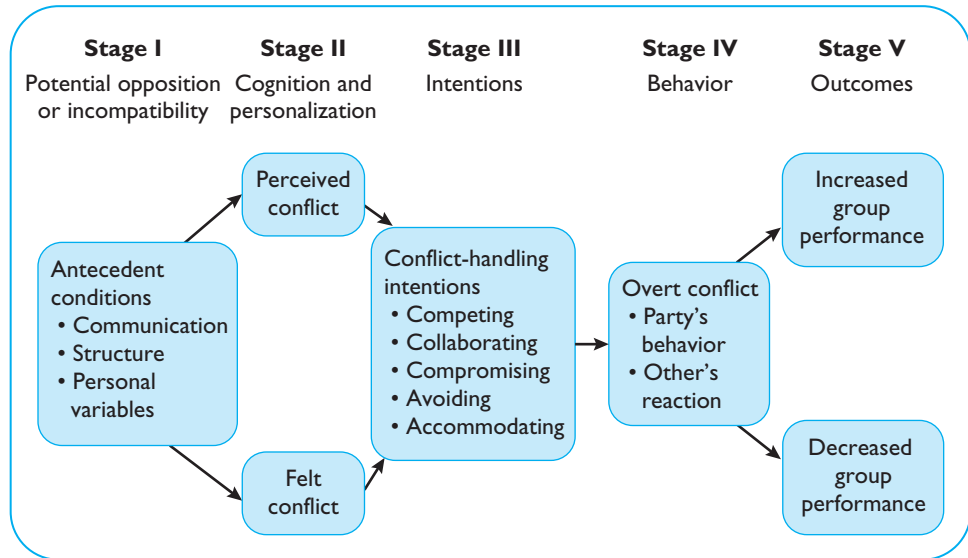


The **conflict process** can be seen as comprising five stages: *potential opposition or incompatibility, cognition and personalization, intentions, behavior, and outcomes*. The process is diagrammed in Exhibit 13-1.

Stage I: Potential Opposition or Incompatibility

The first step in the conflict process is the presence of conditions that create opportunities for conflict to arise. They *need not* lead directly to conflict, but one of these conditions is necessary if conflict is to surface. For simplicity's sake, these conditions

EXHIBIT 13-1 The Conflict Process



(which also may be looked at as causes or sources of conflict) have been condensed into three general categories: communication, structure, and personal variables.⁴

Communication The communication source represents the opposing forces that arise from semantic difficulties, misunderstandings, and *noise* in the communication channels. Much of this discussion can be related back to our comments on communication in Chapter 10.

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. Evidence demonstrates that semantic difficulties arise as a result of differences in training, selective perception, and inadequate information about others. 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 is possible to overcommunicate, with a resultant increase in the potential for conflict. Too much information, as well as too little, can lay the foundation for conflict. Furthermore, the channel chosen for communicating can have an influence on stimulating opposition. The filtering process that occurs as information is passed between members and the divergence of communications from formal or previously established channels offer potential opportunities for conflict to arise.

Structure The term *structure* is used, in this context, to include variables such as size, degree of specialization in the tasks assigned to group members, jurisdictional clarity, member–goal compatibility, leadership styles, reward systems, and the degree of dependence among groups. Research indicates that size and specialization act as forces to stimulate conflict. The larger the group and the more specialized its activities, the greater the likelihood of conflict. Tenure and conflict appear inversely

related, meaning the potential for conflict tends to be greatest when group members are younger and when turnover is high.

