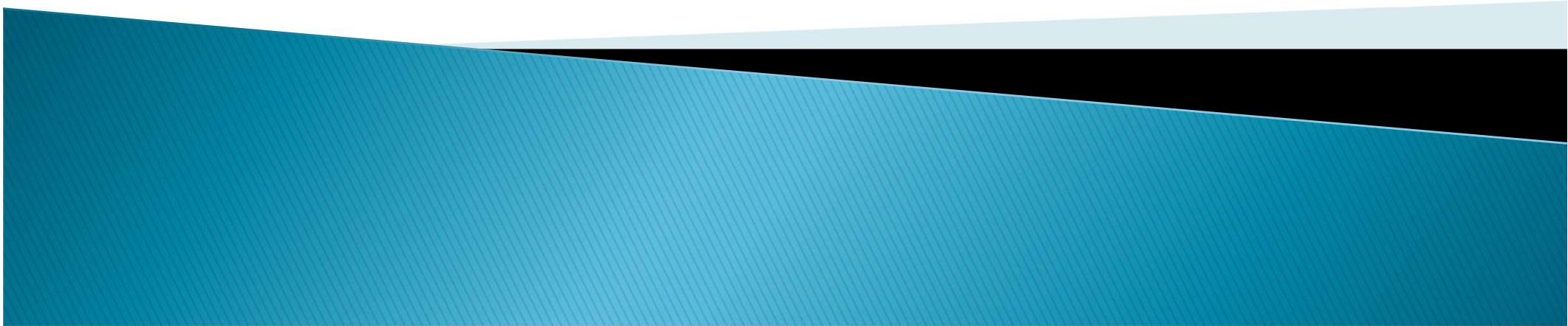


# Negotiation and Conflict Resolution

Anita Hogan



# Outline

- ▶ Levels of conflict
- ▶ Dysfunctions & costs of conflict
- ▶ Benefits of conflict
- ▶ Conflict Diagnostic Model
- ▶ Thomas–Kilmann Conflict Resolution Styles

# Conflict Defined

“A disagreement through which the parties involved perceive a threat to their needs, interests or concerns”

# Conflict Defined

“A disagreement”

- ▶ True disagreement vs perceived disagreement may be quite different
- ▶ Tends to be misunderstanding in conflict that makes the situation worse
- ▶ If we can understand true the disagreement – can solve the right problems

“Parties involved”

- ▶ Can be difficult to work out who is involved

# Conflict Defined

## “Perceived threat”

- ▶ People often respond to the perceived threat rather than an objective view of it
- ▶ Tend to be influenced by values, culture, beliefs, information and experience

## “Needs, interests and concerns”

- ▶ The problems can be a lot more complex than presenting one
- ▶ Are always
  - Procedural needs
  - Psychological needs
  - Substantive needs

# Understanding Conflict

- ▶ Substantive Issues (the actual issues)
  - Money, physical resources, time
- ▶ Procedural Issues (Doing it right!)
  - Needs for specific types of behaviour
- ▶ Psychological Issues (Feelings, prejudice etc)
  - How you feel – the relationship

