

# **Art of Negotiation & Managing Conflicts**

---

Radhika Bailurkar 2019430003  
Anant Bhandari 2019430004

# Overview

- Art of Negotiation
  1. What is Negotiation?
  2. Partnering
  3. Chartering
- Managing Conflicts
  1. What are conflicts?
  2. Managing Conflicts
  3. Case Study
- Principles of Negotiation

# What is Negotiation?

It is the process through which two or more parties seek an acceptable rate of exchange for items they own or control.

OR

Negotiation is a field of knowledge and endeavor that focuses on gaining the favor of people from whom we want things.

“Negotiation terms / synonyms: “mediate,” “conciliate,” “make peace,” “bring to agreement,” “settle differences,” “moderate,” “arbitrate,” “adjust differences,” “compromise,” “bargain,” “dicker,” and “haggle” .

Project negotiation requirements are that conflicts must be settled without permanent damage, the methodology must foster honesty, and the solution must satisfy both individuals' and the organization's needs

Projects provide ample opportunity for the project manager (PM) to utilize her or his skills at negotiation. There are, however, three situations commonly arising during projects that call for the highest level of negotiating skill the PM can muster:

- the use of subcontractors
- the use of input from two or more functional units to design and develop the project's mission
- the management of changes ordered in the project's deliverables and/or priorities after the project is underway

# Partnering:

In recent years there has been a steady growth in the frequency of outsourcing parts of projects. External suppliers, increasingly, are delivering parts of projects, There are many reasons beyond avoidance of litigation that firms enter partnering arrangements with each other like :

- diversification of technical risk
- avoidance of capital investment
- reducing political risk on multinational projects
- shortening the duration of the project
- pooling of complementary knowledge

# Partnering

- The parent organization's objective is to get the deliverable at the lowest possible cost, as soon as possible.
- Whereas, The subcontractor's objective is to produce the deliverable at the highest possible profit with the least effort.
- These conflicting interests tend to lead both parties to work in an atmosphere of mutual suspicion and antagonism.
- It is almost axiomatic that the two parties will have significantly different ideas about the exact nature of the deliverable itself.

# Partnering

Project partnering is a method of transforming contractual relationships into a cohesive, cooperative project team with a single set of goals and established procedures for resolving disputes in a timely and effective manner.



# Multistep process for building partnered projects :

1. The parent firm must make a commitment to partnering, select subcontractors who will also make such a commitment, engage in joint team-building exercises, and develop a “charter” for the project.
2. both parties must implement the partnering process with a four-part agreement on:
  - joint evaluation of the project’s process,
  - a method for resolving any problems or disagreements;
  - acceptance of a goal for continuous improvement
  - continuous support for the process of partnering from senior management of both parties

# Chartering

- The agreements between groups partnering on large endeavors are often referred to as charters.
- A project charter is simply a written agreement between the PM, senior management, and the functional managers who are committing resources and/or people to a specific project.
- It details the expected deliverables, often including schedules, budgets, and resource commitments. It attests to the fact that senior management of all relevant organizations, functional managers, and the PM are “on the same page,” agreeing about what is to be done, when, and at what cost.
- Most projects do not have charters, which is one reason for observing that most projects are not completed on specification, on time, and on budget.

# **Members of the partnering team sign a commitment to:**

1. Meet design intent
2. Complete contract without need for litigation
3. Finish project on schedule:
  - Timely resolution of issues ,
  - Manage joint schedule

# Case Study: The UPS Strike of 1996 Win-Lose Negotiation



## UPS Strike of 1996



# Introduction

- The United Parcel Service (UPS) is a US Messenger company founded in 1907 , which evolved into becoming one of today's largest global provider of package delivery and logistic services as well as specialized transport.
- A major business strategy of this company was to hire mostly part-time workers, which was quite attractive to young workers. The latter was provided work at off-time shifts earning union-negotiated wages and benefits.
- However, part-time work at UPS presented very little chances of job advancement regardless of the length of time rendered as a short-term contract worker.

# 1996 Strike

- By 1996, UPS's workforce comprised 182,000 part-time workers, working an average of 26-28 hours per week spanning durations of five years that could be more or less at part-time compensation rates.
- The Teamster Union, handling the bargaining negotiations for UPS worker-members,
- He made a careful study of this particular issue and decided to launch a major offensive strike against UPS and the same time they were banking on public support for their cause.

# 1996 Strike

- The Teamster Union and UPS union members' call for strikes were able to garner workers' support and of that of the international union organizations.
- E-mails about the planned strike were sent out, thus enabling UPS workers to understand the causes for which the unions would call a work-stoppage.
- This enabled them to save and financially prepare for the temporary job loss.
- The international labor union was able to set up funds to augment the union-workers' strike fund in case it became depleted during the process of long-term negotiations.

# Parties included in Negotiations

- The Teamster Union
- UPS( United Parcel Service)- Union members
- UPS bargaining committee



# The Negotiations

- The union negotiators were able to come up with a definitive list of their demands and arguments, for which the main agenda was the creation of full-time jobs for part-time workers, reduction of the salary differential between part-time and full-time workers, job security against outsourcing and improvement of work safety conditions.
- As an example of the union's preparedness, a UPS concessionary offer of sub-contracting big-rig driver jobs, instead of hiring on a part time status, was immediately rejected by the union team.
- The union team was able to defeat this counter-bargain by pointing out that the union-UPS contract contained provisions that sub-contracting could only be allowed if the union would agree to this.

# The Results of the Negotiation

A successful bargaining agreement was reached, which included the following settlements among many others:

- Ten thousand part-time jobs were converted into full-time occupations at UPS.
- Closing the salary gap between part-time and full time workers, by increasing part-time salary rates from \$8.00 to \$8.50.
- Prohibition of mandatory overtime for all workers.
- Expansion of maternity and paternity leaves as approved under the Family and Medical Leave Act.
- Prohibition of disciplinary actions against employees involved in on-the-job accidents and injury cases.

