A Study on Conflict and Negotiation

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Conflict

Different authors describe different stages of conflict development, ranging from four to eight. Gleaning from literature Brahm (2003) surmises that conflict development includes the following stages:

1. No conflict
2. Latent conflict
3. Emergence
4. Escalation
5. Stalemate
6. De-escalation
7. Settlement/Resolution
8. Post conflict peace building and reconciliation

The stages are also depicted in the image below:

Source: Brahm (2003)

Let us look at each of these stages briefly before describing the actual situation which was witnessed and how it progressed.

Latent Conflict stage: In an organization, different people have different agendas, needs, interests and goals. Therefore the potential for conflict exists, though it may not be apparent until some event triggers off the conflict.

The Emergence: This is the beginning or the first signs of the conflict. When there are strong emotions, an event can trigger an eruption. This could be because of perceived threat and old traumas that leave legacies of fear and hatred (Kriesberg, 2003).

Escalation: emergence may be followed by settlement or resolution. Or it may be followed by escalation. There is increased intensity of the conflict in escalation. The conflict becomes increasingly
destructive. Each side’s collective identity is shaped as the opposite of the enemy’s identity and is also a sign of group loyalty. Each side attributes good qualities to their group and bad qualities to the opposite group, sometimes going so far as to dehumanize the opposite group. The conflict generates new grievances, as the groups inflict injuries on each other (Kriesberg, 2003a).

**Stalemate:** Escalation cannot continue indefinitely and either leads to de-escalation or settlement or stalemate. A stalemate is when neither side can win, and neither side wants to back down. When a conflict has been happening for a long time people have been socialized to a polarized view of the two sides. They do not want to reconcile as they are afraid of the other side (Brahm, 2003a).

**De-escalation/Negotiation:** A decrease in the severity of the conflict is de-escalation (Maiese, 2004). The shift from escalation to de-escalation is a step-by-step process and happens over time. The adversaries are bought together for negotiations, and they start agreeing on initially minor and then major issues. There is reduction of hostility and mistrust. The parties at this point begin to think of the conflict in a new way (Maiese, 2004). The parties realize that their current strategy is not working and they are unwilling to yield or withdraw. They only way then are to negotiate for a mutually acceptable solution (Maiese, 2004). Generally, de-escalation is triggered by a conciliatory gesture from one side which leads to lessened hostility and decline in inclination to retaliate (Maiese, 2004).

Negotiation is a discussion between two or more disputants who are trying to work out a solution to their problem (Negotiation, 2003). In negotiation the parties realize there is a conflict of interest, they wish to resolve the conflict, they are not willing to take what the other side will voluntarily give them (Roy, 1999), they prefer to negotiate for an agreement rather than fight openly, give in or break off (Wertheim, 2003).

**Settlement/Resolution:** Settlement of a conflict results in a transformation of collective identities. A process may be established that provides regulated procedures for dealing with contention. The underlying causes of the conflict are remedied. A settlement will hold till old grievances surface again or people (spoilers) succeed in rekindling old fires (Kriesberg, 2003b).

**Peace building** – Peace building consists of a wide range of activities consisting of capacity building, reconciliation and societal transformation (Maiese, 2003a). It occurs after the conflict has come to an end. Peace building facilitates establishing durable peace and tries to prevent the recurrence of the conflict (Maiese, 2003a). In other words, the spiral of conflict is replaced by the spiral of self sustaining peace. Peace building involves addressing the underlying causes of conflict and making sure they do not recur, repairing damaged relationships and dealing with the psychological trauma of conflict. Peace building is used when the conflict involves nations or geographic regions.

**An Illustrative Situation:**

**Latent Conflict:** This situation occurred in an educational institution that offered various undergraduate and post graduate programs. The institution had a Principal, Mr X who headed the various arts and science courses. The institution had a Director(A), Ms Y who headed the MBA program, and another Director(B), Ms Z, who represented the employer and was in charge overall, but did not have any specific responsibilities.

Director (A), Ms Y was initially asked to report directly to the General Secretary – the owner of the institution. She did not have to report to Mr. X or Ms Z. Later she receives a communication saying she has to report to Ms Z, Mr. X and a new person, Mr. R, who was designated as Executive Director. As Mr. X, Ms Z and Mr. R were not familiar with the MBA program, there was a difference of ideologies and goals that did not match. The MBA program had requirements very different from that of the other courses. The rules and regulations governing the MBA program were also very different.
Ms X was also new to the institution and did not have personal relationships to help smooth the differences. She also had to now report to four people who were her superiors – The Principal, The Director (B), The Executive Director and the General Secretary.

**The Emergence:** The first sign of conflict occurred when Ms Y, the MBA Director was asked to vacate her cabin and give it to Ms Z, the Director (B). Ms Y was in charge of the MBA department which contributed 50% revenue to the Institution and she was asked to move into a small dingy room and give her room to someone who was only playing a decorative role and did not have any responsibilities. Ms Z was an old employee and ex-Principal of the Institution and seemed to have an unfair advantage because of her rapport with the General Secretary. Ms Y felt humiliated and insulted.

