Course: **Conflict and Negotiation**

Field of study: Economics

Form of classes: Regular/Online

Number of hours: 30 h

Number of ECTS credits: 5

Teaching methods: Lectures, assignments, exercises, case study, presentation, group discussion

Learning outcomes:

After completing the course, students will be able to:
– understand the nature of conflicts, their causes and outcomes,

– examine aspects of conflict management and methods of dealing with conflict effectively,

– gain insight into negotiation and negotiation process,

– understand the role of negotiation involving third party and the skills for effective negotiation,

– identify how your partners perceive the purpose of the negotiation,

– understand the ethical choices one will face as a negotiator such as: ethical judgments in a social context, one's choice to lie or be unethical, be aware of tradeoffs, the relationship factor (traditional competitive bargaining, emotional manipulation, misrepresentation, misrepresentation to an opponent's network, improper information gathering, bluffing), etc.

The method for verifying learning outcomes (100%):
– Class Attendance & Active Participation (10%),
– Assignments (10%),
– Case Studies (20%)
– Student Presentation – individual/groups (10%),
– Written Examination – objective types, short and long type questions (50%).

Sources

Basic literature on the subject

Shelke S. T., Sidhu C. A., *Conflict & Negotiation*. Sheth Publishers Pvt. Ltd., Mumbai, India, 2017.

Shapiro D., *Negotiating the Nonnegotiable: How to Resolve Your Most Emotionally Charged Conflicts*. Penguin Books, New York, USA, 2017.

Berton P., Kimura H., Zartma W. I., *International Negotiation*. Palgrave Macmillan US, 1999.

List of websites

https://www.europarc.org/communication-skills/pdf/Negotiation%20Skills.pdf

https://tsnghia.files.wordpress.com/2010/10/langton_ob_5ce_ch09.pdf

https://www.academia.edu/9537151/Chapter_14_Conflict_and_Negotiation

Conflict and Negotiation

https://ocw.mit.edu/courses/sloan-school-of-management/15-301-managerial-psychology-fall-2006/lecture-notes/lec9.pdf

https://www.sagepub.com/sites/default/files/upm-binaries/58510_Nahavandi_Chapter_11_proof.pdf

https://www.joinforwater.ngo/sites/default/files/library_assets/W_CON_E10_conflict_resolution.pdf

https://nptel.ac.in/content/storage2/courses/110105034/SM_Web/Ch15modified.pdf

https://peacemaker.un.org/sites/peacemaker.un.org/files/NegotiationandMediationTechniquesforNaturalResourceManagement_FAO2005.pdf

https://irjabs.com/files_site/paperlist/r_1477_130921170945.pdf

Table of Contents

1. Introduction

This course will help students to understand the terms and concepts of conflict and negotiation in simple language as well as in a systematic manner. It will help students to familiarise themselves with both terms – conflict and negotiation – in detail, while teaching them various strategies for managing conflict and negotiation in their daily lives. The strategies presented in this course will be useful not only from a professional point of view but also from a personal point of view. Various examples of everyday life will be cited to make concepts easier to understand. Case studies and short projects have been taken from our surroundings which will be very useful for students in understanding the norms and practices regarding conflict and conflict resolution mechanisms.

In general, conflict is considered something very normal and natural, an everyday social phenomenon in the human social system. It is the natural outcome of human interactions that begin when two or more social entities come in contact with each another in order to achieve their goals.

1.1. Meaning of conflict

In our society, conflict is considered negatively, it is seen as something destructive and a failure. Conflict means collision or clash that can be defined or characterised as an expression of hostility, negative attitudes, antagonism, aggression, rivalry and misunderstanding. It also refers to situations that involve contradiction between two opposing groups. Conflict can be also understood as a disagreement between two or more individuals or groups, where each individual or group trying to gain acceptance of its own view from the others. Conflict is commonly recognised and understood as:

– a form of opposition between parties,
– a lack of agreement between parties,
– a way to solve social contradictions,
– a natural process in human social interaction.

Definition, according to **Mary Parker Follet:** 'the appearance of difference, difference of opinion, of interests'.

