you might think. Three factors influence how effectively individuals negotiate: personality, moods/emotions, and gender.

Personality Traits in Negotiation

Can you predict an opponent’s negotiating tactics if you know something about his or her personality? Because personality and negotiation outcomes are related but only weakly, the answer is, at best, “sort of.” Most research has focused on the Big Five personality trait of agreeableness, for obvious reasons—agreeable individuals are cooperative, compliant, kind, and conflict-averse. We might think such characteristics make agreeable individuals easy prey in negotiations, especially distributive ones. The evidence suggests, however, that overall agreeableness is weakly related to negotiation outcomes. Why is this the case?

It appears that the degree to which agreeableness, and personality more generally, affects negotiation outcomes depends on the situation. The importance of being

- 5 Show how individual differences influence negotiations.

extraverted in negotiations, for example, will very much depend on how the other party reacts to someone who is assertive and enthusiastic. One complicating factor for agreeableness is that it has two facets: The tendency to be cooperative and compliant is one, but so is the tendency to be warm and empathetic.⁷⁶ It may be that while the former is a hindrance to negotiating favourable outcomes, the latter helps. Empathy, after all, is the ability to take the perspective of another person and to gain insight and understanding of them. We know so-called perspective-taking benefits integrative negotiations, so perhaps the null effect for agreeableness is due to the two tendencies pulling against one another. If this is the case, then the best negotiator is a competitive but empathetic one, and the worst is a gentle but empathetic one. *Focus on Ethics* indicates how empathy can help you be a more ethical negotiator.

FOCUS ON ETHICS



Using Empathy to Negotiate More Ethically

How can empathy make you a more ethical negotiator? You may have noticed that much of our advice for negotiating effectively depends on understanding the perspective and goals of the person with whom you are negotiating.⁷⁷ Preparing checklists of your negotiation partner's interests, likely tactics, and BATNA have all been shown to improve negotiation outcomes. Can these steps make you a more ethical negotiator as well? Studies suggest that they might.

Researchers asked respondents to indicate how much they tended to think about other people's feelings and emotions and to describe the types of tactics they engaged in during a negotiation exercise. More empathetic individuals consistently engaged in fewer unethical negotiation behaviours like making false promises and manipulating information and emotions. To put this in terms familiar to you from personality research, it appears that individuals who are higher in agreeableness will be more ethical negotiators.

When considering how to improve your ethical negotiation behaviour, follow these guidelines:

1. Try to understand your negotiation partner's perspective, not just by understanding cognitively what the other person wants, but by empathizing with the emotional reaction he or she will have to the possible outcomes.
2. Be aware of your own emotions, because many moral reactions are fundamentally emotional. One study found that engaging in unethical negotiation strategies increased feelings of guilt, so by extension, feeling guilty in a negotiation may mean that you are engaging in behaviour you will regret later.
3. Beware of empathizing so much that you work against your own interests. Just because you try to understand the motives and emotional reactions of the other side does not mean you have to assume that the other person is going to be honest and fair in return. So be on guard. _____

A 2012 study suggests that the type of negotiations matters as well. In this study, agreeable individuals reacted more positively and felt less stress (measured by their cortisol levels) in integrative negotiations than in distributive ones. Low levels of stress, in turn, made for more effective negotiation outcomes.⁷⁸ Similarly, in "hard-edged" distributive negotiations, where giving away information leads to a disadvantage, extraverted negotiators do less well because they tend to share more information than they should.⁷⁹

Research also indicates that intelligence predicts negotiation effectiveness, but, as with personality, the effects are not especially strong.⁸⁰ In a sense, these weak links mean that you are not severely disadvantaged, even if you are an agreeable extravert, when it's time to negotiate. We can all learn to be better negotiators.⁸¹

Moods/Emotions in Negotiation

Do moods and emotions influence negotiation? They do, but the way they work depends on the emotions as well as the context. A negotiator who shows anger generally induces concessions from opponents, for instance, because the other negotiator believes no further concessions from the angry party are possible. One factor that governs this outcome, however, is power—you should show anger in negotiations only if you have at least as much power as your counterpart. If you have less, showing anger actually seems to provoke “hardball” reactions from the other side.⁸² Another factor is how genuine your anger is—“faked” anger, or anger produced from so-called surface acting (see Chapter 2), is not effective, but showing anger that is genuine (so-called deep acting) does.⁸³ It also appears that having a history of showing anger, rather than sowing the seeds of revenge, actually induces more concessions because the other party perceives the negotiator as “tough.”⁸⁴ Finally, culture seems to matter. For instance, one study found that when East Asian participants showed anger, it induced more concessions than if the negotiator expressing anger was from the United States or Europe, perhaps because of the stereotype of East Asians as refusing to show anger.⁸⁵

