

CONFLICT

- Conflict is necessary in organisations for growth
- Methods of solving conflict generally lead to bad outcomes
- Entering a negotiation with a problematic mindset may lead to problematic outcomes that does not lead to growth
- Conflict is not to be avoided, but to be managed effectively

Understanding conflict:

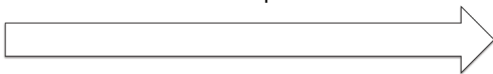
“Friction between individuals and groups is typically thought of as something harmful. And it usually is. It generates heat and discomfort, disrupts interactions, and can destroy relationships. Between a couple, it can lead to divorce. Between countries, it can lead to war. Within corporations, it can distort and disrupt communication and ruin cohesiveness, Businesses of all types spend considerable time and money trying to reduce or eliminate conflict. But in human terms, it's surely one of the most plentiful and volatile sources of energy on the planet.”

- Usually interpersonal (not with oneself)
- Intragroup conflict (within groups): task, personality, goals, process
- Intergroup conflict (between groups)
- Tendency to view members in another group as “the same” (but different to us) and those in our own group as individual and unique

Interdependence

- Dependent: you heavily rely on another party
 - Other parties have no motivation to negotiate with you,
- Independent: parties do not need one another
 - Motivation to cooperate is low, don't need to negotiate with others
- Interdependent (Mutual dependence): higher motivation to negotiate
- Businesses are simply groups of interdependent actors trying to solve a problem

Level of Interdependence



Motivation to Engage in Negotiation

During a negotiation, you can adjust the level of interdependence to gain more negotiating power

Example: Workplace conflict

- Conflict in the workplace is inevitable
 - Work relationships are relationships of interdependence
 - Parties to work relationships often have conflicting goals and interests
 - Compare buying a fish and hiring labour
 - What are the differences?
 - Why might these differences create “structured conflicts”?

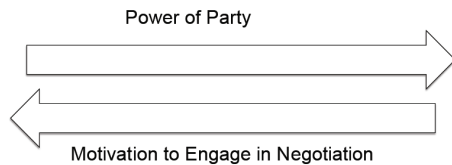
Goals and interests in the employment relationship

Employers' goals and interests	Workers' goals and interests
<ul style="list-style-type: none">• Maximize profits• Minimize costs• Maximize productivity• Specialization of job tasks & economies of scale• Flexibility in hiring and firing decisions• Flexibility in the deployment of labour• Flexibility in hours of work• Commitment to work and organisation• Stakeholder interests: front-line managers, operational goals, functional managers, shareholders	<ul style="list-style-type: none">• Maximize wages• Maximize conditions and non-wage benefits• Fair work effort• Interesting and varied work, meaningful work relationships and job satisfaction• Job security• Regular work• Regular hours• Competing work and : non-work commitments

- Stakeholder interests: union as organisation, impact on bargaining strategy and outcomes in other workplaces

Power

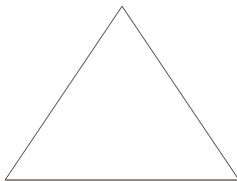
- Power: ability to force your will onto others, regardless of whether they want to do it
- If you have no power, others are unwilling to negotiate with you
- Power is distributed across the actors in a negotiation



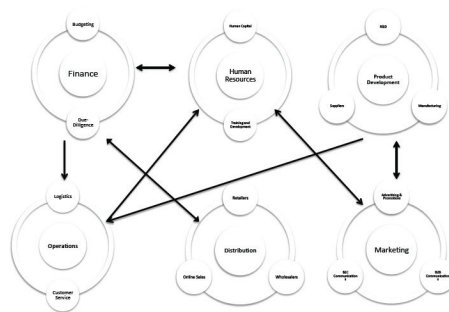
Alternative business models

Traditional View of Business

- Command and Control Model



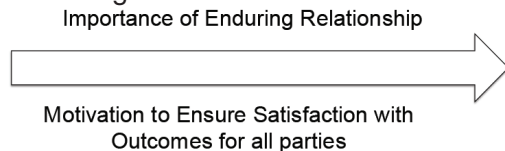
Current Network Model of Business



Organisations are a series of interrelated and interdependent networks
Power is dispersed across those networks in people with different abilities

Importance of relationship

- Some negotiations are one-off transactions, some are part of an ongoing lifecycle



- Tangible and intangible value of outcome
 - things you can't put a value on
- How important is this?
- Sometimes leaving money on the table is necessary for a stable relationship
- Sometimes you can make the worse off with their outcome, but better off with their satisfaction

Why do businesses negotiate?