1.2. The nature of conflict

Sometimes it is not easy to work together, it is because of different opinions or simply because of someone's point of view on the same or a similar matter is not accepted, which creates a new conflict. Conflict can be described as disagreement or collusion that has a considerable impact on an individual's daily life, an employee's performance in an organisation, dissatisfaction and behavioural change. The conflict, based on its nature and characteristics, might be characterised as follows:

– conflict can be seen as a process,
– conflict is inevitable, it is unavoidable in nature,
– conflict is a normal part of everyday life,
– different perceptions may lead to the conflict,
– conflict must have an opposition,
– independence and interaction,
– everyone is exposed to conflict,
– Conflict is not one-dimensional.

Conflict is not always considered as negative, it is sometimes good for the organisation, bringing a positive impact on its development. There are different schools of thought emphasising the different roles of the conflict in organisations:

a) *Traditional view:* conflict, by definition, is harmful and should be avoided. This is consistent with the attitude that prevailed about human behaviour in the 1930s and 1940s, and regarded it as a dysfunctional outcome based on the use of concepts such as violence, destruction and irrationality.

b) *The human relations view:* it was the dominant theory from the 1940s through the mid 1970s. It argued that conflict is a natural occurrence in all groups and organisations. Conflicts can be avoided by creating an environment of goodwill and trust.

c) *The interactionist view:* conflict is not only a positive force in a group, but it is also necessary for a group to function effectively.

Conflict can be seen as positive within an organisation when it brings about change, improves the situation and enables new solutions to be found, whereas people generally think of the concept in a negative way. Two types of conflict in a company can be distinguished – functional conflict and dysfunctional conflict:

- *functional conflict* is a healthy and constructive disagreement between groups or individuals,
- *dysfunctional conflict* is an unhealthy disagreement between groups or individuals.

1.3. Levels of conflicts

We associate the word 'conflict' itself with disagreement and failure. It can be classified into five different types:

- *Intrapersonal:* intrapersonal conflict takes place within the individual. A person experiences it in their own mind. It is a psychological type of conflict that involves the thoughts, values, principles and emotions of the individual.
- *Intragroup:* it is a conflict within a team that arises due to disagreements and differences of opinion.
- *Interpersonal:* due to varied personalities and contradictory choices, it brings differences of opinion. Such a conflict may help in personal growth or the development of relationships with others.
- *Intergroup:* it occurs when a disagreement arises among different teams within an organisation, e.g. the marketing department of an organisation can come in conflict with the public relation department.
- *Inter-organisational:* it can occur in an organisation at any level of conflict involving employees, supervisors, subordinates, line workers or individuals.

1.4. The process of conflict

Conflict begins when individuals or groups in an organisation disagree about their goals or interests. However, it is processed when these groups or individuals block each other's attempts to achieve their objectives. This process can be categorised as shown in the figure below.
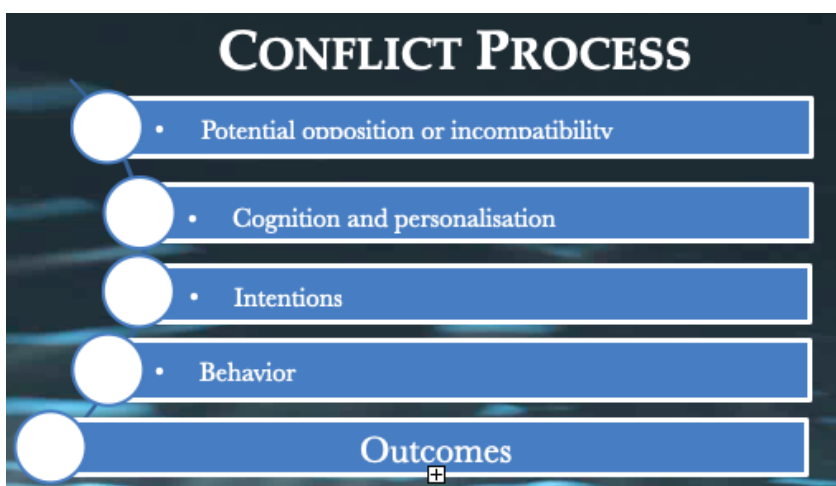

Figure 1.
The outcomes of conflict

Conflict can have both positive and negative outcomes. Positive outcomes include the following:
- consideration of a wider range of ideas, leading to better, improved idea,
- revealing assumptions that may be inaccurate,
- increased participation and creativity,
- clarification of individual views that fosters learning.

Conflict can be dysfunctional if it is excessive or involves personal attack. The negative outcomes can be as follows:
- increased stress and anxiety among individuals, which decreases productivity and satisfaction,
- a sense of being defeated and humiliated, which lowers individuals' morale and may increase turnover,
- an atmosphere of mistrust, which hinders the teamwork and cooperation necessary to get work done.

