

Instructor's Manual to Accompany **Organizational Behavior 7/e** by Steven L. McShane and Mary Ann Von Glinow



Chapter 11: Conflict and Negotiation in the Workplace

Prepared by:
Steven L. McShane, The University of Western Australia



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Conflict and Negotiation in the Workplace

LEARNING OBJECTIVES

After reading this chapter, students should be able to:

1. Define conflict and debate its positive and negative consequences in the workplace.
2. Distinguish task from relationship conflict and describe three strategies to minimize relationship conflict during task conflict episodes.
3. Diagram the conflict process model and describe six structural sources of conflict in organizations.
4. Outline the five conflict handling styles and discuss the circumstances in which each would be most appropriate.
5. Apply the six structural approaches to conflict management and describe the three types of third-party dispute resolution.
6. Describe the bargaining zone model and outline strategies skilled negotiators use to claim value and create value in negotiations.



CHAPTER GLOSSARY

best alternative to a negotiated agreement (BATNA) -- The best outcome you might achieve through some other course of action if you abandon the current negotiation.

conflict -- A process in which one party perceives that its interests are being opposed or negatively affected by another party.

negotiation -- the process whereby two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence

relationship conflict - Type of conflict in which people focus on the characteristics of other individuals, rather than on the issues, as the source of conflict.

superordinate goals -- Goals that the conflicting parties value and whose attainment requires the joint resources and effort of those parties.

task conflict -- A type of conflict in which people focus their discussion on the issue while showing respect for people having other points of view.

third-party conflict resolution -- any attempt by a relatively neutral person to help the parties resolve their differences.

win-lose orientation -- The belief that conflicting parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive.

win-win orientation -- The belief that conflicting parties will find a mutually beneficial solution to their disagreement.

CHAPTER SUMMARY BY LEARNING OBJECTIVE

11-1 Define conflict and debate its positive and negative consequences in the workplace.

Conflict is the process in which one party perceives that its interests are being opposed or negatively affected by another party. The earliest view of conflict was that it was dysfunctional for organizations. Even today, we recognize that conflict sometimes or to some degree consumes productive time, increases stress and job dissatisfaction, discourages coordination and resource sharing, undermines customer service, fuels organizational politics, and undermines team cohesion. But conflict can also be beneficial. It is known to motivate more active thinking about problems and possible solutions, encourage more active monitoring of the organization in its environment, and improve team cohesion (where the conflict source is external).

11-2 Distinguish task from relationship conflict and describe three strategies to minimize relationship conflict during task conflict episodes.

Task conflict occurs when people focus their discussion around the issue while showing respect for people with other points of view. Relationship conflict exists when people view each other, rather than the issue, as the source of conflict. It is apparent when people attack each other's credibility and display aggression toward the other party. It is difficult to separate task from relationship conflict. However, three strategies or conditions that minimize relationship conflict during constructive debate are: (1) emotional intelligence and emotional stability of the participants, (2) team cohesion, and (3) supportive team norms.

11-3 Diagram the conflict process model and describe six structural sources of conflict in organizations.

The conflict process model begins with the five structural sources of conflict: incompatible goals, differentiation (different values and beliefs), interdependence, scarce resources, ambiguous rules, and communication problems. These sources lead one or more parties to perceive a conflict and to experience conflict emotions. This produces manifest conflict, such as behaviors toward the other side. The conflict process often escalates through a series of episodes.

11-4 Outline the five conflict handling styles and discuss the circumstances in which each would be most appropriate.

There are five known conflict handling styles: problem solving, forcing, avoiding, yielding, and compromising. People who use problem solving have a win-win orientation. Others, particularly forcing, assume a win-lose orientation. In general, people gravitate toward one or two preferred conflict handling styles that match their personality, personal and cultural values, and past experience.

The best style depends on the situation. Problem solving is best when interests are not perfectly opposing, the parties trust each other, and the issues are complex. Forcing works best when you strongly believe in your position, the dispute requires quick action, and the other party would take advantage of a cooperative style. Avoidance is preferred when the conflict has become emotional or the cost of resolution is higher than its benefits. Yielding works well when the other party has substantially more power, the issue is less important to you, and you are not confident in the logical soundness of your position. Compromising is preferred when the parties have equal power, they are under time pressure, and they lack trust.

11-5 Apply the six structural approaches to conflict management and describe the three types of third-party dispute resolution.

Structural approaches to conflict management include emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing interdependence, increasing resources, and clarifying rules and procedures.

Third-party conflict resolution is any attempt by a relatively neutral person to help the parties resolve their differences. The three main forms of third-party dispute resolution are mediation, arbitration, and inquisition.

Managers tend to use an inquisition approach, though mediation and arbitration often are more appropriate, depending on the situation.

11-6 Describe the bargaining zone model and outline strategies skilled negotiators use to claim value and create value in negotiations.

Negotiation occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. The bargaining zone model identifies three strategic positions for each party (initial, target, resistance) and shows how each party moves along a continuum in opposite directions with an area of potential overlap. All negotiations consist of two divergent objectives: claiming value (getting the best personal outcome) and creating value (discover ways to achieve mutually satisfactory outcomes for both parties). Skilled negotiators claim more value by preparing and setting goals, knowing their alternatives to the negotiation (BATNA), managing time to their advantage, and managing first offers and concessions. Skilled negotiators create more value by gathering information, using offers and concessions to discover issue priorities, and building relationships with the other party. The situation is also an important consideration in negotiations, including location, physical setting, and audience characteristics.

LECTURE OUTLINE (WITH POWERPOINT® SLIDES)



Conflict and Negotiation in the Workplace

Conflict and Negotiation
in the Workplace

Slide 1



Managing
Intergenerational Conflict
at L'Oreal Canada

Slide 2

Managing Intergenerational Conflict at L'Oreal Canada

L'Oreal Canada employees (from left) Ashley Bancroft, Christian Bouchard, and Wendy Stewart say the company's Valorizing Intergenerational Differences training has helped them minimize dysfunctional conflict and improve relations with coworkers.