- A means to resolve conflicts
- To meet legal obligations
- It is better to find a working solution than the alternatives
- A means to improve your position
- A mechanism for problem solving

Why are people ineffective negotiators?

- The absence of "feedback" on negotiation effectiveness results in biases against learning from experiences
 - Feedback: accuracy, immediately, specificity
 - Confirmation bias: the tendency to select information and "see what you want to see" when evaluating your own performance
 - Egocentricism: it's not me, it's your fault

TRUE/FALSE

- Great negotiators are born
 - False. If you believe great negotiators are born, it determines how you approach it.
- Experienced negotiators are most effective
 - False. Depends, generally not true. Only good if the situation is replicated.
- A good negotiator is a tough negotiator
 - False. Hardball tactics may lead to worse outcomes than cooperation and problem solving.
- Most negotiations are won or lost based on the execution of the negotiator in the negotiation
 - False. Most negotiations are won or lost before you walk in the room.
- Winning a negotiation means getting more than my opponent
 - False. This is only one way.
- It is better to negotiate against a novice negotiator than an expert negotiator
 - False. A good negotiator not only negotiates effectively, but they will also facilitate your negotiation process.
- No deal is better than a bad deal
 - False. Sometimes you need to take a bad deal to keep the relationship going.

How do businesses negotiate effectively – Ertel (1999)

- Establish a company-wide negotiation infrastructure, ensuring that negotiator's priorities remain tightly linked to company's priorities
 - Usually: each negotiation is viewed as a separate event and its outcome is thought to depend on the negotiator's personal judgment, timing and experience
 - However, the outcome of a negotiation does not solely depend on the negotiator's skills. Negotiation can be coordinated and supported.
 - To improve: Provide more and better information to negotiators, learn from past negotiations, set priorities before entering negotiation, conduct regular evaluations using standard criteria
- Broad base of measures to evaluate negotiators' performance beyond just price and cost
 - The way a company measures success guides the way a negotiator approaches and conducts the negotiation
 - Emphasis on financial measures leads negotiators to focus on cost issues
 - Measures should force negotiators to think more broadly and creatively about negotiations
 - Measures should also be linked to incentives that will govern the negotiator's behaviour
- A clear distinction is made between individual deals and ongoing relationships
 - Usually there is fear that if the negotiator pushes too hard to get the best deal, they may jeopardize the company's ability to do business with the other party in the future, or that if they pay too much attention to the relationship, they may be giving away too much.
 - (-) Once customers find that they can get discounts and favour by holding a relationship hostage, they would be less willing to move from their desired position
 - (-) When negotiators withhold information to protect their bargaining positions, it leads to greater suspicion and less creativity, which in turn undermines both the immediate deal and the long-term relationship
 - (+) A strong relationship creates trust, which allows the parties to share information more freely, which in turn leads to more creative and valuable agreements and to a greater willingness to continue working together
 - (+) when negotiators feel as though they don't need to trade the quality of the relationship for the terms of a deal, they exchange information more freely and become more creative and collaborative in their discussions. This leads to more valuable deals and to stronger relationships.
- Negotiators feel comfortable walking away from a deal that is not in the company's overall best interest
 - Negotiators must understand that they always have an alternative to closing a deal
 - Identify Best Alternative to a Negotiated Agreement (BATNA) and evaluate the negotiated agreement against the alternative
 - If the negotiated agreement > BATNA, close deal
 - If BATNA > negotiated agreement, walk away
 - By identifying a BATNA at the outset, negotiators identify a hurdle that any negotiated agreement has to overcome