

An Overview of Negotiation and Conflict Resolution

CHAPTER

1



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Chapter Outline

The Concepts of Negotiation and Conflict Management

Situations Suitable for Negotiation
Characteristics of Effective Negotiation

Situations Suitable for Conflict Resolution

Characteristics of Effective Conflict Resolution

Learning Objectives

After reading and studying this chapter and doing the exercises, you should be able to:

1. Understand and differentiate the concepts of negotiation and conflict resolution.
2. Describe situations suitable for negotiation.
3. Identify several characteristics of an effective negotiation situation.
4. Describe situations suitable for conflict resolution.
5. Identify several characteristics of effective conflict resolution.

During the last 35 years, negotiation has become recognized as a subject of scholarly research and a useful set of workplace skills.¹ Almost all managerial and professional positions in organizations require knowledge of and skill in negotiating as well as managing conflict. A basic example is the sales representative at an automobile dealership who negotiates a price for a vehicle that is fair to the customer yet also allows a reasonable profit for the dealership. Should the customer find a flaw in the newly purchased vehicle, the rep must now manage the conflict with the customer. In the executive suite, the chief executive officer (CEO) negotiates with major customers, suppliers, union leaders, and representatives of government agencies over such matters as prices, costs, working conditions, and compliance with laws, including environmental regulations.

This textbook is about negotiation and conflict management—addressed from several perspectives and with an emphasis on conflict resolution. Throughout the book, we discuss relevant theory, research findings, and skill development. Our intention is not merely to describe negotiation and conflict management but also to explain how to become more effective at negotiating and resolving conflict.

You are invited to take Self-Quiz 1-1 to think about your present attitudes toward dealing with workplace situations that require negotiation and other forms of conflict management. As with all other self-quizzes presented in this book, the quiz is designed for self-reflection. The scoring and interpretations offered are to help you think about the issues and are not intended to be scientifically based diagnoses of the concept being measured. Self-quizzes that provide accurate diagnoses are based on extensive psychometric research involving thousands of people who take preliminary versions of the quiz.

The Concepts of Negotiation and Conflict Management

The concepts of negotiation and conflict management are intertwined because negotiation is typically used to resolve conflict, or differences in positions. A useful general definition of **negotiation** is that it refers to a situation in which two or more parties confer with each other to resolve their differences. Both parties want to gain an advantage from the negotiation but not necessarily to exploit or disadvantage the other side. Several other definitions of negotiation are presented in Table 1.1 to help you appreciate the complexity of the topic.

Two basic types of negotiation are widely recognized. In **distributive negotiation**, the basic task is to allocate a resource between the two parties. Because the resources are allocated to one side at the expense of the other, distributive negotiation is also referred to as *win-lose* negotiation. If the amount of resources, such as money or equipment, is fixed, it is possible for only one party to win, and the other party loses. Two other terms for distributive negotiation are *zero-sum* and *fixed-pie* negotiation.

The other type of negotiation is **integrative negotiation**, in which both sides attempt to attain mutually beneficial results. Integrative negotiation has two steps. First, the two negotiating parties attempt to identify additional items or resources that could be added to the overall mix of what is being negotiated. You might refer to this as a collaborative problem-solving activity. In negotiating the price of a new vehicle, a couple of extra items that might enter the pie are service warranties, a subscription to satellite radio, or free oil changes and engine lubrications for a specified time period. The first step adds the total potential value to the negotiation.

The second step of integrative negotiation allocates resources in a way favorable to both parties and is therefore frequently referred to as *win-win* negotiation.² As you probably recognize, the term *win-win* has become part of everyday language. Because the list of items being negotiated has expanded, both sides can receive something of value. In the new-vehicle situation, the dealer might receive another \$750 for the

negotiation A situation in which two or more parties confer with each other to resolve their differences.

distributive negotiation A type of negotiation in which the basic task is to allocate a resource between two or more parties.

integrative negotiation A type of negotiation in which both sides attempt to attain mutually beneficial results.

SELF-QUIZ 1-1

My Approach to Dealing with Workplace Problems

Indicate the extent to which the following statements describe your behavior or attitude by circling one number. If you have not encountered the situation mentioned, imagine what your behavior or attitude would likely be. The numbers refer to very inaccurate (VI), moderately inaccurate (MI), neither accurate nor inaccurate (N), moderately accurate (MA), and very accurate.

Statement Related to Workplace Problems	VI	MI	N	MA	VA
1. Getting involved in disagreements is fun.	1	2	3	4	5
2. I back away from differences of opinion.	5	4	3	2	1
3. When you have a disagreement with a coworker, the manager should solve the problem.	5	4	3	2	1
4. Dealing with disagreements on the job usually leads to constructive change.	1	2	3	4	5
5. Most differences of opinion about how to get work accomplished can be negotiated.	1	2	3	4	5
6. An effective manager should focus on results, not invest time in resolving disputes.	5	4	3	2	1
7. The old saying "If you can't stand the heat, stay out of the kitchen" applies well to the workplace.	1	2	3	4	5
8. If a coworker started yelling at me, I would immediately walk away from the situation.	5	4	3	2	1
9. It is acceptable to offer your boss constructive criticism.	1	2	3	4	5
10. If I were angry with my manager, I would express my feelings.	1	2	3	4	5
11. If I were angry with a coworker, I would hide my feelings.	5	4	3	2	1
12. A well-managed workplace has very few conflicts or differences of opinion.	5	4	3	2	1
13. If I were made a job offer, I would attempt to negotiate the starting salary and benefits in my favor.	1	2	3	4	5
14. Dealing with differences of opinions on work-related issues gives me a surge of mental energy.	1	2	3	4	5
15. I would welcome having to negotiate a price for goods or services with a supplier.	1	2	3	4	5

Scoring and Interpretation: Calculate your score by adding up the numbers circled.

60–75: You show a strong willingness to negotiate differences and manage conflict in the workplace. At times, you might even be too willing to get involved in conflict.

45–59: You have an average degree of willingness to get involved in negotiations and conflict management in the workplace.

15–44: You appear to back away from workplace situations that require negotiations or other ways of managing conflict. You might benefit from developing a more proactive approach to negotiation and conflict management.

purchase price, whereas the buyer receives free satellite radio for three years plus a couple of free oil changes and lubrications.

A valuable feature of integrative bargaining is that it helps build a good working relationship between the two parties, who may choose to conduct business with each other again. Both sides leave the bargaining session with an item of value. For example, a home developer negotiates the price of building the foundation for a house with a minority-owned business. Although the price is 5 percent lower than what the owner of the foundation company wants, he consents. The win he receives in exchange is the assurance that he will receive the contract to build the foundation for the home developer's next project.

TABLE 1.1 Several Representative Definitions of Negotiation

- “A method by which people settle differences.”³
- “The process of communicating back and forth for the purpose of reaching a joint agreement about differing needs or ideas.”⁴
- “A process by which we attempt to persuade people to give us something we want in exchange for something else.”⁵
- “A process of potentially opportunistic interaction by which two or more parties, with some apparent conflict, seek to do better through jointly decided action than they could do otherwise.”⁶
- “The basic idea behind a negotiation is that the agents make offers that they judge ‘good’ and respond to the offers made to them until a compromise is reached.”⁷
- “An ancient craft, a delicate mix of art and sciences, style and substance. It prizes intuition as highly as intellect, good sense as much as hard numbers. It requires emotional detachment and a high aspiration level. It can be a game of power, real as well as imagined. Some people play the game masterfully while others only dimly understand it.”⁸

conflict management

A proactive approach of handling conflict by managers, supervisors, and union representatives.

Conflict management refers to the idea that workplace conflict is dealt with constructively, including its resolution. David B. Lipsky and Ariel C. Avgar, two professors who specialize in conflict resolution, define **conflict management** as the adoption of a proactive approach to handling conflict by managers, supervisors, and union representatives. In organizations that have a systematic approach to conflict management, members don’t just wait for workplace disputes to occur and then decide, case by case, which techniques to use. Instead, these organizations develop conflict-management policies and procedures that are consistent with their broader objectives. These broader goals might include retaining top talent and enhancing creativity.⁹

For conflict management to be successful, it is also important that managers and professionals be skilled in resolving conflict. Conflict-resolution skills are of major importance because it is consistently estimated that managers spend about 20 percent of their time resolving conflict. This includes conflicts in which managers are directly involved and situations where they intervene to resolve conflict between two individuals or groups.¹⁰

Situations Suitable for Negotiation

A frequent popular saying is that “everything is negotiable,” which has an element of truth because many situations in the workplace and personal life are negotiable. Many people first heard about the value of negotiation when purchasing a vehicle. It is also true that many situations are not negotiable. If the price of plum tomatoes at your local grocery store is \$2.79 per pound, it is highly doubtful that you can bargain for a better price. Similarly, you cannot negotiate the price of a cloud backup service for your own computer—unless, perhaps, you are the owner or CEO of a large enterprise.

Here we list and describe briefly a variety of workplace situations that are negotiable, which, taken collectively, underscore the relevance of negotiation and bargaining. We will present more details about several of these negotiating situations at various places in the book.

1. *Sales negotiations.* Professional sales representatives must be skilled negotiators because the prices of business-to-business goods and services are typically negotiable. According to content marketer Francis Cyriac, negotiations are successful when the real and perceived differences between the two parties are adjusted while maintaining credibility, customer value, and profit margins. Even when the sales representative has properly qualified the prospect and met his or her expectations, the final deal often ends up in negotiation.¹¹

2. *Negotiating a starting salary or salary increase.* Starting salaries and raises are often negotiable, yet they may not be negotiable for many local, state, and federal government positions. For example, the starting salary for a beginning police officer position would rarely be negotiable, and government regulations might dictate a fixed percentage for salary increases in a given year. A widely recommended negotiating tactic for obtaining a higher starting salary or raise is to emphasize the contribution you will make or are making to the organization. As wealth advisor Ramit Sethi explains, in terms of getting a better-than-average salary increase, “The key to getting a raise is remembering that it’s not about *you*. It’s about what you can do for your *employer*.” Few managers care that your expenses are high and that you need more money. Instead, show how your work has been contributing to the company’s financial success, and ask to be compensated fairly because of this contribution.¹²

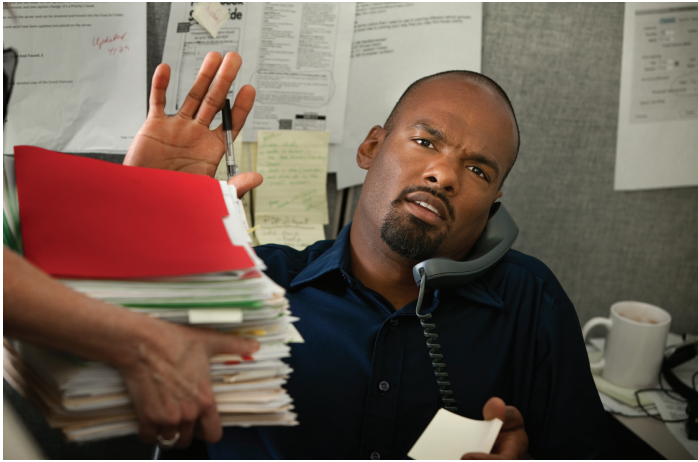
3. *Negotiating with venture capitalists (VCs).* An advanced and sophisticated form of negotiation takes place when the founders of a business attempt to make a deal with VCs, individuals who invest in a start-up and also become business partners and provide guidance. (Many readers have likely watched the television show *Shark Tank*, which is hosted by VCs.)