Is Conflict Good or Bad?

Slide 3

Is Conflict Good or Bad?

Negative consequences of conflict:

- Uses otherwise productive time
- Less information sharing
- Higher stress, dissatisfaction, and turnover
- Increases organizational politics
- Wastes resources
- Weakens team cohesion (conflict among team members)

Positive consequences of conflict:

- Better decisions (tests logic, questions assumptions)
- Improves responsiveness to external environment
- Increases team cohesion (when conflict is outside the team)

Emerging View: Task Versus Relationship Conflict

- Task (constructive) conflict
 - Parties focus on the issue, respect people with other points of view
 - Try to understand logic/assumptions of each position
- Relationship conflict
 - Focus on personal characteristics (not issues) as the source of conflict
 - Try to undermine each other's worth/competence
 - Accompanied by strong negative emotions

Emerging View: Task Versus Relationship Conflict
Slide 4

Emerging View: Task Versus Relationship Conflict

Task (constructive) conflict

- Parties focus on the issue, respect people with other points of view
- Try to understand the logic and assumptions of each position

Relationship conflict

- Focuses on the characteristics of other individuals – rather than the issues, as the source of conflict i.e. personality clashes
- Try to undermine each other's worth/competence/credibility
- Accompanied by strong negative emotions (drive to defend)

Minimizing Relationship Conflict

- Goal: encourage task conflict, minimize relationship conflict
- Problem: relationship conflict often develops when engaging in task conflict
- Three conditions that minimize relationship conflict during task conflict:
 - Emotional intelligence
 - Cohesive team
 - Supportive team norms

Minimizing Relationship Conflict
Slide 5

Minimizing Relationship Conflict

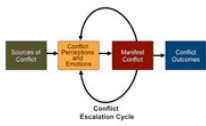
Goal – encourage task conflict; minimize relationship conflict

Problem – relationship conflict often develops when engaging in task conflict (influenced by level of debate and the more the issue is tied to our self-concept)

Three conditions that minimize relationship conflict during task conflict episodes:

1. Emotional intelligence/stability – allows individuals to regulate their emotions during debate which reduces escalation
2. Cohesive team – produces a stronger social identity with the group so team members are motivated to avoid escalating relationship conflict during emotional discussions
3. Supportive team norms – team norms may encourage diffusing relationship conflict when it first appears e.g. use humor which offsets negative feelings

The Conflict Process



The Conflict Process
Slide 6

The Conflict Process

Sources of conflict

- Leads one or both parties to perceive that conflict exists
- Become aware that another party's statements and actions are incompatible with their own goals

Conflict perceptions and emotions

- Perceptions usually interact with emotions experienced

Manifest conflict

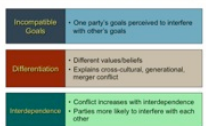
- Conflict episodes – decisions and behaviors of one party toward the other
- Ranges from subtle nonverbal behaviors to aggression; also conflict resolution style

Conflict escalation cycle

- Conflict process is a series of episodes that potentially cycle into conflict escalation

Conflict outcomes – may be positive or negative

Structural Sources of Conflict



Structural Sources of
Conflict
Slide 7

Structural Sources of Conflict

1. Incompatible goals

- Goals of one party perceived to interfere with other's goals
- e.g. cost efficiency vs. customer service

2. Differentiation

- Divergent values/beliefs – may agree on a common goal but have different beliefs about how to achieve that goal
- Explains cross-cultural, intergenerational, merger conflicts

3. Interdependence

- Conflict increases with interdependence – greater chance that each side will disrupt or interfere with the other's goals
- Three levels (pooled is lowest)
 - Pooled interdependence – work units rely on a common resource or authority e.g. shared administrative support
 - Sequential interdependence – one person's output is next person's input e.g. assembly line
 - Reciprocal interdependence – output is exchanged so employees are highly dependent on each other e.g. medical team

Structural Sources of Conflict



Structural Sources of Conflict
Slide 8

Structural Sources of Conflict

4. Scarce resources

- Motivates competition for the resource – may undermine others who also need that resource to fulfill their goals

5. Ambiguous rules

- Creates uncertainty, threatens goals
- Encourages political behavior

6. Communication problems

- Rely on stereotypes when parties lack opportunity to communicate
- Less motivated to communicate because relationship conflict is uncomfortable
- Arrogant communication heightens perceptions of conflict – escalates conflict when other party reciprocates

Conflict Handling at Xerox



Conflict Handling at Xerox
Slide 9

Conflict Handling at Xerox

Xerox CEO Ursula Burns (left in this photo) warns that the company has too much avoidance conflict handling. "We are really, really, really nice," she emphasizes. "I want us to stay civil and kind, but we have to be frank."

Five Conflict Handling Styles



Five Conflict Handling Styles
Slide 10

Five Conflict Handling Styles

Vary in assertiveness (satisfying own interests) and cooperativeness (satisfying other party's interests)

1. Problem-solving

- Win-win orientation – tries to find a mutually beneficial solution
- Both collaborate to identify common ground, solutions that satisfy all

2. Forcing

- Win-lose orientation – tries to win the conflict at the other's expense
- Relies on "hard" influence tactics, e.g. assertiveness to get own way

3. Avoiding

- Smooth over or avoid conflict situations
- Usually (but not necessarily) low concern for both self and the other party

4. Yielding

- Giving in completely to the other side's wishes
- Making unilateral concessions, offering help without reciprocity expected

5. Compromising

- Reach a middle ground between the interests of the parties
-

Conflict Handling Contingencies

- Problem solving
 - Best when:
 - Interests are not perfectly opposing
 - Parties have trust/openness
 - Issues are complex
 - Problems: other party may use information to its advantage
- Forcing
 - Best when:
 - You have a deep conviction about your position
 - Quick resolution required
 - Other party would take advantage of cooperation
 - Problems: relationship conflict, long-term relations

Conflict Handling
Contingencies
Slide 11

Conflict Handling Contingencies

Best conflict handling style depends on the situation

1. Problem solving

Best when:

