

# THE INFLUENCE OF NEGOTIATION AS A CONFLICT MANAGEMENT STRATEGY IN ORGANIZATION PERFORMANCE

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## ABSTRACT

This study explores the influence of negotiation as a conflict management strategy on organizational performance, with a focus on small and medium-sized enterprises in Benin City, Edo State, Nigeria. As conflict is an inevitable part of organizational life, especially in complex workplaces, effective negotiation becomes essential for maintaining a positive work environment. Using a cross-sectional survey design, data were collected from 59 respondents across various sectors, including construction, agriculture, and logistics. The study employed T-test correlation analysis via SPSS 20.0 to examine the relationship between negotiation practices and performance outcomes. Findings indicate a strong positive correlation (correlation coefficient of 0.420) between effective negotiation and enhanced organizational performance, demonstrating that constructive negotiation not only resolves conflicts but also fosters employee satisfaction, trust, and productivity. The results suggest that entrepreneurs and organizational leaders who prioritize negotiation can establish a collaborative work culture that supports long-term growth and success. This study concludes with recommendations for implementing negotiation training and fostering transparent, fair conflict resolution policies to further improve organizational outcomes.

**Keywords:** negotiation, conflict management, organizational performance, entrepreneurship, employee satisfaction, Nigeria.

## 1. INTRODUCTION

Conflict among employees isn't just likely—it's a natural part of any complex organization (Putnam & Krone, 2006). Yet, when conflicts are managed effectively, they can have a surprisingly positive impact on employee satisfaction and performance. This is particularly relevant for entrepreneurs in Nigeria, where small and medium-sized enterprises (SMEs) make up over 80% of the entrepreneurial landscape. Research indicates that, compared to a decade ago, managers today spend considerably more time addressing employee disputes. When managed proactively and strategically, these conflicts can actually boost performance, helping employees make the most of limited resources and achieve organizational goals.

Weimann, Hinz, Scott, and Pollock (2010) highlight that poorly managed conflicts can harm both employee satisfaction and workplace performance. In contrast, entrepreneurs who approach conflict resolution proactively are better positioned to improve employee satisfaction and job performance. By promptly addressing conflicts, these entrepreneurs can boost their organizations' effectiveness and ensure they stay on track to meet their goals (Shelton & Darling, 2004). In Nigeria, negotiation is the most common strategy for resolving organizational conflicts, primarily because it encourages both parties to reach a mutually beneficial compromise. This process of negotiation focuses on finding common ground, avoiding disputes, and promoting cooperation. By fostering creativity and allowing room for alternative solutions, negotiation can become the foundation of a strong performance strategy, helping organizations set and achieve meaningful objectives.

## 2. LITERATURE REVIEW

This section explores how negotiation functions as a conflict management strategy, particularly from an entrepreneurial perspective. According to Richmond, McCroskey, and McCroskey (2005), effective negotiation involves various tactics that can help resolve conflicts in a productive way. These tactics include:

**Face-to-Face Tactic:** By establishing a foundation of mutual confidence, face-to-face negotiations create a space where both parties feel secure in expressing their interests and concerns.

**Persuading Tactic:** This approach involves using different techniques to win over partners and achieve a more favorable negotiating position.

**Deceitfulness Tactic:** While ethically questionable, some negotiators may present false information to sway the negotiation in their favor.

**Threat Tactic:** Here, one party relies on deterrence—often leveraging their position of strength or power—to influence the other side.

**Promise Tactic:** In this tactic, the stronger party persuades the weaker side by promising certain actions or benefits, hoping to gain compliance or agreement.

**Concession Tactic:** This is one of the most critical tactics, where parties make compromises to reach a mutually beneficial agreement.

Negotiation has a direct impact on organizational performance, especially in processes like performance appraisals. A well-designed appraisal system can enhance organizational growth and performance (LeBaron, 2003), providing entrepreneurs with a comprehensive snapshot of their organization's achievements. However, if performance appraisals are poorly executed, they can lead to widespread confusion and dissatisfaction. Employees who feel they've been evaluated unfairly may experience heightened conflict, ultimately impacting morale and productivity.

