

An American Airlines flight recently returned to the gate almost as soon as it began to taxi toward its takeoff area. It was an expensive decision, but the pilots took this action because, in the airline's words, "there was a disagreement between two flight attendants." One flight attendant was using her cell phone during the predeparture preparations for the New York to Washington commuter flight. Her activities apparently prompted the other flight attendant to use the intercom and announce that everyone needed to turn off their phones and electronic devices, "including the other flight attendant." That comment led to a scuffle between the two crew members, which was serious enough for the pilots to cancel the flight. Passengers had to wait four hours for a new crew to arrive.

Exactly one week later, a United Airlines flight bound for Chicago returned to Raleigh-Durham shortly after takeoff because of a conflict between two flight attendants. The cause of the tiff seemed almost trivial. "One flight attendant had crossed their leg and accidentally brushed the other person," explained a spokesperson at Raleigh-Durham International Airport after the flight had returned. Although apparently unintentional, the other flight attendant interpreted the incident as

provocation because relations between the two were already fragile. "It appears there was a disagreement before that, that became elevated," the spokesperson said. Passengers had to wait three hours for an alternative flight. United Airlines faced the costs of an abandoned flight, compensation for travelers with missed connections, possibly overtime for the replacement crew, and loss of customer goodwill.¹

These incidents illustrate that workplace conflict can be very costly. But as we will learn in this chapter, some forms of conflict are also valuable to organizations. The challenge is to enable beneficial conflict and suppress dysfunctional conflict. We begin this chapter by defining conflict and discussing the age-old question: Is conflict good or bad? Next, we look at the conflict process and examine in detail the main factors that cause or amplify conflict. The five styles of handling conflict are then described, including the contingencies of conflict handling as well as gender and cross-cultural differences. This is followed by discussion of the most important structural approaches to conflict resolution. Next, we look at the role of managers and others in third-party conflict resolution. The final section of this chapter reviews key issues in negotiating conflict resolution.

LO10-1 Define conflict and debate its positive and negative consequences in the workplace.

THE MEANING AND CONSEQUENCES OF CONFLICT

Conflict is a fact of life in organizations. Companies are continuously adapting to their external environment, yet there is no clear road map on what changes are best. Employees disagree on the direction or form of change in individual behavior, work-unit activities, and organizational-level adaptations. This conflict occurs because of clashing work goals, divergent personal values and experiences, and a variety of other reasons that we discuss in this chapter.

Conflict is a process in which one party perceives that its interests are being opposed or negatively affected by another

party.² It may occur when one party obstructs another's goals in some way, or just from one party's perception that the other party is going to do so. Conflict is ultimately based on perceptions; it exists whenever one party *believes* that another might obstruct its efforts, regardless of whether the other party actually intends to do so.

Is Conflict Good or Bad?

One of the oldest debates in organizational behavior is whether conflict is good or bad—or, more recently, what forms of conflict are good or bad—for organizations.³ The dominant view over most of this time has been that conflict is dysfunctional.⁴ More than a century ago, European organizational theorists Henri Fayol and Max Weber emphasized that organizations work best through harmonious relations. Elton Mayo, who founded Harvard University's human relations school and is considered one of the founders of organizational behavior, was convinced that employee-management conflict undermines organizational effectiveness. These and other critics warn that even moderately low levels of disagreement tatter the fabric of workplace relations and sap energy away

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

task conflict a type of conflict in which people focus their discussion around the issue while showing respect for people who have other points of view

relationship conflict a type of conflict in which people focus on characteristics of other individuals, rather than on the issues, as the source of conflict

from productive activities. Disagreement with one's supervisor, for example, wastes productive time, violates the hierarchy of command, and questions the efficient assignment of authority (where managers make the decisions and employees follow them).

Although the "conflict-is-bad" perspective is now considered too simplistic, conflict can indeed have negative consequences under some circumstances (see Exhibit 10.1).⁵ Conflict has been criticized for reducing employee performance by consuming otherwise productive time. For instance, almost one-third of the 5,000 employees surveyed across nine countries reported that they are frequently or always dealing with workplace conflict. More than half of the employees in Germany complained that conflict was consuming their workday.⁶

Conflict is potentially dysfunctional in other ways.⁷ It is often stressful, which consumes personal energy and distracts employees from their work. It also increases job dissatisfaction, resulting in higher turnover and lower customer service. People who experience conflict also tend to reduce their information sharing and other forms of coordination with each other. Ironically, with less communication, the feuding parties are more likely to escalate their disagreement because each side relies increasingly on

"Conflict is the gadfly of thought. It stirs us to observation and memory. It instigates to invention. It shocks us out of sheeplike passivity, and sets us at noting and contriving."⁹

—John Dewey,
educational philosopher/psychologist

distorted perceptions and stereotypes of the other party. Conflict fuels organizational politics, such as motivating employees to find ways to undermine the credibility of their opponents. Finally, conflict among team members may undermine team cohesion and performance.

Benefits of Conflict In the 1920s, when most organizational scholars viewed conflict as inherently dysfunctional, educational philosopher and psychologist John Dewey praised its benefits by suggesting that it "shocks us out of sheeplike passivity." Three years later, political science and management theorist Mary Parker Follett similarly remarked that the "friction" of conflict should be put to use rather than treated as an unwanted consequence of differences.⁸

But it wasn't until the 1970s that conflict management experts began to embrace the notion that some level of conflict can be beneficial.¹⁰ They formed an "optimal conflict" perspective; organizations are most effective when employees experience some level of conflict, but become less effective with high levels of conflict.¹¹ What are the benefits of conflict? As Dewey stated, conflict energizes people to debate issues and evaluate alternatives more thoroughly. They probe and test each other's way of thinking to better understand the underlying issues that need to be addressed. This discussion and debate tests the logic of arguments and encourages participants to reexamine their basic assumptions about the problem and its possible solution. It prevents individuals and teams from making inferior decisions and potentially helps them develop more sound and creative solutions.¹²

A second potential benefit is that moderate levels of conflict prevent organizations from becoming nonresponsive to their external environment. Differences of opinion encourage employees to engage in active thinking, and this often involves ongoing questioning and vigilance about how the organization can be more closely aligned with its customers, suppliers, and other stakeholders.¹³ A third benefit of conflict occurs when team members have a dispute or competition with external sources. This form of conflict represents an external

Exhibit 10.1 Consequences of Workplace Conflict

Negative Consequences

- Lower performance
- Higher stress, dissatisfaction, and turnover
- Less information sharing and coordination
- Increased organizational politics
- Wasted resources
- Weakened team cohesion (conflict among team members)

Positive Consequences

- Better decision making
 - Tests logic of arguments
 - Questions assumptions
- More responsive to changing environment
- Stronger team cohesion (conflict between the team and outside opponents)



challenge that potentially increases cohesion within the team (see Chapter 7). People are more motivated to work together when faced with an external threat, such as conflict with people outside the team.

LO10-2 Distinguish task from relationship conflict and describe three strategies to minimize relationship conflict during task conflict episodes.

The Emerging View: Task and Relationship Conflict

The "optimal conflict" perspective remains popular, but the emerging school of thought is that there are two types of conflict with opposing consequences: task conflict and relationship conflict.¹⁴ **Task conflict** (also called *constructive conflict*) occurs when people focus their discussion around the issue (i.e., the "task") while showing respect for people with other points of view. This type of conflict debates the merits and limitations of different positions so ideas and recommendations can be clarified, redesigned, and tested for logical soundness.

