Chapter 4
Managing Conflict, Politics, and Negotiation

LEcTUrE OuNLiNE

I. ORGANIZATIONAL CONFLICT
   A. Organizational conflict is the discord that arises when the goals, interests, or values of different individuals or groups are incompatible and those individuals or groups block or thwart each other’s attempts to achieve their objectives.
      1. Conflict is an inevitable part of organizational life because the goals of different stakeholders are often incompatible.
      2. It is important for managers to develop the skills necessary to manage conflict effectively since the level of conflict present in an organization affects organizational performance.
      3. When there is little or no conflict, organizational performance suffers.
         a. Lack of conflict in an organization often signals that managers emphasize conformity at the expense of new ideas, are resistant to change, and strive for agreement rather than effective decision making.
      4. When an organization has an optimum level of conflict, managers are likely to be open to a variety of perspectives, look for ways to improve organizational effectiveness, and view debates and disagreements as a necessary ingredient for effective decision making.
      5. Too much conflict within an organization has a dysfunctional impact.
         a. Managers are likely to waste organizational resources to achieve their own ends, become more concerned about winning political battles than achieving a competitive advantage, and sometimes try to get even with their opponents rather than make good decisions.
   B. TYPES OF CONFLICT:
      There are several types of conflict in organizations: interpersonal conflict, intragroup conflict, intergroup conflict, and interorganizational conflict.
      1. Interpersonal conflict is conflict between individual members of an organization occurring because of differences in goals or values.
      2. Intragroup conflict is conflict that arises within a group, team, or department.
3. Intergroup conflict is conflict that arises between groups, teams, or departments.
4. Interorganizational conflict is conflict that arises across organizations.

C. SOURCES OF CONFLICT:
Conflict in organizations can spring from a variety of sources. The ones examined in this text are different goals and time horizons, overlapping authority, task interdependencies, different evaluation or reward systems, scarce resources, and status inconsistencies.

1. Different Goals and Time Horizons: Almost inevitably, different departments and divisions within an organization have different goals and time horizons.
   a. For instance, production managers usually concentrate on efficiency and cost cutting and have relatively short time horizon. In contrast, marketing and marketing managers focus on sales and responsiveness to customers.
   b. This fundamental difference is often a breeding ground for conflict.
2. Overlapping Authority: When two or more managers claim authority for the same activities or tasks, conflict is likely.
3. Task Interdependencies: Whenever individuals, groups, teams, or departments are interdependent, the potential for conflict exists.
   a. The managers of marketing and production come into conflict precisely because the departments are interdependent.
4. Different Evaluation or Reward Systems: The way in which interdependent groups, teams, or departments are evaluated and rewarded can be another source of conflict.
   a. For example, production managers are evaluated and rewarded for staying within budget or lowering costs while maintaining quality, so they are reluctant to take steps that will increase costs.
   b. In contrast, marketing managers are evaluated and rewarded for generating sales and customer satisfaction, so they think that overtime pay is a small price to pay for responsiveness of customers.
5. Scarce Resources
   a. Management is the process of acquiring, developing, and utilizing the resources that allow an organization to be efficient and effective.
   b. The art of management becomes more difficult when resources are scarce, making conflict more likely to arise.
6. Status Inconsistencies
   a. Some individuals and groups have a higher organizational status than others, leading to conflict with lower status groups.

D. CONFLICT MANAGEMENT STRATEGIES:
Functional conflict resolution means that the conflict is settled by compromise or by collaboration between the parties in conflict.
1. Functional conflict resolution strategies require that the parties in conflict be willing to cooperate with each other.
   a. When these strategies are used, an organization is more likely to achieve its goals.

2. Compromise is possible when each party is concerned about its own goal accomplishment and is willing to engage in a give-and-take exchange.

3. Collaboration is a way of handling conflict in which the parties try to satisfy their goals without making any concessions.

4. In addition to compromise and collaboration, there are three other ways in which conflicts are sometimes handled: accommodation, avoidance, and competition.

5. When accommodation takes place, one party to the conflict simply gives in to the demands of the other party.
   a. From an organizational perspective, it is often ineffective because it engenders current and future uncooperativeness between the two parties and may also lead to retribution.

6. When avoidance takes place, the two conflicting parties try to ignore the problem and do nothing to resolve their disagreement.
   a. Within an organization, avoidance is often ineffective since the conflict is likely to continue and communication and cooperation are hindered.

7. Competition occurs when the conflicting parties try to maximize their own gain and display little interest in the other party’s position or arriving at a solution that will allow both parties to achieve their goals.
   a. Competition often escalates the level of conflict and therefore, from an organizational perspective, is ineffective.