The outcomes of negotiation are crucial, as they can shape the dynamics of team relationships and organizational culture. According to De Dreu (2006), the results of negotiation generally fall into three categories: lose-lose, win-win, and win-lose. Each outcome has distinct implications:

#### **Lose-Lose Negotiation Strategy Outcome**

In a lose-lose negotiation, both parties walk away feeling worse off than before. This strategy typically arises when neither side achieves their desired outcome. However, in some cases, all parties acknowledge that certain losses are inevitable and agree to distribute these losses fairly. When losses are shared equally, a lose-lose outcome can sometimes be preferable to a win-lose outcome because, despite the lack of positive results, the perceived fairness can help maintain relationships and avoid future conflicts.

In organizations, this scenario can occur when parties struggle to accept the reality of losing. Rather than moving on, they may channel their time and energy into retaliating, seeking to undermine the other party in an attempt to feel validated. Unfortunately, this can create a cycle of resentment and wasted resources, ultimately affecting organizational performance.

Good negotiation, on the other hand, is built on thorough preparation and collaboration. When both parties come to the table well-informed and willing to work together, they can craft binding agreements that endure over the long term, even if the immediate outcome isn't ideal for either side (Thompson, 2005).

#### **Win-Win Negotiation Strategy Outcome**

A win-win outcome occurs when all parties involved in a negotiation feel they have achieved a positive result. In this scenario, everyone walks away with a sense of victory, as the resolution benefits all sides. The agreements reached are likely to be accepted willingly by all parties, reducing the chances of future disputes and fostering a cooperative atmosphere.

Achieving a win-win outcome, however, requires more than just a willingness to negotiate. It involves a collaborative approach where all parties work together to explore various options and find solutions that meet everyone's needs. This strategy demands open communication, creativity, and flexibility, as parties must be willing to consider and integrate each other's perspectives to develop a solution that is genuinely beneficial for all involved. By focusing on mutual benefits, a win-win approach can strengthen relationships, build trust, and support long-term success within the organization.

#### **Win-Lose Negotiation Strategy Outcome**

In a win-lose negotiation, one party comes out on top, believing they have secured a favorable outcome, while the other party feels they have gained little or even lost ground. This type of outcome often results in one side benefiting at the expense of the other, creating an imbalance that can lead to lasting resentment and strained relationships.

Ceylan, Emre, and Aslı (2008) suggest that win-lose scenarios are common in industrial disputes, where disagreements between employers and employees can lead to work stoppages and unresolved grievances. These conflicts arise when one side, typically management, achieves its goals—such as ending a strike—while the other side, such as the employees, receives fewer concessions than they had sought. For example, Elvis (2017) highlights cases in Nigeria involving civil servants and various unions, including the Academic Staff of Polytechnics (ASUP) and the Senior Staff Association of Nigeria Polytechnic (SSANIP). In these situations, the government managed to get employees back to work, but the workers did not receive the full salary increases they had demanded.

Win-lose outcomes often damage long-term relationships between parties, increasing the likelihood of future conflicts and breakdowns in communication. While the immediate goals of one party may be achieved, the lack of a balanced resolution can lead to dissatisfaction, reduced morale, and ongoing disputes, undermining productivity and harmony in the organization over time. This however had no direct effect on their performance.

## Review of Prior Studies

Research consistently suggests that negotiation plays a critical role in enhancing organizational performance by effectively managing conflicts. By using negotiation as a tool, entrepreneurs can foster healthier relationships with employees, thereby boosting overall organizational productivity and cohesion. For example, well-conducted negotiation strategies can create a work environment that is less prone to recurring conflicts, allowing organizations to focus more on growth and achieving their strategic goals.

Ceylan, Emre, and Aslı (2008) discuss how industrial conflicts often arise from failed negotiations, particularly when one party seeks to dominate the other, resulting in a win-lose outcome. This can lead to work stoppages and damaged relationships, as one party may feel unfairly treated, leading to strained interactions in the future. Such outcomes not only impact immediate productivity but also set a negative precedent for future negotiations, making it harder to establish trust and cooperation within the organization.

In contrast, Posthuma (2011) highlights the importance of negotiation within the U.S. Army, emphasizing that effective negotiation skills lead to win-win outcomes, which are especially critical in high-stakes situations like security and reconstruction efforts. By training personnel in negotiation tactics, the Army has improved its ability to resolve conflicts constructively, which in turn has strategic implications for military operations and personnel management. This example underscores the broader relevance of negotiation skills across different organizational contexts and suggests that these skills can be transformative when they are applied with an emphasis on mutual benefit and relationship-building.