By keeping the debate focused on the issue, participants calmly reexamine their assumptions and beliefs without having hostile emotions triggered by their drive to defend their self-concept. Research indicates that task conflict tends to produce the beneficial outcomes described earlier, particularly better decision making.¹⁵ At the same time, there is likely an upper limit to the intensity of any disagreement, above which it would be difficult to remain constructive.¹⁶

In contrast to task conflict, **relationship conflict** focuses on interpersonal differences between or among the adversaries. The parties refer to "personality clashes" and other interpersonal incompatibilities rather than legitimate differences of opinion regarding tasks or decisions. Relationship conflict involves one party questioning or critiquing personal characteristics of the other person. As such, it attempts (or is perceived to attempt) to undermine another person's competence. These personal attacks threaten self-esteem and oppose self-enhancement and self-verification processes (see Chapter 3). Consequently, they usually trigger defense mechanisms and a competitive orientation between the parties. Relationship conflict also reduces mutual trust because it emphasizes interpersonal differences that shred any bond that existed with the other person.¹⁷ Relationship conflict escalates more easily than task



conflict because the adversaries become less motivated to communicate and share information, making it more difficult for them to discover common ground and ultimately resolve the conflict. Instead, they rely more on distorted perceptions and stereotypes, which tend to reinforce their perceptions of threat.

Separating Task from Relationship Conflict If there are two types of conflict, then the obvious advice is to encourage task conflict and minimize relationship conflict. This recommendation sounds good in theory, but separating these two types of conflict isn't easy in practice. Research indicates that we experience some degree of relationship conflict whenever we are engaged in constructive debate.¹⁸ No matter how diplomatically someone questions our ideas and actions, he or she potentially threatens our self-concept (particularly our sense of competence) and our public image, which triggers our drive to defend. The stronger the level of debate and the more the issue is tied to our self-view, the more likely that task conflict will evolve into (or mix with) relationship conflict. Fortunately, three strategies or conditions potentially minimize the level of relationship conflict during task conflict episodes.¹⁹

- **Emotional intelligence and emotional stability.** Relationship conflict is less likely to occur, or is less likely to escalate, when team members have high levels of emotional intelligence and its associated personality characteristic: emotional stability.²⁰ Employees with

higher emotional intelligence and stability are better able to regulate their emotions during debate, which reduces the risk of escalating perceptions of interpersonal hostility. They are also more likely to view a coworker's emotional reaction as valuable information about that person's needs and expectations, rather than as a personal attack.

- **Cohesive team.** Relationship conflict is suppressed when the conflict occurs within a highly cohesive team. The longer people work together, get to know each other, and develop mutual trust, the more latitude they give to each other to show emotions without being personally offended. This might explain why task conflict is more effective in top management teams than in teams of more junior staff.²¹ Strong cohesion also allows each person to know about and anticipate the behaviors and emotions of his or her teammates. Another benefit is that cohesion produces a stronger social identity with the group, so team members are motivated to avoid escalating relationship conflict during otherwise emotionally turbulent discussions.
- **Supportive team norms.** Various team norms can hold relationship conflict at bay during task-focused debate. When team norms encourage openness, for instance, team members learn to appreciate honest dialogue without personally reacting to any emotional display during the disagreements.²² Other norms might discourage team members from displaying negative emotions toward coworkers. Team norms also encourage tactics that diffuse relationship conflict when it first appears. For instance, research has found that teams with low relationship conflict use humor to maintain positive group emotions, which offsets negative feelings team members might develop toward some coworkers during debate.

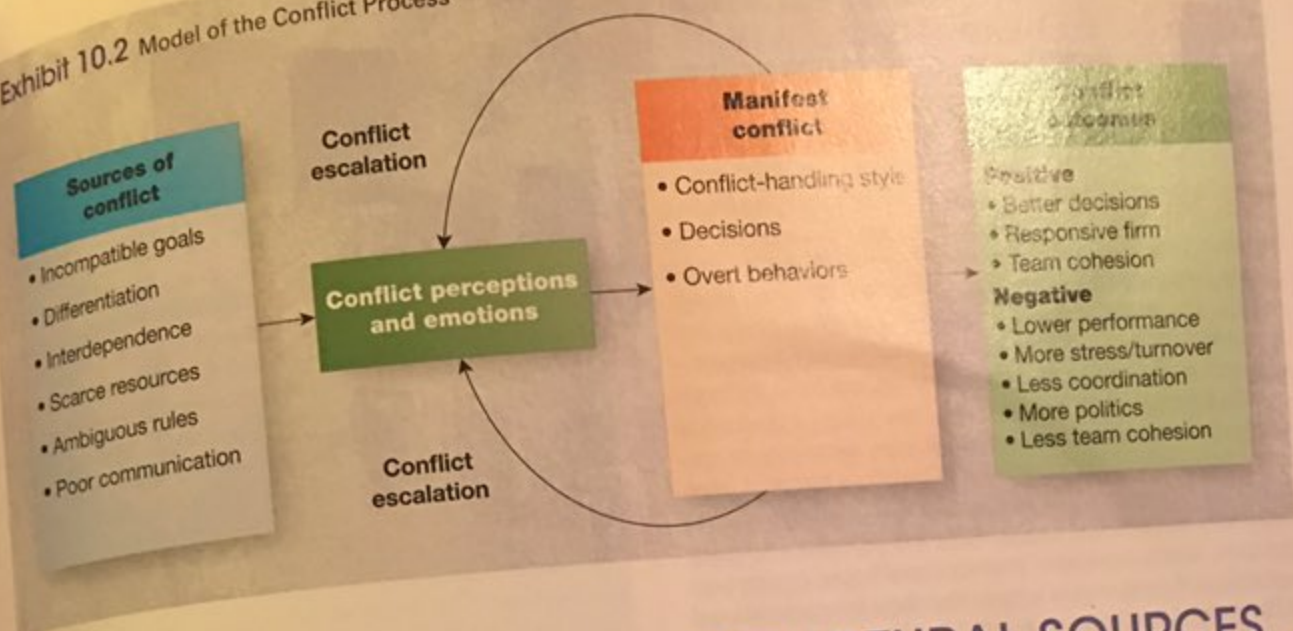
Most of us experience some degree of relationship conflict during and after any constructive debate.

LO10-3 Diagram the conflict process model and describe six structural sources of conflict in organizations.

CONFLICT PROCESS MODEL

Now that we have outlined the history and current perspectives of conflict and its outcomes, let's look at the model of the conflict process, shown in Exhibit 10.2.²³ This model begins with the sources of conflict, which we will describe in the next section. At some point, the sources of conflict lead one or both

Exhibit 10.2 Model of the Conflict Process



parties to perceive that conflict exists. They become aware that one party's statements and actions are incompatible with their own goals or beliefs. These perceptions usually interact with emotions experienced about the conflict.²⁴ Conflict perceptions and emotions produce manifest conflict—the decisions and behaviors of one party toward the other. These *conflict episodes* may range from subtle nonverbal behaviors to warlike aggression. Particularly when people experience high levels of conflict-generated emotions, they have difficulty finding the words and expressions that communicate effectively without further irritating the relationship.²⁵ Conflict is also behaviorally revealed by the style each side uses to resolve the conflict. Some people tend to avoid the conflict whereas others try to defeat those with opposing views.