Anxiety also appears to have an impact on negotiation. For example, one study found that individuals who experienced more anxiety about a negotiation used more deceptions in dealing with others.⁸⁶ Another study found that anxious negotiators expect lower outcomes, respond to offers more quickly, and exit the bargaining process more quickly, leading them to obtain worse outcomes.⁸⁷

As you can see, emotions—especially negative ones—matter to negotiation. Even emotional unpredictability affects outcomes; researchers have found that negotiators who express positive and negative emotions in an unpredictable way extract more concessions because it makes the other party feel less in control.⁸⁸ As one negotiator put it, “Out of the blue, you may have to react to something you have been working on in one way, and then something entirely new is introduced, and you have to veer off and refocus.”⁸⁹

Finally, emotions play a major role in shaping perceptions.⁹⁰ Negative emotions allow us to oversimplify issues, lose trust, and put negative interpretations on the other party’s behaviour.⁹¹ In contrast, positive feelings increase our tendency to see potential relationships among elements of a problem, take a broader view of the situation, and develop innovative solutions.⁹²

Gender Differences in Negotiation

Men and women behave similarly in many areas of organizational behaviour, but negotiation is not one of them. Men and women tend to negotiate differently, and these differences affect outcomes.

A popular stereotype is that women are more cooperative and pleasant in negotiations than are men. Although this stereotype is controversial, it has some merit. Men tend to place a higher value on status, power, and recognition, whereas women tend to place a higher value on compassion and altruism. Moreover, women tend to value relationship outcomes more than men, and men tend to value economic outcomes more than women.⁹³

These differences affect both negotiation behaviour and negotiation outcomes. Compared with men, women tend to behave in a less assertive, less self-interested, and more accommodating manner in negotiations. As a 2012 literature review concluded, women “are more reluctant to initiate negotiations, and when they do initiate negotiations, they ask for less, are more willing to accept [the] offer, and make more generous offers to their negotiation partners than men do.”⁹⁴ A 2012 study of MBA students at Carnegie-Mellon University found that male MBA students took the step of negotiating

Ever wonder if
men and women
negotiate
differently?

their first offer 57 percent of the time, compared with 4 percent for female MBA students. The net result? A \$4000 difference in starting salaries.⁹⁵

However, the disparity goes even further than that. Because of the way women approach negotiation, other negotiators seek to exploit female negotiators by, for example, making lower salary offers. As a result, “female negotiators obtain poorer individual outcomes than male negotiators do, and two women negotiating together build less total value than do two male negotiators.”⁹⁶

This is not a “fix the woman” problem for two reasons. First, as is the case with any stereotype that has some validity, we always find individual variations. There are average differences between men and women in negotiation, but this hardly means that every man’s behaviour is more assertive than every woman’s in negotiation. Second, some men hold a gender double standard—when women behave stereotypically, men are more likely to take advantage of the cooperative behaviour, but when women behave assertively, their assertive behaviour is viewed more negatively than if the same behaviour were demonstrated by men.

So what can be done to change this troublesome state of affairs? First, organizational culture plays a role here. If an organization, even unwittingly, encourages a predominantly competitive model for negotiators, this will tend to increase gender-stereotypical behaviours (men negotiating competitively, women negotiating cooperatively), and it will also increase backlash when women go against stereotype. Men and women need to know that it’s acceptable for each to show a full range of negotiating behaviours. Thus, a female negotiator who behaves competitively and a male negotiator who behaves cooperatively need to know that they are not violating expectations.

Second, at an individual level, women cannot directly control male stereotypes of women. Fortunately, such stereotypes are fading. However, women *can* control their own negotiating behaviour. Does this mean they should always behave aggressively and in a self-interested manner in negotiations? If economic outcomes are valued, then the answer, in general, is yes. And, of course, the shoe can be put on the other foot—if men value social outcomes, they should consider behaving in a more cooperative manner.

Research is less clear as to whether women can improve their outcomes even further by showing some gender-stereotypical behaviours. A 2012 article by Laura Kray, professor at the University of California, Berkeley, and colleagues suggested that female negotiators who were instructed to behave with “feminine charm” (be animated in body movements, make frequent eye contact with their partner, smile, laugh, be playful, and frequently compliment their partner) did better in negotiations than women not so instructed. These behaviours did not work for men, regardless of the gender of their negotiating partner.⁹⁷

Other researchers disagree and argue that what can best benefit women is to break down gender stereotypes on the part of individuals who hold them.⁹⁸ It’s possible this is a short-term/long-term situation: In the short term, women can gain an advantage in negotiation by being both assertive and flirtatious, but in the long term, their interests are best served by eliminating these sorts of sex role stereotypes.