A close style of leadership—tight and continuous observation with general control of others' behaviors—increases conflict potential, but the evidence is not particularly strong. Too much reliance on participation may also stimulate conflict. Research tends to confirm that participation and conflict are highly correlated, apparently because participation encourages the promotion of differences. Reward systems, too, are found to create conflict when one member's gain is at another's expense. And if a group is dependent on another group (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 As practical experience has taught us, some people are conflict oriented and others are conflict averse. Evidence indicates that certain personality types—for example, individuals who are highly authoritarian and dogmatic—lead to potential conflict. Emotions can also cause conflict. For example, an employee who shows up to work irate from her hectic morning commute may carry that anger to her 9:00 A.M. meeting. The problem? Her anger can annoy her colleagues, which may lead to a tension-filled meeting. In addition to personality traits, differing values can explain conflict. Value differences are the best explanation of diverse issues such as prejudice and disagreements over one's contribution to the group, as well as the rewards one deserves. Say that John dislikes African-Americans and Dana believes John's position indicates his ignorance. Say that an employee thinks he is worth \$55,000 a year but his boss believes him to be worth \$50,000. These are all value differences, which are important sources for creating the potential for conflict. It is also important to note that culture can be a source of differing values. For example, research indicates that individuals in Japan and in the United States view conflict differently. Compared to Japanese negotiators, Americans are more likely to see offers from their counterparts as unfair and to reject such offers.⁵

Stage II: Cognition and Personalization

If the conditions cited in stage I negatively affect something that one party cares about, then the potential for opposition or incompatibility becomes actualized in the second stage.

As our definition of conflict notes, perception is required. One or more of the parties must be aware of the existence of the antecedent conditions. However, because a conflict is **perceived** does not make it personalized. In other words, "*A* may be aware that *B* and *A* are in serious disagreement . . . but it may not make *A* tense or anxious, and it may have no effect whatsoever on *A*'s affection toward *B*."⁶ It is at the **felt** level, when individuals become emotionally involved, that parties experience anxiety, tension, frustration, or hostility.

Stage III: Intentions

Intentions intervene among people's perceptions and emotions and overt behaviors. These intentions are decisions to act in a given way.

Intentions are separated out as a distinct stage because you have to infer the other's intent to know how to respond to that other's behavior. A lot of conflicts are escalated merely by one party attributing the wrong intentions to the other party. In

addition, there is typically a great deal of slippage between intentions and behavior, so behavior does not always accurately reflect a person's intentions.

Exhibit 13-2 represents one author's effort to identify the primary conflict-handling intentions. Using two dimensions—*cooperativeness* (the degree to which one party attempts to satisfy the other party's concerns) and *assertiveness* (the degree to which one party attempts to satisfy his or her own concerns)—we can identify five conflict-handling intentions:

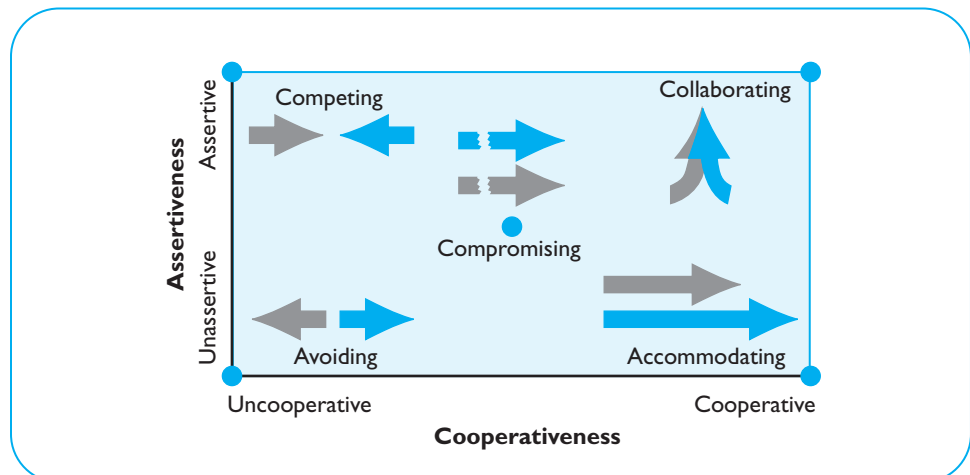
1. *Competing*: assertive and uncooperative, such as when you strive to achieve your goal at the expense of the other party achieving his.
2. *Collaborating*: assertive and cooperative—intending to find a win-win solution that makes both parties happy.
3. *Avoiding*: unassertive and uncooperative, such as when you avoid a conflict based on the hope it will just go away.
4. *Accommodating*: unassertive and cooperative, such as when you give in just to please someone else.
5. *Compromising*: mid-range on both assertiveness and cooperativeness, where the pie is sliced down the middle).⁷

People differ in the degree to which they generally rely on these strategies (e.g., some people are competitive in most situations), but the approach also will vary by the situation (e.g., a strategy one intends to use in a conflict with a loved one will often differ from a conflict with strangers).