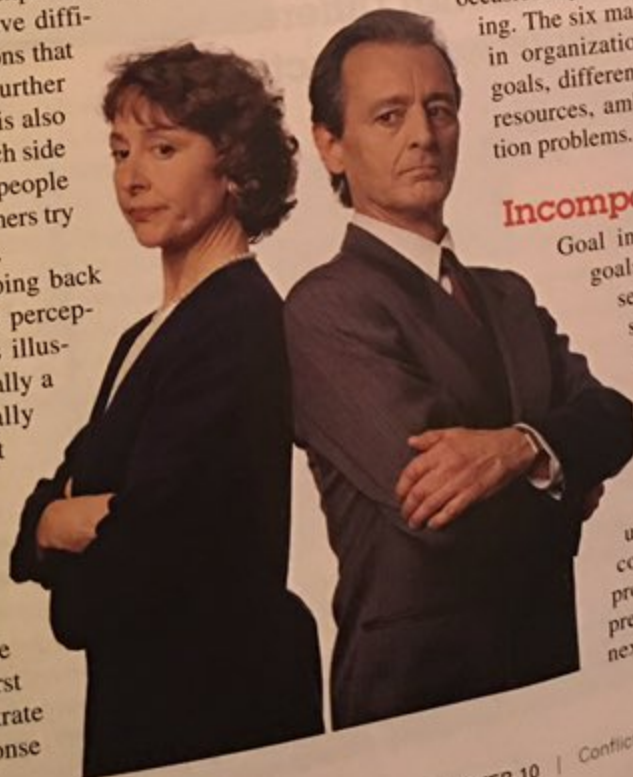
Exhibit 10.2 shows arrows looping back from manifest conflict to conflict perceptions and emotions. These arrows illustrate that the conflict process is really a series of episodes that potentially cycle into conflict escalation.²⁶ It doesn't take much to start this conflict cycle—just an inappropriate comment, a misunderstanding, or an action that lacks diplomacy. These behaviors cause the other party to perceive that conflict exists. Even if the first party did not intend to demonstrate conflict, the second party's response may create that perception.

STRUCTURAL SOURCES OF CONFLICT IN ORGANIZATIONS

The conflict model starts with the sources of conflict, so we need to understand these sources to effectively diagnose conflict episodes and subsequently resolve the conflict or occasionally to generate conflict where it is lacking. The six main conditions that cause conflict in organizational settings are incompatible goals, differentiation, interdependence, scarce resources, ambiguous rules, and communication problems.

Incompatible Goals

Goal incompatibility occurs when the goals of one person or department seem to interfere with another person's or department's goals.²⁷ For example, the production department strives for cost efficiency by scheduling long production runs whereas the sales team emphasizes customer service by delivering the client's product as quickly as possible. If the company runs out of a particular product, the production team would prefer to have clients wait until the next production run. This infuriates



"Every generation needs a new revolution."²⁹

—Attributed to Thomas Jefferson, an American founder and third president

sales representatives who would rather change production quickly to satisfy consumer demand.

Differentiation

Another source of conflict is differentiation—differences among people and work units regarding their training, values, beliefs, and experiences. Differentiation differs from goal incompatibility; two people or departments may agree on a common goal (serving customers better) but have different beliefs about how to achieve that goal (e.g., standardize employee behavior versus give employees autonomy in customer interactions). Differentiation is usually a factor in intergenerational conflict. Younger and older employees have different needs, different expectations, and different workplace practices, which sometimes produces conflicting preferences and actions. Recent studies suggest that these intergenerational differences occur because people develop social identities around technological developments and other pivotal social events that are unique to their era.²⁸

Differentiation also produces the classic tension between employees from two companies brought together through a merger.³¹ Even when people from both companies want the integrated organization to succeed, they fight over the "right way"

to do things because of their unique experiences in the separate companies. This form of conflict emerged when CenturyLink acquired Qwest, creating the third largest telecommunications company in the United States. The two companies were headquartered in different parts of the country. "Their languages were different, their food was different, answers were different. We talked fast and interrupted, and they talked slow and were polite," recalls a senior Qwest executive. "If we said up, they said down. If we said yes, they said no. If we said go, they said stop." This resulted in "unnecessary misunderstandings" as executives tried to integrate the two companies.³²

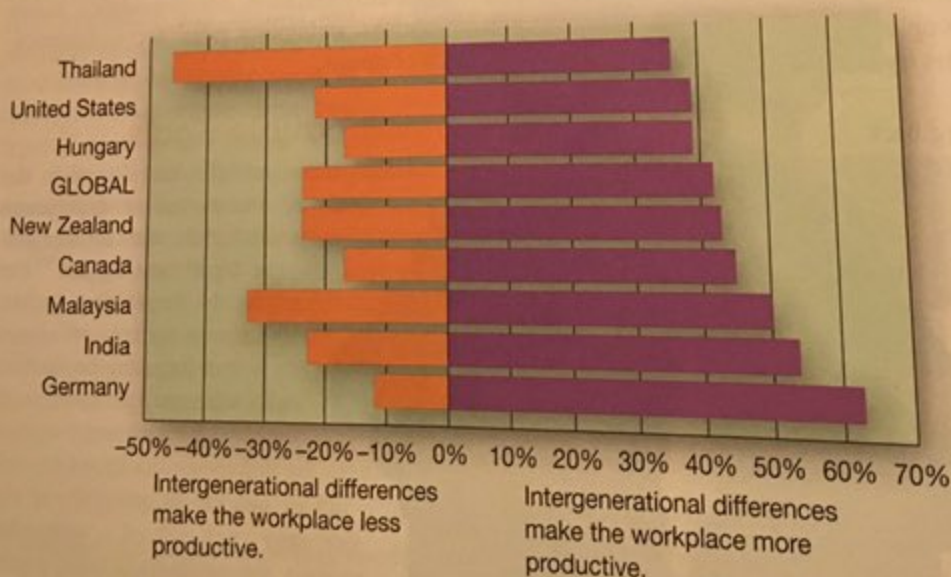
Interdependence

All conflict is caused to some extent by interdependence, because conflict exists only when one party perceives that its interests are being opposed or negatively affected by another party. Task interdependence refers to the extent to which employees must share materials, information, or expertise to perform their jobs (see Chapter 7). Conflict is inherently about relationships because people and work units are affected by others only when they have some level of interdependence.

The risk of conflict increases with the level of interdependence.³³ Employees usually have the lowest risk of conflict

when working with others in a pooled interdependence relationship. Pooled interdependence occurs where individuals operate independently except for reliance on a common resource or authority. The potential for conflict is higher in sequential interdependence work relationships, such as an assembly line. The highest risk of conflict tends to occur in reciprocal interdependence situations. With reciprocal interdependence, employees have high mutual dependence on each other as well as higher centrality. Consequently, reciprocally interdependent relationships have the strongest and most immediate risk of interfering with each other's objectives.