The basics of the conflict mainly refer to win-win, win-lose, and lose-lose outcomes.

1.6. Five belief about domains of conflict
Beliefs influence behaviour. Beliefs guide how a person works, how he/she treats other people and whether he/she follows the instructions of a leader. People who believe hard work pays off work hard. If leaders are competent and know how to influence their employees positively by showing concern for them, employees will contribute more effectively, which can be very helpful in increasing an organisation's productivity and lead towards profit. Five beliefs can be listed as follows:
- superiority,
- injustice,
- vulnerability,
- distrust,
- helplessness.

2. Conflict Management

Conflicts are unavoidable but they can also be used as a motivation instrument for transformation in the organisation. In any organisation, conflicts are likely to arise, then it is the manager's responsibility to observe and identify such emerging conflicts as to their nature and take proper preventive action. Therefore, it is argued that managers should have special skills to respond to conflicts and create a good, friendly atmosphere. It depends on the manager's working style and approach to conflict, which aims to improve organisational practices, contribute to the internal and external productivity of the organisation and provide appropriate confrontation techniques. When there is an incompatibility, conflict can occur between individuals that may be understood as fight, war, collision or disagreement.

2.1. Need and importance of conflict management
Conflict management is a long-term process that strengthens the bonds between employees, making half of the problems automatically disappear. Individuals must feel motivated at work and every day must be exciting and challenging for them. In an organisation, it is important to discuss any idea with others before the it is implemented, without anyone feeling ignored. This way every employee feels important for the organisation and is motivated to work.It is also management who helps to find a middle way, an alternative to any problem and to successfuly implement an idea. Therefore, conflict management is a very important part of any organisation, which prevents fighting in the first place, instead of facing its negative consequences.

2.2. Conflict resolution strategies

In general, we respond to conflict by using one of five modes:
- Competing,
- Avoiding,
- Accommodating,
- Compromising,
- Collaborating.

2.3. Strategies for solving conflicts in different groups

Although there are both negatives and positives in conflict, it should be addressed with appropriate strategies based on the identification of the nature of the conflict. Referring conflicts and their types can lead us to prepare specific strategies for conflict solving:
- interpersonal conflict,
- interpersonal conflict,
- intragroup conflict,
- intergroup conflict.

Such conflicts can be solved by the management of any organisation by taking certain preventive measures:
- goal structure,
- reward system,
- trust and communication,
- co-ordination.

There are also various methods that can be used for reducing the effects of behavioural conflicts:
- ignoring the conflict,
- mitigating or covering up the conflict,
- compromising,
- forcing the opponent to run away and give up,
- problem solving.

3. Prevention of industrial conflicts

The smooth functioning of industry requires an appropriate dispute resolution mechanism that can take proper preventive measures to eliminate disputes and enable the industry to work properly. Prevention of industrial disputes can be done trough various methods. These methods cover the entire field of inter-industry relations and include the enactment and enforcement of progressive legislation, works committees and councils, wage boards and trade councils, profit sharing and co-partnership, tripartite labour mechanisms, education, housing, welfare work and all such measures that can bridge the gap between the employers and the employees. This can be outlined as follows:

A. Labour welfare officer
- Labour welfare officer with following functions:
  - health and safety,
  - working conditions,
  - sanitation and cleanliness,
  - recreation,
  - welfare amenities,
  - services like co-operative grain shops, housing cooperatives,
  - formation of welfare committees,

- housing,
- implementation of laws on social welfare,
- Labour Administration functions:
  - organisational discipline,
  - safety and health administration,
  - wage and salary administration,
  - administration of legislation covering Industrial relations.
- Labour relations functions:
  - administration of standing orders,
  - handling of grievances,
  - settlement of disputes through statutory procedures,
  - relations between trade unions and trade union management,
  - measures to increase productivity.

B. Tripartite and bipartite bodies

The purpose of consultative mechanisms is to bring the partners together to resolve differences in a spirit of cooperation and goodwill. The main functions of this work committee are:
- to promote goodwill in industry,
- to ensure cooperation between employers and employees,
- to ensure the cooperation of private concerns,
- to provide for popular agency to supervise the management of nationalised enterprises.

C. Standing orders

Majority of the industrial disputes are related to employment conditions. To prevent the industrial conflict related to employment conditions, standing orders are formulated. They should include the following:
- classification of employees, e.g. whether they are permanent, temporary, apprentice and probationary,
- manner of informing employees about the period and hours of work, holidays, paydays and wage rates,
- shift work,
- attendance and lateness,
- conditions of the procedure for requesting leaves and holidays and the authority that may grant them,
- requirement to enter premises through certain gates and obligation to search,
- closing and reopening of parts of the industrial establishment and temporary stoppages of work, and the rights and obligations of the employer and employees arising therefrom,
- termination of employment and notice to be given by employer and employees,
- suspension or dismissal for misconduct and acts or omissions which constitute misconduct,
- redress for employees against unfair treatment or unreasonable exactions by the employer, its agents or employees,
- any other matter that may be prescribed.

D. Grievance procedure.

E. Joint consultation.

F. Labour co-partnership and profit sharing.

G. Strong trade union.

H. Collective bargaining.

Collective bargaining is seen as a process of social change, a peace treaty between conflicting parties and a system of industrial law. It involves the following five steps:

– preparation,
– discussion,
– proposal,
– bargaining,
– final agreement.

4. Conflict resolution

Conflicts can be settled through various methods which can be identified as follows:

A. *Investigation*: it is conducted by a board or court appointed by the government. It can be voluntary or compulsory.
B. *Mediation:* in this method, a third party assists the parties in their negotiation. It takes place with the consent of both parties.
C. *Conciliation:* the main purpose of conciliation and arbitration is to reunite the two conflicting groups back together in an industry in order to avoid interruption of production, mistrust, etc. Conciliation is a process in which representatives of both workers and employers meet before a third party in order to convince them to reach a short settlement.
D. *Arbitration:* Arbitration is a process in which the conflicting parties agree to refer their dispute to a neutral third party known as an 'Arbitrator'. Arbitration differs from conciliation in the sense that in arbitration the arbitrator makes a judgment on the dispute, whereas in conciliation, the conciliator helps the disputing parties to reach at a decision.
E. *Adjudication:* the final legal means for the settlement of an unresolved dispute is to refer it for adjudication by the government. The government may refer a dispute to adjudication with or without the consent of the disputing parties.

5. Negotiation

Negotiation is a technique of discussing issues between each other and reaching a conclusion that is beneficial to all involved in the discussion. It is one of the most effective ways of avoiding conflicts and tension.

Negotiation is a problem-solving process in which two or more people voluntarily discuss their differences and attempt to reach a joint decision on common concerns. It requires participants to identify issues about which they differ, communicate their needs and interests to each other, generate possible settlement options and bargain over the terms of the final agreement. Successful negotiations generally result in some kind of exchange or promise made by the negotiators to each other.

- <u>Who can be a negotiator?</u>

A negotiator is a person representing an organisation or a position who listens carefully to all parties and reaches a conclusion that is willingly acceptable to all.

- <u>Skills of a negotiator:</u>
  – a negotiator should be impartial and neutral,
  – he/she should understand the situation and also the point of view of each party,
  – a negotiator should be smart enough to deal with any situation and come to an agreement.

5.1. The importance of negotiation

Negotiation is essential in any sphere of life. It is important not only in corporations, but also in our daily lives. It is nothing but a discussion between individuals to find an alternative that takes into account everyone's interest and leaves no party at a loss. The following are some examples of the importance of the negotiation process:

– maintaining peace,
– effective buying,
– reducing conflicts,
– dynamic nature of business,
– interdependence,
– dealing with vendors,
– dealing with superiors.

5.2. Negotiation process

Negotiation is an open process for two parties aimed at finding an acceptable solution and ending the conflict. There are some specific conditions under which negotiation produces the best solutions:

– when the conflict involves two or more parties or groups,
– there is serious conflict of interest between the two parties,
– all parties believe that negotiation will lead to a better outcome,
– all parties want to cooperate rather than maintain a dysfunctional conflict situation.

The negotiation process consists of five steps, which are:

A. *preparation and planning,*
B. *discussion and interaction,*
C. *exchange of information,*
D. *bargaining and problem solving,*
E. *closure and implementation.*

6. Elements affecting negotiation

Negotiation is simply a technique, a discussion between individuals to reach a mutual agreement by which each party gains something and by which conflicts are avoided.