- Interests are not perfectly opposing
- Parties have trust/openness
- Issues are complex

Problem – sharing information that the other party might use to their advantage; takes time

2. Forcing

Best when:

- You have a deep conviction about your position
- Quick resolution required
- Other party would take advantage of cooperation

Problem – highest risk of relationship conflict; may damage long-term relations; reduce future problem solving

Conflict Handling Contingencies

- **Avoiding**
 - Best when:
 - conflict is emotionally-charged (relationship conflict)
 - conflict resolution cost is higher than benefits
 - Problem: doesn't resolve conflict; causes frustration
- **Yielding**
 - Best when:
 - other party has much more power
 - issue is much less important to you than other party
 - value/logic of your position is imperfect
 - Problem: increases other's expectations; imperfect solution

Conflict Handling
Contingencies
Slide 12

Conflict Handling Contingencies (con't)

3. Avoiding

Best when:

- Conflict has become emotionally-charged (relationship conflict)
- Conflict resolution cost is higher than its benefits

Problem – doesn't usually resolve the conflict; may increase the other party's frustration

4. Yielding

Best when:

- Other party has much more power
- Issue is much less important to you than to the other party
- Value/logic of your position is imperfect

Problem – increases other party's expectations for future

Conflict Handling Contingencies

- **Compromising**
 - Best when:
 - Parties have equal power
 - Quick solution is required
 - Parties lack trust/openness
 - Problem: Sub-optimal solution where mutual gains are possible

Conflict Handling
Contingencies
Slide 13

5. Compromising

Best when:

- Parties have equal power
- Quick solution is required i.e. time pressures
- Parties lack trust/openness for problem solving

Problem – sub-optimal solution where mutual gains are possible

Structural Approaches to Conflict Management

1. **Emphasize superordinate goals**
 - Emphasize common objective not conflicting sub-goals
 - Reduces goal incompatibility and differentiation
2. **Reduce differentiation**
 - Reduce differences in values, attitudes, and experiences
 - e.g. Move employees around to different jobs



Organizational
Approaches to Conflict
Resolution
Slide 14

Structural Approaches to Conflict Management

1. Emphasizing superordinate goals

Superordinate goal – a broad goal that all parties to a dispute value and agree is important

- Emphasize common strategic objective rather than objectives specific to the individual or work unit
- Reduces goal incompatibility and differentiation

2. Reducing differentiation

- Reduce differences that generate conflict
- Create common experiences e.g. moving staff across merged companies

Structural Approaches to
Conflict Management

- 3. Improve communication/
understanding
 - Use delegates to improve
mutual understanding
 - Contact hypothesis, Johari
window
 - Warning: Apply
communication and
understanding after
reducing differentiation



Organizational
Approaches to Conflict
Resolution (con't)

Slide 15

3. Improving communication and understanding

Conflicting parties are given more opportunities to communicate and understand each other communication

- Conflicting parties are given more opportunities to communicate and understand each other
- Relates to contact hypothesis and the Johari Window
- Warning – use only when differentiation is sufficiently low/after differentiation has been reduced (or could escalate conflict); people in collectivist and high power distance cultures are less comfortable with using direct communication

Structural Approaches to
Conflict Management

- 4. Reduce interdependence
 - Create buffers
 - Use integrators
 - Combine jobs
- 5. Increase resources
 - Increase amount of resources
available
- 6. Clarify rules and procedures
 - Establish rules and procedures
 - Clarify roles and responsibilities



Organizational
Approaches to Conflict
Resolution

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4. Reducing interdependence

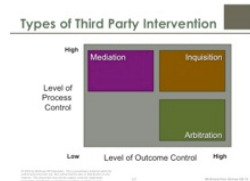
- Create buffers – decoupling the relationship e.g. build up inventories in assembly line vs. just-in-time inventory system
- Use integrators i.e. employees (human buffers) who coordinate the activities of differentiated work units toward completion of a common task e.g. coordinate efforts of several departments to launch a new product
- Combine jobs – reduces task interdependence and is a form of job enrichment e.g. each person assembles an entire product

5. Increasing resources

- Increase the amount of resources available

6. Clarifying rules and procedures

- Establish rules and procedures e.g. create a schedule
- Clarifying roles and responsibilities



Types of Third Party Intervention
Slide 17

Third-Party Conflict Resolution

Any attempt by a relatively neutral person to help conflicting parties resolve their differences

Types of Third Party Interventions

Can be classified by their level of control over the process and control over the decision

1. Arbitration

- High control over final decision – low control over process
- Final stage of grievances by unionized employees in many countries – becoming more common in nonunion conflicts

2. Inquisition

- Control all discussion about the conflict
- High decision control and high process control

3. Mediation

- Mediators have high control over the intervention process, but little to no control over the conflict resolution decision



Choosing the Best 3rd Party Strategy
Slide 18

Choosing the Best 3rd Party Strategy

Managers prefer inquisitional strategy

- Consistent with decision-oriented nature of managerial jobs
- Usually the least effective third-party conflict resolution method
- Conflicts with procedural justice principles

Mediation potentially offers highest satisfaction with process and outcomes

- Gives employees more responsibility for resolving disputes

Use arbitration when mediation fails -- has procedural justice due to predetermined rules and processes

Bargaining Zone Model



Bargaining Zone Model
Slide 19

Bargaining Zone Model of Negotiations

Bargaining zone – area of potential overlap with a continuum that parties move along in opposite directions

1. Initial offer point
 - Your opening offer – best expectation
2. Target point
 - Your realistic goal or expectation for a final agreement
3. Resistance point
 - The point beyond which you will make no further concessions

Strategies for Claiming Value

Claiming value – aiming for the best possible outcomes for yourself and your constituents.