**Escalation:** The conflict escalated when Ms Z started interfering in all the activities of the MBA department. She had a background in English literature and new nothing about the functioning of the MBA department. In her prior role too, she had never managed the MBA department which required a knowledge and skill set which was different from that required for running other academic programs. While lacking in expertise, Ms Z was bossy and rude to Ms Y. She wanted to be consulted on all issues pertaining to the MBA department. Ms Y felt stressed, upset and constrained by the situation. Ms Z insisted that all communication go through her. Once when Ms Y wanted to send some communication to the General Secretary for approval and took it to Ms Z, Ms Z was upset that her name did not figure in the dignitaries who will be occupying the stage. She just threw the communication back at Ms Y. Ms Y, being an emotional person, was getting more and more disturbed by the situation. She had to get the communication through so she met the Executive Director and got the approval directly with him.

Ms Y tried to seek the support of the Executive Director and General Secretary. But her pleas fell on deaf ears. Ms Z being a close friend of the General Secretary painted a different picture of the entire situation to the management. One day a meeting was called of all concerned where Ms Y was scolded for not getting along with Ms Z. She was scolded for communicating directly to the Executive Director without the consent of Ms Z. She was also reprimanded for taking some decisions that went against what Ms Z wanted. Ms Y was so upset and disturbed she just put in her papers and resigned from her job. Her resignation was accepted without questions and no attempts were made to resolve the conflict. The conflict therefore did not go through the stages of de-escalation and settlement.

**Negotiation**

Negotiation is an attempt by two people or groups who are currently in disagreement to reach a mutually acceptable solution (Tschiesche, 2012).

The five stages of a successful negotiation are (Tschiesche, 2012):

1. Preparation
2. Initial positions
3. Discussion
4. Compromising
5. Completing the deal

When the negotiation involves a sale/purchase, the following terminologies are relevant (Negotiation, 2011):

1. BATNA- Best alternative to a negotiated agreement- If you do not make the deal, what is the next alternative
2. Reservation Price – The bottom line beyond which you prefer no agreement
3. The Bargaining zone – The space between the buyer’s reservation price and the seller’s reservation price – that is, the zone of possible agreement.

4. Aspiration level – the price which the negotiator aspires to achieve.

**Negotiation at work:**

Land Marvel (name changed) is a real estate company. It markets homes of different types – villas, bungalows, apartments and so on. It also sells commercial and residential land. Here we will describe the negotiation process of one deal that the company. Land Marvel was trying to sell a prime commercial property of 5 acres on the coast and facing the ocean. Land Marvel owned this piece of real estate and it was not acting only as an agent in this deal. While the going price for such a property in the vicinity was $350 m, Land Marvel had an ambitious aspiration price of $500 m. Its reservation price was $420 m. Shane (name changed) was the chief negotiator for Land Marvel. Consequent to marketing efforts one potential buyer was John (name changed), who was the CEO of a chain of amusement parks. John’s aspirational price was $350 m and reservation price was $400 m.

1. **Preparation:** John had been searching for a property such as this. A property facing the ocean had some advantages for an amusement park, because of the view, the breeze and the availability of a water body for water sports. John was aware of the going rate for the property as he had been scouting the area. He was well prepared. Shane checked the background of the potential buyer. He found that John was eager to close the deal soon, so he could start work on building the park. The chain of amusement parks were doing well and the company was cash rich. Shane was also prepared with his aspirational and reservation price.

2. **Initial positions:** The negotiation started with Shane quoting $600 m (aspirational and reservation price: $500 m and $420 m). John started with $300 m (aspirational and reservation price: $350 m and $400 m).

3. **Discussion:** The discussion points by Shane were: The unbeatable location, no property of this size available in the vicinity, the view facing the ocean, the shape of the property which was rectangular and so would mean no wastage of space, clear title and documents.

The discussion points of John were: ready to pay full cash up front, going price in the vicinity was low, while they were no similar properties in the near vicinity, there did exist similar ones in other locations, the climate in the area was very hot and sultry and a cooler place would be more suitable if the price was not attractive.

4. **Compromising** – The prices went down as the negotiations continued aggressively. But since the reservation price of John was below that of Shane ($400 m of John as against $420 m of Shane), the negotiation hit a stalemate. The negotiation faltered and could not be completed.

5. **Completing the deal** – This did not happen.

**What could have been done different:** One of them has to change his reservation price, (the bottom most price). This is not really feasible, unless Shane is desperate to sell and John is desperate to buy at any cost. Shane is not desperate to sell as the economy is booming and real-estate prices are only going up. Even if he holds on to the property now, he will get a better price in the future. John is also not desperate as there are other similar properties that he can pursue, but not in the near vicinity. The only factor that would help in completing the negotiation would be if Shane has a prime property or homes that he can invest in with the money that he accrues, which will fetch him make more profits in the long run. If selling at $400 m and investing in an attractive opportunity facilitates huge
In the long run, he can go for it. This would be true if not many other potential buyers are in the wings and if the opportunity cost of not closing this deal is high as mentioned.

References: