CHAPTER SEVEN
Dispute Resolution and Negotiation

A: Main Teaching Points (by textbook section)

In general, this chapter first examines why disputes arise. It deals with tolerances of dispute in different cultures. The last part discusses resolution tactics, including negotiation. Factors in the national culture influence dispute and its resolution.

Most students have considerable experience of disputes and less of formal negotiations. This chapter does not attempt to do more than introduce negotiations and to show how they may be applied in resolving disputes.

7.1   Introduction

This introduction gives two examples of political disputes, and sees how they are resolved in different political and cultural contexts.

7.2   Reasons for dispute

Disputes arise in any cultural context. The individual's attitudes towards a dispute are decided by his/her interests in the outcome. His/her culture is one, but only one, of the factors that influence the individual's attitudes. Other factors include personality, stake, emotional involvement, urgency, and precedent.

A person who feels that his/her interests are threatened is more likely to be made anxious and frightened, whereas an observer who has nothing to lose may even enjoy the spectacle. This point is illustrated by Schein's case, "Factors that influence interest."

7.3   Culture and dispute

Subsection 7.3.1 examines the Anglo notion (influenced by classical Greek philosophy) that dispute is an important spur to creativity. Other cultures place greater emphasis on

the disruptive effects. The following subsections compare attitudes towards disputes in Anglo and collectivist cultures. Subsection 7.3.3 applies Hofstede's analysis; does the fact that four dimensions explain attitudes mean that they overlap and that this duplication weakens the model? The model does show that tolerances towards disputes in the same type of situation differ across cultures. A dispute considered legitimate and even healthy in Culture A may be perceived as threatening and dangerous in Culture B – and leading to conflict. Subsection 7.3.5 deals with Handy's distinctions between argument, competition, and conflict. Emphasize that the first two can have positive outcomes in some circumstances (for instance, when disputants have access to reliable information) and may even be encouraged in some contexts (including cultural contexts).

7.4   Resolving conflicts

Conflicts are resolved by the participants or by other persons. Thomas (1976) shows the different positions that the participants might adopt on the axes of confrontation and cooperation. Factors influencing the choice of position are discussed. Other persons may assist resolution by mediating. Intervention by a superior must be carefully timed. The final alternative, negotiation, is discussed in section 7.5.

7.5   Negotiation

Negotiations must be carefully prepared. Alternatives needing consideration include WHERE to negotiate, WHEN to negotiate, WHO negotiates, WHO has authority to decide, WHY negotiate, HOW to negotiate. The negotiator prepares his/her alternatives, and those that appear available to the other side.

So far as possible the negotiator trusts his/her opposite but that trust can never be total. This means asking: what can you reasonably trust the other side to say and do?

There are practical advantages in investing time in building interpersonal trust in cultures where this matters. In effect, this means not hurrying too quickly to discussion of business. Cultural analysis shows why the cultivation of trust may be a greater priority in some cultures than others.

The company's interests in negotiating are reflected in its choice of negotiator or negotiating team. This choice may also reflect values in the culture. The practical implication is that the identity of the other side may require a response – for instance, in the choice of representation by numbers, function, sex, age, rank.

Remind students that parties negotiate because each perceives that it can achieve its goals by some degree of cooperation, in preference to conflict. However, cooperation is never total; interests do not coincide at all points. The negotiating process reflects the balance by needs to cooperate and compete.

Calculating needs always presents problems – even when they belong to your culture. The problems grow more acute when they belong to some other culture, and when cultural factors appear to influence their hopes, expectations, and negotiating style.

Subsection 7.5.6 deals only very cursorily with questions of how to negotiate. The topic is too broad to be dealt with in so small a space. Material is selected to underline the theme of making and maintaining trusting relationships.

Make the point that in some circumstances a clear, well-signaled structure may be necessary. Elsewhere, negotiators may feel too constrained by this tactic (for instance, when trying to brainstorm a wider range of options).

Subsection 7.5.7 focuses on the problems of implementation. In Anglo and northern European cultures a negotiation is usually considered closed when the contract is signed. However, elsewhere the signing may mark the beginning of detailed horse-trading which is tied pragmatically to problems encountered in implementation. This means that appeals to renegotiate details should be interpreted within their cultural context.

B: Implications for the Management Student

(This section modifies the material on p. 163 of the textbook.)

1. Disputes (arguments, competition) occur in all organizations in all cultures. Disputes can be positive, and of value to the organization. When disputes are not resolved (or cannot be resolved) they deteriorate into conflicts which have a negative and damaging effect on the organization.
2. Tolerances of dispute vary. What might be considered unimportant in one context is perceived as highly threatening in some other.
3. A range of tactics is available for resolving disputes and for intervening in disputes between subordinates. Culture is one of the factors that influences which is selected and appropriate.
4. In your business school, what sort of argument and competition is viewed as positive? Give examples of:
   – Argument that is encouraged (between individuals, and groups)
   – Competition that is encouraged (between individuals, and groups)
   – Tactics used to prevent argument and competition spinning out of control and leading to conflict.

C: Class Discussion Questions

1. In cultures that you know, what sorts of argument are typically tolerated and even encouraged? Make comparisons across cultures. In organizations that you know, what sorts of argument are typically tolerated and even encouraged? Make comparisons across organizations.

2. Think of examples of arguments and competitions that descended into conflicts. Why did these occur?

3. Think of cases when *you* tried to resolve a conflict by:
   - dominating;
   - negotiating;
   - sharing;
   - avoiding;
   - appeasing.

   In each case, were you successful or unsuccessful? Why?

4. In cultures that you know, in what circumstances might a superior feel it necessary to intervene in order to resolve a dispute between subordinates? In what circumstances might he/she prefer to ignore it? Think of examples.

5. What strategies might you adopt for learning the other side's objectives in entering a negotiation?

6. Why might an organization enter a negotiation *not* acting in good faith (i.e., without any genuine intentions of reaching a negotiated settlement)?

7. What sort of behavior makes you trusted as someone to negotiate with? What sort of behavior would make you not trusted?

D: Answers to the Exercise

Remind students to keep any material that they produce in this exercise. They will need it again when they do the exercise in chapter 15 (on international joint ventures).

Problem (a) asks students to outline their information needs. Students sometimes interpret this too widely and try and include all possible needs and interests. Challenge them to justify and prioritize important needs only.

This situation (selling management training to a foreign client) is increasingly common in management education. If your school provides an example, the persons concerned might be invited to discuss their experiences with the class, either before or after this exercise is completed.

E: Additional Exercise Material

This exercise asks about tolerances of conflict in different cultures and different situations.

In early 1998, the economic recession in Asia led to a series of industrial disputes across the region. In Thailand in January, employees of the Thai Summit Auto Parts Company demonstrated over a cut in wages and reduction in their annual bonus from three months to one. The company is Thai-owned, and all management and workforce are Thai.

The demonstration led to a violent protest outside their factory. Molotov cocktails, stones, and bottles were hurled at police in clashes that involved up to 2000 workers. A motorcycle and car were set on fire and money was demanded from some motorists before they were allowed to pass through the crowd. Only after 12 hours were the authorities, aided by furious motorists, able to break up the demonstration and persuade the protestors to stop.

1. In your culture, would you expect a cut in wages and reduction in the annual bonus from three months to one to lead to this degree of violence? In what industries?
2. In which of these industries is a violent response more likely in your culture? In any other cultures that you know well?
   – financial services;
   – auto assembly;
   – high-tech R&D;
   – textile manufacture.
   Explain your answers.

F: Test Bank

1. The individual's attitudes towards a dispute are most influenced by:
   a. Financial factors
   b. How far it affects their own interests
   c. Physical proximity
   d. Cultural factors.

(Answer, b: p. 143)

2. Schein's research (1987) showed that:
   a. Consultants are less sensitive to the effects of a dispute than are the protagonists
   b. Consultants are more sensitive to the effects of a dispute than are the protagonists
   c. Managers are not usually interested in a dispute at a lower level
   d. Persons involved in a dispute are likely to perceive them in negative terms when their interests are threatened.

(Answer, d: pp. 144–5)

3. Anglo cultures perceive some degree of dispute as:
   a. To be avoided at all costs
   b. Unnatural
   c. Damaging to creativity
   d. A necessary condition for creativity.

(Answer, d: pp. 145–6)

4. Laurent's work showed that:
    a. In all cultures the majority of managers would like to eliminate intra-organizational conflict
    b. Some cultures perceive conflict as a far greater threat to the organization than do others
    c. In all cultures most managers perceive intra-organizational conflict as arising from problems of interpreting the organizational chart
    d. In all cultures most managers think that most intra-organizational disputes arise from problems in answering their subordinates' questions.
(Answer, b: p. 147)

5. Members of large power distance cultures:
    a. Assume that peers usually cooperate
    b. Value harmony between the powerful and powerless
    c. Assume that latent conflict between ranks is normal
    d. Assume that latent conflict between ranks is unusual.
(Answer, c: p. 148)

6. In collectivist cultures, confrontations are:
    a. Generally avoided
    b. Avoided when they seem likely to threaten the in-group
    c. Always expressed in indirect language
    d. Very quickly resolved by reconciliation.
(Answer, b: p. 148)

7. Competition has positive outcomes:
    a. Under no circumstances
    b. When it stimulates activity and channels energy
    c. Unless arguments break out
    d. Because it stimulates the losers to try harder next time.
(Answer, b: p. 149)

8. The resolution tactics of avoidance and appeasement:
    a. Never achieve harmony, and always delay resolution
    b. Are acceptable only in situations where stakes are low and neither party is emotionally involved in the outcome
    c. Are often unacceptable in the Anglo cultures
    d. Are always preferred to compromise in Japan.
(Answer, c: pp. 151–3)

9. You are wise to negotiate at the other party's premises:
    a. If you need to hide from your own constituents
    b. As a matter of preference – whatever your circumstances
    c. In order to gain territorial advantage
    d. On no account – all the above are false.
(Answer, a: p. 157)

10. "Trusting" your negotiation partner includes believing that he/she will:
    a. Give you what you demand
    b. Never attempt to bluff you
    c. Do his/her best to implement the negotiated agreement
    d. Try to be a good friend.

(Answer, c: p. 158)

11. An American company negotiating in Japan includes a lawyer in its team. A traditionally minded Japanese team feels:
    a. Happy about this, because it is also Japanese practice to include a lawyer
    b. Happy, so long as the lawyer can speak Japanese
    c. Unhappy; the inclusion of the lawyer implies distrust and a readiness for conflict
    d. Unhappy about this, because they lose face unless they also include a lawyer and Japanese corporate lawyers are few and expensive.

(Answer, c: p. 159)

12. In Anglo cultures, the business person who has a reputation for constantly attempting to renegotiate contracts after signing is generally:
    a. Respected as far-sighted
    b. Respected as considerate of constituents whose interests must be protected
    c. Distrusted
    d. Thought of as polite to counterparts, who may also wish to renegotiate.

(Answer, c: p. 162)