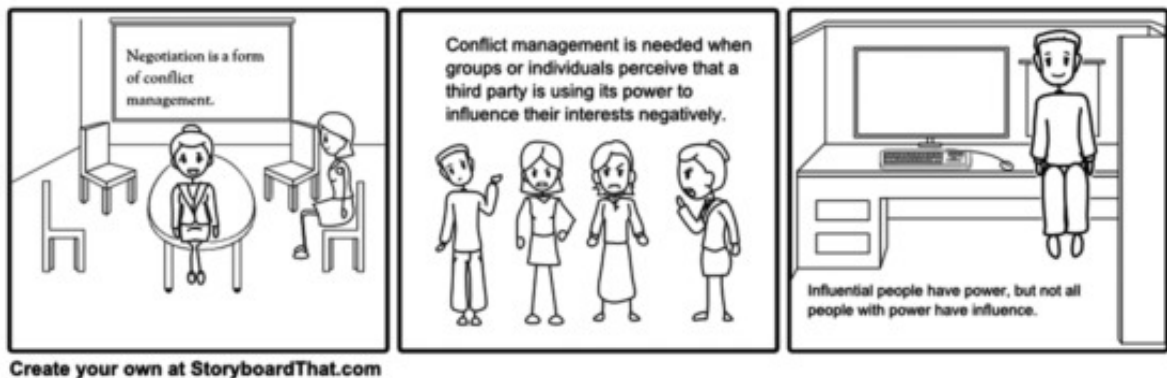


Study unit 4

Power, politics, conflict resolution and negotiation

4.1 BACKGROUND

Have you ever come across a secretary who has made it impossible for you to get an appointment with her boss, or heard of a low-ranking employee who is able to get you an appointment with the chief executive officer of a listed company? We have all watched television series where individuals, other than management, influence the behaviour of others, even that of management. They are able to do this because they possess some form of power and they use their power to influence others.



4.2 STUDY UNIT CHALLENGES

We are challenging you to:

- define and discuss power and organisational sources of power
- explain the relationship between power and interest
- discuss how people use influence tactics and political action to protect their interests
- explain the various sources of organisational conflict and identify the conflict management strategies
- provide guidelines on how to apply the two phases of the negotiation process: planning and the actual process

Work through Chapter 7 in the prescribed book.

4.3 KEY CONCEPTS

- When one party perceives that another party opposes or negatively influences its interests, it may result in **conflict**.

- **Conflict management** involves doing things to limit the negative aspects of conflict and to increase its positive aspects.
- **Influence** is the capacity or power of people or things to be a compelling force on, or produce effects on the actions, behaviour, opinions, etc., of others.
- An **interest** can be an advantage, claim, duty, liability, right and/or title associated with a tangible or intangible item.
- **Negotiating** is a process in which two or more parties are in conflict and attempt to reach an agreement.
- **Political behaviour** includes activities that are not required as part of an employee's formal role, but that are performed to attempt to influence the distribution of advantages or disadvantages in the organisation.

4.4 INTRODUCTION

People use **power to influence** others to reach goals that are in their **interest to pursue** and to influence decisions regarding the allocation of resources. In this study unit, we investigate how a person gains **power** and uses it to **influence** others, and how people **use** influence tactics to manage **conflict** and **negotiate** effective solutions to organisational problems..

4.5 POWER

A person can have power without influence, but not influence without power. When people use their power for their **own gain** (me-orientation **personal power**), it has a negative "face". However, when – people use their power for the good of the group (social or we-orientation **social power**), that power has a positive "face". The mind maps provided in figures 4.1, 4.2 and 4.3 summarise the sources of power people accrue in organisations.