Evidence also suggests that women’s own attitudes and behaviours hurt them in negotiations. Managerial women demonstrate less confidence than men in anticipation of negotiating and are less satisfied with their performance afterward, even when their performance and the outcomes



Yuri Gripas/Landov

Respected for her intelligence, confident negotiating skills, and successful outcomes, Christine Lagarde is the managing director of the International Monetary Fund (IMF). Prior to that she was the minister for the economy, finance, and employment in France, where she used her negotiating skills to boost French exports by 10 percent. She is also known for her much earlier work as a labour and anti-trust lawyer for the global law firm Baker & McKenzie, during which she negotiated with France’s trade unions to change the country’s labour laws, including ending the 35-hour limit on the workweek, to help boost the nation’s sluggish economy.

they achieve are similar to those of men.⁹⁹ Women are also less likely than men to see an ambiguous situation as an opportunity for negotiation. Women may unduly penalize themselves by failing to engage in negotiations that would be in their best interest. Some research suggests that women are less aggressive in negotiations because they are worried about backlash from others. This finding has an interesting qualifier: Women are more likely to engage in assertive negotiation when they are bargaining on behalf of someone else than when they are bargaining on their own behalf.¹⁰⁰ A 2011 study by professor Linda Schweitzer of the Sprott School of Business, Carleton University, and three colleagues found that women tend to have lower expectations about salaries and promotions as they enter the workforce, which may explain why they are less aggressive in salary negotiations.¹⁰¹

Third-Party Negotiations

- 6 Assess the roles and functions of third-party negotiations.

To this point, we have discussed bargaining in terms of direct negotiations. Occasionally, however, individuals or group representatives reach a stalemate and are unable to resolve their differences. In such cases, they may turn to alternative dispute resolution (ADR), where a third party helps both sides find a solution outside a courtroom. The three basic third-party roles are mediator, arbitrator, and conciliator.

Mediator

A **mediator** is a neutral third party who facilitates a negotiated solution by using reasoning and persuasion, suggesting alternatives, and the like. Mediators can be much more aggressive in proposing solutions than conciliators. Mediators are widely used in labour-management negotiations and in civil court disputes. British Columbia's Motor Vehicle Branch uses mediation to help settle accident claims. In Ontario, all disputes between companies and employees now go to mediation within 100 days. Pilot projects found that more than 60 percent of the disputes were partly or fully resolved within 60 days after the start of the mediation session.¹⁰²

The overall effectiveness of mediated negotiations is fairly impressive. For example, a 2014 Mediate BC survey found that over 90 percent of mediations resolved all issues or helped the parties move toward resolution. The survey also found that the average satisfaction rate with the process was over 90 percent.¹⁰³ But the situation is the key to whether mediation will succeed; the conflicting parties must be motivated to bargain and resolve their conflict. Additionally, conflict intensity cannot be too high; mediation is most effective under moderate levels of conflict. Finally, perceptions of the mediator are important; to be effective, the mediator must be perceived as neutral and noncoercive.

Arbitrator

An **arbitrator** is a third party with the authority to dictate an agreement. Arbitration can be voluntary (requested by the parties) or compulsory (forced on the parties by law or contract).

The big advantage of arbitration over mediation is that it always results in a settlement. Whether there is a negative side depends on how "heavy-handed" the arbitrator appears. If one party is left feeling overwhelmingly defeated, that party is certain to be dissatisfied and the conflict may resurface at a later time.

Conciliator

A **conciliator** is a trusted third party who provides an informal communication link between the negotiator and the opponent. Conciliation is used extensively in international,

mediator A neutral third party who facilitates a negotiated solution by using reasoning, persuasion, and suggestions for alternatives.

arbitrator A third party to a negotiation who has the authority to dictate an agreement.

conciliator A trusted third party who provides an informal communication link between the negotiator and the opponent.

labour, family, and community disputes. In practice, conciliators typically act as more than mere communication conduits. They also engage in fact-finding, interpreting messages, and persuading disputants to develop agreements.