Studies also indicate that planned and ethical negotiation approaches are vital for organizational success. For instance, research on contract negotiations reveals that organizations that plan their negotiation strategies carefully tend to see better performance outcomes, as effective planning enables them to handle conflicts with a more structured and purposeful approach. When organizations use competitive negotiation tactics without ethical considerations, they may experience short-term gains but risk long-term harm to their organizational culture and employee morale. This is particularly relevant in contexts where sustained performance relies on collaborative relationships and trust, such as in negotiations with employees or business partners (Lumen Learning, 2024; Uganda Martyrs University, 2015).

## 3. METHODOLOGY

This research aims to explore the relationship between negotiation as a conflict management strategy and organizational performance through a comprehensive analysis of quantitative data. Data were gathered via a survey, using questionnaires distributed to a selected group of entrepreneurs in Benin City, Edo State, Nigeria. The study employs a cross-sectional survey design, which allows for data to be collected from a sample at a single point in time, providing insights into the current relationship between the variables studied.

A random sampling method was used to ensure representation across multiple sectors, with seven respondents chosen from each of the ten sectors, including construction, housing, supply chain, security, agriculture, logistics, transportation, mining, and crafting. This approach resulted in a total of 70 respondents, of which 59 valid responses were ultimately analyzed after data cleaning.

To ensure accurate and reliable analysis, the data were processed using SPSS 20.0 (Statistical Package for the Social Sciences), which is commonly employed for its robust statistical capabilities and user-friendly interface. Specifically, a T-test was conducted to determine the significance of the relationship between negotiation as a conflict management strategy and organizational performance. This test allowed the researcher to assess whether the observed correlation between these variables was statistically meaningful. By focusing on quantitative data, this study provides an objective measure of how negotiation strategies impact performance within diverse organizational settings.

One simple T-test

$$t = \frac{\bar{X} - \mu}{s} \sqrt{n-1} = \frac{\bar{X} - \mu}{s / \sqrt{n}}$$

Where the equation is the sample mean  $\bar{X}$ ,  $\mu$  is a specified value to be tested,  $s$  is the sample standard deviation and  $n$  is the size of the sample.

**Decision Rule:** When the t-calculated is greater than the t-tabulated, we reject the null hypothesis and accept the alternate hypothesis and when the t-calculated is less than the t-tabulated we accept the null hypothesis and reject the alternate hypothesis,

#### 4. DATA ANALYSIS AND INTERPRETATION OF RESULTS

**Table 1:** Conflict affects the workers performance in your Organization

Options	Frequency	Percentage
Strongly Agreed	5	25.4 %
Agreed	20	33.9
Neutral	15	8.5
Disagreed	14	23.7
Strongly Disagreed	5	8,5
Total	59	100

Source field work, 2024

From the above table, 5 respondents representing 8.5% of the respondents, strongly agreed that conflict affects workers performance in organization, on the other hand 20 respondent representing 33.9 % of the respondents agreed. However, 15 respondent representing 24.4% of the respondents where neutral but 14 respondents representing 23.7% believes That win lose outcome can affect workers performance in organization by disagreeing while 5 respondents representing 8,5% strongly disagreed

**Table 2:** Parties to conflict are likely to accept outcome in a win-win negotiation?

Options	Frequency	Percentage
Strongly Agreed	40	67.8
Agreed	14	23.7
Neutral	3	5.1
Disagreed	0	0
Strongly Disagreed	2	3.4
Total	59	100

Source field work 2024

From the table above show that, 40 respondents representing 67.8% of the respondents, strongly agreed that. That the parties to the conflict likely to accepted voluntarily in a win-win negotiation? On the other hand 14 respondent representing 23.7 % of the respondents agreed. However, 3 respondent representing 5.1 of the respondents where neutral but no respondent representing 0% believes that the parties to the conflict likely to accepted voluntarily in a win-win negotiation? By disagreeing while 2 respondents representing 8,5% strongly disagreed

**Table 3:** Parties to conflict are likely to accept outcome in a lose-lose negotiation?

Options	Frequency	Percentage
Strongly Agreed	4	6,8
Agreed	8	13,6
Neutral	0	0
Disagreed	20	33.9
Strongly Disagreed	27	45.8
Total	59	100

Source field work 2024

From the table above show that, 4 respondents representing 6.8% of the respondents, strongly agreed that Parties to conflict are likely to accept outcome in a lose-lose negotiation. On the other hand, 8 respondent representing 13.6 % of the respondents agreed. However, 0 respondent representing 0% of the respondents where neutral but 20 respondents representing 33.9% believes that that. Parties to conflict are likely to accept outcome in a lose-lose negotiation, thereby disagreeing while 27 respondents representing 45.8% strongly disagreed.

**Null Hypothesis (H01):** There is no significant relationship between negotiations as a conflict management strategy and organizational performance.

To test for the hypothesis, the responses in tables 4.3.1 and 4.3.4 were subjected to correlation analysis using the SPSS. The result of the analysis is presented below;

Table 4.: Correlations output			
		Conflict affects the workers performance in your Organization	Negotiating with management before decisions are made
Conflict affects the workers performance in your Organization	Pearson Correlation	1	.838**
	Sig. (2-tailed)		.000
	N	355	355
Negotiating with management before decisions are made	Pearson Correlation	.838**	1
	Sig. (2-tailed)	.000	
	N	355	355
**. Correlation is significant at the 0.01 level (2-tailed). (SPSS output)			

Decision Rule: When the correlation figure is negative or tends towards zero, we accept the null hypothesis. However, if it is positive and tends towards 1, it means that there is a correlation between both variables and null hypothesis should be rejected and alternative accepted.

Decision

Since the correlation coefficient is given as 0.420 as shown from the SPSS output, it means that the correlation coefficient is greater than 0 and tends towards 1. We therefore reject the null hypothesis which implies that there is a significant relationship between negotiations as a conflict management strategy in the organizational performance.

#### 4.1 Findings

To address the research questions and fulfill the study's main objective—determining the relationship between negotiation as a conflict management strategy and organizational performance—a T-test correlation analysis was employed. The analysis revealed a correlation coefficient of 0.420, which is both positive and relatively close to 1. This result indicates a strong and positive relationship between negotiation strategies and organizational performance, suggesting that effective negotiation is indeed beneficial for organizational success. The findings emphasize that when organizations actively utilize negotiation as a conflict resolution tool, it contributes significantly to improved performance. This positive relationship likely stems from the fact that negotiation fosters collaborative problem-solving, enhances communication, and promotes a harmonious work environment. According to the Program on Negotiation at Harvard Law School, effective negotiation builds trust and alignment within teams, enabling smoother operations and more productive outcomes. Similarly, research indicates that organizations employing strategic negotiation techniques, such as contract negotiation and conflict resolution, often experience increased productivity and efficiency (Lumen Learning, 2024; Uganda Martyrs University, 2015). These studies support the current findings, reinforcing the view that organizations benefit not only from resolving immediate conflicts but also from establishing a culture of cooperative engagement, which underpins long-term performance.

## 5. CONCLUSION

This study underscores the significant role of negotiation as a conflict management strategy in enhancing organizational performance. The findings reveal a positive correlation between effective negotiation practices and improved organizational outcomes, indicating that organizations that prioritize negotiation skills are better positioned to handle conflicts constructively. Effective negotiation not only addresses conflicts promptly but also fosters a collaborative work environment that supports long-term success.

For entrepreneurs and organizational leaders, engaging in proactive negotiation is essential. By employing negotiation strategies that emphasize mutual benefit and respect, organizations can improve employee relationships, enhance job satisfaction, and reduce the likelihood of disruptive conflicts. The research shows that a negotiation-focused approach to conflict management contributes to lower transaction costs, increased transparency, and better customer service. These factors are fundamental in building a positive organizational image and achieving sustained performance improvements. In conclusion, negotiation as a conflict management tool is invaluable for organizations striving to meet their performance objectives. By adopting negotiation as a core strategy, organizations can not only resolve disputes effectively but also lay the foundation for a more cohesive, productive, and resilient workplace. The commitment to ongoing negotiation and conflict management will enable organizations to navigate challenges more smoothly, fostering



growth and achieving their strategic goals. Based on the findings, here are several recommendations for enhancing organizational performance through effective negotiation as a conflict management strategy:

For entrepreneurs to achieve their defined performance goals, it is essential to adopt effective negotiation strategies. This approach ensures that conflicts are managed efficiently, reducing their potentially disruptive impact and enhancing the organization's overall productivity. A proactive conflict management strategy not only addresses immediate issues but also helps build a foundation for long-term success by fostering a collaborative and positive workplace culture.

Organizations should invest in negotiation training programs to build the skills of both leaders and employees. Furthermore, organizations should also adopt a negotiation approach that emphasizes mutual benefit. Clear policies should be established to ensure that conflict resolution processes are fair and transparent.

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