Deepak Malhotra, a Harvard Business School professor of business administration, explains that few business negotiations contain the degree of high-stakes ambiguity and emotion that is present when company founders negotiate with VCs. These negotiations are not exclusively about the amount of money the VC will invest in the start-up. VCs and founders will need to work together jointly over the years for which the *term sheet* has been signed. (A term sheet is a document that specifies how much equity and control a VC will have in return for the VC’s cash investment.) Both sides must therefore focus on multiple outcome scenarios and discuss how each party can help the other create value over the long term.¹³

4. *Purchasing an existing business.* Rather than start from scratch or become a franchisee, many people purchase an existing business. Business firms are often sold to former corporate executives who would like to try their hand at being a business owner. Richard Parker, president of the Business Buyer Resource Center, explains that the most exciting and anxious moments are likely to be experienced at the point of entering into negotiations and making an offer. Negotiating a sale price involves many personality and emotional factors. Business owners find that selling their business is a highly emotional time. They are attempting to sell a business in which they have invested years of physical and emotional energy, and the enterprise is often part of the business owner’s self-image.

The successful negotiator, whether buyer or seller, identifies the factor or factors that will make or break the deal. For example, the seller might need a big enough down payment to provide him or her a specific amount of money after paying off debt and the business broker’s commission. In return, the buyer might obtain a concession, such as a lower interest rate on the balance owed to the seller after the down payment.¹⁴

5. *Negotiating heavy workloads.* At times, management may find it necessary to assign workloads that are perceived to be excessive, leading to considerable employee stress. Hourly workers might be required to work more overtime than they want during a peak in business activity. The peak might stem from a surge in customer demand or from negative reasons, such as a product recall. During the height of the tax season, members of the professional staff might work 60 hours per week. When company leadership observes too much complaining about the workload or too many employee absences due to illness, it would be an appropriate time to negotiate a better way of handling the workload. The options would include providing more opportunities for remote work or hiring a larger number of temporary workers during the peak period.



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Workload negotiations might also be initiated by a labor union or an employee group. The labor-union negotiation usually takes place at the beginning of a contract, but union leadership might seize the opportunity for an impromptu negotiation for the unanticipated heavy workload.

6. *Changes to retiree health-care benefits.* In recent years, many employers have dropped retirees from group health plans as a way of saving the company money. The changes represent a major financial challenge for retirees under age 65 because they are not eligible for Medicare, the government health insurance program. An example is Arconic, a New York-based manufacturer that split off from the Pittsburgh-based Alcoa in 2016. Arconic terminated its pre-Medicare medical and prescription coverage for retirees at the end of 2018. Employees who wanted to continue with

health insurance could then purchase insurance through a private insurer or through the individual marketplace created by the Affordable Care Act. Retirees older than age 65 can also be affected because many health insurance programs for this group have also been terminated.¹⁵

The link between changes to retiree health-care benefits and negotiation is that sometimes it is possible for an employee group or a labor union to negotiate the changes. We emphasize *sometimes* because company management holds most of the power and authority with respect to changes. The exception is when the retiree benefits were originally established in a collective bargaining agreement. For example, in 2018, Xerox Corp. ended company-sponsored health benefits for nonunion retirees. The previously established collective bargaining agreement forbid changing retiree benefits, so the health benefits of union retirees were not affected.¹⁶

7. *Patent infringements.* A situation calling for negotiation that is of major importance to industry is settling accusations of patent infringements, as illustrated later in the chapter in the Negotiation and Conflict Resolution in Action feature. High-technology firms such as Apple, Samsung, Alphabet (parent of Google), and Facebook appear in court frequently to settle major patent disputes. A notable patent-infringement negotiation took place between Apple and Samsung when they ended their long-running patent battle. The central question was whether Samsung copied the iPhone. In a court filing, the two companies informed the judge that they had reached a settlement without disclosing the terms of the settlement.

The patent battle first surfaced in 2011 and initially resulted in a \$1 billion ruling in favor of Apple. A series of appeals pushed the dispute to the U.S. Supreme Court and back to the lower courts. The battle was ultimately about whether Samsung copied Apple during the early days of the smartphone to be competitive. A key part of the patent infringement was whether Samsung copied the iPhone design. Apple contends that the case was never really about money but protecting the hard work and innovation of Apple employees.¹⁷

8. *Collective bargaining agreements.* Collective bargaining refers to the negotiations that take place between an employer and a group of employees to agree on work-related issues. The employees are represented by a labor union during the bargaining process. Among the myriad issues dealt with in a collective bargaining agreement are working conditions, employee safety, training, wages, layoffs, dealing with sexual harassment, job discrimination, health insurance, and retiree benefits. Wages, layoff procedures, and working hours are examples of mandatory topics for collective bargaining. When a negotiated agreement is reached, the collective bargaining agreement (CBA) becomes a legal contract governing employment issues.¹⁸ Collective bargaining is at the heart of labor relations and is a field of study within itself.

9. *Amount of group-member input in decision making.* Participative decision making has become widespread as leaders have shifted to a more collaborative and democratic approach to leadership. A negotiable issue in participative decision making, however, is how much employee input is required and in relation to which types of decisions. Some group members want to be involved in as many decisions as possible, whereas others would prefer to be left alone so that they can better concentrate on their individual work. A strategy specialist in the department might say, for example, “Let somebody else decide where to hold the year-end party; I want to focus on our strategic plan.”

Group members and the manager might conduct several meetings, both in person and virtual, about which types of decisions should require employee input. The agreement would be informal, in contrast to a legally binding collective bargaining agreement. Agreed-upon topics for group-member input might include the selection of new group members, questions of product design, and the frequency of standing meetings. Agreed-upon topics that do not require group-member input might be allocation of salary increases, repainting the office, and employee benefits.