In Canada, the first step in trying to resolve a labour relations dispute can be to bring in a conciliation officer when agreement cannot be reached. This may be a good faith effort to resolve the dispute. Sometimes, however, a conciliator is used so that the union can reach a legal strike position or management can engage in a lockout. Provinces vary somewhat in how they set out the ability to engage in a strike after going through a conciliation process. For instance, in Nova Scotia, once the conciliation officer files a report that the dispute cannot be resolved through conciliation, there is a 14-day waiting period before either party can give 48 hours' notice of either a strike or a lockout.¹⁰⁴



GLOBAL IMPLICATIONS

Below we consider (1) how conflict is handled in different cultures, (2) whether there are differences in negotiating styles across cultures, and (3) how the display of emotions affects negotiations in different cultures.

Conflict Resolution and Culture

Research suggests that differences across countries in conflict resolution strategies may be based on collectivistic tendencies and motives.¹⁰⁵ 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. They will avoid direct expression of conflicts, preferring to use more indirect methods for resolving differences of opinion. Collectivists may also be more interested in demonstrations of concern and working through third parties to resolve disputes, whereas individualists will be more likely to confront differences of opinion directly and openly.

Some research supports this theory. Compared with collectivistic Japanese negotiators, individualistic US negotiators are more likely to see offers from their counterparts as unfair and reject them. Another study revealed that while US managers are more likely to use competing tactics when faced with a conflict, Chinese managers are more likely to use compromising and avoiding.¹⁰⁶ Interview data, however, suggest top management teams in Chinese high-technology firms prefer integration even more than compromising and avoiding.¹⁰⁷

Cultural Differences in Negotiating Style

So what can we say about culture and negotiations? First, it appears that people generally negotiate more effectively within cultures than between them. For example, a Colombian is apt to do better negotiating with a Colombian than with a Sri Lankan. Second, it appears that in cross-cultural negotiations, it's especially important that the negotiators be high in openness. This point suggests that cross-cultural negotiators should rank high on openness to experience and avoid factors such as time pressures that tend to inhibit learning about and understanding the other party.¹⁰⁸

Culture, Negotiations, and Emotions

As a rule, no one likes to face an angry counterpart in negotiations. However, East Asian negotiators may respond less favourably to anger than people from other cultures.¹⁰⁹

Two separate studies found that East Asian negotiators were less likely to accept offers from negotiators who displayed anger during negotiations. Another study explicitly compared how US and Chinese negotiators react to an angry counterpart.

When confronted with an angry negotiator, Chinese negotiators increased their use of distributive negotiating tactics, whereas US negotiators decreased their use of these tactics.¹¹⁰

Why might East Asian and Chinese negotiators respond more negatively to angry negotiators? The authors of the research speculated that because their cultures emphasize respect and deference, they may be particularly likely to perceive angry behaviour as disrespectful, and thus deserving of uncooperative tactics in response.

Summary

LESSONS LEARNED

- A medium level of conflict often results in higher productivity than an absence of conflict.
- Negotiators should identify their BATNA (*best alternative to a negotiated agreement*).
- In relationships with long-term consequences, it's best to use a win-win strategy in bargaining.

While many people assume that conflict lowers group and organizational performance, this assumption is frequently incorrect. Conflict can be either constructive or destructive to the functioning of a group or unit. As shown in Exhibit 9-2, levels of conflict can be either too high or too low to be constructive. Either extreme hinders performance. An optimal level is one that prevents stagnation, stimulates creativity, allows tensions to be released, and initiates the seeds of change without being disruptive or preventing coordination of activities.

SNAPSHOT SUMMARY

Conflict Defined

- Functional vs. Dysfunctional Conflict
- Types of Conflict
- Loci of Conflict
- Sources of Conflict

Conflict Resolution

- Conflict Management Strategies Based on Dual Concern Theory
- What Can Individuals Do to Manage Conflict?

- Resolving Personality Conflicts
- Resolving Intercultural Conflicts

Conflict Outcomes Negotiation

- Bargaining Strategies
- How to Negotiate

Individual Differences in Negotiation Effectiveness

- Personality Traits in Negotiation

- Moods/Emotions in Negotiation
- Gender Differences in Negotiation

Third-Party Negotiations

- Mediator
- Arbitrator
- Conciliator

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- **Videos:** Learn more about the management practices and strategies of real companies.
- **Simulations:** Practise management decision-making in simulated business environments.





at Work

for *Review*

1. What is conflict?
2. What are the three types of conflict and the two loci of conflict?
3. What are the conditions that lead to conflict?
4. What are the differences between distributive and integrative bargaining?
5. How do individual differences influence negotiations?
6. What are the roles and functions of third-party negotiations?

for *Managers*

- Seek integrative solutions when your objective is to learn, when you want to merge insights from people with different perspectives, when you need to gain commitment by incorporating concerns into a consensus, and when you need to work through feelings that have interfered with a relationship.
- It's best to avoid an issue when it's trivial or symptomatic of other issues, when more important issues are pressing, when you perceive no chance of satisfying everyone's concerns, when people need to cool down and regain perspective, when gathering information, and when others can resolve the conflict more effectively.
- Consider compromising when goals are important but not worth potential disruption, when opponents with equal power are committed to mutually exclusive goals, and when you need temporary settlements to complex issues.
- Distributive bargaining can resolve disputes, but it often reduces the satisfaction of one or more negotiators because it's confrontational and focused on the short term. Integrative bargaining, in contrast, tends to provide outcomes that satisfy all parties and build lasting relationships.
- Make sure you set aggressive negotiating goals and try to find creative ways to achieve the objectives of both parties, especially when you value the long-term relationship with the other party. That does not mean sacrificing your self-interest; rather, it means trying to find creative solutions that give both parties what they really want.

for *You*

- It may seem easier, but avoiding conflict does not necessarily have a more positive outcome than working with someone to resolve the conflict.
- Trying to achieve a win-win solution in a conflict situation tends to lead to better relationships and greater trust.
- It's not always possible to resolve conflict on one's own. There are alternative dispute resolution options, including having someone help mediate the conflict.
- It's better to focus more on interests rather than positions when engaged in a negotiation. Doing so gives you the ability to arrive at more flexible solutions.

Conflict: Good or Bad?

POINT



Let's briefly review how stimulating conflict can provide benefits to the organization:¹¹¹

- *Conflict is a means by which to bring about radical change.* It's an effective device by which management can drastically change the existing power structure, current interaction patterns, and entrenched attitudes. If there is no conflict, it means the real problems are not being addressed.
- *Conflict facilitates group cohesiveness.* While conflict increases hostility between groups, external threats tend to cause a group to pull together as a unit. Conflict with another group brings together those within each group. Such intragroup cohesion is a critical resource that groups draw on in good and especially in bad times.
- *Conflict improves group and organizational effectiveness.* Groups or organizations devoid of conflict are likely to suffer from apathy, stagnation, groupthink, and other debilitating diseases. In fact, more organizations probably fail because they have *too little* conflict, not because they have too much. Stagnation is the biggest threat to organizations, but since it occurs slowly, its ill effects often go unnoticed until it's too late. Conflict can break complacency—although most of us don't like conflict, it's often the last best hope of saving an organization.
- *Conflict brings about a slightly higher, more constructive level of tension.* Constructive levels of tension enhance the chances of solving the conflicts in a way satisfactory to all parties concerned. When the level of tension is very low, the parties may not be sufficiently motivated to do something about a conflict.

COUNTERPOINT



It may be true that conflict is an inherent part of any group or organization. It may not be possible to eliminate it completely. However, just because conflicts exist is no reason to glorify them. All conflicts are dysfunctional, and it's one of management's major responsibilities to keep conflict intensity as low as humanly possible. A few points will support this case:

- *The negative consequences from conflict can be devastating.* The list of negatives associated with conflict is awesome. The most obvious are increased turnover, decreased employee satisfaction, inefficiencies between work units, sabotage, labour grievances and strikes, and physical aggression. One study estimated that managing conflict at work costs the average employer nearly 450 days of management time a year.
- *Effective managers build teamwork.* A good manager builds a coordinated team. Conflict works against such an objective. A successful work group is like a successful sports team: Members all know their roles and support their teammates. When a team works well, the whole becomes greater than the sum of the parts. Management creates teamwork by minimizing internal conflicts and facilitating internal coordination.
- *Competition is good for an organization, but not conflict.* Competition and conflict should not be confused with each other. *Conflict* is behaviour directed against another party, whereas *competition* is behaviour aimed at obtaining a goal without interference from another party. Competition is healthy; it's the source of organizational vitality. Conflict, on the other hand, is destructive.
- *Conflict is avoidable.* It may be true that conflict is inevitable when an organization is in a downward spiral, but the goal of good leadership and effective management is to avoid the spiral to begin with.

PERSONAL **INVENTORY** ASSESSMENT**FPO**BREAKOUT **GROUP** EXERCISES

Form small groups to discuss the following topics, as assigned by your instructor:

1. You and 2 other students carpool to school every day. The driver has recently taken to playing a new radio station quite loudly. You do not like the music, or the loudness. Using one of the conflict-handling strategies outlined in Exhibit 9-1, indicate how you might go about resolving this conflict.
2. Using the example above, identify a number of BATNAs (*best alternative to a negotiated agreement*) available to you, and then decide whether you should continue carpooling.
3. Which conflict-handling strategy is most consistent with how you deal with conflict? Is your strategy effective? Why or why not?