8. Strategies Focused on Individuals: To help ensure that conflicts are resolved in a functional manner, strategies must be employed that place emphasis on the individual as well as the organization as a whole.
   a. Four strategies that focus on the individual are: 1) increasing awareness of the sources of conflict, 2) increasing diversity awareness and skills, 3) practicing job rotation or temporary assignments, and 4) using permanent transfers or dismissals when necessary.
   b. Increasing Awareness of the Sources of Conflicts: Sometimes conflict arises because of communication problems and interpersonal misunderstandings, such as differences in linguistic styles.
      i. By increasing people’s awareness of this source of conflict, managers can help to resolve conflict functionally.
      ii. Sometimes personalities clash in an organization.
      iii. For example, risk adverse persons might complain that those who are risk takers are proposing outlandish ideas without justification, while the risk takers complain that their innovative ideas are always getting shot down.
      iv. Managers can help resolve conflicts by increasing organizational members’ awareness of the source of their difficulties.
c. Increasing Diversity Awareness and Skills: Interpersonal conflicts also can arise because of diversity.
   i. Many of the techniques described in Chapter Five to increase diversity awareness and skills can help managers resolve conflicts.

d. Practicing Job Rotation or Temporary Assignments: Sometimes conflicts arise because organizational members do not have a good understanding of the demands that others face.
   i. Job rotation or temporary assignments, which expand organizational members’ knowledge base and appreciation of other departments, can be a useful way of resolving conflict.

e. Using Permanent Transfers or Dismissals When Necessary: When other conflict resolution strategies do not work, managers may need to take more drastic steps. Supervisors may have to permanently transfer one or more managers so they do not have to interact frequently.
   i. When dysfunctionally high levels of conflict occur among top managers, it may be necessary for one of them to leave the company.

9. Strategies Focused on the Whole Organization: Changing an Organization’s Structure or Culture: Conflict can signal the need for changes in an organization’s structure or culture.
   a. Managers can sometimes effectively resolve conflicts by changing the organization’s structure or increasing levels of integration in an organization.
   b. In other instances, managers may need to take steps to change an organization’s culture to resolve conflict.
      i. This is case if norms and values in the culture are promoting dysfunctionally high levels of conflict that are difficult to resolve.
   c. Altering the Source of Conflict: When conflict is due to overlapping authority, different evaluation or reward systems, and status inconsistencies, managers can sometimes effectively resolve the conflict by directly altering its source.

II. NEGOTIATION

A. An important conflict resolution technique to use in situations in which the parties to a conflict have approximately equal levels of power is negotiation.
   1. During negotiation, the parties to a conflict try to devise a solution that they all find acceptable by considering alternative ways of allocating resources among themselves.
   2. Sometimes the two sides involved in a conflict negotiate directly with each other. At other times, a third-party negotiator is used.
      a. They are impartial individuals who are not directly involved in the conflict and have special expertise in the handling of conflicts.
      b. When a third party negotiator acts in the role of a mediator, his or her role in the negotiation process is to facilitate an effective negotiation between the two parties.
i. Mediators do not force either party to make concessions nor can they force an agreement to a conflict.
c. Arbitrators, on the other hand, are third party negotiators who can impose what they believe to be a fair solution to a dispute that both parties are obligated to abide by.

3. Distributive Negotiation and Integrative Bargaining: In distributive negotiation, the two parties perceive that they have a ‘fixed-pie’ of resources that they need to divide, and therefore they take a competitive, adversarial stance.
   a. Each party realizes that he or she must concede something but is out to get the lion’s share of resources.
   b. In integrative bargaining, the parties perceive that they might be able to increase the resource pie by trying to find a creative solution to the conflict.
      i. They view the conflict from a perspective of cooperation instead of competition and the conflict is handled through collaboration and/or compromise.

4. Strategies to Encourage Integrative Bargaining
   a. Emphasizing Superordinate Goals: Superordinate goals are goals that all parties agree to regardless to the source of their conflict.
      i. Increasing organizational effectiveness, increasing responsiveness to customers, and gaining a competitive advantage are a few examples of such goals.
   b. Focusing on the Problem, Not the People: When in conflict, people are often tempted to focus on the others party’s shortcomings and weaknesses, thereby personalizing the conflict.
      i. instead of attacking the problem, they attack each other.
   c. Focusing on Interests, Not Demands: Demands are what a person wants; interests are why the person wants them.
      i. When two people are in conflict, it is unlikely that the demands of all parties can be met.
      ii. The underlying interests of both, however, can be met.
      iii. This is the root of integrative bargaining.
   d. Creating New Options for Joint Gain: Once the conflicting parties begin to focus on their interests, they can achieve creative solutions that will benefit them both.
      i. Rather than having a fixed set of alternatives, the parties can develop new alternatives that might expand the resource pie.
   e. Focusing on What Is Fair: Focusing on what is fair is consistent with the principle of distributive justice, which emphasizes fair distribution of outcomes based upon the meaningful contributions that people make to organizations.
i. It is likely that the conflicting parties will disagree on certain points and prefer the alternatives that they feel will maximize their self-interest.

ii. Emphasizing fairness and distributive justice will help the parties come to a mutual agreement.

f. When managers pursue these five strategies, they are more likely to resolve their conflicts effectively through integrative bargaining.

g. In addition, managers need to be aware of and on their guard against the biases that can lead to faulty decision-making (see Chapter Seven).