10. *Dealing with a difficult coworker.* A workplace reality is that in addition to accomplishing tasks and collaborating with group members, at times it is necessary to deal with an annoying, irritating, and interruptive coworker. An alternative to referring the problem to the manager or the human resources department is to negotiate directly with the coworker whom you perceive to be a difficult person. (Case 1A is about negotiating with a difficult coworker.) For example, a frequent and somewhat humorous coworker problem is that of an employee who uses the office microwave oven for heating up fish or other foods that coworkers find unpleasant. A negotiated solution might be to purchase a dedicated small microwave oven for the fish lover.

Characteristics of Effective Negotiation

As suggested previously, a wide variety of workplace situations are suitable for negotiation. Another key consideration is the characteristics of the situation, including the parties involved, that influence whether or not the negotiation will have a successful outcome. The following list identifies seven characteristics of effective negotiation, as outlined in Figure 1.1:

1. *Information is shared.* When negotiators share information, an atmosphere of mutual trust between or among the negotiators will most likely exist. The information shared does not have to reveal private financial data or underlying worries, but it

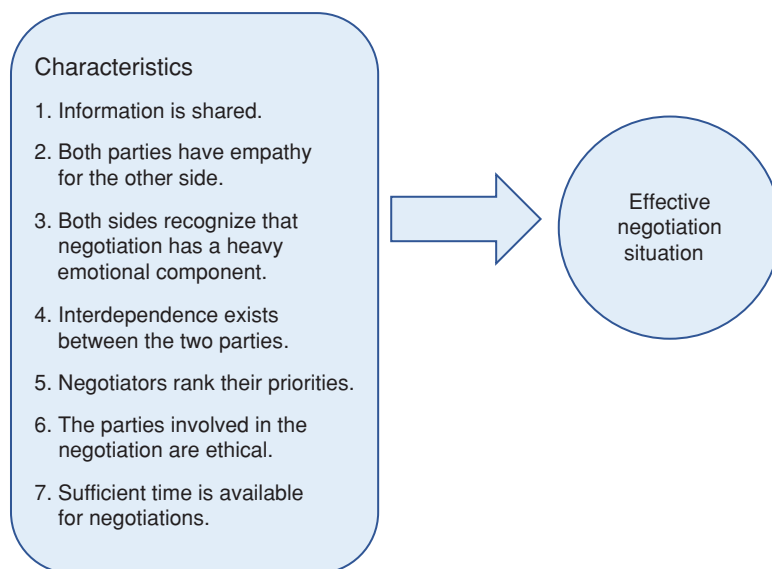


FIGURE 1.1 Characteristics of an Effective Negotiation Situation

should add to the situation. For example, a negotiator who is looking for a lower price from a supplier might share this information (if true): “I am happy to report that we are having a profitable year, but our profit margins are being squeezed. That is why we need to negotiate price with you.” A *Forbes* reporter writes, “Studies have shown that revealing some information, even when it’s unrelated to the negotiation, increases the outcome.” All sensitive data do not have to be revealed. Simply mentioning something interesting about yourself, including your pastimes and career aspirations, can set a positive tone conducive to attaining a workable agreement.¹⁹

2. *Both sides have empathy for the other side.* Empathy is about understanding another’s experience, perspective, and feelings.²⁰ During a negotiation, both sides want to feel understood, particularly with respect to the position they are taking. If you feel that the opposing party understands the rationale for your demands, you are more likely to be amenable to a compromise that meets some of your demands.

Visualize a purchasing manager for a large retail chain. She needs a 5 percent reduction in the cost of a popular brand of television receivers in order to eke out a profit in consumer electronic sales. She pleads, “If we do not have a profitable holiday season, we might have to close another 60 stores.” If the vendor shows some empathy about her predicament, the purchasing manager might be willing to accept a 3 percent reduction. An empathetic statement from the vendor representative might be, “Closing another 60 stores would be a terrible blow for your chain.” The purchasing manager thinks that the cost of the television receiver is negotiable because one of her alternatives is to find a supplier with a less valued brand name.

3. *Both parties recognize that negotiation about serious issues has a heavy emotional component.* Negotiating is an emotional experience for most people, therefore making it helpful to recognize the emotional component in order to have a successful outcome. It may not be necessary to uncover most of the emotions contained in the negotiation, but it is helpful to acknowledge the feelings that underlie the negotiation. Acknowledgment of emotions makes each side feel better understood, as in the previous point on empathy.

Imagine that an investor is negotiating the purchase of a furniture store that has been a family-operated business for over 75 years. A strictly facts-based approach by the investor would be to talk about how traditional furniture stores are less valuable than in the past because of online furniture stores and competition from low-price outlets. A better approach would be for the investor to first mention that he knows how much the family has loved this business for so many years, then state that he wants to give the business a viable future. Acknowledging the deep emotion built into the family business will give the investor a negotiating edge. The furniture store owner might recognize the investor’s emotion with a statement such as, “I understand that you want to feel pride that you have made an acquisition at a very good price.”

4. *Interdependence exists between the two parties.* Negotiations are taken the most seriously when the parties need each other in order to attain their objectives.²¹ The more the dependent each party is on the other side, the more urgent is the negotiation, and the greater is the likelihood that a workable solution to the problem will be found. Imagine the situation of an American automobile manufacturer who sells 20 percent of its luxury vehicles in China, and this large quantity of vehicles accounts for most of the company’s profit margin. The American company is therefore dependent on the Chinese market. In turn, the Chinese dealership that sells the American vehicles is dependent on these vehicles for 25 percent of its profits. When representatives from the American company and the Chinese dealership arrive at the negotiating table,



Source: Kazzland Inc/Shutterstock.

During negotiation both sides want to feel understood, particularly with respect to the position they are taking.

they both know they need each other. As a result, the probability increases that they will arrive at a satisfactory price for selling next year's model in the Chinese market.