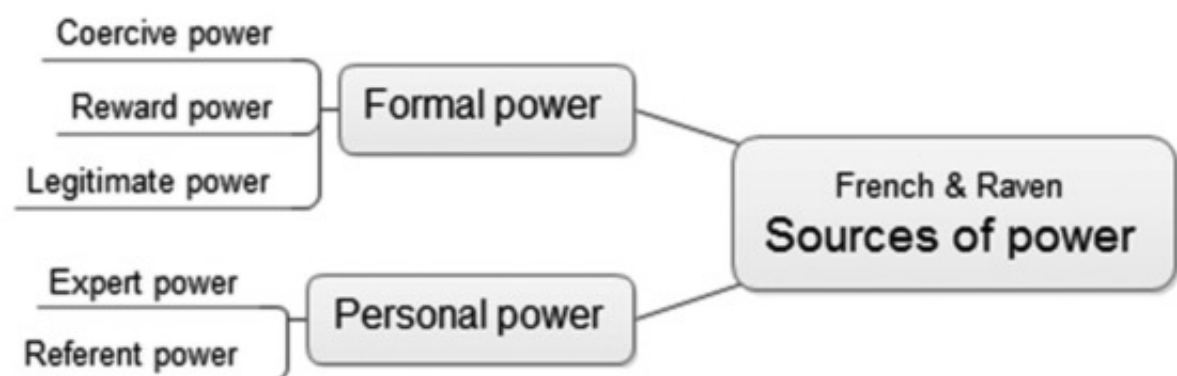


Figure 4.1: French and Raven's five sources of power

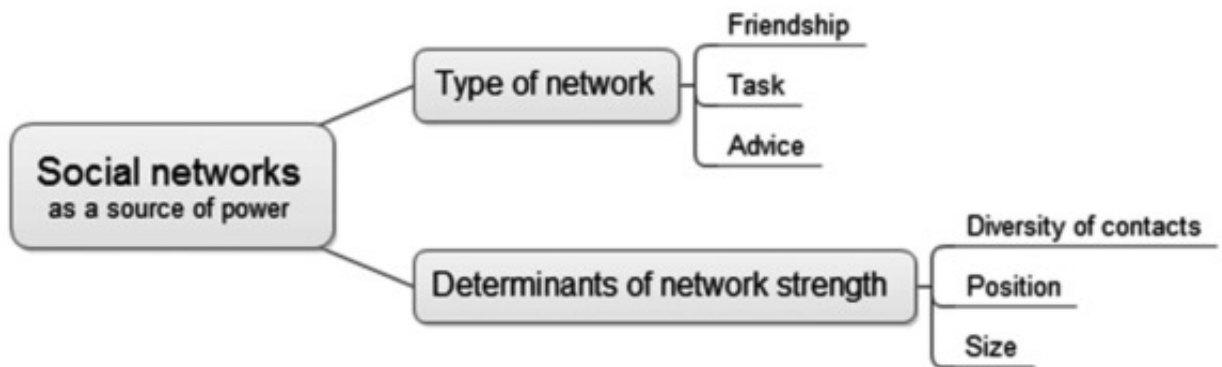


Figure 4.2: Social networks as sources of power

4.6 INTERESTS

People need power to **protect** their **interests** (what they perceive to belong to them), either their own (**individual** interest) or that of others (**collective** interest). To be able to protect their interests, **people** use power to **influence** the **outcome** of specific situations. This forms the basis of any **political action** within an organisation.

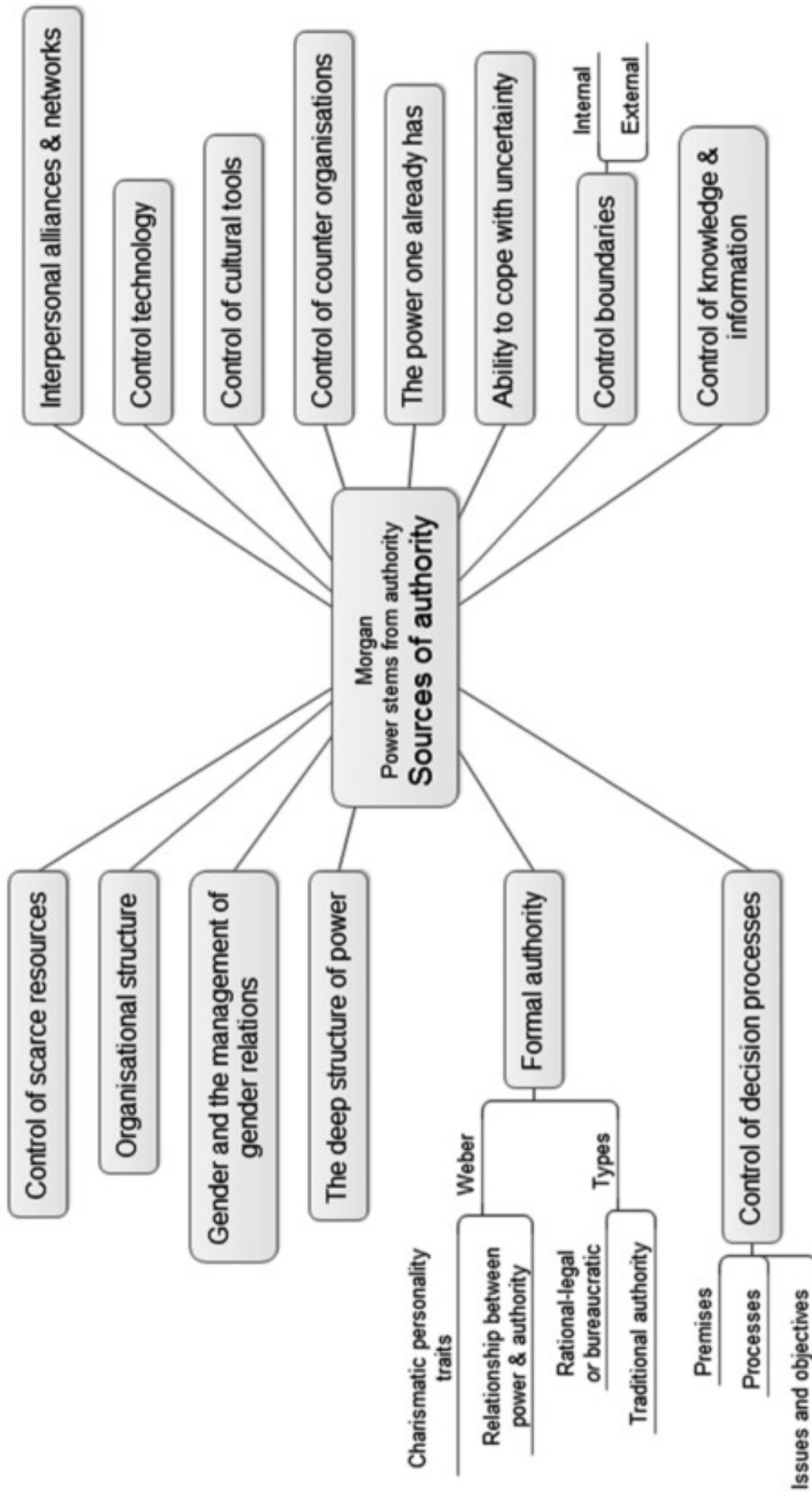


Figure 4.3: Morgan's sources of authority

4.7 INFLUENCE

Knowing the source of their power and whose interests they want to protect, enable people to influence in the outcome of a situation. Power is a **prerequisite** for influence, and when the target has a **dependency** on the agent, the agent can use influence to get the desired outcome. Figure 4.4 indicates the different tactics an agent can use to create this dependency.



Figure 4.4: Influence tactics

4.8 POLITICAL BEHAVIOUR

To succeed, managers need **expertise** and **political skills**. A person who has **political** skills could **convert power** into **action** and **influence** the distribution of **advantages** or **disadvantages** in the organisation. In organisations, two types of political behaviour occur: **legitimate** and **illegitimate** political behaviour. Figure 4.5 summarises the different actions associated with the two types of political behaviour

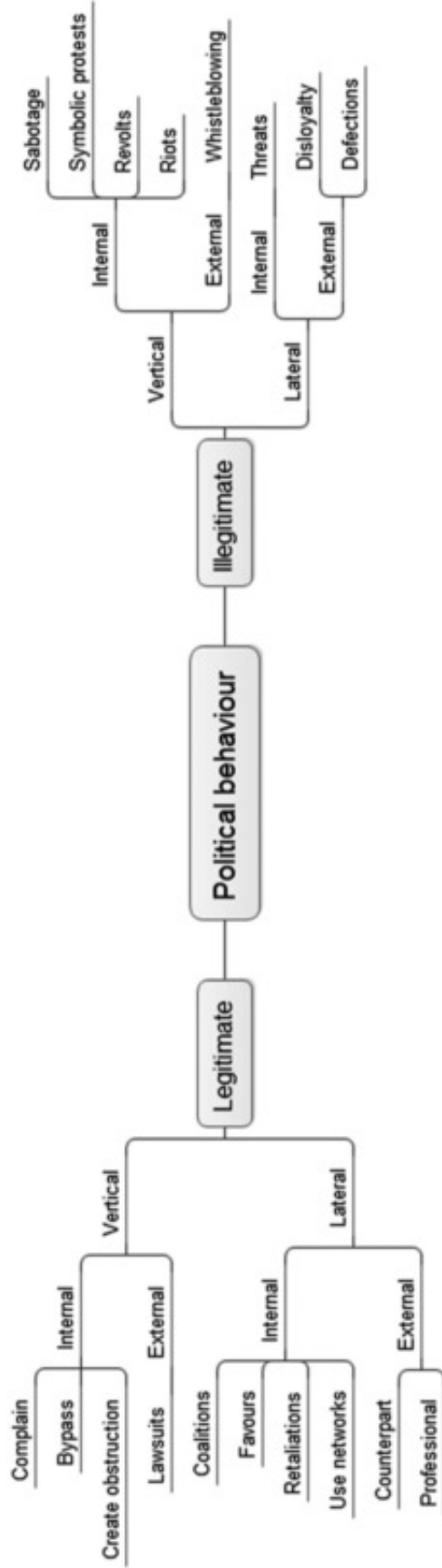


Figure 4.5: Legitimate and illegitimate behaviour in organisations

A manager can mobilise support for political action from employees and other managers by:

- recognising opposing ideas and finding ways to reconcile them
- identifying who the change will effect and mapping their sources of power and influence
- identifying possible supporters and blockers
- identifying stakeholders and possible coalitions
- obtaining buy-in from decision-makers
- actively creating and using networks
- negotiating solutions

4.9 CONFLICT MANAGEMENT

When a third party uses power and influence to negatively affect the interests of a group or an individual, it may result in conflict. Conflict can be **functional** or **dysfunctional**, depending on its influence on the organisation's operations. Figure 4.6 depicts possible **causes of conflict**.

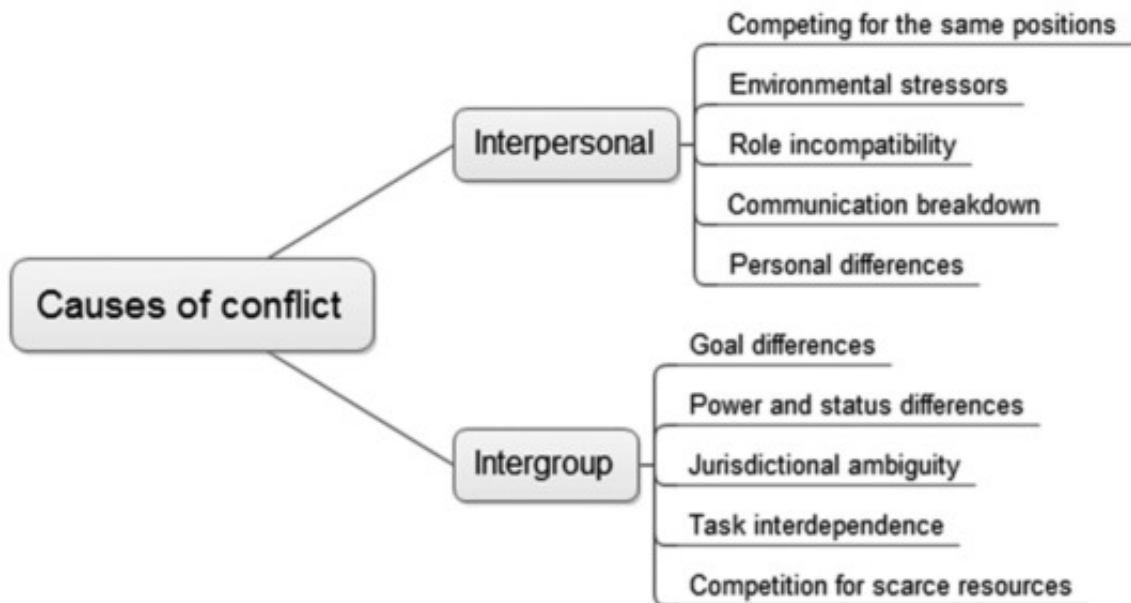


Figure 4.6: Causes of conflict

Managers can employ five different **conflict management strategies**, namely:

- avoidance
- accommodation
- compromise
- competition
- collaboration

4.10 NEGOTIATION

When a conflict arises, management may need to **negotiate** an **agreement** between the parties in conflict. The negotiation process consists of two phases, as summarised in Figure 4.7.



Figure 4.7: Negotiation process

4.11 CONCLUSION

In this study unit, you learnt that in organisations, **people** gain power and use their influence to protect their individual or collective interests. When people use their influence to **affect** the interest of others negatively, it may result in **conflict**. Managers use their **conflict management** and **negotiation** skills to resolve any conflict that may affect the effective functioning of their organisations.

4.12 ADDITIONAL LEARNING EXPERIENCES

If you have access to the internet, you should consider visiting the following websites. This is **NOT COMPULSORY**, but these websites all contain interesting information and examples about the content in this study unit.

- Power and politics
<http://www.youtube.com/watch?v=7peFKioBCVI>
<http://www.youtube.com/watch?v=5VeJ-XrbBwU>
<http://www.youtube.com/watch?v=yvFGuA6qtrM>
<http://toolkit.smallbiz.nsw.gov.au/chapter/8/41>
http://hstalks.com/main/view_talk.php?t=1758c=250

Interesting **tweeple** that you could follow on Twitter:

@JeffreyPfeffer

4.13 ASSESSMENT

This section contains self-assessment questions that you can use to assess your knowledge of the study unit.

SECTION A: MULTIPLE-CHOICE QUESTIONS

4.1 Acceptable organisational political action includes all of the following, **except** _____ .

- 1 the use of power for the achievement of organisational goals
- 2 actions to gain dominance over others
- 3 the use of influence to protect the interests of one's group (such as a department)
- 4 negotiation and coalition forming

4.2 A low-ranking individual can probably influence the behaviour or beliefs of others by using _____ .

- 1 an informal social network
- 2 the formal hierarchy
- 3 vertical downward communication
- 4 negotiation and coalition building

4.3 "The potential to influence behaviour, to change the cause of events, to overcome resistance and to get people to do things they would not otherwise do" is the definition for _____ .

- 1 individual interest
- 2 collective interests
- 3 power
- 4 politics

4.4 The bases for collective interests in organisations include all of the following, **except** _____ .

- 1 individuals acting in their own interests
- 2 demographic groups defined by factors such as age and gender
- 3 professions represented in an organisation
- 4 division of labour such as full-time and part-time workers

4.5 Identify the **incorrect** statement

- 1 Conflict is seldom present in well-managed organisations.
- 2 Conflict is the result of individuals and groups competing for the same scarce resources.
- 3 Organograms provide some clues as to why people engage in political action in order to advance in their careers.
- 4 The fewer positions available higher up in the organisation, the more conflict will develop between competing individuals.

4.6 Power derives from all of the following sources, **except**, _____ .

- 1 organisational hierarchy
- 2 coercion
- 3 control over resources
- 4 conflict between groups

4.7 A scientist, with superior knowledge of complicated scientific processes, working for an organisation developing cutting-edge solutions to complex scientific problems and processes has _____ power.

- 1 referent
- 2 expert
- 3 legitimate
- 4 reward

4.8 Which one of the following is **not** a source of power?

- 1 using symbolism and the management of meaning to further one's own interests
- 2 having control over knowledge and information
- 3 having an excellent past track record
- 4 being a good team player

4.9 The influence that stems from individual social networks is most evident in _____ .

- 1 bureaucratic organisations
- 2 organisations with flat structures
- 3 organisations where authority is centralised
- 4 organisations with tall structures

SECTION B: PRESCRIBED TEXTBOOK

Try to answer the review questions in the prescribed textbook.

SECTION C: TUTORIAL LETTER 101

Complete the questions that relate to this study unit from the assignment found in Tutorial Letter 101

4.14 END OF STUDY UNIT CASE STUDY

Read the following case study and answer the questions that follow.

RWE npower

RWE npower is a leading energy company in the UK. It is part of the German-owned RWE, one of Europe's leading utilities. Part of RWE's strategy is to deliver cleaner, affordable, and secure energy supplies for the UK while improving profitability.

RWE npower has over 11 000 employees across 60 sites in the UK. It provides more than 10% of all electricity in England and Wales. In the UK, RWE npower provides electricity and gas services to both B2C (business-to-consumer) and B2B (business-to-business) markets through its retail brand, npower. In 2007, npower supplied over six million residential consumers and 400 000 business customers. Business customers included large corporations such as BT, Ford and Wembley Stadium. Service organisations, such as schools and hospitals, also rely on npower.

The UK energy market is highly competitive. Both private and business customers can choose from several suppliers to get the best service and price.

Jay, a young graduate engineer, and the son of the CEO, has been at RWE npower for a relatively short time. He is responsible for the decisions that will achieve the required Strategic Spare Parts Project targets. As a mechanical engineering graduate, he has been involved in many different areas of work, ranging from preparing tenders and contract management, to hands-on work activities that include routine maintenance, plant inspections, overhauls, and improvements. In his words, "Working at RWE

npower as an engineer is very different to the usual view of workmen in overalls. Engineers at RWE npower can be involved in anything from new build projects or existing plant site activities to office based work and/or projects".

Jay needed to make decisions based on an assessment of the risks linked to making changes or not doing anything at all. He had to evaluate which spare parts were "critical" and what was the best way of managing their supply.

A wide range of staff were involved in the project:

- *Jay consulted with the senior asset manager and his team to obtain financial data relating to insurance costs should they fail to meet their contractual obligations.*
- *Site managers and engineers gave information on what spares were stored on different sites and at what cost. They also shared the availability losses arising from past problems with not having necessary spares.*
- *The operations procurement manager negotiated the most cost-effective deal for the company.*

Jay found that for 75% of spare parts, there was sufficiently low risk to allow time for normal ordering, purchase and installation and that 25% of spare parts were essential for effective energy supply.

Jay concluded that the majority of spares for

power could be sourced as and when needed without greatly affecting the power supply. However, if the essential spares were not available, heat and power supplies could be affected for a long time. These items were confirmed as critical. With this information, Jay concluded that it was possible to find an alternative way of managing the spares process and make improvements. He went on to investigate the best ways to achieve these improvements.

Site managers who need spare parts are of the opinion that Jay's findings will negatively affect their ability to do their work. Experience, which Jay does not have, has taught them to keep two sets of spare parts on hand. They feel that Jay's lack of experience and influence with his father is a dangerous combination and have decided to turn to their union to resolve this conflict.

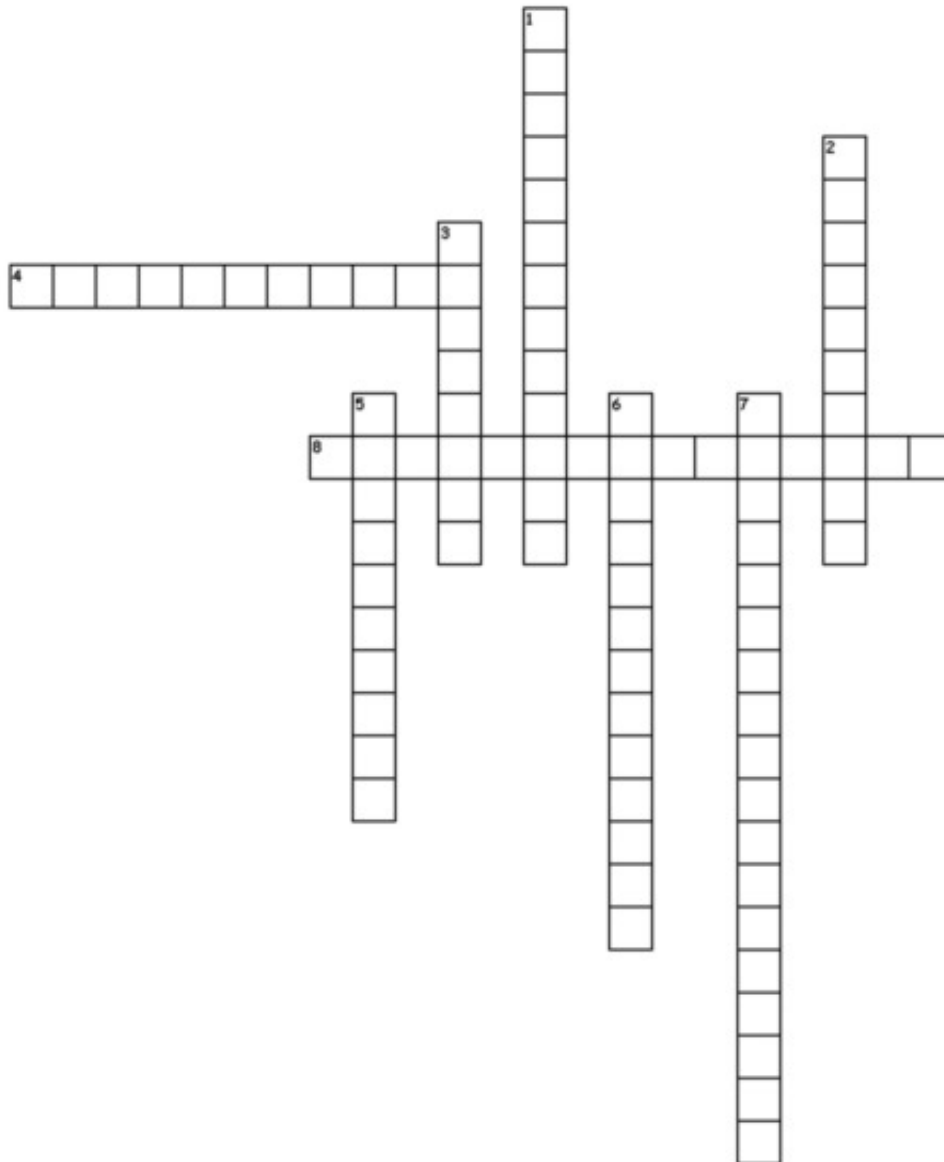
Adapted from: Times 100 (2013c).

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www.businesscasestudies.co.uk

4.15 STUDY UNIT REVIEW QUESTIONS

Complete the following crossword puzzle based on the RWE npower case study.



Across

4. Jay has this type of authority (Morgan).
8. Jay gains authority by controlling this process.

Down

1. Jay decides to resolve the conflict with site managers by meeting with them and addressing their differences. This is a strategy to manage _____ conflict.
2. The operational manager protected _____ interest when he negotiated the most cost-effective deal.
3. Jay should research the site managers during the _____ phase of negotiation.
5. Jay has this type of power (French and Raven).
6. Due to miscommunication, site managers feel that Jay's findings negatively affect their interests. This is an example of a _____ cause of conflict.
7. Jay uses these influence tactics to get management to support his findings.