Stage IV: Behavior

When most people think of conflict situations, they tend to focus on stage IV because this is where conflicts become visible. The behavior stage includes the statements, actions, and reactions made by the conflicting parties. These conflict behaviors are usually overt attempts to implement each party's intentions, but they have a stimulus

EXHIBIT 13-2 Dimensions of Conflict-Handling Intentions



Source: *Dimensions of Conflict-Handling Intentions*, K. Thomas, "Conflict and Negotiation Processes in Organizations" M.D. Dunnette & L.M. Hough (eds), *Handbook of Organizational Psychology*, 2/e, Vol. 3, Consulting Psychologists Press, c 1992, p. 668

quality that is separate from intentions. As a result of miscalculations or unskilled enactments, overt behaviors sometimes deviate from original intentions.

It helps to think of stage IV as a dynamic process of interaction. For example, you make a demand on me; I respond by arguing; you threaten me; I threaten you back; and so on. All conflicts exist somewhere along this continuum. At the lower part of the continuum, we have conflicts characterized by subtle, indirect, and highly controlled forms of tension, such as a student questioning in class a point the instructor has just made. Conflict intensities escalate as they move upward along the continuum until they become highly destructive. Strikes, riots, and wars clearly fall in this upper range. For the most part, conflicts that reach the upper ranges of the continuum are almost always dysfunctional. Functional conflicts are typically confined to the lower range of the continuum.

Stage V: Outcomes

The action–reaction interplay among the conflicting parties results in consequences. As our model (see Exhibit 13-1) demonstrates, these outcomes may be functional in that the conflict results in an improvement in the group’s performance, or it may be dysfunctional in that it hinders group performance.

Functional Outcomes How might conflict act as a force to increase group performance? It is hard to visualize a situation in which open or violent aggression could be functional. Yet in a number of instances, it’s possible to envision how low or moderate levels of conflict could improve the effectiveness of a group. Because people often find it difficult to think of instances in which conflict can be constructive, let’s consider some examples and then review the research evidence. Note how all these examples focus on task and process conflicts and exclude the relationship variety.

Conflict is constructive when it:

- improves the quality of decisions,
- stimulates creativity and innovation,
- encourages interest and curiosity among group members,
- provides the medium through which problems can be aired and tensions released, and
- fosters an environment of self-evaluation and change.

The evidence suggests that conflict can improve the quality of decision making by allowing all points, particularly the ones that are unusual or held by a minority, to be weighed in important decisions.⁸ Conflict is an antidote for groupthink. It doesn’t allow the group to passively rubber-stamp decisions that may be based on weak assumptions, inadequate consideration of relevant alternatives, or other debilities. Conflict challenges the status quo and therefore furthers the creation of new ideas, promotes reassessment of group goals and activities, and increases the probability that the group will respond to change.

You don’t have to look further than automobile behemoth General Motors to see a company that suffered because it had too little functional conflict.⁹ Many of GM’s problems, from the late 1960s to the late 1990s, can be traced to a lack of functional conflict. It hired and promoted individuals who were yes-men, loyal to GM to the point of never questioning company actions. Managers were, for

—Conflict challenges the status quo and therefore furthers the creation of new ideas, promotes reassessment of group goals and activities, and increases the probability that the group will respond to change.

the most part, homogenous: conservative white males raised in the midwestern United States who resisted change: They preferred looking back to past successes rather than forward to new challenges. They were almost sanctimonious in their belief that what had worked in the past would continue to work in the future. Moreover, by sheltering executives in the company's Detroit offices and encouraging them to socialize with others inside the GM ranks, the company further insulated managers from conflicting perspectives.