5. *The negotiators rank their priorities.* The research of Adam Grant and Adam Galinsky suggests that ranking priorities, leaving all the issues on the table, and being transparent about it are likely to achieve favorable outcomes. Both parties can then compare their rankings and decide on what the true set of options is.²² In negotiating with a parts supplier, for example, a head of manufacturing might establish these priorities: quality of the parts, cost, on-time delivery, and technical support. The head of marketing at the supplier might establish these priorities: price, lead time to provide the parts, the possibility for repeat business, and reasonable demands for tech support. Both sides would then have plenty to discuss and negotiate.
6. *The parties involved in the negotiation are ethical.* When both sides in the negotiation have high ethical standards, a solution to the problem or conflict that will lead to a long-term constructive working relationship is more likely to be reached. Behaving ethically also involves taking into account all stakeholders in the deal, not just the two parties negotiating. The term *stakeholders* refers to the entire community that may be affected by the long-term consequences of the negotiation. A historically important example is when, in 2004, Johnson & Johnson permitted its Belgian subsidiary Tibotec Pharmaceuticals to distribute an experimental AIDS medication to people in poorer nations. Johnson & Johnson lost money by giving the medicine away, but it also shortened the development time for a drug that could prevent more AIDS deaths, which was more important than negotiating a deal to make money in countries where few people could afford the drug at the time.²³
7. *Sufficient time is available for negotiations.* An obvious, but often overlooked, characteristic of effective negotiation is that ample time is allowed for the negotiation. Each negotiating party needs sufficient time to present his or her side of the story, and both sides must take the time to listen to each other. The more complex the negotiation, the more time is needed. An example of a complex negotiating situation is when a company is forced to deal with a supplier that is powerful because the supplier has no, or almost no, competition. In 1900, North America had 35 suppliers of cast rail wheels, so railway builders had plenty of options for purchasing the wheels. One hundred and fifteen years later, there was only one supplier of cast rail wheels.

Considerable thought, and therefore time, has to be invested in developing a negotiating strategy when the supplier has most of the negotiating power. A suggestion offered by a team of procurement specialists is to bring new value to the supplier. One such approach is to be a gateway to a new market for the supplier, as illustrated in the following scenario:

A beverage company was dealing with annual price hikes from a beverage-packaging supplier. No alternative was evident. The supplier had secured a patent for its manufacturing process, and its packaging was offered at a lower price compared with other sources. By chance, the buyer was about to enter two large developing markets in which the supplier had tried but failed to make much progress. The procurement manager recognized that she could give the supplier a foothold in these markets. She and her team worked with the marketing team and presented the supplier with an attractive offer. In exchange for the concession of a 10 percent price reduction globally, the company would use the supplier's cans in the new market.²⁴



Source: Watcharapong Palapoi/Shutterstock.

Ranking priorities and leaving all the issues on the table, and being transparent about it, is likely to achieve favorable outcomes.

Situations Suitable for Conflict Resolution

Situations suitable for conflict management, including conflict resolution, overlap with situations suitable for negotiation because negotiation is one way to resolve conflict. Here we present a sampling of conflict situations that are often dealt with by means other than negotiation. Figure 1.2 outlines these favorable situations. All of these conflict-prone situations will be mentioned again later in the book. Techniques for resolving conflict other than through negotiation are emphasized in Chapters 9 through 12.

1. *Turf wars (or territorial disputes)*. A turf war occurs when two different organizational units believe that they have responsibility for the same problem or are unwilling to share resources.²⁵ Another group might be performing the same task as another group, or it might be an intentional power grab. For example, two different cross-functional teams might think it is their responsibility to develop a new-product idea in the same general field. A resource turf war might take place when two different project managers claim they have the authority to invite the same talented person to join their respective projects. People tend to be quite emotional about what they perceive to be their responsibility or property, so conflict is likely to emerge.
2. *Workplace incivility*. Incivility and rudeness in the workplace are rampant and on the rise. Incivility specialist Christine Porath observes that the accumulation of thoughtless actions leaves employees feeling disrespected because of being intentionally ignored, undermined by coworkers, or publicly belittled by an insensitive manager. Harsh electronic messages and narcissistic coworkers add to incivility.²⁶ Uncivil treatment of workers leads to conflict as those treated uncivilly fight back.
3. *Sexual harassment*. Workers who commit sexual harassment against other workers frequently enter into conflict with the harassed person. More conflict arises if the person harassed reports the incident to the manager or human resources department. The accused harasser might then enter into conflict with the manager or human resources representative. False accusations of sexual harassment also trigger conflict. Sexual harassment is a major source of conflict because it is so widespread, taking place in the most lucrative industries, in minimum-wage jobs, in glamorous fields, and in ordinary workplaces.²⁷
4. *Employee desire to balance work and family demands*. Many workers, especially those with young children, want to attain what they perceive to be a balance between the demands of work and those of family or personal life. Quite often, they hope to receive a flexible work schedule, including working remotely, as a way to

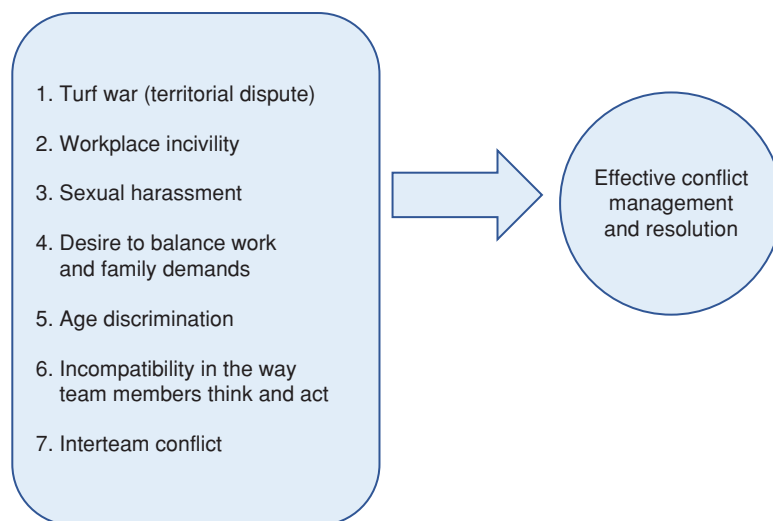


FIGURE 1.2 Situations Suitable for Effective Conflict Management and Resolution

attain this balance. When the employer does not provide for flexible working hours, the employee is likely to experience conflict and its accompanying stress.