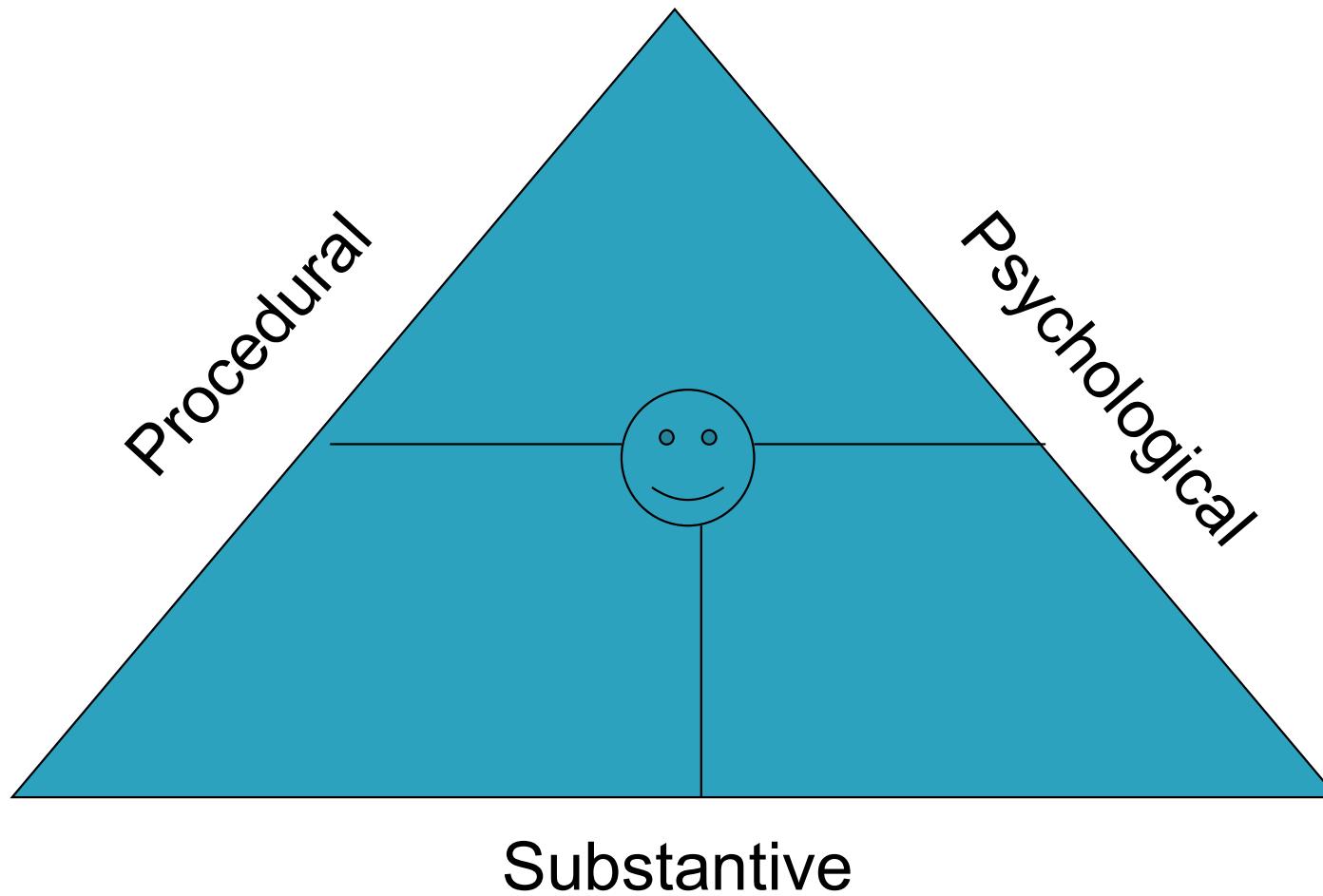
Joshua and Max are members of the same team and joined the company recently. A vacancy has come up in another location that both of them would prefer. They both ask to be considered.

Joshua sees Max going into the manager's office and he is in there for about twenty minutes. He knows that Max is a friend of the manager outside of work.

When Joshua next passes reception, Ella the receptionist says to him 'I hear Max is leaving us'

Joshua is very angry and goes to find Max to tell him what he thinks of him.....

Satisfaction means meeting a mix of people's substantive, procedural and psychological interests



# Responses to Conflict

- ▶ Emotional
  - Can range from anger, fear, despair, confusion
- ▶ Cognitive
  - Ideas and thoughts we have about a conflict
- ▶ Physical
  - Dealing with the physical response can play an important role in our ability to meet our needs
  - Stress, body tension, sweating, rapid heartbeat

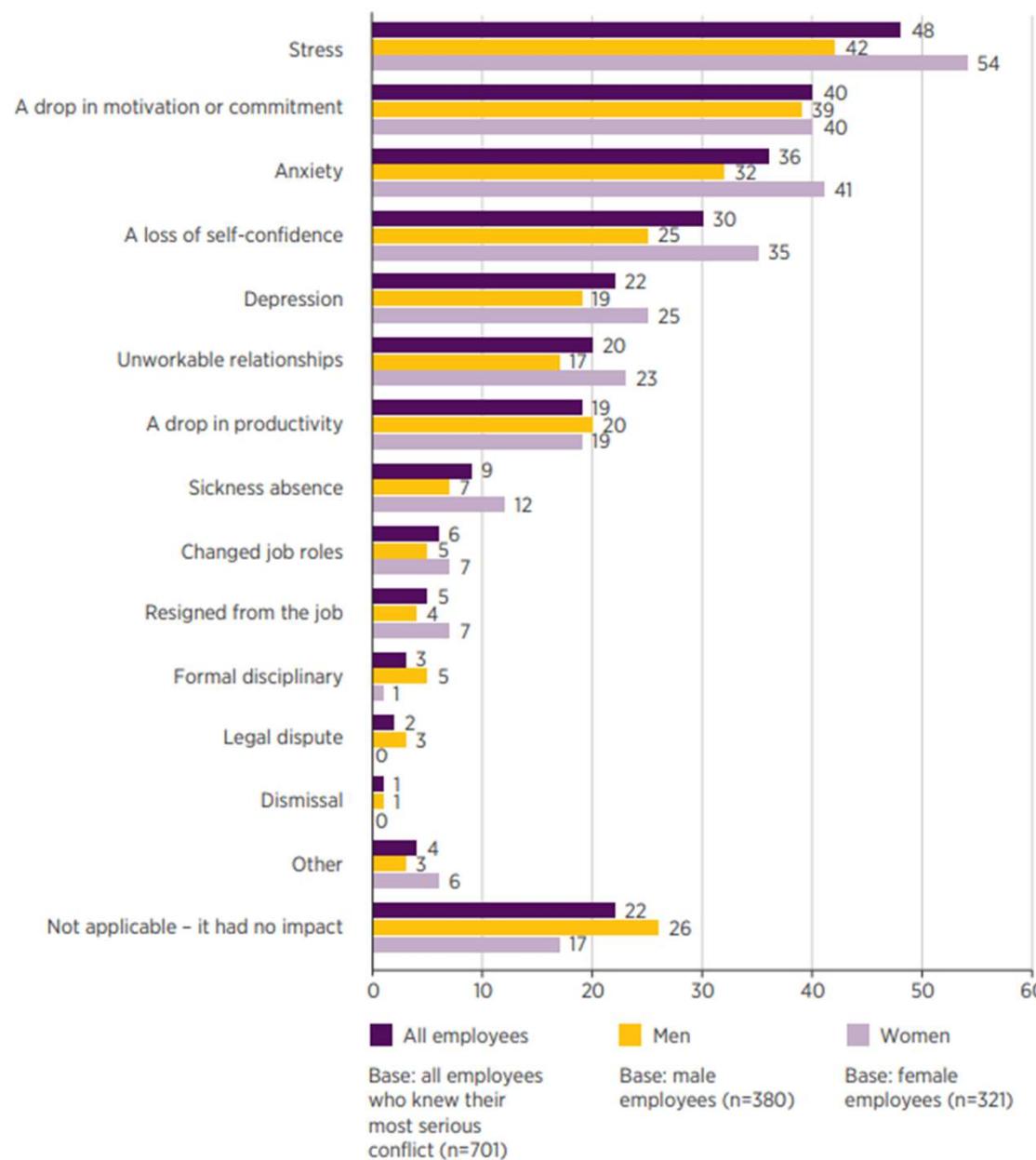
# Levels of conflict

- ▶ Intrapersonal
- ▶ Interpersonal
- ▶ Intragroup
- ▶ Intergroup

# Costs of conflict

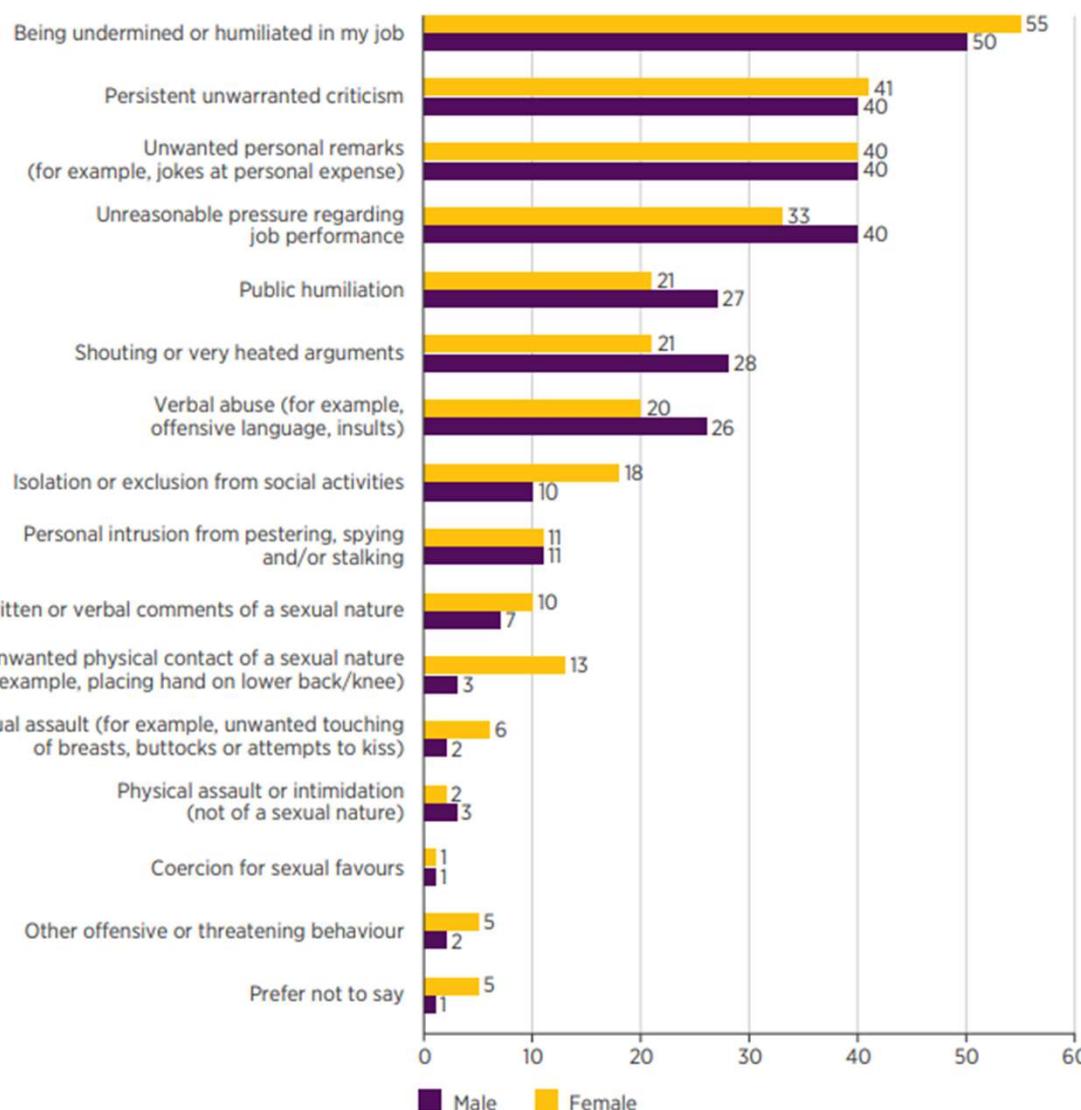
- ▶ Individual stress
- ▶ Lower productivity
- ▶ Lower group cohesion
- ▶ Time wasting
- ▶ Poor decisions

Figure 9: The impacts of conflict (%)



(CIPD, 2020)

**Figure 12: What form did the bullying or harassment take? (%)**



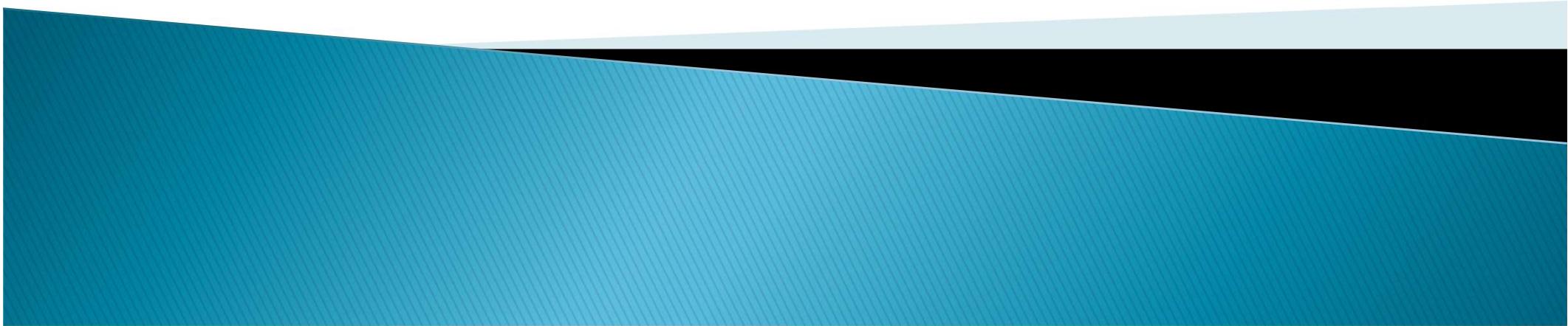
(CIPD, 2020)

Base: all employees experiencing bullying or harassment (n=416; male=191, female=225)

# Benefits of conflict

- ▶ Conflicts identify problems that need to be solved
- ▶ Conflicts can bring about positive change
- ▶ Promotes creativity and innovation
- ▶ Develops interpersonal skills
- ▶ Shows commitment
- ▶ Allows feelings to be heard
- ▶ Provides different views & opportunity to learn about differences
- ▶ Can give a positive charge
- ▶ Increased group cohesion: when resolved effectively, team members develop mutual respect & faith in ability to work together
- ▶ Improved self-knowledge: pushes you to examine your own goals in detail

# Distributive Negotiation



# The distributive situation

- ▶ Goals of one party are in fundamental, direct conflict to another party
- ▶ Resources are fixed and limited
- ▶ Maximising one's own share of resources is the goal for both parties

# Understanding distributive negotiation

- ▶ Negotiators may face these situations
- ▶ Need to know how to counter the effects of the strategies
- ▶ Every situation has the potential to require skills at the “claiming-value” stage

# Distributive Negotiation Overview

- ▶ Fundamentals: starting, target, resistance points
- ▶ Discovering and influencing the resistance point
- ▶ Tactical tasks:
  - Assess the other party's situation
  - Manage the other party's impressions
  - Modify the other party's perception
- ▶ Positions taken during the negotiation
  - Opening offers, concessions, final offer
- ▶ Commitment
- ▶ Closing

# Terminology

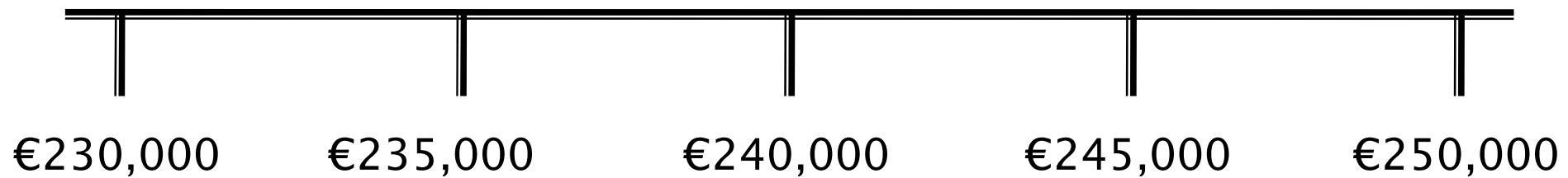
- ▶ Target point – the optimal goal, ‘aspiration’
- ▶ Resistance point – the point at which negotiator will not go beyond, ‘reservation price’
- ▶ Asking price & Initial offer
- ▶ Zone of potential agreement/bargaining range/settlement range (+ & -)