Yahoo! provides a more recent example of a company that suffered because of too little functional conflict.¹⁰ Begun in 1994, by 1999 Yahoo! had become one of the best-known brand names on the Internet. Then the implosion of dot.com stocks hit. By the spring of 2001, Yahoo!'s advertising sales were plunging and the company's stock was down 92 percent from its peak. It was at this point that Yahoo!'s most critical problem became exposed: The company was too insulated and void of functional conflict. It couldn't respond to change. Managers and staff were too comfortable with each other to challenge the status quo. This kept new ideas from percolating upward and held dissent to a minimum. The source of the problem was the company's CEO, Tim Koogle. He set the tone of nonconfrontation. Only when Koogle was replaced in 2001, with a new CEO who openly challenged the company's conflict-free climate, did Yahoo! begin to successfully solve its problems.

Research studies in diverse settings confirm the functionality of conflict, demonstrating that, among established groups, performance tended to improve more when conflict occurred among members than when fairly close agreement was prevalent. When groups analyzed decisions made by its individual members, investigators found the average improvement among the high-conflict groups was 73 percent greater than that of those groups characterized by low-conflict conditions.¹¹ Others have found similar results: Groups composed of members with different interests tend to produce higher-quality solutions to a variety of problems than do homogeneous groups.¹²

Dysfunctional Outcomes The destructive consequences of conflict on a group's or organization's performance are generally well known. A reasonable summary might state that uncontrolled opposition breeds discontent, which acts to dissolve common ties, and eventually leads to the destruction of the group. And, of course, a substantial body of literature documents how conflict—the dysfunctional varieties—can reduce group effectiveness.¹³ Among the more undesirable consequences are a retarding of communication, reductions in group cohesiveness, and subordination of group goals to the primacy of infighting among members. At the extreme, conflict can bring group functioning to a halt and potentially threaten the group's survival.

The demise of an organization as a result of too much conflict isn't as unusual as one might expect. For instance, one of New York's best-known law firms, Shea & Gould, closed down solely because the 80 partners couldn't get along.¹⁴ As one legal consultant familiar with the organization said, "This was a firm that had basic and principled differences among the partners that were basically irreconcilable." That same consultant also addressed the partners at their last meeting: "You don't have an economic problem," he said. "You have a personality problem. You hate each other!"

Creating Functional Conflict In this section we ask, if managers accept the interactionist view toward conflict, what can they do to encourage functional conflict in their organizations?¹⁵

Consultants generally agree that creating functional conflict is a tough job, particularly in large U.S. corporations. As one consultant put it, “A high proportion of people who get to the top are conflict avoiders. They don’t like hearing negatives; they don’t like saying or thinking negative things. They frequently make it up the ladder in part because they don’t irritate people on the way up.” Another suggests that at least 7 out of 10 people in U.S. business hush up when their opinions are at odds with those of their superiors, allowing bosses to make mistakes even when they know better.

Such anticonflict cultures may have been tolerable in the past but not in today’s fiercely competitive global economy. Organizations that don’t encourage and support dissent may find their survival threatened. Let’s look at some approaches organizations are using to encourage their people to challenge the system and develop fresh ideas.

Hewlett-Packard rewards dissenters by recognizing go-against-the-grain types, or people who stay with the ideas they believe in even when those ideas are rejected by management. Herman Miller Inc., an office furniture manufacturer, has a formal system in which employees evaluate and criticize their bosses. IBM also has a formal system that encourages dissension. Employees can question their bosses with impunity. If the disagreement can’t be resolved, the system provides a third party for counsel. Royal Dutch Shell Group, General Electric, and Anheuser-Busch build devil’s advocates into the decision process. When the policy committee at Anheuser-Busch considers a major move, such as getting into or out of a business or making a major capital expenditure, it often assigns teams to make the case for each side of the question. This process frequently results in decisions and alternatives that hadn’t been considered previously.