EXPERIENTIAL EXERCISE**A Negotiation Role Play**

This role play is designed to help you develop your negotiating skills. The class is to break into pairs. One person will play the role of Alex, the department supervisor. The other person will play C.J., Alex's boss.

The situation: Alex and C.J. work for hockey-equipment manufacturer Bauer. Alex supervises a research laboratory. C.J. is the manager of R & D. Alex and C.J. are former skaters who have worked for Bauer for more than 6 years. C.J. has been Alex's boss for 2 years.

One of Alex's employees has greatly impressed Alex. This employee is Lisa Roland. Lisa was hired 11 months ago. She is 24 years old and holds a master's degree in mechanical engineering. Her entry-level salary was \$57 500 a year. She was told by Alex that, in accordance with corporation policy, she would receive an initial performance evaluation at 6 months and a comprehensive review after 1 year. Based on her performance record, Lisa was told she could expect a salary adjustment at the time of the 1-year review.

Alex's evaluation of Lisa after 6 months was very positive. Alex commented on the long hours Lisa was working, her cooperative spirit, the fact that others in the lab enjoyed working with her, and her immediate positive impact on the project she had been assigned. Now that Lisa's first anniversary is coming up, Alex has again reviewed Lisa's performance. Alex thinks Lisa may be the best new person the R & D group has ever hired. After only a year, Alex has ranked Lisa as the number 3 performer in a department of 11.

Salaries in the department vary greatly. Alex, for instance, has a basic salary of \$93 800, plus eligibility for a bonus that might add another \$7000 to \$11 000 a year. The salary range of the 11 department members is \$48 400 to \$79 000. The lowest salary is a recent hire with a bachelor's degree in physics. The 2 people that Alex has rated above Lisa earn base salaries of \$73 800 and \$78 900. They are both 27 years old and have been at Bauer for 3 and 4 years, respectively. The median salary in Alex's department is \$65 300.

Alex's role: You want to give Lisa a big raise. While she is young, she has proven to be an excellent addition to the department. You don't want to lose her. More important, she knows in general what other people in the department are earning, and she thinks she is underpaid. The company typically gives 1-year raises of 5 percent, although 10 percent

is not unusual and 20 to 30 percent increases have been approved on occasion. You would like to get Lisa as large an increase as C.J. will approve.

C.J.'s role: All your supervisors typically try to squeeze you for as much money as they can for their people. You understand this because you did the same thing when you were a supervisor, but your boss wants to keep a lid on costs. He wants you to keep raises for recent hires generally in the range of 5 to 8 percent. In fact, he has sent a memo to all managers and supervisors stating this objective. However, your boss is also very concerned with equity and paying people what they are worth. You feel assured that he will support any salary recommendation you make, as long as it can be justified. Your goal, consistent with cost reduction, is to keep salary increases as low as possible.

The negotiation: Alex has a meeting scheduled with C.J. to discuss Lisa's performance review and salary adjustment. Take a couple of minutes to think through the facts in this exercise and to prepare a strategy. Then you have up to 15 minutes to conduct your negotiation. When your negotiation is complete, the class will compare the various strategies used and the outcomes that resulted.

ETHICAL DILEMMA

The Lowball Applicant

Consider this first-person account:

I am a human resources manager, so I interview people every day. Sometimes the managers in my company ask me to pre-screen candidates, which I do after discussing the job at length with the manager. I usually start the candidate screening with a few personality–job fit tests; then conduct an interview, following a list of job-specific questions the manager has given me; and finally discuss the job requirements, our company, and the pay/benefits. By that time in the process, the candidate usually has a good idea of the job and is eager to suggest a high level of pay at the top of the advertised bracket or, often, above the pay bracket. However, this isn't always the case.

One time in particular, an excellent candidate with outstanding qualifications surprised me by saying that since she wanted flextime, she would accept a rate below the pay bracket. Confused, I asked her if she wanted a reduction in hours below full time. She said no, she expected to work full time and only wanted to come in a little late and would leave a little late to make up the time. I guess she figured this was a concession worth slashing her salary for, but our company has flextime. In fact, she could have asked for five fewer hours per week, still been considered full time by our company policies, and negotiated for above the advertised pay grade.