1. Prepare and set goals
2. Know your BATNA
3. Manage time
4. Manage first offers and concessions

Strategies for Claiming
Value
Slide 20

Strategies for Claiming Value

Claiming value – aiming for the best possible outcomes for yourself and your constituents

Four strategies to effectively claim value in negotiations:

1. Prepare and set goals – think through all three positions in the bargaining zone model; research what other party wants
2. Know your BATNA (best alternative to a negotiated agreement) – estimates your power in the negotiation and represents the estimated cost of walking away from the relationship
3. Manage time – negotiators make more concessions as a deadline get closer
4. Manage first offers and concessions – first offer creates a position around which subsequent negotiations are anchored; negotiators need to make concessions – offer concessions in installments

Strategies for Creating Value

Creating value – use problem solving to help both parties reach the best outcomes.

1. Gather information
2. Discover priorities through offers and concessions
3. Build the relationship (trustworthiness)



Strategies for Creating Value

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Strategies for Creating Value

Creating value – cooperating to help both negotiators obtain the best possible outcomes i.e. applies problem-solving

Three strategies to effectively create value in negotiations:

1. Gather information

- understand other's party's needs/expectations
- look beyond stated position; use probing questions

2. Discover priorities through offers and concessions

- use multi-issue offers (not one issue at a time) -- reveals relative importance of the issues to each party
- e.g. offer a client a specific price, delivery date etc. – the client's counteroffer signals aspect is more or less important

3. Build the relationship (trustworthiness)

- discover common backgrounds and interests
- manage first impressions; be reliable
- emotional intelligence to maintain positive emotions

Situational Influences on Negotiations

- Location – easier to negotiate on your own turf
- Physical setting – seating arrangements, etc.
- Audience – negotiators are more competitive, make fewer concessions when audience is watching



Situational Influences on Negotiations

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Situational Influences on Negotiations

1. Location

- Home turf: familiar with negotiation setting; easier access to resources
- Consider a neutral territory
- Good negotiators prefer face-to-face, not phone calls

2. Physical setting

- Relationship affected by physical distance, setting formality
- Convey win-win orientation by dispersing people around the table

3. Audience Characteristics

- Audience – anyone with a vested interest in the negotiation outcomes
- When audience observes
 - negotiators tend to be more competitive, less willing to make concessions, more likely to engage in political tactics



Conflict and Negotiation in the Workplace

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Conflict and Negotiation in the Workplace



SOLUTIONS TO CRITICAL THINKING QUESTIONS

1. Distinguish task conflict from relationship conflict and explain how to apply the former, with minimal levels of the latter.

The distinction between task (constructive) and relationship conflict is one of perceptions and emotions toward the conflict. Task-related conflict occurs when the parties view the conflict experience as something separate from them. Differences of opinion are viewed as constructive events in which the parties can learn different perspectives and possibly develop new ideas.

Relationship conflict, on the other hand, occurs when the parties view their differences as threatening personal attacks. Rather than focusing on the issue, each party starts to see the other person as the problem. The discussion becomes emotionally charged, so that perceptual biases are introduced and information processing is impeded.

One way to encourage task conflict and minimize relationship conflict is by keeping the participants focussed on the issue and its resolution as opposed to individuals. With this in mind experts have identified three strategies:

Emotional intelligence. Participants are less likely to resort to personal attacks when they have high emotional intelligence. Such individuals are known to have control over their emotions, and are better able to use the emotions of others as information.

Cohesive teams. Members in such teams tend to be more forgiving of team mates with differing view points. This allows them to avoid felling personally offended when others within the team voice opposing arguments.

Supportive team norms. If the team encourages frank and open debate while discouraging personal attacks, it can help minimize if not avoid relationship conflict. The norms may include an acceptance of appropriate humor to maintain positive relations.

2. The chief executive officer of Creative Toys, Inc., read about cooperation in Japanese companies and vowed to bring this same philosophy to the company. The goal is to avoid all conflict, so that employees would work cooperatively and be happier at Creative Toys. Discuss the merits and limitations of the CEO's policy.

This question addresses the idea that conflict can be both good and bad for organizations. To effectively manage conflict, organizational leaders must find interventions that alter the level and form of conflict in ways that maximize its benefits and minimize its dysfunctional consequences.

Task conflict is a form of conflict that benefits decision making. This constructive conflict helps people to recognize problems, to identify a variety of solutions, and to better understand the issues involved. Conflict is also a catalyst for change and improved decision making. It occurs when people raise new perspectives of issues and these emerging views are debated. Under certain conditions, conflict between work teams is beneficial to the extent that it builds commitment to the team.

Of course, not all conflict is beneficial. When managed poorly, conflict encourages organizational politics by motivating people to attack or undermine the activities of their adversaries. This relationship conflict results in frustration, job dissatisfaction, and stress. Unbridled conflict may cause employees to escape from the situation through turnover or absenteeism.

3. Conflict among managers emerged soon after a French company acquired a Swedish firm. The Swedes perceived the French management as hierarchical and arrogant, whereas the French thought the Swedes were naive, cautious, and lacking an achievement orientation. Identify the source(s) of conflict that best explain this conflict, and describe ways to reduce dysfunctional conflict in this situation.

The most apparent process to minimize conflict in this situation would be some form of structured dialogue. Specifically, the Swedes and French managers need to diplomatically bring out their concerns and understand the

other party's rationale for their behavior. We emphasize "structured" dialogue because informal dialogue (without a facilitator) may increase the risk of conflict escalation.

One dialogue-type strategy is intergroup mirroring, which is described as a supplemental lecture later in this instructor's manual chapter. The process begins with a relationship audit in which consultants meet with individuals and groups of employees to identify the employment-connected relationships that have caused the current disruption and disagreement

In this situation, relationship restructuring would involve interviews by consultants with representatives from the Swedish company and French company. Information collected from the relationship audit is used to evaluate the relationships, such as communication deficiencies, misaligned expectations, corporate culture shifts, and so on. This would identify the sources of the conflict, which may be either structural problems or the way each side communicates with the other side.

Although intergroup mirroring and other dialogue-type interventions can reduce dysfunctional conflict, students should be able to think of factors in this situation that may interfere with the process. One problem might be that either the Swedes or the French employees might be less willing to discuss the conflict due to cultural values. Some cultures discourage open discussion of conflict, and this might occur here. Another problem may be that the conflict is due to fundamental differences between the parties, such as cultural differences in communication, or stereotypes of each other. These are more difficult to change than are structural causes of conflict.