One common ingredient in organizations that successfully create functional conflict is that they reward dissent and punish conflict avoiders. The real challenge for managers, however, occurs when they hear news that they don’t want to hear. The news may make their blood boil or their hopes collapse, but they can’t show it. They have to learn to take the bad news without flinching. No tirades, no tight-lipped sarcasm, no eyes rolling upward, no gritting of teeth. Rather, managers should ask calm, even-tempered questions: “Can you tell me more about what happened?” “What do you think we ought to do?” A sincere “Thank you for bringing this to my attention” will probably reduce the likelihood that managers will be cut off from similar communications in the future.

Having considered conflict—its nature, causes, and consequences—now we turn to negotiation. Negotiation and conflict are closely related because negotiation often resolves conflict.

NEGOTIATION

Negotiation permeates the interactions of almost everyone in groups and organizations. There’s the obvious: Labor bargains with management. There’s the not so obvious: Managers negotiate with employees, peers, and bosses; salespeople negotiate with customers; purchasing agents negotiate with suppliers. And there’s the subtle: An employee agrees to answer a colleague’s phone for a few minutes in exchange for some past or future benefit. In today’s loosely structured organizations, in which members are increasingly finding themselves having to work with colleagues over whom they

have no direct authority and with whom they may not even share a common boss, negotiation skills become critical.

We define **negotiation** as a process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them.¹⁶ Note that we'll use the terms *negotiation* and *bargaining* interchangeably.

Bargaining Strategies

There are two general approaches to negotiation: *distributive bargaining* and *integrative bargaining*. As Exhibit 13-3 shows, distributive and integrative bargaining differ in goal and motivation, focus, interests, information sharing, and duration of relationship. Let's examine the differences between these two approaches.

Distributive Bargaining Let's say you see a used car advertised for sale in the newspaper. It appears to be just what you've been looking for. 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. The negotiating strategy you're engaging in is called **distributive bargaining**. Its most identifying feature is that it operates under zero-sum conditions. That is, any gain I make is at your expense, and vice versa. Referring back to the used-car example, every dollar you can get the seller to cut from the car's price is a dollar you save. Conversely, 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**. The fixed pie concept means the bargaining parties believe there only a finite amount of goods or services are available to be divvied up. Therefore, fixed pies are zero-sum games. When parties believe the pie is fixed, they tend to bargain distributively.

Probably the most widely cited example of distributive bargaining is in labor-management negotiations over wages. Typically, labor's representatives come to the bargaining table determined to get as much money as possible out of management. Because every cent more that labor negotiates increases management's costs,

EXHIBIT 13-3 Distributive Versus Integrative Bargaining

Bargaining Characteristic	Distributive Bargaining	Integrative Bargaining
Goal	Get as much of the pie as possible	Expand the pie so that both parties are satisfied
Motivation	Win-lose	Win-win
Focus	Positions ("I can't go beyond this point on this issue.")	Interests ("Can you explain why this issue is so important to you?")
Interests	Opposed	Congruent
Information sharing	Low (sharing information will only allow other party to take advantage)	High (sharing information will allow each party to find ways to satisfy interests of each party)
Duration of relationship	Short term	Long term

each party bargains aggressively and treats the other as an opponent who must be defeated.