I knew the manager would be highly interested in this candidate and that he could probably get her to work the longer full-time hours at a lower rate of pay. That outcome might be best for the company, or it might not. She obviously didn't fully understand the company policies in her favour, and she was unsophisticated about her worth in the marketplace. What should I have done?

Questions

1. If the human resources manager were to coach the applicant to request a higher salary, would the coaching work against the interests of the organization? Is it the responsibility of the human resources manager to put the organization's financial interests first?
2. What do you see as the potential downside of the human resources manager abstaining from discussing the pay issue further with the candidate?
3. If the candidate were hired at the reduced rate she proposed, how might the situation play out over the next year when she gets to know the organization and pay standards better?

CASE INCIDENTS

Choosing Your Battles

While much of this chapter has discussed methods for achieving harmonious relationships and getting out of conflicts, it's also important to remember that there are situations in which too little conflict can be a problem.¹¹² As we noted, in creative problem-solving teams, some

level of task conflict early in the process of formulating a solution can be an important stimulus to innovation.

However, the conditions must be right for productive conflict. In particular, individuals must feel psychologically safe in bringing up issues for discussion. If people fear that

what they say is going to be held against them, they may be reluctant to speak up or rock the boat. Experts suggest that effective conflicts have three key characteristics: They should (1) speak to what is possible, (2) be compelling, and (3) involve uncertainty.

So how should a manager “pick a fight”? First, ensure that the stakes are sufficient to actually warrant a disruption. Second, focus on the future, and on how to resolve the conflict rather than on whom to blame. Third, tie the conflict to fundamental values. Rather than concentrating on winning or losing, encourage both parties to see how successfully exploring and resolving the conflict will lead to optimal outcomes for all. If managed successfully, some degree of open disagreement can be an important way for companies to manage simmering and potentially destructive conflicts.

However, not every organization follows these principles. CP Rail and the City of Vancouver have been at odds on what should happen to a rail line that runs down what is called the Arbutus Corridor on the west side of Vancouver. CP stopped using the line in the late 1990s, and over the years residents have used the area on either side of the railway tracks for award-winning community gardens as well as walking their dogs. CP wanted to develop the property for commercial and residential use. The city was opposed to this, and a 2006 Supreme Court of Canada judgment gave it the right to determine how the land would be used. The city would like to see the property, which is 11 kilometres long, used as a greenway and a future transit corridor.

CP owns the land and wants to develop it or sell it to the city. In 2014, CP grew tired of the impasse with Vancouver. No talks between the parties had taken place in years. The railway announced that it was going to reinstate train service, which it has the legal right to do, even though the city does not want this to happen. Rather than fighting this battle with the city, the railway decided to pick a battle with the gardeners who were using the private property. CP gave notice that it would begin tearing out gardens in August, at the height of harvest season. They then destroyed some of the gardens in mid-

August, hoping that pressure from the community about the loss of their gardens would spur the city into making some sort of settlement with the company. Instead, the move infuriated both gardeners and people living in the area because it was viewed as a bullying tactic. Many of the gardens had existed while BC Rail was still operating, and the company had not objected to them at the time.

To escalate further, CP informed people living in the area that it planned to spray herbicides along the line. CP director Mike LoVecchio wrote, “This work is to continue throughout August and September. Our goal is to have the entire line ready for train operations in the fall.” Following these actions, the city entered into talks with CP, but the two parties could not agree on the price the city should pay the railway for the land. In October 2014, the city launched a constitutional challenge against the railway, which means that the issue will be tied up in court for quite some time. The city also applied for permanent injunctions to stop CP from doing any more damage to the remaining gardens or doing anything further to reactivate the rail line. At the time of writing, CP had agreed to halt work until the case was heard in December 2014. It likely was not a wise move for CP to hurt people and their gardens for a battle that was really with the city.

Questions

1. Can involving a third party in a dispute, much like CP Rail did with the community gardeners, ever result in a positive outcome?
2. How can negotiators use conflict management strategies to their advantage so that differences in interests lead to positive integrative solutions rather than dysfunctional conflicts?
3. Can you think of situations in your own life in which silence has worsened a conflict between parties? What might have been done differently to ensure that open communication facilitated collaboration instead?

The Pros and Cons of Collective Bargaining

Fewer employees in the private sector are unionized, compared with those who work in the public sector (16.4 vs. 71.4 percent in 2012).¹¹³ Does being in a labour union make a difference for optimal wages and benefits?