# The Results of the Negotiation

- These are only some of the successful outcomes of the UPS–Teamster Union negotiations to end a labor strike that caused UPS million-dollar financial losses as the strike lasted for two weeks.
- Prior to the 1996 year-end closing, only 40,000 out of the 182,000 part-time employees remained under the short-term status.

# What are Conflicts?

- Conflicts arise when people perceive that their interests and values are challenged or not being met.
- Traditional view—The traditional view considers conflict in a negative light and feels that conflict should be avoided.
- Contemporary view—The contemporary view, suggests that conflict is inevitable and natural.
- Interactionist view—the interactionist view embraces the conflicts because teams can become stagnant and complacent if too harmonious or tranquil

# Managing Conflicts - How to Deal with them?

- Avoidance: Avoiding conflict focuses on retreating, withdrawing or ignoring conflict.
- Accomodation: Accommodation, or smoothing, is an approach for appeasing the various parties in conflict.
- Forcing: A person uses his or her dominant authority to resolve the conflict

# Managing Conflicts - How to Deal with them?

- Compromise: It is essentially bargaining—one person or group gives up something in exchange for gaining something else
- Collaboration: It requires confronting and attempting to solve the problem by incorporating different ideas, viewpoints, and perspectives.

# Approaches to resolve a conflict:

- Type of conflict and its relative importance to the project
- Time pressure to resolve the conflict
- Position of power or authority of the parties involved
- Whether the emphasis is on maintaining the goals or objectives of the project or maintaining relationships

# **Case Study in the UAE Organizations: Managing Conflict at Workplace**

- The UAE has the largest migration rate in the world. While this workforce diversity contributes varied backgrounds and languages to the workplace, diversity can also present major challenges for management.
- Workforce diversity, tension, and conflict can result in the creation of invisible barriers, a lack in communication or coordination, and a lack of recognition of positive employee behavior.



# Prework

- Interviews with 41 respondents were collected from 32 officials working in the UAE companies.
- The authors supplemented these interviews with quantitative methods, employing a questionnaire of 213 employees in selected local organizations.

# **Styles of Conflict in the Workplace Environment**

- Conflict arising due to different in gender, culture or knowledge: “There is a religion and cultural gaps between us” (Interviewee # 4, 2013).
- Differences in the personality of workers: “If someone comes in late, a manager can always blame him or her for being nonproductive and lazy” (Interviewee # 10, 2013).

# **Impact of Workplace Conflict on Employees and Work Environment**

- Productivity Level of the Employees Decreases:
- Development of Passive Aggression in Behavior of Employees: “that employee tends to gossip more and work less, and so they often do not deliver important messages” (Interviewee # 2, 2013)

# **Solutions of the conflicts faced in the organization?**

- Feedback
- Meetings
- Communication

# Principles of Negotiation

There are 4 principles of negotiation:

- Separate the people from the problem
- Focus on interests, not positions
- Before trying to reach agreement, invent options for mutual gain
- Insist on using objective criteria

# Separate the people from the problem:

- The conflicting parties are often highly emotional.
- They perceive things differently and feel strongly about the differences.
- Emotions and objective fact get confused to the point where it is not clear which is which.
- To minimize the likelihood that the conflict will become strictly interpersonal, the substantive problem should be carefully defined.
- Then everyone can work on it rather than each other.

# **Before trying to reach agreement, invent options for mutual gain:**

- Parties are blind to other outcomes and are not particularly creative.
- As soon as the substantive problems are spelled out, some effort should be devoted to finding a wide variety of possible solutions— or elements thereof—that advance the mutual interests of the conflicting parties.
- Success at finding options that produce mutual gain positively reinforces win-win negotiations.

# **Insist on using objective criteria:**

- Rather than bargaining on positions, attention should be given to finding standards (e.g., market value, expert opinion, law, company policy) that can be used to determine the quality of an outcome.
- Doing this tends to make the negotiation less a contest of wills or exercise in stubbornness.



# Focus on interests, not positions:

In positional negotiation, the “positions” are statements of immediate wants and assume that the environment is static. Consider these positional statements: “I won’t pay more than \$250,000 for that property.” Or, as above, “We might be able to deliver it by February 1.” The first position assumes that the bidder’s estimates of future property values are accurate, and the second assumes that the group’s current workload (or a shortage of required materials) will not change. When negotiation focuses on interests, the negotiator must determine the underlying concern of the other party. The real concerns or interests of the individuals stating the positions quoted above might be to earn a certain return on the investment in a property, or to not commit to delivery of work if delivery on the due date cannot be guaranteed. Knowledge of the other party’s interests allows a negotiator to suggest solutions that satisfy the other party’s interests without agreeing with the other’s position.

# References

- Jack T. Marchewka, “ Information Technology Project Management”, Wiley, 4th Edition
- Badreya Al-Jenaibi,”Managing Conflict in Workplace: A Case Study in the UAE Organizations”, May 2014

# Focus on interests, not positions:

Positional bargaining occurs when the PM says to a functional manager: “I need this subassembly by November 15.” The functional manager responds: “My group can’t possibly start on it this year. We might be able to deliver it by February 1.” These are the opening lines in a dialogue that sounds suspiciously like the haggling of the tourist and the rug peddler. A simple “Let’s talk about the schedule for this subassembly” would be sufficient to open the discussion. Otherwise each party develops a high level of ego involvement in his or her position and the negotiation never focuses on the real interests and concerns of the conflicting parties—the central issues of the conflict. The exchange deteriorates into a series of positional compromises that do not satisfy either party and leave both feeling that they have lost something important.