

Workplace Challenges Facing Employers and Workers Post Covid-19 Should Encourage Interest Based Bargaining

Distributive Bargaining v Interest-based Bargaining

Power has a huge influence over the outcome of a negotiation. Distributive bargaining heavily relies on power to achieve the best result, which usually involves one party 'losing'. Interest-based bargaining requires both parties to make an agreement to avoid the reliance on power to solve the issues at hand. For both parties to agree to this, they must be able to envision the possibility of an agreement which solves the issue and satisfies the interests of all. The final agreement should provide a win – win situation. According to Barrett and O'Dowd "*interest-based bargaining does not eliminate power, only the resort to power.*" The success of an interest-based negotiation is dependent on the cooperation of both parties.

The Objective of Distributive Bargaining

In contrast, the main objective of distributive bargaining is to give away as little as possible while obtaining as much as possible. The aim is to walk away with a bigger slice of the 'pie' than the other party. The 'pie' is a term given to the bargaining surplus, the overlap between two party's reservation points.

During the negotiation, each party is attempting to find an agreement which is closest to the other party's reservation point. To achieve this, negotiators use a number of strategies. One of these strategies is to aim high, negotiators that set high target points often come away with an agreement which favours their reservation point. Another popular strategy used by negotiators is to make the first offer, in doing this the other party is usually put on the back foot. According to Galinsky and Mussweiler, the negotiator that makes the first offer anchors the negotiation in their favour.

Traditional or distributive bargaining results in one party walking away satisfied with the agreement and one party dissatisfied, the pie is not evenly divided. This can have negative effects on the organisation, on employees and on the management – trade union relationship.

The organisation can suffer as employees feel they are not being listened to and their interests are not being met. Often leading to a decline in discretionary effort and trust, in turn decreasing the organisations productivity levels. Dissatisfied employees can also choose to take industrial action which can have serious and detrimental effects for the organisation. Future negotiations which have been informed by past practices of distributive bargaining are likely to be more difficult due to the fractured relationship between management and the trade union.

The Objective of Interest-based Bargaining

In contrast, the objective of interest-based bargaining is very different from that of distributive bargaining. Interest based, or integrative bargaining, focuses on the issues and interests of both parties, while aiming to find an agreement which can satisfy all. Interest-based bargaining can be the least costly form of negotiation. However, it involves risks. An organisation must assess whether a mutual gain is possible prior to committing to integrative bargaining. Failing to do so can lead to damaged relationships between the parties as it will not be possible to reach an agreement which benefits all.

Interest-based bargaining encourages a more cooperative approach to employment relations negotiations. The emphasis is on following a set of techniques and processes that will lead to settlements that incorporate the interests of all parties.

The assumption is that management and trade unions can work out their differences through dialogue and mutual adjustment. Collaboration and joint action are the bywords of interest-based negotiations. An interest-based bargaining approach has the potential to have positive effects both on the organisation and its employees. It reduces the focus on the 'them and us' mentality and creates an environment which is cooperative and trusting.

A successful interest-based negotiation will see both parties leave the negotiation with the issues resolved and their needs satisfied. Interest-based bargaining can result in improved workplace relationships, creating a strong foundation for future negotiations.

Reflexive Response

For the skilled negotiator, being able to understand your instinctive response to conflict is an important step in the negotiation process. Awareness of this 'reflexive response' allows the negotiator to adapt it to certain situations.

Drawing on academic studies, the Thomas – Kilmann Conflict Mode Instrument is an effective tool which can be used to show a person's reflexive response to conflict. This is a questionnaire, which reveals the approaches one is most likely to instinctively fall back on when dealing with conflict. The five responses outlined in the questionnaire are avoiding, accommodating, compromising, competing and collaborating.

Interest-based bargaining requires the negotiator to be collaborative and cooperative. Using the Thomas – Kilmann Conflict Mode Instrument a negotiator can gain a deeper understanding of their approach to conflict and this awareness enables a negotiator to adapt their bargaining style appropriately.

No One Size Fits All

There is no single ideal model that will work in all circumstances, but every system of conflict management needs to be aligned with the objectives and culture of the organisation. As

mentioned above, distributive bargaining has the potential to create an environment of distrust in an organisation and it can cause irreparable damage to the parties' relationship.

Interest based or integrative bargaining focuses on providing mutual gain. Interest-based problem-solving seeks to resolve disputes by identifying interests and offering options which address the concerns of those involved in resolving the problem. Through joint deliberation, an agreement which solves the issues at hand and meets the interests of both parties can be reached. Discretionary effort can often be increased, trust is enhanced, and the party's relationship improved, reducing the possibility of conflict in the future.

Best Practice Post Covid-19

Amidst the many complex workplace issues which will confront employers and workers in the post Covid-19 world, conducting negotiations through interest-based principles of problem-solving should be regarded as best practice. The challenge for many will be their willingness to commit to changed processes and ways of engaging in what will be a significant period of transition for workers and employers in the period ahead.

Concerted effort will be needed to promote the principles and practices of interest-based negotiations within organisations. In most cases it will require a well thought out programme that is implemented and supported over a sustained period. Organisations must develop their own customised ways of promoting and adopting interest-based negotiations best suited to the post Covid-19 world.

If any business has questions, or need further guidance or support on the issues discussed in this article, please do get in touch with me at aoife.molloy@stratis.ie.

Aoife Molloy

HR Team

Stratis Consulting
'Leading People Strategies'

E: aoife.molloy@stratis.ie

T: +353 (0) 1 2166302

W: www.stratis.ie

Twitter: @Stratisconsult

LinkedIn: [Follow us here](#)

The information in this article is for guidance only and does not constitute legal advice. The answers to specific situations will vary depending on the circumstances of each case. You should consult Stratis for information and advice relevant to individual circumstances facing your business.

References.

Barrett, J.T, and O'Dowd, J. (2005) Interest Based Bargaining: A Users Guide, Oxford: Trafford Publishing. Chapter 3, pp. 31-50.

Cutcher-Gershenfeld, J. (2014). Interest Based Bargaining, The Oxford Handbook of Conflict Management in Organisations.

Thompson, L. (2015). Mind & Heart of the Negotiation. Pearson Australia Pty Ltd.

Galinsky, A. and Mussweiler, T. (2001). First offers as anchors: The role of perspective-taking and negotiator focus. *Journal of Personality and Social Psychology*, 81(4), pp.657-669.

Brown, J. (2012). Empowering Students to Create and Claim Value through the Thomas-Kilmann Conflict Mode Instrument. *Negotiation Journal*, 28(1), pp.79-91.