Do Intergenerational Differences Increase or Decrease Productivity?³⁰

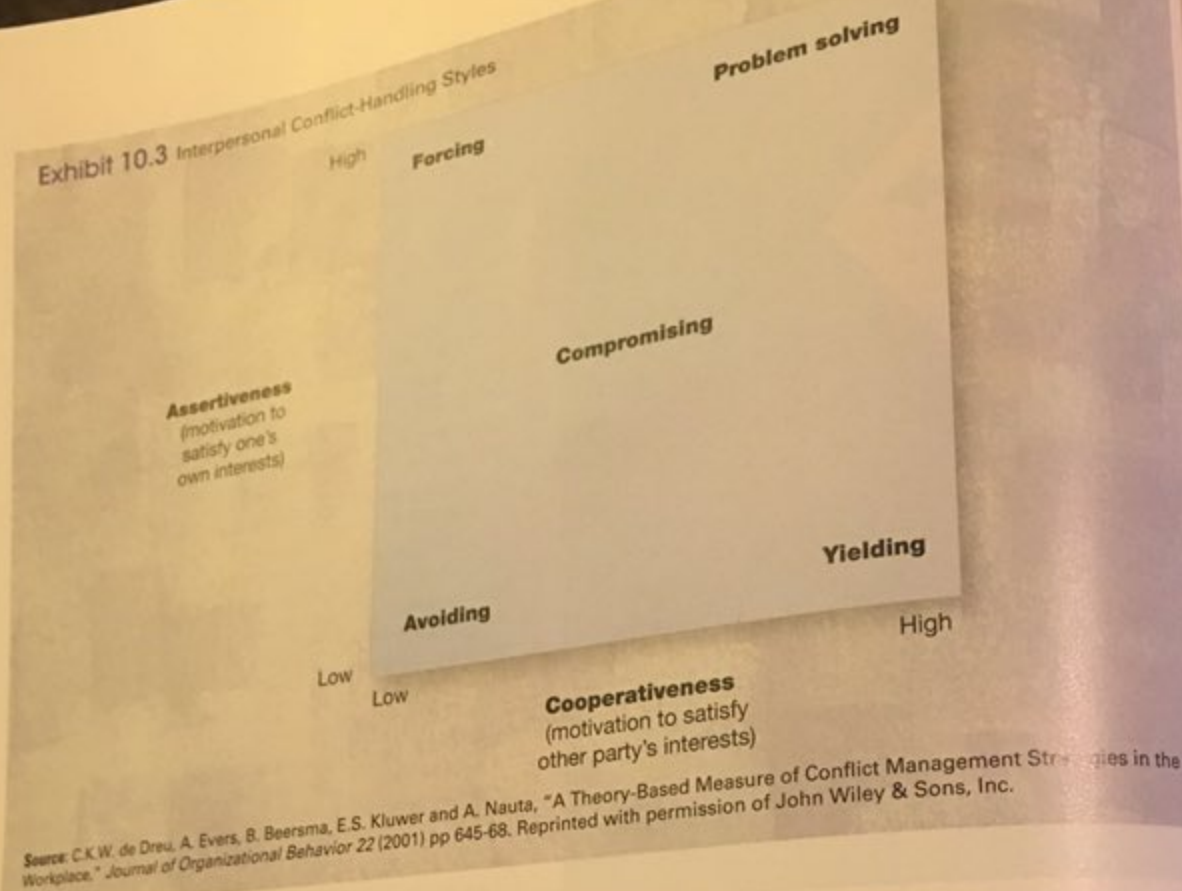


Note: Percentage of employees by country who believe that intergenerational (Baby Boomers, Gen Xers, and Gen Yers) differences have a positive or negative effect on workplace productivity. Percentages do not add up to 100 percent because some respondents reported that generational differences have no effect on productivity. Based on a survey of 100,000 employees in 33 countries.

Scarce Resources

Resource scarcity generates conflict because each person or unit requiring the same resource necessarily undermines others who

Exhibit 10.3 Interpersonal Conflict-Handling Styles



"The more arguments you win, the fewer friends you will have."³⁸

—Mid-20th-century American proverb

- **Problem solving.** Problem solving tries to find a solution that is beneficial for both parties. This is known as the **win-win orientation** because people using this style believe the resources at stake are expandable rather than fixed if the parties work together to find a creative solution. Information sharing is an important feature of this style because both parties collaborate to identify common ground and potential solutions that satisfy everyone involved.
- **Forcing.** Forcing tries to win the conflict at the other's expense. People who use this style typically have a **win-lose orientation**—they believe the parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive. Consequently, this style relies on assertiveness and other hard influence tactics (see Chapter 9) to get one's own way.
- **Avoiding.** Avoiding tries to smooth over or evade conflict situations altogether. A common avoidance strategy is to minimize interaction with certain coworkers. A second avoidance strategy is to steer clear of the sensitive topic when interacting with the other person in the conflict. Notice from these examples that avoidance does not necessarily mean that we have a low concern for both one's own and the other party's interest. We might be very concerned about the issue but conclude that avoidance is the best solution, at least in the short term.³⁹
- **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 and unconditional promises, as well as offering help with no expectation of reciprocal help.



The conflict avoidance style is often ineffective because it doesn't resolve the conflict and may increase the other party's frustration. However, avoiding may be the best strategy where conflict has become emotionally charged or where conflict resolution would cost more than its benefits.⁴⁴ The forcing style is usually inappropriate because it frequently generates relationship conflict more quickly or intensely than other conflict-handling styles. However, forcing may be necessary when you know you are correct (e.g., the other party's position is unethical or based on obviously flawed logic), the dispute requires a quick solution, or the other party would take advantage of a more cooperative conflict-handling style.

The yielding style may be appropriate when the other party has substantially more power, the issue is not as important to

you as to the other party, and you aren't confident that your position has superior logical or ethical justification.⁴⁶ On the other hand, yielding behaviors may give the other side unrealistically high expectations, thereby motivating them to seek more from you in the future. In the long run, yielding may produce more conflict, rather than resolve it. "Raised voices, red faces, and table thumping is a far less dysfunctional way of challenging each other than withdrawal, passivity and sullen acceptance," argues one conflict management consultant. "It doesn't mean that people agree with you; they just take their misgivings underground and spread them throughout the organization, which has a corrosive effect."⁴⁷

The compromising style may be best when there is little hope for mutual gain through problem solving, both parties have equal power, and both are under time pressure to settle their differences. However, we rarely know whether the parties have perfectly opposing interests, yet the compromise approach assumes this win-lose orientation. Therefore, entering a conflict with the compromising style may cause the parties to overlook better solutions because they have not attempted to share enough information and creatively look for win-win alternatives.

Cultural and Gender Differences in Conflict-Handling Styles

Cultural differences are more than just a source of conflict. They also influence the preferred conflict-handling style.⁴⁸ Some research suggests that people from high collectivism cultures—where group goals are valued more than individual

goals—are motivated to maintain harmonious relations and, consequently, are more likely than those from low collectivism cultures to manage disagreements through avoidance or problem solving. However, this view may be somewhat simplistic. Collectivism motivates harmony within the group but not necessarily with people outside the group. Indeed, research indicates that managers in some collectivist cultures are more likely to publicly shame those whose actions oppose their own.⁴⁹ Cultural values and norms influence the conflict-handling style used most often in a society, so they also represent an important contingency when choosing the preferred conflict-handling approach in that culture. For example, people who frequently use the conflict avoidance style might have more problems in cultures where the forcing style is common.

According to some writers, men and women tend to rely on different conflict-handling styles.⁵⁰ Compared to men,

Steering Clear of Workplace Conflict⁴⁵

82% of 1,554 Australian employees polled say they felt uncomfortable approaching human resource staff about a workplace conflict.

46% of 1,554 Australian employees polled say they would rather seek a new job than deal with a workplace conflict.

67% of 5,000 American and European employees polled say they have gone out of their way to avoid a colleague because of a disagreement at work.

14% of 5,000 American and European employees polled say they have missed a day of work to avoid a workplace conflict.

previously described as ways to improve self-awareness, they are equally valuable to improve other-awareness.

In the Johari Window process, individuals disclose more about themselves so others have a better understanding of the underlying causes of their behavior. A variation of Johari

Applying the **Johari Window** to Minimize Intergenerational Conflict

L'Oréal Canada's award-winning workshop, called Valorizing Intergenerational Differences, minimizes intergenerational conflict by helping employees understand coworkers across generational cohorts. One part of the workshop applies Johari Window principles to improve mutual understanding. Participants are grouped into generational cohorts, and each cohort answers questions from the others about what is important to them (such as security, performance, and collaboration). "The Valorizing Intergenerational Differences training really helped me understand where people from each generation are coming from," says Ashley Bancroft, a L'Oréal Canada key account manager.⁵⁶



Window occurs in "lunch and learn" sessions, where employees in one functional area describe work and its challenges to coworkers in other areas. Houston-based Brookstone Construction introduced these information meetings, which helped reduce frustrations between the field and office staff.⁵⁷

Meaningful interaction potentially improves mutual understanding through the contact hypothesis, which says that we develop a more person-specific and accurate understanding of others by working closely with them.⁵⁸ For example, more than 18,000 employees and managers at the various companies of System Capital Management recently participated in the "Let's Make Ukraine Clean" campaign. In addition to improving the environment—each person picked up an average of about 100 kilograms (220 pounds) of garbage—this volunteering improved relations among management and employees at Ukraine's leading financial and industrial group.⁵⁹