III. ORGANIZATIONAL POLITICS

A. Organizational politics are the activities that managers engage in to increase their power and to use power effectively to achieve their goals and overcome resistance or opposition.

1. Political strategies are the specific tactics that managers use to increase their power, use their power effectively to influence and gain the support from others, and overcoming resistance from others.

2. Political strategies are especially important when managers are planning major changes in an organization.

   a. By increasing their power, managers are better able to make needed changes.

   b. They must gain support for their change and also overcome strong opposition from people who feel threatened by the change.

B. The Importance of Organizational Politics

1. The term politics has a negative connotation for many people.

   a. This is because some managers misuse their power for personal benefit.

2. However, organizational politics are often a positive force.

   a. Effective managers engage in politics to gain support for and implement needed changes.

3. Managers cannot afford to ignore organizational politics.

   a. Everyone engages in politics to a degree.

   b. Those who try to ignore politics might as well bury their heads in the sand because in all likelihood, they will be unable to gain support for their initiatives and goals.

C. Political Strategies for Gaining and Maintaining Power:

   Managers who use political strategies to increase their power are better able to influence others to work toward group and organizational goals.

1. Managers who control uncertainty, make themselves irreplaceable, place themselves in a central position, generate resources, and build alliances can increase their power.

2. Controlling Uncertainty: Uncertainty is a threat for individuals, groups and organizations and can interfere with effective performance.
a. Managers who are able to reduce uncertainty are likely to see their power increase and will probably to be in demand and sought after by other organizations.

3. Making Oneself Irreplaceable: Managers gain power when they have valuable knowledge and expertise that allow them to perform activities that no one else can handle.
   a. The more central these activities are to organizational effectiveness, the more power a manager gains from being irreplaceable.

4. Being in a Central Position: Managers in central positions are responsible for activities that are directly connected to an organization’s goals.
   a. Being in a central position is likely to increase a manager’s power because he or she will have control over crucial organizational activities and have access to important information.
   b. Organizational members are dependent on them for their knowledge, expertise, advice, and support.
   c. Managers who are outstanding performers, have a wide knowledge base, and have made important and visible contributions are likely to be offered central positions.

5. Generating Resources: Organizations need three kinds of resources to be effective: 1) Input resources such as raw materials, skilled workers, and financial capital, 2) Technical resources such as machinery and computers, and 3) Knowledge resources such as marketing or engineering expertise.
   a. To the extent that a manager is able to generate one or more of these resources, that manager’s power is likely to increase.

6. Building Alliances: When managers build alliances, they develop mutually beneficial relationships with people both inside and outside the organization.
   a. Alliances give managers power because they provide the manager with support for his or her initiatives.
   b. Partners to alliances provide support because they know that the managers will reciprocate when their partners need support.
   c. Many powerful top managers focus on building alliances not only inside their organizations but also with individuals, groups, and organizations in the task and general environment.
   d. When building alliances, however, managers must be on their guard to ensure that everything is above board, ethical, and legal.

D. Political Strategies for Exercising Power:
   Politically skilled managers are well versed in strategies that allow them to exercise their power unobtrusively.
   1. The unobtrusive exercise of power means that other people are not necessarily aware that a manager is exercising power to influence them.
   2. Political strategies for exercising power unobtrusively include relying upon objective information, bringing in an outside expert, controlling the agenda, and making everybody a winner.
a. Relying on Objective Information: Managers require the support of others to achieve their goals, implement changes, and overcome opposition.
   i. Reliance on objective information leads others to support the manager because of the facts.
   ii. Objective information causes others to believe that what the manager is proposing is the proper course of action.
b. Bringing in an Outside Expert: Bringing in an outside expert to support a proposal can provide managers with some of the same benefits that the use of objective information does.
   i. It lends credibility and causes others to believe that what the manager is proposing is appropriate and rational.
   ii. Sometimes consultants are brought into the organization to be objective and provide managers with guidance.
   iii. As outside experts, consultants are considered neutral.
   iv. However, they sometimes are hired by managers who want them to support a certain position.
   v. For instance, when managers are facing strong opposition, they may bring in an outside expert to lend credibility to their point of view.
c. Controlling the Agenda: Managers also can exercise power unobtrusively by controlling the agenda, thereby influencing which alternatives are considered and whether a decision is made.
   i. By doing so, they can make sure that each considered alternative is acceptable to them.
   ii. Also, they can prevent a decision that they find unacceptable from being made by not including it on the agenda.
d. Making Everyone a Winner: Often, skilled managers are able to exercise their power unobtrusively because they make sure that everyone whose support they need benefits personally.
   i. Other organizational members see supporting the manager as being in their best interest.