NOTE: This incident is described in M. Raynaud and M. Teasdale, "Confusions and Acquisitions: Post Merger Culture Shock and Some Remedies," IABC Communication Journal, 9 (May-June 1992), pp. 44-45.

4. **You have just been transferred from one unit of the organization to another unit. On the last day of work in the first unit, your current manager calls your new manager, informing her that you are a tough candidate and that you possess an attitude. The would-be manager calls you, providing you with the information, and expresses apprehension. How would you resolve this conflict?**

The two types of conflicts, task and relationship seem to exist here. The present manager apparently has reported about some task-related issue as well as the relationship issue. Task conflict occurs when people focus on task related issues and show respect for other points of view and is more productive. However, in the relationship conflict, there is diversion from the task related issue towards personality clashes and other interpersonal incompatibility, gender a common source for this. An option to you is to analyze what is the source of the conflict and be honest and have an honest and transparent conversation with the new manager, understand his/her expectations from you and clarify the possible sources of allegations by the previous manager.

5. **You are a special assistant to the commander-in-chief of a peacekeeping mission to a war-torn part of the world. The unit consists of a few thousand peacekeeping troops from the United States, France, India, and four other countries. The troops will work together for approximately one year. What strategies would you recommend to improve mutual understanding and minimize conflict among these troops?**

Multicultural forces minimize conflict by ensuring that troops eat and socialize together. Various social activities can occur, such as mixed sports teams (although finding a common sport can be a problem!). Special dialogue sessions can help troops overcome stereotypes of each other. In these sessions, people from each representative country would discuss their backgrounds and how they think about their role in the peacekeeping activity. You will also need to assess and address other issues that could potentially create conflict e.g. need for resources, task interdependence issues, ensuring roles and procedures are clear.

6. **The chief operating officer (COO) has noticed that production employees in the company's Mexican manufacturing operations are unhappy with some of the production engineering decisions made by engineers in the company's headquarters in Chicago. At the same time, the engineers complain that production employees aren't applying their engineering specifications correctly and don't understand why those specifications were put in place. The COO believes that the best way to resolve this conflict is to have a frank and open discussion between some of the engineers and employees representing the Mexican production crew. This open dialogue approach worked well recently among managers in the company's Chicago headquarters, so it should work equally well between the engineers and production staff. Based on your knowledge of communication and mutual understanding as a way to resolve conflict, discuss the COO's proposal.**

The chief operating officer (COO) should be very cautious about launching into an intervention to improve communication and mutual understanding between these two groups. The problem is that, as the textbook warns, communication and mutual understanding interventions may fail when the parties have high differentiation, as is the case here. Furthermore, the Mexican culture has more conflict avoidance than occurs in the United States, which could further aggravate the situation.

Instead, the COO should first try to find ways to reduce differentiation, such as by having both groups perform an interesting task or team-building together (e.g. Habitat for Humanity volunteering day). Even if differentiation is reduced, the national culture differences call for subtle forms of "getting to know you" events, such as social and task-related activities where each party comes to appreciate the uniqueness of the other group.

7. **Describe the inquisitional approach to resolve disputes between employees or work units. Discuss its appropriateness in organizational settings, including the suitability of its use with a multigenerational workforce.**

By applying the inquisitional approach, managers dominate the intervention process as well as make a binding decision. Specifically, inquisitional managers control all discussion about the conflict, ask questions to the disputing parties, and decide which information to select or ignore.

The inquisitional approach is generally inappropriate in typical organizational settings. One problem is that managers tend to collect limited information about the problem using this approach, so their imposed decision may produce an ineffective solution to the conflict. Another problem is that employees tend to think that the procedures and outcomes of inquisitions are unfair because they have little control over this.

In an organizational setting with a multigenerational workforce, the inappropriateness of the inquisitional approach is even more evident. In such a workforce there already exists some tension between young and older workers, which has the potential to induce generational conflict. Using the inquisitional approach with its inherent lack of perceived fairness would exacerbate rather than mitigate conflict. The inquisitional approach may be successful in work environments where employees have a high power distance, and are more accepting of autocratic management styles. However, younger employees in North America have different attitudes about work and the role of their superiors, which generally favor participative and more egalitarian management styles.

8. **Jane has just been appointed as purchasing manager of Tacoma Technologies, Inc. The previous purchasing manager, who recently retired, was known for his "winner-take-all" approach to suppliers. He continually fought for more discounts and was skeptical about any special deals that suppliers would propose. A few suppliers refused to do business with Tacoma Technologies, but senior management was confident that the former purchasing manager's approach minimized the company's costs. Jane wants to try a more collaborative approach to working with suppliers. Will her approach work? How should she adopt a more collaborative approach in future negotiations with suppliers?**

The best strategy when entering negotiations is to begin with a cautious win-win orientation. This means that Jane should enter the negotiations with a problem-solving style by sharing information slowly. However, she should carefully watch for evidence that the suppliers are responding with problem-solving behaviors.

If suppliers do not reciprocate with a problem-solving style, then Jane should retreat somewhat from the problem-solving approach, perhaps shifting to more of a compromising style. She should return to a more problem solving approach later, again being cautious and watching for reciprocal behaviors from suppliers.