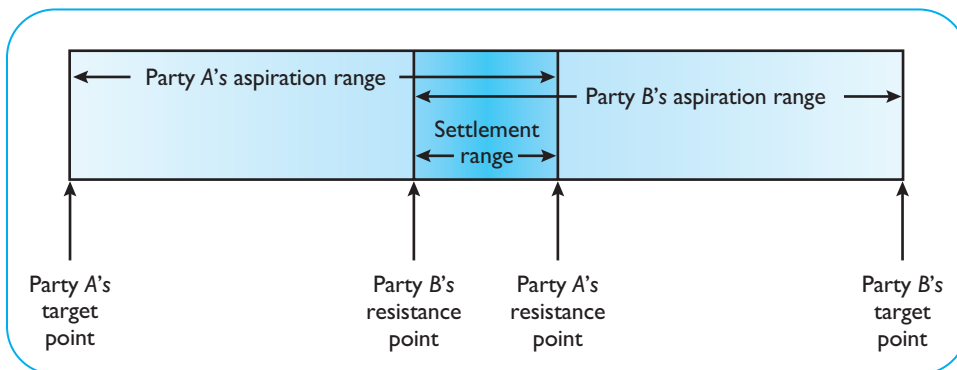
The essence of distributive bargaining is depicted in Exhibit 13-4. Parties *A* and *B* represent two negotiators. Each has a *target point* that defines what he or she would like to achieve. Each also has a *resistance point*, which marks the lowest acceptable outcome—the point below which they would break off negotiations rather than accept a less-favorable settlement. The area between these two points makes up each one's aspiration range. As long as *A*'s and *B*'s aspiration ranges have some overlap, there is a settlement range in which each one's aspirations can be met.

When engaged in distributive bargaining, one's tactics focus on trying to get one's opponent to agree to a specific target point or to get as close to it as possible. Examples of such tactics are persuading your opponent of the impossibility of getting to his or her target point and the advisability of accepting a settlement near yours; arguing that your target is fair, while your opponent's isn't; and attempting to get your opponent to feel emotionally generous toward you and thus accept an outcome close to your target point.

Integrative Bargaining Let's say a sales representative for a women's sportswear manufacturer has just closed a \$15,000 order from a small clothing retailer. The sales rep calls in the order to her firm's credit department. She is told that the firm can't approve credit to this customer because of a past slow-payment record. The next day, the sales rep and the firm's credit manager meet to discuss the problem. The sales rep doesn't want to lose the business. Neither does the credit manager, but he also doesn't want to get stuck with an uncollectible debt. The two openly review their options. After considerable discussion, they agree on a solution that meets both of their needs: The credit manager will approve the sale, but the clothing store's owner will provide a bank guarantee that will ensure payment if the bill isn't paid within 60 days. This sales-credit negotiation is an example of **integrative bargaining**. In contrast to distributive bargaining, integrative bargaining operates under the assumption that one or more settlements can create a win-win solution.

In terms of intraorganizational behavior, all things being equal, integrative bargaining is preferable to distributive bargaining because the former builds long-term

EXHIBIT 13-4 Staking Out the Bargaining Zone



relationships and bonds negotiators, allowing them to leave the bargaining table feeling that they have achieved a victory. Distributive bargaining, however, leaves one party a loser. It tends to build animosities and deepen divisions when people have to work together on an ongoing basis.

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. To bargain integratively, you need to disclose your true interests to the other party, and this requires a certain amount of trust. Also, you often need to inquire about the other party's interests and to be sensitive to their needs. Because these conditions often don't exist in organizations, it isn't surprising that negotiations often take on a win-at-any-cost dynamic.