5. *Age discrimination.* Many workers in their mid-50s and older feel discriminated against because of their age, and these employees might therefore enter into conflict in such ways as filing age-discrimination complaints with a federal, state, or local government agency. Even during the 2018–2019 period of historically low unemployment, nearly 8 million older Americans were out of work. Many of those still employed were stuck in minor job roles with little opportunity to prepare for retirement.²⁸ The root of the challenge for older workers in finding new employment is that many recruiters place a premium on finding higher performers with proven experience. Paradoxically, at the same time, they emphasize searching for *digital natives*, most of whom are too new to the workforce to have established a track record.²⁹
6. *Incompatibility in the way different team members think and act.* Destructive team conflict often arises from a perceived incompatibility in the way various team members function. Such incompatibility may be based on many factors, including personality, industry experience, personality, ethnicity, sex or gender, and age. When team members are unable to get past their differences, the resulting clashes can lower productivity and stifle innovation.³⁰
7. *Interteam conflict.* Teams within organizations frequently enter into conflict with one another over limited resources. A key factor behind this conflict is that the organization usually lacks the funding needed to allocate all the funds and other resources that the teams request. For example, company leadership might decide to give one product group a much bigger advertising budget than another. Traditional theories about intergroup conflict suggest that disputes over resources tend to enhance group cohesiveness within the teams and reduce intragroup power struggles.

However, recent research with both laboratory negotiation teams and organization work teams indicates that intergroup conflict will sometimes also increase the occurrence of performance-distracting power struggles in hierarchical teams.³¹ The explanation given for these findings is that the threat posed by the interteam conflict provokes fights over resources within the team. Perhaps conflict is contagious! To the extent that the new research is valid, intergroup conflict therefore spills over into conflict within teams.

Characteristics of Effective Conflict Resolution

The characteristics of effective conflict resolution overlap considerably with the characteristics of effective negotiation. Two key characteristics are the parties having empathy for each other and recognizing that conflict has a heavy emotional component. Conflict management, including its resolution, is also more likely to be successful when the organizational culture favors managing rather than suppressing conflict. For example, leadership at a company with a culture favoring conflict management would act quickly to investigate allegations of racial harassment, sexual harassment, and age discrimination.

Conflict is more likely to be resolved when it is not entirely personal and vindictive but instead contains some task elements. If the sales manager and credit manager are involved in intense conflict mostly because they detest each other, the conflict will be very difficult to resolve. Yet if the conflict involves objective issues about the difficulty in getting customers approved for credit, this problem is more likely to be resolved.

A strategic factor contributing to effective conflict management is to have systems and procedures in place for resolving conflict. These procedures might include a grievance procedure, a hotline for listening to various complaints, and a designated union representative who listens to employee conflicts. Lipsky and Avgar refer to these methods or procedures as *multiple access points*. Employees should be able to identify the company representative or organizational unit that has the authority, knowledge, and relevant experience to give advice about how to manage the problem in question.³²

Cisco Systems and Arista Networks Settle Their Dispute

Cisco Systems Inc., the leading manufacturer of network equipment, and a smaller competitor, Arista Networks Inc., resolved a long-standing dispute in 2018. Arista agreed to pay Cisco \$400 million on the day that a jury trial for the dispute was scheduled. The settlement finally resolved lawsuits filed by Cisco alleging that Arista copied its intellectual property. Another component of the settlement was for Arista to drop its lawsuit alleging that Cisco engaged in anticompetitive behavior to hold on to its dominant share of the ethernet-switch market. Arista agreed to maintain the product modifications required by previous International Trade Commission rulings and to make limited changes to further differentiate its user interface from that of Cisco.

Cisco and Arista also agreed to observe a five-year stand-down period for any utility-patent-infringement claims either party might have against features currently implemented in their products and services. Furthermore, they agreed to a three-year dispute-resolution process for allegations over new or modified features in their products. According to the settlement statement, “Cisco and Arista have come to an agreement which resolves existing litigation and demonstrates their commitment to the principles intellectual property (IP) protection.”

Arista’s major allegation was that Cisco monopolized or attempted to monopolize several markets for ethernet switches. Arista contended that Cisco encouraged customers and competitors to adopt its command line interface (CLI) for many years, thereby making it the industry standard for configuring and maintaining network equipment, including switches. Cisco had sued Arista in 2014 for infringing its rights in the CLI. Mark Chandler, the general counsel for Cisco, declared in his blog that “the patented and copyrighted Cisco features and implementations being used by Arista are not industry standards.” The lawsuit filed by Cisco accused Arista of copying technology, infringing on 14 patents, and using copyrighted material.

Considerable human drama was behind the final negotiated legal settlement of the conflict between Cisco and Arista. The seeds for the conflict began when star executive Jayshree Ullal left Cisco to become the

CEO of Arista Networks, a small start-up that would soon sell to key Cisco customers such as Microsoft and Facebook. John Chambers, the founder of Cisco and the CEO at the time, intensely disliked losing sales, especially to someone he considered to be family.