# The Buyer's View



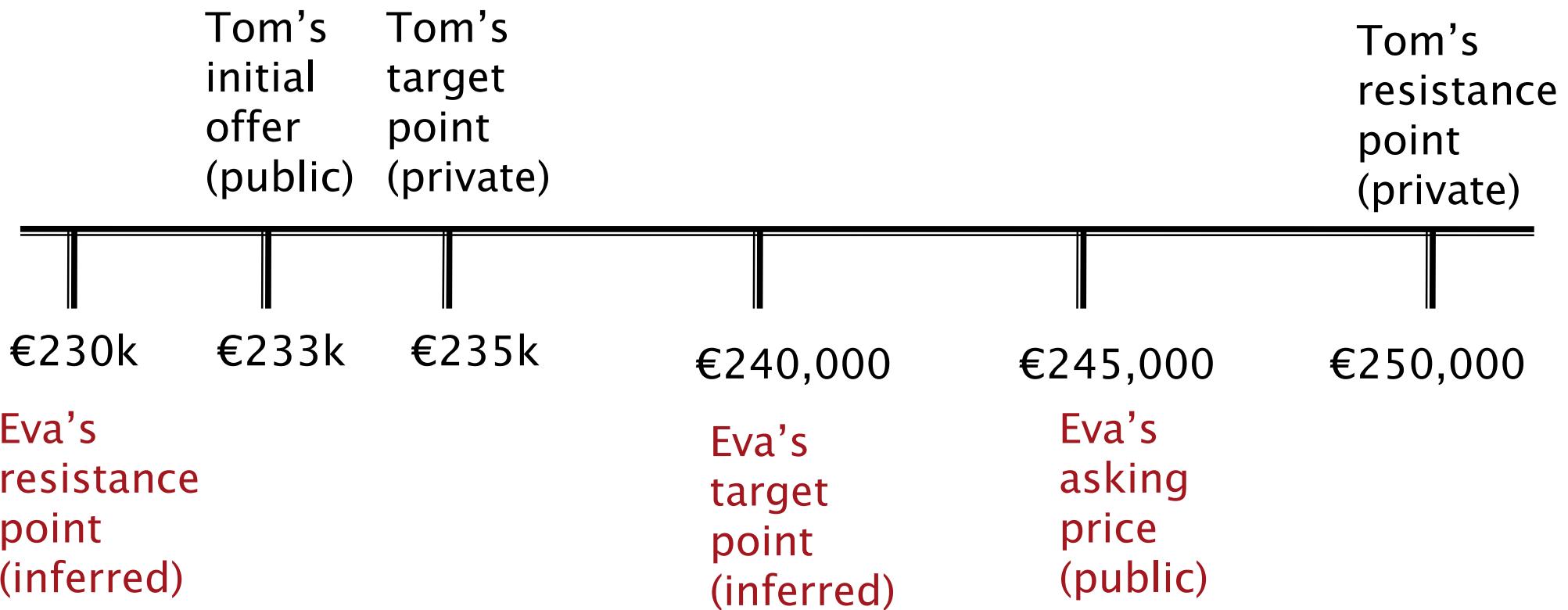
Tom's  
target  
point

Tom's  
resistance  
point

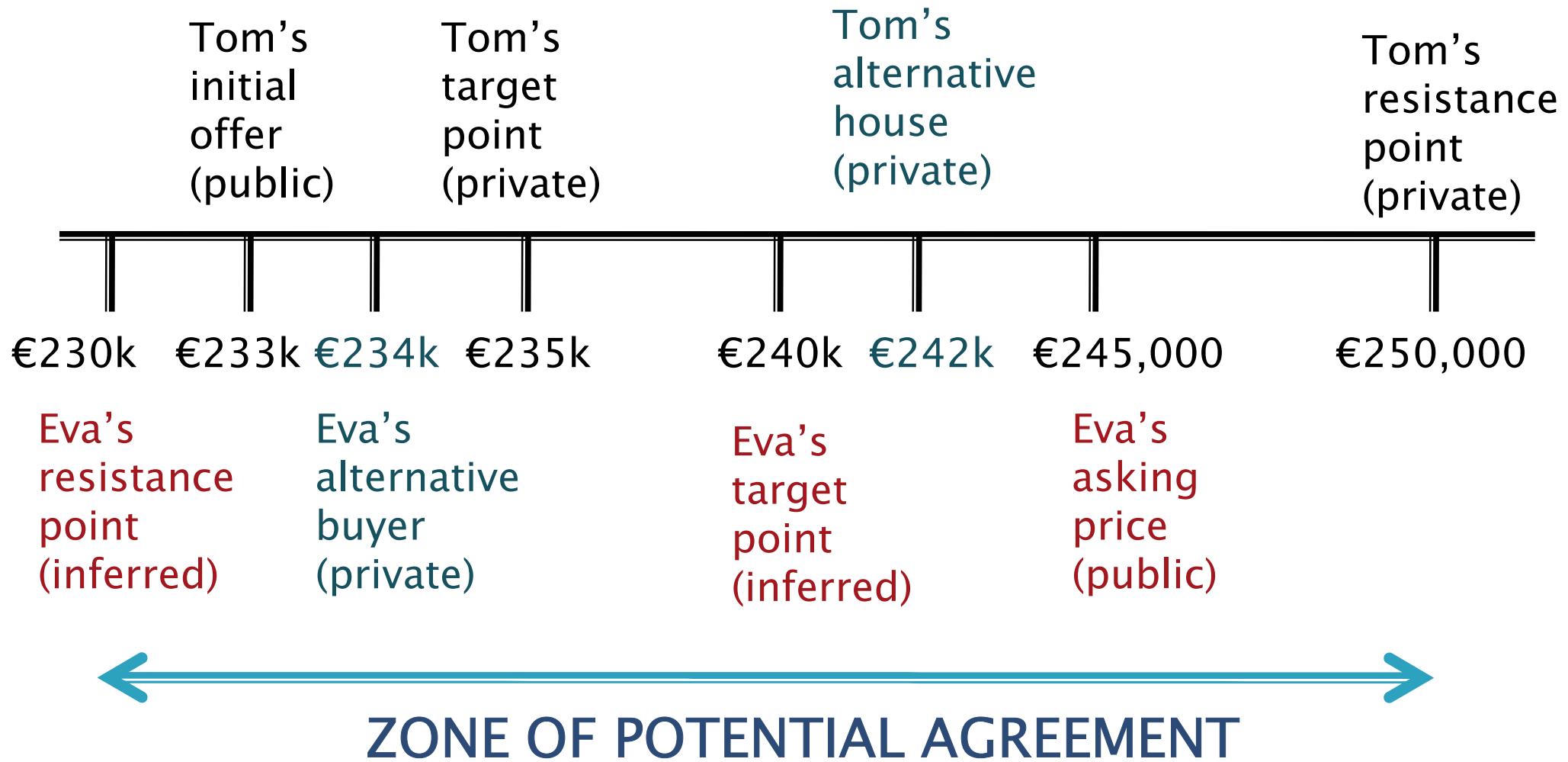


Eva's  
asking  
price

# The Buyer's View



# The Buyer's View



# Alternatives to a Negotiated Agreement

- ▶ Alternatives give the negotiator power to walk away from the negotiation
  - If alternatives are attractive, negotiators can:
    - Set their goals higher
    - Make fewer concessions
  - If there are no attractive alternatives:
    - Negotiators have much less bargaining power
- ▶ BATNA = best alternative to a negotiated agreement – consider more than just price

# Potential Strategies

- ▶ Push for a settlement close to the seller's (unknown) resistance point
- ▶ Convince the seller to change their resistance point by influencing their belief about the value of the item (tell them its overpriced)
- ▶ Create a positive settlement range by:
  - Seller reduces resistance point
  - Buyer increases resistance point
- ▶ Convincing the seller that it is the best possible settlement

# Keys to the strategies

- ▶ Discovering the other party's resistance point
- ▶ Influencing the other party's resistance point
  - Consider how it point was set -afford to pay, market value, cost of delay, cost of cutting off
  - Their understanding of your situation plays significant role

# How these factors influence the process

- ▶ The higher their estimate of your cost of delay, the stronger their resistance point will be
- ▶ The higher their estimate of their cost of delay, the weaker their resistance point will be
- ▶ The less they value an issue, the lower their resistance point will be
- ▶ The more they believe that you value an issue, the lower their resistance point may be
  - You put more pressure on to lower it BUT
  - They may take advantage of your need

# 4 Tactical Tasks

1. Assess the other party's points and costs
2. Manage the other party's impressions of your points and costs
3. Modify the other party's perceptions of his own points
4. Manipulate the actual costs of delay or termination

# 1. Assess the Other Party's Points

## ▶ Indirectly (inferential)

- What information were they likely to use to set points?
  - e.g. willingness to strike inferred from large strike fund or hard bargaining
- Can use variety of sources
- But same information can mean different things to different people

## ▶ Directly

- Opponent reveals the information
- May be in need of quick settlement
- May need other party to understand their position e.g. a wage settlement that would put company out of business
- Can be difficult to get direct info, leading to
  - espionage, provocation.

## 2. Manage the Other Party's Impressions

- ▶ Control the information sent to the other party about your points
- ▶ Screening activities
  - Say and do as little as possible
  - Calculated incompetence: don't give negotiator all info
  - Limit authority to decide
  - 'Snow job' tactic: present lots of extra unimportant issues
- ▶ Direct action to alter impressions
  - Selective presentation: reveal only necessary facts
  - Displaying emotional reaction
  - Time given to an issue conveys importance
  - Casual acceptance of other party's argument conveys disinterest
  - Fabrication or lies?

### 3. Modify the Other Party's Perceptions

- ▶ In order to
  - Make outcomes appear less attractive
  - Make the cost of obtaining goals appear higher
  - Make demands and positions appear more or less attractive to the other party – whichever suits your needs
- ▶ Can be done by
  - Interpreting the outcome for them
  - Concealment

## 4. Manipulate the Actual Costs of Delay or Termination

- ▶ Plan disruptive action
  - Public picketing, boycotting increase cost of not settling
- ▶ Form an alliance with outsiders
  - Involve (or threaten to involve) other parties who can influence the outcome in your favour
  - e.g. Joe Duffy!
- ▶ Schedule manipulation
  - Using timing to advantage

# Positions Taken During Negotiations

## ▶ Opening offer

- Making the opening offer can be advantageous (Galinsky & Mussweiler, 2001): can anchor the negotiation
- Exaggerated opening offers
  - can get better settlements
    - Gives room for movement
    - Gives the impression there is a long way to go and that other party may have miscalculated RP
  - Can also halt/damage negotiations
    - May be rejected outright and halt negotiations
    - Communicates a toughness that may be harmful
  - Need to have good alternatives