Although communication and mutual understanding can work well, there are two important warnings. First, these interventions should be applied only where differentiation is sufficiently low or *after* differentiation has been reduced. If perceived differentiation remains high, attempts to manage conflict through dialogue might escalate rather than reduce relationship conflict. The reason is that when forced to interact with people who we believe are quite different and in conflict with us, we tend to select information that reinforces that view.⁶⁰ The second warning is that people in collectivist and high power distance cultures are less comfortable with the practice of resolving differences

OB THEORY TO PRACTICE

Resolving Conflict through Communication and Mutual Understanding

- ▶ Begin with an open, curious, and emotionally stable frame of mind.
- ▶ Ask the other people in the conflict to describe their perspectives of the situation.
- ▶ Listen actively to how people with opposing views describe the situation, focusing on their perceptions, not on who is right or wrong.
- ▶ Acknowledge and demonstrate that you understand the others' viewpoints as well as their feelings about the situation.
- ▶ Present your perspective of the situation, describing it as your perception (not facts).
- ▶ Refer to the others' viewpoints while you are describing your viewpoint.
- ▶ Ask other people in the conflict for their ideas about how to overcome these differences.
- ▶ Create solutions that incorporate ideas from everyone involved in the discussion.

women pay more attention to the relationship between the parties. Consequently, women tend to adopt a compromising or occasionally problem-solving style in business settings and are more willing to compromise to protect the relationship. Women are also slightly more likely to use the avoiding style. Men tend to be more competitive and take a short-term orientation to the relationship. In low collectivism cultures, men are more likely than women to use the forcing approach to conflict handling. We must be cautious about these observations, however, because women and men differ only to a small degree on preferred conflict-handling styles.

LO10-5 Apply the six structural approaches to conflict management and describe the three types of third-party dispute resolution.

STRUCTURAL APPROACHES TO CONFLICT MANAGEMENT

Conflict-handling styles describe how we approach the other party in a conflict situation. But conflict management also involves altering the underlying structural causes of potential conflict. The main structural approaches parallel the sources of conflict discussed earlier. These structural approaches include emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing task interdependence, increasing resources, and clarifying rules and procedures.

Emphasizing Superordinate Goals

One of the oldest recommendations for resolving conflict is to refocus the parties' attention around superordinate goals and away from the conflicting subordinate goals.⁵¹ **Superordinate goals** are goals that the conflicting employees or departments value and whose attainment requires the joint resources and effort of those parties.⁵² These goals are called superordinate because they are higher-order aspirations such as the organization's strategic objectives rather than objectives specific to the individual or work unit. Research indicates that the most effective executive teams frame their decisions as superordinate goals that rise above each executive's departmental or divisional goals. Similarly, one recent study reported that effective leaders reduce conflict through an

inspirational vision that unifies employees and makes them less preoccupied with their subordinate goal differences.⁵³

Suppose that marketing staff members want a new product released quickly whereas engineers want more time to test and add new features. Leaders can potentially reduce this interdepartmental conflict by reminding both groups of the company's mission to serve customers, or by pointing out that competitors currently threaten the company's leadership in the industry. By increasing commitment to companywide goals (customer focus, competitiveness), engineering and marketing employees pay less attention to their competing departmental-level goals, which reduces their perceived conflict with each other. Superordinate goals also potentially reduce the problem of differentiation because they establish feelings of a shared social identity (work for the same company).⁵⁴

Reducing Differentiation

Differentiation—differences regarding training, values, beliefs, and experiences—was identified earlier as one of the main sources of workplace conflict. Therefore, reducing differentiation is a logical approach to reducing dysfunctional conflict. As people develop common experiences and beliefs, they become more motivated to coordinate activities and resolve their disputes through constructive discussion.⁵⁵ One way to reduce differentiation is to rotate key staff to different departments or regions throughout their career. This career development process develops common experiences around the entire company rather than within different areas. Another way to reduce differentiation is to have employees from different parts of the organization work together on important (and hopefully successful) projects. These projects become a common ground for otherwise diverse employee groups. A third strategy is to build and maintain a strong organizational culture. Employees have shared values and assumptions in a company

with a strong culture, and Chapter 13 describes specific activities to support a strong culture.

Improving Communication and Mutual Understanding

A third way to resolve dysfunctional conflict is to give conflicting parties more opportunities to communicate and understand each other. This recommendation applies two principles and practices introduced in Chapter 3: the Johari Window model and meaningful interaction. Although both v

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

- **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.

Choosing the Best Conflict-Handling Style

Chances are that you prefer one or two conflict-handling styles more than the others. You might typically engage in avoiding or yielding because disagreement makes you feel uncomfortable and is contrary to your self-view as someone who likes to get along with everyone. Or perhaps you prefer the compromising and forcing strategies because they reflect your strong need for achievement and to control your environment. People usually gravitate toward one or two conflict-handling styles that match their personality, personal and cultural values, and past experience.⁴⁰ However, the best style depends on the situation, so we need to understand and develop the capacity to use any of the five styles for the appropriate occasions.⁴¹

Exhibit 10.4 summarizes the main contingencies, as well as problems with using each conflict-handling style. Problem solving is widely recognized as the preferred conflict-handling

style, whenever possible. Why? This approach calls for dialogue and clever thinking, both of which help the parties discover a win-win solution. In addition, the problem-solving style tends to improve long-term relationships, reduce stress, and minimize emotional defensiveness and other indications of relationship conflict.⁴²

However, problem solving assumes there are opportunities for mutual gains, such as when the conflict is complex with multiple elements. If the conflict is simple and perfectly opposing (each party wants more of a single fixed pie), then this style will waste time and increase frustration. The problem-solving approach also takes more time and requires a fairly high degree of trust, because there is a risk that the other party will take advantage of the information you have openly shared. As one study recently found, the problem-solving style is more stressful when people experience strong feelings of conflict, likely because these negative emotions undermine trust in the other party.⁴³

The best conflict-handling style depends on the situation, so we need to understand and develop the capacity to use any of the five styles for the appropriate occasions.

Exhibit 10.4 Conflict-Handling Style Contingencies and Problems

Conflict-Handling Style	Preferred Style When . . .	Problems with This Style
Problem solving	• Interests are not perfectly opposing (i.e., not pure win-lose) • Parties have trust, openness, and time to share information • Issues are complex	• Sharing information that the other party might use to his or her advantage
Forcing	• You have a deep conviction about your position (e.g., believe other person's behavior is unethical) • Dispute requires a quick solution • Other party would take advantage of more cooperative strategies	• Highest risk of relationship conflict • May damage long-term relations, reducing future problem solving
Avoiding	• Conflict has become too emotionally charged • Cost of trying to resolve the conflict outweighs the benefits	• Doesn't usually resolve the conflict • May increase other party's frustration • Increases other party's expectations in future conflict episodes
Yielding	• Other party has substantially more power • Issue is much less important to you than to the other party • The value and logic of your position isn't as clear	• Suboptimal solution where mutual gains are possible
Compromising	• Parties have equal power • Time pressure to resolve the conflict • Parties lack trust/openness for problem solving	



need that resource to fulfill their goals. Most labor strikes, for instance, occur because there aren't enough financial and other resources for employees and company owners to each receive the outcomes they seek, such as higher pay (employees) and higher investment returns (stockholders). Budget deliberations within organizations also produce conflict because there aren't enough funds to satisfy the goals of each work unit. The more resources one group receives, the fewer resources other groups will receive. Fortunately, these interests aren't perfectly opposing in complex negotiations, but limited resources are typically a major source of friction.