A bitter rivalry soon developed between Chambers and Ullal, and defeating Arista became a priority for Chambers and Cisco. Over the next five years, Cisco struggled to regain the market share snared by Arista. The threat from Arista intensified when the rival was poised to win about \$2 million of business from Microsoft, one of Cisco’s biggest customers. With this win, Microsoft became Arista’s biggest customer.

Chambers felt betrayed by Ullal and wondered how she could do such a thing as entering into head-to-head competition with him. He told his executive team to keep Arista from winning any new business from Cisco customers. Chambers’s animosity toward Ullal became so strong that in 2012, her photo appeared in an internal Cisco presentation—pasted onto a bull’s-eye target pierced with arrows. The accompanying message was, “Arm the field, stop the bleeding, and fire back.”

Questions

1. Why couldn’t the management teams at Cisco and Arista settle their differences without having to spend enormous amounts of time and money fighting a legal battle?
2. Cisco won a \$400 million settlement in this case. Does this mean that Cisco was totally innocent, and Arista totally guilty?
3. To what extent do you think Chambers was being immature in his rivalry with Ullal?

Source: Original story based on facts and observations in the following sources: Scott Graham, “Cisco, Arista Settle IP, Antitrust Dispute with Arista Paying \$400M,” *The Recorder* (www.law.com/therecorder/2018), August 7, 2018, pp. 1–2; Jan Wolfe, “Arista to Pay \$400 Million to Cisco to Resolve Court Fight,” *Reuters* (<https://in-reuters.com>), August 6, 2018, pp. 1–2; “Cisco, Arista Agree to Dismiss All Patent Litigation,” *Seeking Alpha* (<https://seekingalpha.com>), August 6, 2018, p. 1; Rachael King, “Cisco’s Costly Feud,” *Wall Street Journal*, August 18, 2017, pp. A1, A9.

Summary

Negotiation refers to a situation in which two or more parties confer with each other to resolve their differences. In distributive bargaining, the basic task is to allocate a resource between the parties (zero-sum negotiation). In integrative negotiation, both sides attempt to attain

mutually beneficial results (win-win negotiation). Conflict management is the adoption of a proactive approach to handling conflict by managers, supervisors, and union representatives. Conflict resolution is a key part of conflict management.

Among the many situations suitable for negotiations are (1) sales negotiations, (2) negotiating a starting salary or salary increase, (3) negotiating with venture capitalists, (4) purchasing an existing business, (5) negotiating heavy workloads, (6) changes to retiree health-care benefits, (7) patent infringements, (8) collective bargaining agreements, (9) amount of group-member input on decision making, and (10) dealing with a difficult coworker.

Characteristics of effective negotiation include (1) information is shared, (2) both sides have empathy for the other side, (3) both sides recognize that negotiation about serious issues has a heavy emotional component, (4) interdependence exists between the two parties, (5) the negotiators rank their priorities, (6) the parties involved in the negotiation are ethical, and (7) sufficient time is available for negotiations.

Situations suitable for conflict management and resolution include (1) turf wars, (2) workplace incivility, (3) sexual harassment, (4) employee desire to balance work and family demands, (5) age discrimination, (6) incompatibility in the way different team members think and act, and (7) interteam conflict.

The characteristics of effective conflict management and resolution overlap considerably with those of effective negotiation. Two key characteristics are the parties having empathy for each other and recognizing the heavy emotional component of conflict. Resolution is more likely when the conflict is not entirely personal and vindictive but contains task elements. A strategic factor contributing to effective conflict management is to have systems and procedures for resolving conflict.

Key Terms and Phrases

Conflict management, p. 4
Distributive negotiation, p. 2

Integrative negotiation, p. 2
Negotiation, p. 2

Discussion Questions and Activities

1. Identify a situation in your personal life that you negotiated successfully. What made the negotiation successful?
2. Why are the agents for professional athletes able to negotiate such lucrative contracts for the athletes they represent?
3. Some students think that the final grade they receive in a course can be negotiated if they think the grade is too low. What is your opinion on this issue?
4. Item 7 on the self-quiz in this chapter includes the following statement: "If you can't stand the heat, stay out of the kitchen." How does this statement relate to negotiation and conflict resolution?
5. How does the familiar saying "My way or the highway" relate to negotiation and conflict management?
6. Describe anything you have ever done for an employer that you think would justify a good salary increase.
7. A frequent lament of a CEO who has spearheaded his or her company's purchase of another company is that the company paid too much. What do you think might have gone wrong in the negotiations to purchase the other company?
8. Why bother resolving conflict with an uncivil coworker? Why not just send a text to the manager stating that the coworker should be fired?
9. Esthetic (plastic or cosmetic) surgeons have experienced a surge in demand from middle-aged people who want to look younger. How is this surge in demand linked to workplace age discrimination?
10. How about settling the Apple versus Samsung dispute in class? Compare a couple of iPhones and Galaxy phones in class to make a judgment about whether Samsung has copied the design of the iPhone.

Skills-Building Exercise: Examples of Real-Life Negotiations

Each student in the classroom or taking the course online will identify a situation in work or personal life in which he or she entered into negotiation. Students in a traditional classroom will come to the front of the class one by one to describe their negotiation situations. Online students will communicate their situations electronically, such as

by e-mail or submission to a common class website. After the presentations, students should spend about 10 minutes drawing conclusions about what types of situations in life have been negotiated by class members and which factors were advantageous in those negotiations.

CASE PROBLEM 1A: Samantha's Disruptive Coworkers

Samantha, a business analyst, works for a large real-estate-development company in downtown Kansas City, Missouri. The company is thriving and expanding, including entering into major new deals. A current project is turning a few abandoned waterfront properties into office, residential, and retail space. Even though the company is prospering, top-level management continues to look for ways to reduce costs in order to enhance profits.