9. **You are a new program manager with responsibility for significant funding and external relations, and because of downsizing issues in your area, you have lost two valuable employees (actually 1.5, because the second person is on half time now; she used to be your manager and was the person under whom you trained). You have been in the new job approximately two weeks; however, you have been in the unit for more than a year and seen how systems are managed, from your manager's perspective. You now have her job. Out of the blue, a senior person (not in your area) comes to you and says he is taking most of your space (when the company had to let the 1.5 people go). He doesn't ask your permission, nor does he seem the least bit concerned with what your response is. What do you do?**

You are in a tricky situation, because a superior from a different area is asserting his right to your area. You have checked around but your boss has not been informed, but the senior management seem to approve. You go to your boss and inform her of the untenable situation. She then begins to "yell" at the senior person, but he shifts blame to several others. The boss then goes to these several others and uses the logic of the sensitivity of the materials, the ongoing criticality of the project to make the point. This whole process has rattled the remaining people in the unit, and you have "mirrored" your boss' voice, by yelling at them. The result was that everyone in your unit felt that you were "forcing" a decision down their throats. In reflecting on the OB course you recently had had, you realized that perhaps a better strategy would be to aim for a win-win one, or something called problem solving. Actually, the boss was using that technique, but you hadn't realized it at the time, unable to decouple "what someone says" and "why they say it". Problem solving is a critical step in dealing with real time conflict, and it takes skill and practice to perfect it.



CASE STUDY: CAR WARS AT WOLFSBURG

Case Synopsis

This case describes the conflict between executives at Volkswagen (VW) and Porsche and, in particular, between Porsche CEO Wendelin Wiedeking and VW chairman Ferdinand Piëch. The case describes Porsche's attempted takeover of VW, the different beliefs and values of the top executives, and the unexpected result of the takeover effort.

Suggested Answers to Case Questions

1. Identify and discuss the sources of conflict between Porsche and Volkswagen executives.

One very apparent source of conflict is differentiation -- the different beliefs and values between Wiedeking and Piëch. Wiedeking and his Porsche executive team are fans of lean management as well as cost control systems. They impersonally cut products that fail to achieve profits. VW chairman Ferdinand Piëch has more emotional connection with engineering excellence and is willing to forego short-term profits for long-term improvements in engineering excellence.

Another source of conflict is goal incompatibility. In this case, Porsche's goal of taking control of VW interferes with VW's desire to remain independent, which is apparent from VW's reaction to the takeover attempt.

There is also likely some evidence of conflict due to communication problems. The case implies that Wiedeking is quick to criticize VW executives for the company's inefficiency. These harsh words escalate the conflict because they are seen as attacking individual competence (i.e. relationship conflict), not just suggesting way to improve the company (task-related conflict).

2. Describe the conflict handling styles used by Wendelin Wiedeking and Ferdinand Piëch. Were they appropriate in this situation?

Wendelin Wiedeking's conflict style seems to be one of forcing, because he apparently speaks bluntly about VW's weaknesses and initiated the hostile takeover. Ferdinand Piëch's style is a little less apparent. However, one statement he made about Porsche executives also suggests that he relies on forcing more than other styles. Of course, these seasoned executives likely rely on the full range of conflict handling styles, but they are not apparent in the public documentation.



TEAM EXERCISE: THE CONTINGENCIES OF CONFLICT HANDLING

These exercise notes are derived from the original article by Gerard A. Callanan and David F. Perri, West Chester University Of Pennsylvania. To get the full benefit of this exercise, instructors should read the original article: G. A. Callanan and D. F. Perri, "Teaching Conflict Management Using a Scenario-Based Approach," *Journal of Education for Business*, 81 (Jan/Feb 2006), pp. 131-139.

Purpose

This exercise is designed to help you understand the contingencies of applying conflict handling styles in organizational settings.

Instructions

Step 1: Participants will read each of the five scenarios presented below and select the most appropriate response from among the five alternatives. Each scenario has a situationally correct response.

Step 2 (Optional): The instructor may ask each student to complete the Dutch Test for conflict handling self-assessment in this chapter (Self-Assessment 13.5) or a similar instrument. This instrument will provide an estimate of your preferred conflict handling style.

Step 3: As a class, participants give their feedback on the responses to each of the scenarios, with the instructor guiding discussion on the contextual factors embodied in each scenario. For each scenario, the class should identify the response selected by the majority. In addition, participants will discuss how they decided on the choices they made and the contextual factors they took into account in making their selections.

Step 4: Students will compare their responses to the five scenarios with their results from the conflict handling self-assessment. Discussion will focus on the extent to which each person's preferred conflict handling style influenced their alternatives in this activity, and the implications of this style preference for managing conflict in organizations.

Suggested Solutions to Scenarios

The authors present a model in which the three main contingencies are:

1. Criticality – how important the issue is to you and the other party;
2. Status/power incongruity – the relative power of the two parties in the dispute
3. Perceived aggressiveness of the other party – the extent to which the other party appears to be assertive or cooperative

Scenario 1

In this situation, the criticality of the central conflict issue is moderate for both parties. Organizational power of the two parties is moderate and perceived as equal. Further, there is no evidence of perceived aggressive intent on the part of the other party. The combination of these contextual factors, as well as a time constraint for resolution of the disagreement, makes compromise the appropriate choice of conflict-handling strategy.

Preferred alternative: #4 -- You decide to meet Kathy Gordon halfway in order to reach an agreement. You advise Jane to pursue her MBA in accounting or finance, but also recommend she minor in organizational behavior by taking electives in that field.

Scenario 2

The central issue in this scenario is vital to both of the two parties in the conflict, as well as the organization as a whole. It can be inferred, based on position title, that both parties possess relatively high degrees of organizational power. The other party displays a moderate degree of aggressive intent in the conflict. The combined effect of these contextual factors makes collaboration the most appropriate choice of conflict-handling strategy.

Preferred alternative: #5 -- You try and reach a consensus that addresses each of your concerns. You agree to work harder at hiring more minority applicants and request that the EEO officer agree to help find the most qualified minority candidates available.

Scenario 3

This scenario describes an issue with high criticality to the individual. Organizational power of the individual is moderate to high, whereas the power of the opposing party is low to moderate. In addition, there is a clear indication of aggressive intent on the part of the opposing party. All of these situational characteristics make competitiveness the most suitable choice of conflict-handling strategy.

Preferred alternative: #2 -- Tell Bill Jones that unless you have the data from his department on your desk by tomorrow morning, you will be forced to go over his head to compel him to give you the numbers.