Ambiguous Rules

Ambiguous rules—or the complete lack of rules—breed conflict. This occurs because uncertainty increases the risk that one party intends to interfere with the other party's goals. Ambiguity also encourages political tactics and, in some cases, employees enter a free-for-all battle to win decisions in their favor. This explains why conflict is more common during mergers and acquisitions. Employees from both companies have conflicting practices and values, and few rules have developed to minimize the maneuvering for power and resources.³⁴ When clear rules

exist, on the other hand, employees know what to expect from each other and have agreed to abide by those rules.

Communication Problems

Conflict often occurs due to the lack of opportunity, ability, or motivation to communicate effectively. Let's look at each of these causes. First, when two parties lack the opportunity to communicate, they tend to rely more on stereotypes to understand the other party in the conflict. Unfortunately, stereotypes are sufficiently subjective that emotions can negatively distort the meaning of an opponent's actions, thereby escalating perceptions of conflict. Second, some people lack the necessary skills to communicate in a diplomatic, nonconfrontational manner. When one party communicates its disagreement arrogantly, opponents are more likely to heighten their perception of the conflict. This may lead opponents to reciprocate with a similar response, which further escalates the conflict.³⁵

A third problem is that relationship conflict is uncomfortable, so people are less motivated to communicate with others in a disagreement. Unfortunately, less communication can further escalate the conflict because each side has less accurate information about the other side's intentions. To fill in the missing pieces, they rely on distorted images and stereotypes of the other party. Perceptions are further distorted because people in conflict situations tend to engage in more differentiation with those who are different from them (see Chapter 3). This differentiation creates a more positive self-concept and a more negative image of the opponent. We begin to see competitors less favorably so our self-concept remains positive during these conflict episodes.³⁶

LO10-4 Outline the five conflict-handling styles and discuss the circumstances in which each would be most appropriate.

INTERPERSONAL CONFLICT-HANDLING STYLES

The six sources of conflict lead to conflict perceptions and emotions which, in turn, motivate people to respond in some way to the conflict. Mary Parker Follett (who argued that conflict can be beneficial) observed more than 70 years ago that people respond to perceived and felt conflict through various conflict-handling strategies. Follett's original list was expanded and refined over the years into the five-category model shown in Exhibit 10.3. This model recognizes that how people respond behaviorally to a conflict situation depends on the relative importance they place on maximizing outcomes for themselves and for the other party.³⁷

the unstated motivation for their claims. Probing questions (such as asking "why") and listening intently can reveal better solutions for both parties. Nonverbal communication can also convey important information about the other party's priorities. Negotiating in teams can also aid the information gathering process because some team members will hear information that others have ignored.

Discover Priorities through Offers and Concessions

Some types of offers and concessions are better than others at creating value. The key objective is to discover and signal which issues are more and less important to each side. Suppose that you have been asked to "second" (temporarily transfer) some of your best staff to projects in another division, whereas you need these people on-site for other assignments and to coach junior staff. Through problem-solving negotiation, you discover that the other division doesn't need those staff at their site; rather, the division head mainly needs some guarantee that these people will be available. The result is that your division keeps the staff (important to you) while the other division has some guarantee these people will be available at specific times for their projects (important to them).

One way to figure out the relative importance of the issues to each party is to make multi-issue offers rather than discuss one issue at a time.⁸⁴ You might offer a client a specific price, delivery date, and guarantee period, for example. The other party's counteroffer to multiple items signals which are more and which are less important to them. Your subsequent concessions similarly signal how important each issue is to your group.

Build the Relationship Trust is critical for the problem-solving style of conflict handling as well as in the value creation objective of negotiations.⁸⁵ How do you build trust in negotiations? One approach is to discover common backgrounds and interests, such as places you have lived, favorite hobbies and sports teams, and so forth. If there are substantial differences between the parties (age, gender, etc.), consider having team members who more closely match the backgrounds of the other party. First impressions are also important. Recall from earlier chapters in this book that people attach emotions to incoming stimuli in a fraction of a second. Therefore, you need to be sensitive to your nonverbal cues, appearance, and initial statements.

Signaling that we are trustworthy also helps strengthen the relationship. We can do this by demonstrating that we are reliable, will keep our promises, and have shared goals and values with the other party. Trustworthiness also increases by developing a shared understanding of the negotiation process, including its norms and expectations about speed and timing.⁸⁶ Finally, relationship building demands emotional intelligence.⁸⁷ This includes managing the emotions you display to the other party, particularly avoiding an image of superiority, aggressiveness, or insensitivity. Emotional intelligence also involves managing the

other party's emotions. We can use well-placed flattery, humor, and other methods to keep everyone in a good mood and to break unnecessary tension.⁸⁸

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

Situational Influences on Negotiations

The effectiveness of negotiating depends to some extent on the environment in which the negotiations occur. Three key situational factors are location, physical setting, and audience.

Location It is easier to negotiate on your own turf because you are familiar with the negotiating environment and are able to maintain comfortable routines.⁸⁹ Also, there is no need to cope with travel-related stress or depend on others for resources during the negotiation. Of course, you can't walk out of negotiations as easily when the event occurs on your own turf, but this is usually a minor issue. Considering the strategic benefits of home turf, many negotiators agree to neutral territory. Phone calls, videoconferences, email, and other forms of information technology potentially avoid territorial issues, but skilled negotiators usually prefer the media richness of face-to-face meetings. Frank Lowy, cofounder of retail property giant Westfield Group, says that telephones are "too cold" for negotiating. "From a voice I don't get all the cues I need. I go by touch and feel and I need to see the other person."⁹⁰

Physical Setting The physical distance between the parties and formality of the setting can influence their orientation toward each other and the disputed issues. So can the seating arrangements. People who sit face-to-face are more likely to develop a win-lose orientation toward the conflict situation. In contrast, some negotiation groups deliberately intersperse participants around the table to convey a win-win orientation. Others arrange the seating so that both parties face a whiteboard, reflecting the notion that both parties face the same problem or issue.

Audience Characteristics Most negotiators have audiences—anyone with a vested interest in the negotiation outcomes, such as executives, other team members, or the general public. Negotiators tend to act differently when their audience observes the negotiation or has detailed information about the process, compared to situations in which the audience sees only the end results.⁹¹ When the audience has direct surveillance over the proceedings, negotiators tend to be more competitive, less willing to make concessions, and more likely to engage in assertive tactics against the other party. This "hard-line" behavior shows the audience that the negotiator is working for their interests. With their audience watching, negotiators also have more interest in saving face.

Know Your BATNA To determine whether the opponent's offers are favorable, negotiators need to understand what outcome they might achieve through some other means (such as negotiating with someone else). This comparison is called the **best alternative to a negotiated agreement (BATNA)**. BATNA estimates your power in the negotiation because it represents the estimated cost of walking away from the relationship. If others are willing to negotiate with you for the product or service you need, then you have a high BATNA and considerable power in the negotiation because it would not cost you much to walk away from the current negotiation. A common problem in negotiations, however, is that people tend to overestimate their BATNA; they wrongly believe there are plenty of other ways to achieve their objective rather than through this negotiation.

Manage Time Negotiators make more concessions as the deadline gets closer.⁷⁵ This can be a liability if you are under time pressure, or it can be an advantage if the other party alone is under time pressure. Negotiators with more power in the relationship sometimes apply time pressure through an "exploding offer" whereby they give their opponent a very short time to accept their offer.⁷⁶ These time-limited offers are frequently found in consumer sales ("on sale today only!") and in some job offers. They produce time pressure, which can motivate the other party to accept the offer and forfeit the opportunity to explore their BATNA. Another time factor is that the more time someone has invested in the negotiation, the more committed they become to ensuring an agreement is reached. This commitment increases the tendency to make unwarranted concessions so that the negotiations do not fail.