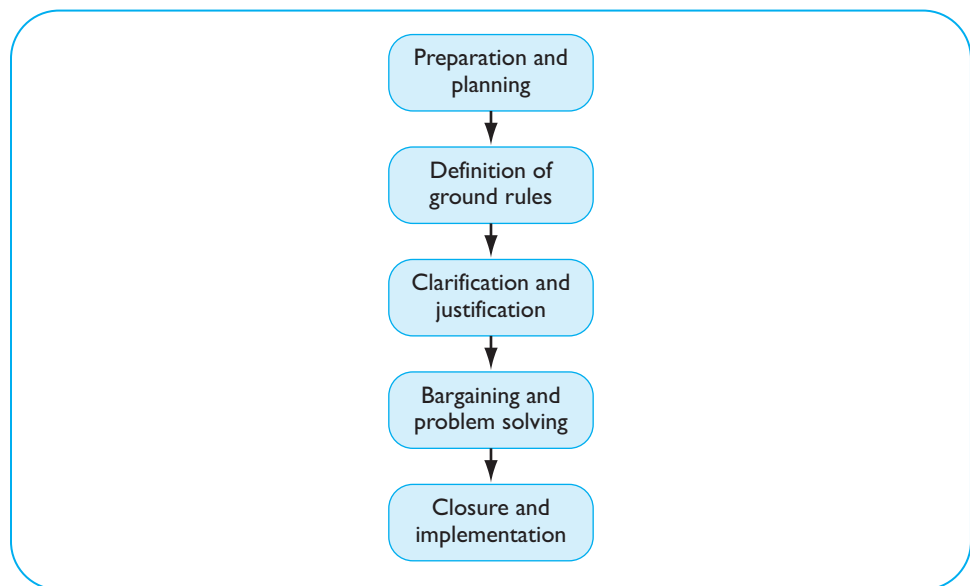
The Negotiation Process

Exhibit 13-5 provides a simplified model of the negotiation process. It views negotiation as made up of five steps:

1. Preparation and planning
2. Definition of ground rules
3. Clarification and justification
4. Bargaining and problem solving
5. Closure and implementation¹⁷

Preparation and Planning Before you start negotiating, you need to do your homework. What's the nature of the conflict? What's the history leading up to this negotiation? Who's involved, and what are their perceptions of the conflict?

EXHIBIT 13-5 The Negotiation Process



What do you want from the negotiation? What are *your* goals? If you're a supply manager at Dell Computer, for instance, and your goal is to get a significant cost reduction from your supplier of keyboards, make sure that this goal stays paramount in your discussions and doesn't get overshadowed by other issues. 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 the other party's goals are. What are they likely to request? How entrenched are they likely to be in their position? What intangible or hidden interests may be important to them? What might they be willing to settle on? When you can anticipate your opponent's position, you are better equipped to counter arguments with the facts and figures that support your position.

The importance of sizing up the other party is illustrated by the experience of Keith Rosenbaum, a partner in a major Los Angeles law firm. “Once when we were negotiating to buy a business, we found that the owner was going through a nasty divorce. We were on good terms with the wife's attorney and we learned the seller's net worth. California is a community-property-law state, so we knew he had to pay her half of everything. We knew his time frame. We knew what he was willing to part with and what he was not. We knew a lot more about him than he would have wanted us to know. We were able to twist him a little bit, and get a better price.”¹⁸

Once you've gathered your information, use it to develop a strategy. For example, expert chess players have a strategy. They know ahead of time how they will respond to any given situation. As part of your strategy, you should determine yours and the other side's *Best Alternative To a Negotiated Agreement (BATNA)*. Your BATNA determines the lowest value acceptable to you for a negotiated agreement. For example, an airline may find that at a certain level of settlement, the cost of hiring replacement workers is the same. Thus, in negotiating, hiring replacement workers would be its BATNA. Any offer you receive that is higher than your BATNA is better than an impasse. Conversely, you shouldn't expect success in your negotiation effort unless you're able to make the other side an offer it finds more attractive than its BATNA. If you go into your negotiation having a good idea of what the other party's BATNA is, even if you're not able to meet it, you might be able to get it changed.

Definition of Ground Rules Once you've done your planning and developed a strategy, you're ready to begin defining the ground rules and procedures with the other party for 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.

Clarification and Justification When initial positions have been exchanged, both you and the other party will explain, amplify, clarify, bolster, and justify your original demands. This needn't be confrontational. Rather, it's an opportunity for educating and informing each other on the issues, why they are important, and how each of you arrived at their initial demands. This is the point at which you might want to 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 involved in hashing out an agreement. It is here where concessions will undoubtedly need to be made by both parties.

Closure and Implementation The final step in the negotiation process is formalizing the agreement that has been negotiated and developing any procedures that are necessary for implementation and monitoring. Major negotiations—labor–management negotiations, bargaining over lease terms, buying a piece of real estate, negotiating a job offer for a senior management position—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.