Scenario 4

In this incident, the central issue is highly critical to the other party, but is of little consequence to the individual. There is no evidence of aggressive intent on the part of the other party, and the other party has a relatively higher degree of organizational power. The combination of these situational factors makes accommodation the most appropriate choice of conflict-handling strategy.

Preferred alternative: #1 -- Agree to accept the raw material in the different format.

Scenario 5

The central issue in this scenario is not critical to either party. Aggressive intent is not present, and the organizational power of each of the parties is relatively low. Based on this combination of contextual factors, avoidance is the most suitable choice of conflict-handling strategy.

Preferred alternative: #2 -- Tell Beth Hanson you will deal with the matter in a few days, after you have addressed the more pressing issues.

Comments to Instructors

In addition to completing the five scenarios, this exercise suggests that students complete the Conflict Handling self-assessment (also in this chapter). This instrument estimates the student's preferred conflict handling style. In the context of this exercise, students can see how their choice of alternatives matches their preferred conflict handling style. As part of this process, the class may want to identify the conflict handling style for each alternative of the five scenarios. This labeling would occur AFTER students have indicated their preferred solutions to the scenarios.



TEAM EXERCISE: UGLI ORANGE ROLE PLAY

Purpose

This exercise is designed to help students understand the dynamics of interpersonal and intergroup conflict as well as the effectiveness of negotiation strategies under specific conditions.

Instructions

Preparation. The instructor should make sufficient copies of the role descriptions presented on the following pages. Approximately 40% of the students are Dr. Roland, 40% are Dr. Jones, and 20% are observers. Students must not see the other roles until the end of the role play. The location should have enough space for several concurrent negotiations where the participants will not hear the others. The location should also allow each team to privately discuss pre-negotiation strategy.

In-Class Instructions. The class is divided into an even number of teams. Each team has three members plus a fourth person who serves as an observer (e.g., six observers if there are six teams). One-half of the teams will take the role of Dr. Roland and the other half will be Dr. Jones. This exercise may also be conducted using individuals rather than teams, but the process loses the interesting discussion of the pre-negotiations.

After students have been assigned to a Dr. Roland team, a Dr. Jones team, or as an observer for one of these teams, the instructor will read the following:

"I am Cardoza, the owner of the remaining Ugli Oranges. My fruit-exporting firm is based in South America. My country does not have diplomatic relations with your country, although we have strong trade relations. I understand that the Dr. Jones and Dr. Roland teams will negotiate with each other before making an offer to me.

Members of each team are given ten minutes to learn their role and decide negotiating strategy. After reading their roles and discussing strategy, each Dr. Jones team is matched with a Dr. Roland team to conduct negotiations. Negotiations should take place in a quiet area away from other negotiations. The instructor should set a time limit (e.g. 15 minutes for negotiations.)

At the end of the negotiations, the observers will describe the process and outcomes in their negotiating session. The instructor will then invite other participants to describe their experiences and the implications for conflict management.

Discussion Issues

The Ugli Orange exercise provides a unique situation of nearly perfect win-win bargaining because the Dr. Roland team only wants the rind whereas the Dr. Jones team only wants the juice. In effect, both teams can get all they need without significantly interfering with the other party's needs.

The speed of the negotiations depends on the extent that the parties are willing to share information. In practice, students usually assume a win-lose orientation and their negotiation strategies reflect this approach. They try persuasion (which side's cause is more humanitarian) and power (who can pay more). The integrative relationship tends to become apparent accidentally as one side says "We need the Ugli orange rinds because...". The other side often replies, "Oh, we only need the juice!", and the negotiations turn to the easier task of determining a distribution schedule.

However, I have witnessed several negotiations where the other party will not reveal the complementary nature of the relationship and, instead, will use this information as a power base. For example, if the Dr. Jones team mentions it requires the juice, the Dr. Roland team might not acknowledge that it needs the rind. Instead, it will reluctantly 'give' the juice to the other side in return for a portion of Dr. Jones's royalties or a cash payment. As part of the agreement for being so generous, the Dr. Roland team asks for every other part of the orange so that they "may still get some value from the orange". This tactic is very effective for one-time negotiations, but students should be aware of the risks if the parties must negotiate in the future.

One way to start the post-negotiation discussion is to have observers of the successful negotiations explain what happened. Members of the failed negotiations (where the parties maintained a win-lose orientation) are caught completely off-guard by the true situation. The discussion should then turn to preferred negotiation strategies, the value and risks of information sharing, and the use of power in negotiations.

PARTICIPANT HANDOUT

Role of Dr. Roland

You are Dr. P.W. Roland. You work as a research biologist for a pharmaceutical firm. The firm is under contract with the United States government to do research on methods to combat enemy uses of biological warfare.

Recently several World War II experimental nerve gas bombs were moved from the U.S. to a small island just off the U.S. coast in the Pacific. In the process of transporting them, two of the bombs developed a leak. The leak is presently controlled by government scientists who believe that the gas will permeate the bomb chambers within two weeks. They know of no method of preventing gas from getting into the atmosphere and spreading to other islands, and very likely to the West Coast as well. If this occurs, it is likely that several thousand people will incur serious brain damage or die.

You've developed a synthetic vapor that will neutralize the nerve gas if it is injected into the bomb chamber before the gas leaks out. The vapor is made with a chemical taken from the rind of the Ugli orange, a very rare fruit. Unfortunately, only 4,000 of these oranges were produced this season.

You've been informed on good evidence that R.H. Cardoza, a fruit exporter in South America, possesses 3,000 Ugli oranges. The chemicals from the rinds of this number of oranges would be sufficient to neutralize the gas if the serum is developed and injected efficiently. You have also been informed that the rinds of these oranges are in good condition.

You have been informed that Dr. J.W. Jones is also urgently seeking purchase of Ugli oranges, and is aware of Cardoza's possession of the 3,000 available. Dr. Jones works for a firm with which your firm is highly competitive. There is a great deal of industrial espionage in the pharmaceutical industry. Over the years, your firm and Dr. Jones' have sued each other for violations of industrial espionage laws and infringement of patent rights several times. Litigation on two suits is still in process.