Manage First Offers and Concessions Negotiators who make the first offer have the advantage of creating a position around which subsequent negotiations are anchored. As we explained in Chapter 6, people tend to adjust their expectations around the initial point, so if your first offer is high, opponents might move more quickly toward their resistance point along the

bargaining zone.⁷⁷ It may even cause opponents to lower their resistance point.

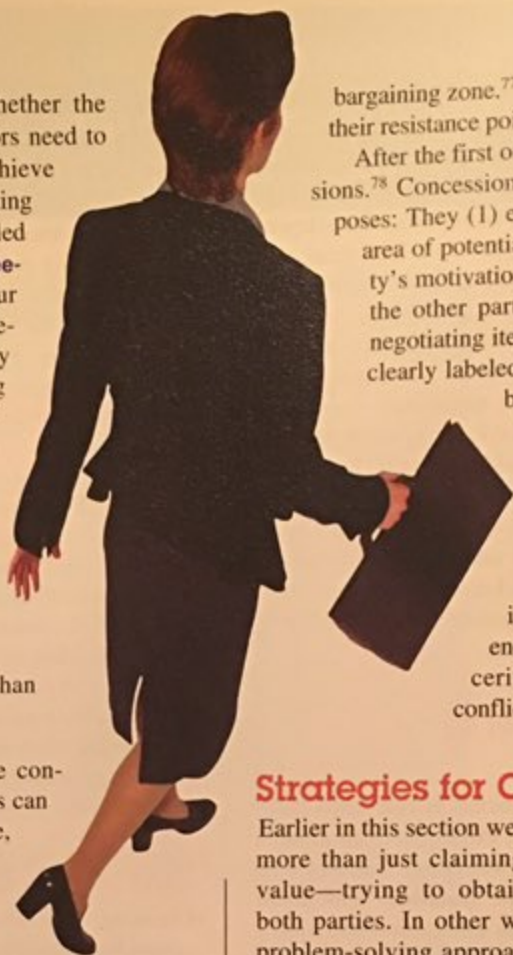
After the first offer, negotiators need to make concessions.⁷⁸ Concessions serve at least three important purposes: They (1) enable the parties to move toward the area of potential agreement, (2) symbolize each party's motivation to bargain in good faith, and (3) tell the other party of the relative importance of the negotiating items. However, concessions need to be clearly labeled as such and should be accompanied by an expectation that the other party will reciprocate. They should also be offered in installments because people experience more positive emotions from a few smaller concessions than from one large concession.⁷⁹ Generally, the best strategy is to be moderately tough and give just enough concessions to communicate sincerity and motivation to resolve the conflict.⁸⁰

Strategies for Creating Value

Earlier in this section we pointed out that negotiations involve more than just claiming value; they also involve creating value—trying to obtain the best possible outcomes for both parties. In other words, negotiators need to apply the problem-solving approach to conflict handling. Information exchange is a critical feature of creating value, but it is also a potential pitfall. Information is power in negotiations, so information sharing gives the other party more power to leverage a better deal if the opportunity occurs.⁸¹ Skilled negotiators address this dilemma by adopting a cautious problem-solving style at the outset. They begin by sharing information slowly and determining whether the other side will reciprocate. In this way, they try to establish trust with the other party. Here are several ways that skilled negotiators reap the benefits of problem solving and value creation.

Gather Information Information is the cornerstone of effective value creation.⁸²

Therefore, skilled negotiators heed the advice of the late management guru Stephen Covey: "Seek first to understand, then to be understood."⁸³ This means that we should present our case only after spending more time listening closely to the other party and asking for details. It is particularly important to look beyond the opponent's stated justifications to



through direct and open communication.⁶¹ Recall that people in collectivist cultures prefer an avoidance conflict-handling style because it is the most consistent with harmony and face saving. Direct communication is a high-risk strategy because it easily threatens the need to save face and maintain harmony.

Reducing Interdependence

Conflict occurs where people are dependent on each other, so another way to reduce dysfunctional conflict is to minimize the level of interdependence between the parties. Three ways to reduce interdependence among employees and work units are to create buffers, use integrators, and combine jobs.

- **Create buffers.** A buffer is any mechanism that loosens the coupling between two or more people or work units. This decoupling reduces the potential for conflict because the buffer reduces the effect of one party on the other. Building up inventories between people in an assembly line would be a buffer, for example, because each employee is less dependent in the short term on the previous person along that line.
- **Use integrators.** Integrators are employees who coordinate the activities of work units toward the completion of a common task. For example, an individual might be responsible for coordinating the efforts of the research, production, advertising, and marketing departments in launching a new product line. In some respects, integrators are human buffers; they reduce the frequency of direct interaction among work units that have diverse goals and perspectives. Integrators rarely have direct authority over the departments they integrate, so they must rely on referent power and persuasion to manage conflict and accomplish the work.
- **Combine jobs.** Combining jobs is both a form of job enrichment and a way to reduce task interdependence. Consider a toaster assembly system where one person inserts the heating element, another adds the sides, and so on. By combining these tasks so that each person assembles an entire toaster, the employees now have a pooled rather than sequential form of task interdependence and the likelihood of dysfunctional conflict is reduced.

Increasing Resources

Resource scarcity is a source of conflict, so increasing the amount of resources available would have the opposite effect. This might not be a feasible strategy for minimizing dysfunctional conflict due to the costs involved. However, these costs need to be compared against the costs of dysfunctional conflict due to the resource scarcity.

Clarifying Rules and Procedures

Conflicts that arise from ambiguous rules can be minimized by establishing rules and procedures. If two departments

are fighting over the use of a new laboratory, a schedule might be established that allocates the lab exclusively to each team at certain times of the day or week.

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

THIRD-PARTY CONFLICT RESOLUTION

Most of this chapter has focused on people directly involved in a conflict, yet many disputes among employees and departments are resolved with the assistance of a manager. **Third-party conflict resolution** is any attempt by a relatively neutral person to help the parties resolve their differences. There are three main third-party dispute resolution activities: arbitration, inquisition, and mediation. These interventions can be classified by their level of control over the process and control over the decision (see Exhibit 10.5).⁶²

- **Arbitration**—Arbitrators have high control over the final decision, but low control over the process. Executives engage in this strategy by following previously agreed-upon rules of due process, listening to arguments from the disputing employees, and making a binding decision. Arbitration is applied as the final stage of grievances by unionized employees in many countries, but it is also becoming more common in nonunion conflicts.
- **Inquisition**—Inquisitors control all discussion about the conflict. Like arbitrators, they have high decision control because they determine how to resolve the conflict. However, they also have high process control because they choose which information to examine and how to examine it, and they generally decide how the conflict resolution process will be handled.

When Managers Try to Resolve Employee Conflict⁶³

42% of 1,279 employees surveyed in the United States and several other countries say their leader sometimes or never handles workplace conflict effectively.

30% of 1,279 employees surveyed in the United States and several other countries say their boss doesn't remain calm and constructive when discussing a conflict.

18%

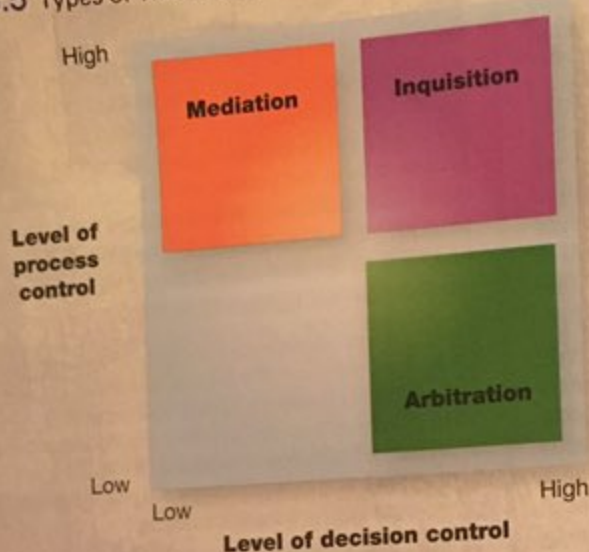
is the average percentage of work time that 1,000 senior American managers say they spend intervening in employee disputes (compare 18%, 13%, and 9% when the same question was asked 15, 20, and 25 years earlier, respectively).