A major initiative for cost reduction is to decrease the amount of money spent to lease office space by reducing the amount of office space needed to operate the company. Management decided to shift to an open-office plan to reduce the amount of office space needed. To replace employee cubicles and almost all private offices, workers and their managers are assembled into huge open areas and sit at tables. Coworkers are typically situated about one foot from each other. The open-office plan has reduced the amount of office space required to conduct company business by about 25 percent. In addition, top management bought into the idea that an open-office plan facilitates better collaboration and creativity because workers can have face-to-face interactions so readily.

The shift to the open-office plan was implemented about 10 months after Samantha began working with the company. Samantha was skeptical about how well she would be able to concentrate on analytical work if placed in close physical proximity to her coworkers. Yet she wanted to be a good corporate citizen, so she decided to shrug off any inconveniences she experienced.

By the fourth week of the open-office arrangement, Samantha was worried that she could not work in such a noisy environment with virtually no privacy. The company had installed a few telephone-booth-like structures for workers to use when they needed a few minutes to make a confidential phone call. The booths could also be used when a worker wanted to work on a problem in solitude for a brief period of time. Samantha, however, felt that a few moments of privacy were insufficient for getting important tasks accomplished.

In addition to the general noise of voices and electronic beeps, Samantha thought that a couple of coworkers were violating the very limited privacy she had at the office. One coworker, Mark, would come over to her table area several times a day, with the lead-in statement, "Got a

minute?" He would then want to chat for up to 10 minutes about some work-related or personal issue he was facing.

Avery, a coworker who sat about two feet from Samantha, was even more disruptive to her ability to concentrate on work. Avery would frequently snap her chewing gum while working and would often eat snacks, such as an apple, in a loud manner. During her many phone conversations, Avery would often shriek in laughter.

Samantha was reaching the point where she could not tolerate the open-office plan much longer, but she was perplexed as to what to do about her dilemma. She wasn't sure whether to bring the problem to her manager's attention or to confront Mark and Avery about their distracting behavior.

Samantha thought, "I'm in a horrible bind, but I don't know how to deal with my problem."

Case Questions

1. To what extent does Samantha's situation call for conflict resolution?
2. To what extent does Samantha's situation call for negotiation?
3. What advice might you offer Samantha to have a more peaceful and productive work environment at her company?

Associated Role Play

Confrontation with an Annoying Coworker

Samantha decides that she has to do something soon to deal with her disruptive workplace. She decides to start small by dealing with one of her two most disruptive coworkers, Mark. Samantha plans to confront Mark about his disruptive behavior the next time he approaches her to engage in a non-work-related discussion.

One student plays the role of Samantha, who wants to substantially reduce the frequency of Mark's interruptions without triggering an adverse relationship with him. Another student plays the role of Mark, who thinks he is a friendly coworker whose goal is to make the workday more enjoyable for others with his friendly chats. Run the role play for about 10 minutes, with the rest of the class, or members of a small group, providing feedback about the effectiveness of the confrontation.

CASE PROBLEM 1B: The Always-On Connectivity

Speed Photonics is a six-year-old company involved in the research and development of photonics for diverse applications, including manufacturing and surgery. Photonics is an emerging field that essentially substitutes light for electrons. Because light travels at approximately 10 times the speed of electricity, light offers a speed advantage for data transmission. Although the field of photonics is relatively new, many competitors have jumped into the field in hopes of being part of a major scientific revolution.

As a result of both heavy competition and being in a rapidly changing field, leadership at Speed Photonics places heavy work demands on its employees. The technical and administrative staff hired into the company are expected to work fast and hard without complaining. CEO Todd expresses it this way: “Working for Speed Photonics should be a calling, not just one step on a career path. Yes, we have relatively traditional working hours, but to succeed at Speed Photonics, you have to be willing to stay connected to the company most of the time. I am not suggesting that our workers have to tuck their smartphones under their pillows. But they have to stay connected to the office most of the time, just in case their input is needed.”

Todd, as well as other members of the management staff, including project managers, therefore feel free to get in touch with workers about important problems almost any time after standard working hours. The professional staff is reached after hours through phone calls, text messages, and e-mails and sometimes through collaborative software.

Jocelyn, a purchasing manager, was having a quick lunch in the Speed Photonics company cafeteria, along with a few software engineers and accountants. Jocelyn said to the group, “I know that members of this group and many other employees are getting discouraged with how many times we have to communicate with each other and management after normal working hours. Just last Saturday morning, I was watching my daughter play softball when I saw a message labeled “urgent” from the head of manufacturing. He wanted to know right away if I could find a lower-priced supplier for a fiberglass component.”

Jake, an accountant, added: “How about getting a call from my boss late in the afternoon on a Sunday, just in the closing minute of a key NFL game? My boss said she found a discrepancy in my tax report.”

Jocelyn said to the group, “I think we should approach Todd and other members of his team about what has become a burdensome workload. We don’t get paid extra for being on call 24/7.”

Case Questions

1. How might this case relate to negotiation or conflict management?
2. In what way should Jocelyn and her coworkers approach the top-management team about what they consider to be an intrusion on their private lives?
3. Employees at Speed Photonics knew when they were hired that they were entering a highly competitive field. Are they therefore justified in complaining about their expected connectivity to the office?

Associated Role Play

Jocelyn and three of her coworkers decide that a frank discussion with Todd about off-hours demands made by the company is warranted. At the same time, the four professionals do not want to communicate the message that they are not dedicated employees. Jocelyn sends a polite e-mail message to Todd requesting a group meeting on the topic of after-hours connectivity. He agrees to a 30-minute meeting at 4:45 on a Thursday afternoon in a conference room.

Four students play the roles of Jocelyn and her coworkers, who are looking for fewer after-hours communication demands from Speed Photonics. Another student plays the role of Todd, who is willing to listen but believes strongly that his demands for after-hours connectivity are legitimate. Observers will provide feedback as to how much progress the workers and the CEO are making in resolving conflict during this 30-minute session.

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