The United States government has asked your firm for assistance. You've been authorized by your firm to approach R.H. Cardoza to purchase the 3,000 Ugli oranges. You have been told Cardoza will sell them to the highest bidder. Your firm has authorized you to bid as high as \$250,000 to obtain the rind of the oranges.

Before approaching Cardoza, you have decided to talk to Dr. Jones to influence Jones so that Jones will not prevent you from purchasing the oranges.

PARTICIPANT HANDOUT

Role of Dr. Jones

You are Dr. J.W. Jones, a biological research scientist employed by a pharmaceutical firm. You have recently developed a synthetic chemical useful for curing and preventing Rudosen. Rudosen is a disease contracted by pregnant women. If not caught in the first four weeks of pregnancy, the disease causes serious brain, eye, and ear damage to the unborn child. Recently there has been an outbreak of Rudosen in your country, and several thousand women have contracted the disease. You have found, with volunteer patients, that you recently developed synthetic serum cures Rudosen in its early stages. Unfortunately, the serum is made from the juice of the Ugli orange which is a very rare fruit. Only a small quantity (approximately 4,000) of these oranges was produced last season. No additional Ugli oranges will be available until next season, which will be too late to cure the present Rudosen victims.

You've demonstrated that your synthetic serum is in no way harmful to pregnant women. Consequently, there are no side effects. Your government has approved of the production and distribution of the serum as a cure for Rudosen. Unfortunately, the present outbreak was unexpected and your firm had not planned on having the compound serum available for six months. Your firm holds the patent on the synthetic serum and is expected to be a highly profitable product when it is generally available to the public.

You have recently been informed on good evidence that R.H. Cardoza, a South American fruit exporter, possesses 3,000 Ugli oranges in good condition. If you could obtain the juice of all 3,000 you would be able to both cure present victims and provide sufficient inoculation for the remaining pregnant women in your country. No other areas in the region currently have a Rudosen threat.

You have recently been informed that Dr. P.W. Roland is also urgently seeking Ugli oranges and is also aware of Cardoza's possession of the 3,000 available. Dr. Roland is employed by a competing pharmaceutical firm. Roland has been working on biological warfare research for the past several years. There is a great deal of industrial espionage in the pharmaceutical industry. Over the past several years, Dr. Roland's firm and yours have sued each other for infringement of patent rights and espionage law violations several times.

You have been authorized by your firm to approach Cardoza to purchase the 3,000 Ugli oranges. You have been told Cardoza will sell them to the highest bidder. Your firm has authorized you to bid as high as \$50,000 to obtain the juice of the 3,000 available oranges.

PARTICIPANT HANDOUT

Role of Observer

Please observe the negotiations of the team to which you are assigned, including the pre-negotiations. You will be a silent observer throughout the negotiation process. After Dr. Roland and Dr. Jones complete their negotiations, you and the other observer for this negotiation should be prepared to answer the following questions for general class discussion.

In observing, look for the following:

1. What conflict orientation (win-win, win-lose) did the team adopt before meeting with the other party?
2. To what extent did the team share information with the other party?
3. Did the parties trust each other?
4. When one party disclosed information, to what extent did the other party reciprocate by disclosing information?
5. Did either party use the information as a power base to secure a better outcome for itself? If so, how?
6. How was negotiation progress affected by each team's initial conflict orientation?



SELF-ASSESSMENT: WHAT IS YOUR PREFERRED CONFLICT-HANDLING STYLE?

Purpose

This self-assessment is designed to help students to identify their preferred conflict handling style.

Overview and Instructions

People have preferred ways to handle conflicts that they experience. Researchers have identified five conflict handling styles, and this self-assessment estimates the extent to which you prefer to use each of these conflict handling styles.

Students are asked to read each statement in this self-assessment and indicate how well the statement reflects the way they tend to act in a conflict with someone else.

Feedback for the Conflict Handling Style Self-Assessment

This self-assessment estimates the extent to which the person prefers to use each of the five conflict handling styles identified in the conflict management literature: yielding, compromising, forcing, problem solving, and avoiding.

Yielding

Yielding involves giving in completely to the other side's wishes, or at least cooperating with little or no attention to your own interests. This style involves making unilateral concessions, unconditional promises, and offering help with no expectation of reciprocal help.

Compromising

Compromising involves looking for a position in which your losses are offset by equally valued gains. It involves matching the other party's concessions, making conditional promises or threats, and actively searching for a middle ground between the interests of the two parties.

Forcing

Forcing tries to win the conflict at the other's expense. It includes "hard" influence tactics, particularly assertiveness, to get one's own way.

Problem Solving

Problem solving tries to find a mutually beneficial solution for both parties. Information sharing is an important feature of this style because both parties need to identify common ground and potential solutions that satisfy both (or all) of them.

Avoiding

Avoiding tries to smooth over or avoid conflict situations altogether. It represents a low concern for both self and the other party. In other words, avoiders try to suppress thinking about the conflict.

Conflict Handling Scale Norms

Scores on the five Conflict Handling Scale dimensions range from 4 to 20. Higher scores indicate that the person has a higher preference for and use of that particular conflict handling style. Norms vary from one group to the next. The following table shows norms from a sample of 225 MBA students. Most are from Australia, but some completed courses in Singapore and many of these people originate from other regions (Europe, South America, Asia, North America). The average age is about 31 years old and two-thirds would be male. To read this chart, consider the top 10 percentile for Yielding. The score is 14, indicating that 10 percent of people score 14 or above and 90 percent score below 14 on this dimension. Keep in mind that these scores represent self-perceptions. Evaluations from others (such as through 360-degree feedback) may provide a more accurate estimate of your preferred conflict handling style.

Percentile	Yielding	Compromising	Avoiding	Forcing	Problem solving
Top 10 percentile	14	16	14	16	19
Top 25th percentile	13	15	12	15	17
Median (50th percentile)	12	13	10	13	16
Bottom 25th percentile	10	12	8	11	15
Bottom 10 percentile	9	10	7	10	13
Average Score	11.4	13.2	10.3	12.9	15.9