# Positions Taken During Negotiations

- ▶ Opening stance
  - What is your attitude?
    - Competitive? Moderate?
  - Negotiators tend to match distributive tactics
  - Opening offer and stance should be consistent
- ▶ Initial concessions
  - Should any be made? Sometimes no counteroffer
  - If so, how large?
  - Firmness can
    - Shorten negotiations (might as well capitulate) or
    - Lead to entrenchment/withdrawal
  - Flexibility
    - Allows you to read other party's reaction to proposals
    - Allows other party believe a settlement is possible

# Concessions

- Without them, there is either capitulation or deadlock
- They are expected: negotiators resent take or leave it approach, even if offering the same deal
- Negotiators dissatisfied if first offer accepted (Galinsky et al, 2002)
- People will generally accept the first or second offer better than their target point (Rapoport et al, 1995)
- Feel better when there has been a series of concessions; indicates recognition of other party (Rubin & Brown, 1975)
- Reciprocal concessions should be of same magnitude

# Concessions

- ▶ Patterns of concession making
  - When they get smaller, indicate closeness to RP
  - Reducing concessions shows little room left to concede
  - Important to justify them
- ▶ Final offers (making a commitment)
  - “This is all I can do”
  - Other party needs to understand this is the RP
  - Can feel betrayed by just stopping concessions
  - Can signal by making dramatic last concession

# Commitments

- ▶ The taking of a bargaining position with some explicit or implicit pledge regarding a future course of action (Walton & McKersie, 1965)
- ▶ Purpose: remove ambiguity, but can be seen as a threat
- ▶ Properties:
  - Finality
  - Specificity
  - Consequences
- ▶ Prevent the other party from committing prematurely
  - Their commitment reduces your flexibility
  - Ignore their threat

Don't allow them time to commit

# Ways to Create a Commitment

- ▶ Public pronouncement
  - Use of media
- ▶ Linking with an outside base
  - Committee/associations
- ▶ Increase the prominence of demands
  - Put it in writing, use different channels
- ▶ Reinforce the threat or promise
  - Don't make it too strong
  - Keep it simple and direct
  - Carry through with minor threat
  - Those who make threats seen as more powerful

# Commitments: Tactical Considerations

- ▶ Ways to abandon a committed position
  - Plan a way out
    - Indicate that the conditions have changed so position must change
  - Let it die silently
    - Make a new proposal without mentioning the old one
  - Restate the commitment in more general terms
  - Minimize the damage to the relationship if the other backs off
    - Help to ‘save face’ – attribute to ‘higher cause’

# Closing the Deal

- ▶ Provide alternatives (2 or 3 packages)
- ▶ Assume the close: ‘lets do the paperwork’
- ▶ Split the difference
  - Presumes parties started off with fair offers
- ▶ Exploding offers
  - ‘offer valid for one day only’
- ▶ Deal sweeteners
  - ‘we’ll throw in a set of car mats’

# Exercise



# Hardball Tactics



# Typical Hardball Tactics

- ▶ Good Cop/Bad Cop:
- ▶ Lowball/Highball:
- ▶ Bogey (playing up an issue of little importance)
- ▶ The Nibble (asking for a number of small concessions to)
- ▶ Chicken
- ▶ Intimidation
- ▶ Aggressive Behavior
- ▶ Snow Job (overwhelm the other party with information)

# Dealing with Typical Hardball Tactics

- ▶ Four main options:
  - Ignore them
  - Discuss them
  - Respond in kind
  - Co-opt the other party (befriend them)

# Defeating Hardball Tactics

- ▶ Good Cop/Bad Cop:
  - Counter by naming it
- ▶ Lowball/Highball:
  - Insist they start with a reasonable offer
  - State your understanding of the value of the issue
  - Threaten to leave because of the tactic
  - Respond with equally outrageous counter-offer
- ▶ Bogey (playing up an issue of little importance)
  - Be well-prepared, know opponent
  - Probe why the issue is of importance
  - Caution about late reversals

# Defeating Hardball Tactics

- ▶ The Nibble (asking for a number of small concessions on an item that hasn't been previously discussed):
  - Respond to each nibble by asking what else is wanted
  - Respond with nibbles of your own
- ▶ Chicken
  - Try to downplay, ignore, reword; risky to match
  - Prepare in order to understand what is genuine
  - External experts can mediate/reframe
- ▶ Intimidation:
  - Discuss the process
  - Ignore attempts to intimidate
  - Use a team approach

# Defeating Hardball Tactics

- ▶ Aggressive Behaviour
  - Halt negotiations to discuss the process itself
  - Use a team
  - Prepare well
- ▶ Snow Job
  - Don't be afraid to ask questions until you understand
  - If it turns technical, insist on getting technical expert to review
  - Try to identify what is consistent/inconsistent information