- Factors affecting negotiation:
  – the objectives and interests of the parties,
  – the extent to which the negotiating parties are interdependent,
  – the past relations that exist between the two negotiating parties,
  – the nature, temperament and personality of the parties,
  – the persuasiveness of each party.

In addition to the above, there are some factors that affect the outcome of negotiation:

– *Place:* the location of the meeting to conduct negotiation influences the level of confidence.

– *Time:* the choice of time to hold discussion should be determined considering mutual convenience. The time to prepare for the negotiation and the time to implement the agreement should also be carefully determined in order to take action before and after the meeting.

– *Subjective factors:* the final outcome of negotiation depends on subjective factors of influence and persuasion, not just on the objective factors such as logic and facts.

- *Personal relationship:* the conduct of negotiation is not only influenced by the actual situation of the issue, but also by the relationship between the two persons or parties involved in the discussion process.
- *Fear*: our bargaining power is often conditioned by our fear of the other party's authority, power, superior connections and the ability to cause harm.
- *Mutual obligations:* past relationships also act as an influencing factor.
- *Consideration of the future:* negotiation also gives perspective on future relationships.
- *Practice wisdom:* the fear of missing out on good opportunities in the future is a strong factor in our bargaining and negotiating position and power.

- Authority.
- Credibility.
- Information.
- Emotional control.
- Communication skills.

7. Challenges for effective negotiation

The biggest challenge to negotiate is when individuals are not ready to understand the other side at all. When one party thinks only of themselves and their interests, and tends to ignore the interests of the other party. There are several challenges in negotiation that need to be taken care of during the negotiation process:
- lack of time,
- unpreparedness,
- lack of patience,
- criticism, sarcasm, offensive remarks,
- avoid last minute changes,
- being too rigid,
- staying vigilant,
- lack of confidence.

Other Barriers:
- die hard bargainers,
- lack of trust,
- information vacuum and negotiator's dilemma,
- structural impediments,
- cultural and gender differences,
- communication problems.

Suggestions for effective negotiations:
- be transparent and honest,
- be very confident,
- have a good understanding of the other party,
- be a good communicator,
- take care of your outfit,
- be prepared to compromise,
- at the end of negotiation, sign contract and agreements,
- have a positive attitude for win-win negotiation.

8. Course revision

Entire course will be revised for the purpose to recall all the topics and issues covered in the syllabus. This will enhance and encourage students to read and understand all the thematic issues and help them prepare for the final examination.

9. Final examination

At the end of the course, a final written examination will be conducted in order to check the students' ability to describe with their understanding the topics that were taught in the class. It covers 50% of the whole course.

10. Sample tasks

- *Active participation in class discussions:* Active participation in class discussions assumes that a student has demonstrated knowledge of the data and concepts from the lectures, correct use of terminology and understanding of the basic ideas expressed in papers offered for reading at home.
- *Presentation:* Students are expected to create presentations based on the course material.
- *Group project:* a group project aimed at investigating a given topic.
- *Written response / test:* the element is given in the form of a written assignment.
- Written examination: The main goal of examination is to assess critical thinking skills, the ability to look and interpret known facts in a new way, to intellectualise and speculate on the main problems covered by the course, and to assess the use of English.

11. Sample questions

I Objective questions (fill in the blanks)
A. ———— can be defined or characterised in many ways as an expression of hostility, negative attitudes, antagonism, aggression rivalry and misunderstanding.

B. Multiple choice questions.

1. Which of the following conflict takes place within an individual?
    a) Intrapersonal,
    b) Interpersonal,
    c) Inter-group,
    d) Intra-medial.

II Short questions
    – What is conflict? Explain its nature.
    – Explain various levels of conflicts.
    – Explain various conflict resolution strategies.
    – What is negotiation? State its importance.
    – What is conflict management? State importance of conflict.
    – Explain various conflict resolution strategies.
    – Explain factors affecting negotiation.
    – What challenges are to be faced for an effective negotiation?

III Long Questions

- Explain belief domains of conflicts.
- Explain the concept of:
    - Investigation,
    - Mediator,
    - Conciliation,
    - Voluntary arbitration,
    - Compulsory arbitration,
    - Labour courts,
    - Industrial tribunals,
    - National tribunals,
    - Role of communication in negotiation,
    - Role of emotions in negotiation.

- Write Short Note on:
    - The role of communication in negotiation,
    - The role of personality in negotiation,
    - The role of emotions in negotiation,
    - The labour welfare officer,
    - Standing orders.

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