On the positive side, by negotiating as a collective, public sector employees, who are more heavily unionized, are able to earn, on average, roughly 12 percent more than employees working in the mostly non-unionized

private sector. Unions also can protect the rights of workers against capricious actions by employers. Consider the following example:

Lydia criticized the work of five of her co-workers. They were not amused and posted angry messages on a Facebook page. Lydia complained to her supervisor that the postings violated the employer's "zero tolerance" policy against "bullying and harassment." The employer investigated and, agreeing that its policy had been violated, fired the five.

Most of us would probably prefer not to be fired for Facebook posts. This is a protection unions can provide.

On the negative side, public-sector unions at times have been able to negotiate employment arrangements that are hard to sustain. According to the Fraser Institute, almost 90 percent of those employed by the Canadian government receive pension benefits as part of their total compensation. Only 24 percent of private sector employees have these benefits. This allowed government employees to retire about 2.5 years earlier than private sector employees between 2007 and 2011.

Further, it's often more difficult to fire a member of a public-sector union, even if performance is exceptionally

poor. In 2011, 3.8 percent of private sector employees were fired. Only 0.6 percent of public sector employees were fired.

Reasonable people can disagree about the pros and cons of unions and whether they help or hinder an organization's ability to be successful. There is no dispute, however, that they often figure prominently in the study of workplace conflict and negotiation strategies.

Questions

1. Labour–management negotiations might be characterized as more distributive than integrative. Do you agree? Why do you think this is the case? What, if anything, would you do about it?
2. If unions have negotiated unreasonable agreements, what responsibility does management or the administration bear for agreeing to these terms? Why do you think they do agree?
3. If you were advising union and management representatives about how to negotiate an agreement, drawing from the concepts in this chapter, what would you tell them?



FROM CONCEPTS TO SKILLS



Negotiating

Once you have taken the time to assess your own goals, to consider the other party's goals and interests, and to develop a strategy, you are ready to begin actual negotiations. The following five suggestions should improve your negotiating skills:¹¹⁴



1. *Begin with a positive overture.* Studies on negotiation show that concessions tend to be reciprocated and lead to agreements. As a result, begin bargaining with a positive overture—perhaps a small concession—and then reciprocate your opponent's concessions.



2. *Address problems, not personalities.* Concentrate on the negotiation issues, not on the personal characteristics of your opponent. When negotiations get tough, avoid the tendency to attack your opponent. It's your opponent's ideas or position that you disagree with, not him or her personally. Separate the people from the problem, and don't personalize differences.

3. *Pay little attention to initial offers.* Treat an initial offer as merely a point of departure. Everyone has to have an initial position. These initial offers tend to be extreme and idealistic. Treat them as such.

4. *Emphasize win–win solutions.* Inexperienced negotiators often assume that their gain must come at the expense of the other party. As noted with integrative bargaining, that need not be the case. There are often win–win solutions. But assuming a zero-sum game means missed opportunities for trade-offs that could benefit both sides. So if conditions are supportive, look for an integrative solution. Frame options in terms of your opponent's interests, and look for solutions that can allow your opponent, as well as yourself, to declare a victory.

5. *Create an open and trusting climate.* Skilled negotiators are better listeners, ask more questions, focus their arguments more directly, are less defensive, and have learned to avoid words and phrases that can irritate an opponent (for example, “generous offer,” “fair price,” “reasonable arrangement”). In other words, they are better at creating the open and trusting climate necessary for reaching an integrative settlement.



As marketing director for Done Right, a regional home-repair chain, you have come up with a plan you believe has significant potential for future sales. Your plan involves a customer information service designed to help people make their homes more environmentally sensitive. Then, based on homeowners’ assessments of their homes’ environmental impact, your firm will be prepared to help them deal with problems or concerns they may uncover. You are really excited about the competitive potential of this new service. You envision pamphlets, in-store appearances by environmental experts, as well as contests for consumers and school kids. After several weeks of preparations, you make your pitch to your boss, Nick Castro. You point out how the market for environmentally sensitive products is growing and how this growing demand represents the perfect opportunity for Done Right. Nick seems impressed by your presentation, but he has expressed one major concern: He thinks your workload is already too heavy. He does not see how you are going to have enough time to start this new service and still be able to look after all of your other assigned marketing duties. You really want to start the new service. What strategy will you follow in your negotiation with Nick?



Practising Skills



Reinforcing Skills



1. Negotiate with a team member or work colleague to handle a small section of work that you are not going to be able to get done in time for an important deadline.
2. The next time you purchase a relatively expensive item (such as an automobile, apartment lease, appliance, jewellery), attempt to negotiate a better price and gain some concessions such as an extended warranty, smaller down payment, maintenance services, or the like.