16%

is the average percentage of work time that 300 senior Canadian managers say they spend intervening in employee disputes.

Managers tend to rely on the inquisition approach, but it is usually the least effective third-party conflict resolution method in organizational settings.

Exhibit 10.5 Types of Third-Party Intervention



- **Mediation**—Mediators have high control over the intervention process. In fact, their main purpose is to manage the process and context of interaction between the disputing parties. However, the parties make the final decision about how to resolve their differences. Thus, mediators have little or no control over the conflict resolution decision.⁶⁴

Choosing the Best Third-Party Intervention Strategy

Team leaders, executives, and coworkers regularly intervene in workplace disputes. Sometimes they adopt a mediator role; other times they serve as arbitrators. Occasionally, they begin with one approach then switch to another. However, research suggests that people in positions of authority (e.g., managers) usually adopt an inquisitional approach whereby they dominate the intervention process as well as make a binding decision.⁶⁵

Managers tend to rely on the inquisition approach because it is consistent with the decision-oriented nature of managerial jobs, gives them control over the conflict process and outcome, and tends to resolve disputes efficiently. However, inquisition is usually the least effective third-party conflict resolution method in organizational settings.⁶⁶ One problem is that leaders who take an inquisitional role tend to collect limited information about the problem, so their imposed decision may produce an ineffective solution to the conflict. Another problem is that

employees often view inquisitional procedures and outcomes as unfair because they have little control over this approach. In particular, the inquisitional approach potentially violates several practices required to support procedural justice (see Chapter 5).

Which third-party intervention is most appropriate in organizations? The answer partly depends on the situation, such as the type of dispute, the relationship between the manager and employees, and cultural values such as power distance.⁶⁷ Also, any third-party approach has more favorable results when it applies the procedural justice practices described in Chapter 5.⁶⁸ But generally speaking, for everyday disagreements between two employees, the mediation approach is usually best because this gives employees more responsibility for resolving their own

disputes. The third-party representative merely establishes an appropriate context for conflict resolution. Although not as efficient as other strategies, mediation potentially offers the highest level of employee satisfaction with the conflict process and outcomes.⁶⁹ When employees cannot resolve their differences through mediation, arbitration seems to work best because the predetermined rules of evidence and other processes create a higher sense of procedural fairness.⁷⁰ Arbitration is also preferred when the organization's goals should take priority over individual goals.

LO10-6 Describe the bargaining zone model and outline strategies skilled negotiators use to claim value and create value in negotiations.

RESOLVING CONFLICT THROUGH NEGOTIATION

Think back through yesterday's events. Maybe you had to work out an agreement with other students about what tasks to complete for a team project. Chances are you shared transportation with someone, so you had to agree on the timing of

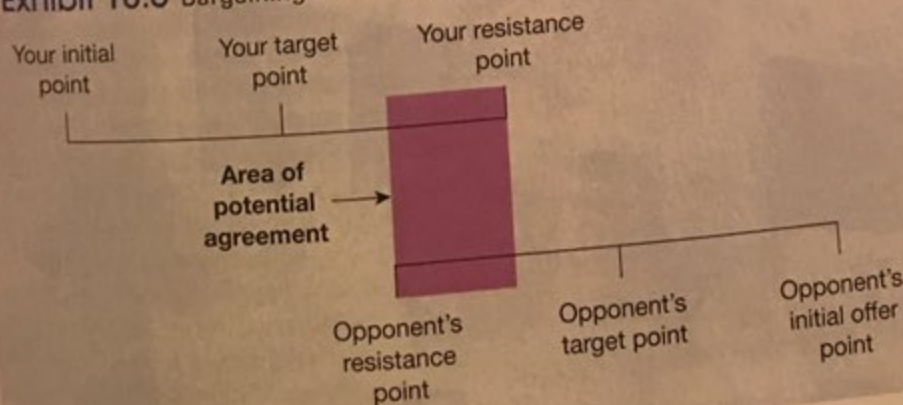
the ride. Then perhaps there was the question of who made dinner. Each of these daily events created potential conflict, and they were resolved through negotiation. **Negotiation** occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. In other words, people negotiate when they think that discussion can produce a more satisfactory arrangement (at least for them) in their exchange of goods or services.

As you can see, negotiation is not an obscure practice reserved for labor and management bosses when hammering out a collective agreement. Everyone negotiates, every day. Most of the time, you don't even realize that you are in negotiations. Negotiation is particularly evident in the workplace because employees work interdependently with each other. They negotiate with their supervisors over next month's work assignments, with customers over the sale and delivery schedules of their product, and with coworkers over when to have lunch. And yes, they occasionally negotiate with each other in labor disputes and collective agreements.

Bargaining Zone Model of Negotiations

One way to view the negotiation process is that each party moves along a continuum in opposite directions with an area of potential overlap called the *bargaining zone*.⁷¹ Exhibit 10.6 displays one possible bargaining zone situation—one side's gain will be the other's loss. However, a variation of the bargaining zone model can depict situations in which both sides potentially gain from the negotiations. As this model illustrates, the parties typically establish three main negotiating points. The *initial offer point* is the team's opening offer to the other party. This may be its best expectation or a pie-in-the-sky starting point. The *target point* is the team's realistic goal or expectation for a final agreement. The *resistance point* is the point beyond which the team will make no further concessions.

Exhibit 10.6 Bargaining Zone Model of Negotiations



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

The parties begin negotiations by describing their initial offer point for each item on the agenda. In most cases, the participants know that this is only a starting point that will change as both sides offer concessions. In win-lose situations, neither the target nor the resistance point is revealed to the other party. However, people try to discover the other side's resistance point because this knowledge helps them determine how much they can gain without breaking off negotiations.

The bargaining zone model implies that the parties compete against each other to reach their target point. Competition does exist to varying degrees because negotiators try to *claim value*, that is, to get the best possible outcomes for themselves. Yet, the hallmark of successful negotiation is a combination of competition and cooperation. Negotiators also need to cooperate with each other to *create value*, that is, to discover ways to achieve mutually satisfactory outcomes for both parties.⁷² Cooperation maintains a degree of trust necessary to share information. To some degree, it may also improve concessions so the negotiations are resolved more quickly and with greater mutual gains.

Strategies for Claiming Value

Claiming value involves trying to obtain the best possible outcomes for yourself and your constituents. A purely competitive approach, in which you forcefully influence the other party and assert your power (such as threatening to walk away from the negotiation), typically leads to failure because it generates negative emotions and undermines trust. Even so, some degree of value claiming is necessary to achieve a favorable outcome. Here are four skills to effectively claim value in negotiations.

Prepare and Set Goals People negotiate more successfully when they carefully think through their three key positions in the bargaining zone model (initial, target, and resistance), consider alternative strategies to achieve those objectives, and test their underlying assumptions about the situation.⁷³ Equally important, they need to research what the other party wants from the negotiation. "You have to be prepared every which way about the people, the subject, and your fallback position," advises Paul Tellier, chair of Global Container Terminals and the former CEO of CN Railway and Bombardier, Inc. "Before walking into the room for the actual negotiation, I ask my colleagues to throw some curve balls at me."⁷⁴