Models of intragroup conflict in management: A literature review

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Abstract

The study of intragroup dynamics in management studies views conflict as a contingency process that can benefit or harm a group based on characteristics of the group and context. We review five models of intragroup conflict in management studies. These models include diversity-conflict and behavioral negotiation models that focus primarily on conflict within a group of people; social exchange and transaction cost economics models that focus primarily on conflict within a group of firms; and social dilemma models that focus on conflict in collectives of people, organizations, communities, and generations. The review is constituted by summarizing the insights of each model, foundational papers to each model; the most recent uses and developments of the models in the last decade; the complementarity of these models; and the future research directions.

Keywords: Behavioral negotiation, Conflict, Diversity, Intragroup conflict, Intra-organizational relationships, Social exchange, Social dilemmas, Transaction costs economics.

1. Introduction

The study of conflict in management began at the field’s inception with Dubin (1957) observing power conflicts between labor unions and managers within organizations. Thompson (1960) brought the study of conflict to the forefront when he observed that conflict is something ever-present in organizations and is to be avoided and controlled. Cyert and March’s (1963) seminal book, *A Behavioral Theory of the Firm*, built on Thompson’s ideas, observing that conflict stems from incompatible goals and information among people who constitute an organization. Litterer (1966) agreed with Thompson, Cyert, and March on the ubiquity and often burdensomeness of conflict in organizational life, but also noted that, because it “energizes people to activity” (p. 180), conflict can be a positive thing for organizations – especially when innovation and change are wanted. Consequently, Litterer urged organizations, and those who study them, to find ways to harness the...
good and avoid the bad of conflict. Pondy (1967) complemented Litterer's work by observing that conflict may be studied between or within organizations, suggesting that models of conflict may have different assumptions and uses depending on the level of analysis. Since these early works, many fruitful research areas on conflict arose; focusing on the positives and negatives conflict brings to organizations. Fig. 1 provides an estimate of the rise and steady state of conflict research in top-tier management journals.\(^1\)

The management field studies conflict at different levels of analysis. Conflict can be studied within a person such as when modeling role conflict (e.g. Rizzo et al., 1970) and cognitive dissonance (e.g. Festinger, 1962). Conflict can also be studied among groups such as in the modeling of team competition (e.g. Johnson et al., 2006), network competition (e.g. Das and Teng, 2002), and firm sustainability in resource-constrained environments (e.g. Hart and Ahuja, 1996). Lastly, conflict can be studied within a group or a collective of agents who are interdependently connected (Sullivan, 2002) such as in modeling team diversity and alliance cooperation (e.g. Jehn, 1995; Zeng and Chen, 2003).

The current review focuses on five models about conflict within a group or intragroup conflict. The models are diversity-conflict, behavioral negotiation, social dilemma, social exchange, and transaction cost economics models. There are several reasons for focusing on intragroup conflict models.\(^2\) First, while previous reviews focus primarily on the negatives (e.g. Rubin et al., 1994) or positives of conflict (e.g. De Dreu and Van De Vliert, 1997), there is been little attempt to discuss complementarity among intragroup conflict models. The absence of such integration may be because the models are used in distinct areas of management with little crosstalk. Second, the research that reviews specific models of intragroup conflict is primarily descriptive in findings and not theoretical insights.\(^3\) It is therefore our intention to highlight the foundational papers of the models reviewed and explain why the papers are critical and go one step further by reviewing some of the most recent contributions to these models.

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2 Occasionally, some scholars draw a line between intergroup and intragroup conflict, with intragroup conflict only occurring within organizations and intergroup conflict only occurring among organizations (e.g. Smith et al., 1995). Indeed, across the expanse of management studies, some literatures conceptualize a group in this way, focusing on a collective of people within an organization; e.g. the group process (e.g. Van de Ven and Delbecq, 1971) and strategic group decision making literatures (e.g. Cool and Schendel, 1987). However, the current paper follows the broader conceptualization of groups suggested by the writings of Sullivan (2002) and Staw (1991); a group is any collective of agents – be they humans, departments, firms, communities, or generations – who are interdependently connected.

3 Indeed, each of the models we review have their own reviews. The curious student may consider the following sample reviews that primarily describe each literatures' findings: the diversity-conflict model (e.g. Mannix and Neale, 2005), social dilemma models (e.g. Van Lange et al., 2013), the behavioral-negotiation model (e.g. Thompson et al., 2010), the social exchange model (e.g. Cropanzano and Mitchell, 2005), and the transaction cost economics model (e.g. Silverman, 2002).
Table 1
Research on intragroup conflict in management.

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<th>Topic</th>
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<tr>
<td>(1) The definition of conflict is ...</td>
<td>A dynamic process whereby at least one agent feels, perceives, or behaves in opposition toward another agent</td>
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<td>(2) Main models of intragroup conflict include ...</td>
<td>• Diversity-conflict model &lt;br&gt;• Behavioral negotiation model &lt;br&gt;• Social dilemma models &lt;br&gt;• Social exchange model, and &lt;br&gt;• Transaction cost model</td>
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Taken together, the intragroup conflict models reviewed herein present several insights. The first is how conflict is conceptualized. Conflict is a “dynamic process” whereby at least one agent feels, perceives, or behaves in opposition toward another agent (Pondy, 1967). The ideas of conflict being a perception or feeling – coupled with the possibility of it producing positive outcomes for organizations – distinguish management’s study of the topic from other fields. Whereas other fields – e.g. economics – consider an agent expending resources to harm another as a necessary condition of conflict (Garfinkel and Skaperdas, 2007), conflict as studied in management may be entirely a perception made by the individual agent in addition to it “manifesting” through behavior (Pondy, 1967).

The second insight is that intragroup conflict does not always result in a negative outcome, providing some additional parsimony between management’s study of the topic and other’s in the social sciences. Some disciplines – e.g. international relations in political science – primarily view conflict as leading to negative outcomes (e.g. Levy and Thompson, 2011). Indeed, intragroup conflict does have its negative effects between individuals – be they people or organizations. As we shall discuss here, intragroup conflict is viewed primarily by social dilemma and transaction cost economics models as resulting in negative outcomes. However, the field of management approaches conflict as a contingency process that can benefit or harm an organization based on characteristics of that organization and its members (Litterer, 1966). The contingency of conflict is in the type of conflict occurring among the parties and the outcomes of these types of conflict can be positive, negative, or both. As shall be detailed in our discussion about diversity-conflict, negotiation, and social exchange models, intragroup conflict can lead to positive or negative outcomes for organizations.

Before we begin, however, we observe that conflict research in management is vast – with enough research to fill multiple review volumes. The voluminous body of management scholarship on conflict developed from a field that is a melting pot of scholars who develop and borrow theory from many disciplines in the social and natural sciences (Ferraro et al., 2005); e.g. organizational theory, organizational behavior, strategy, sociology, psychology, economics, social psychology, industrial psychology, history, industrial relations, political science, anthropology, and evolutionary biology. In management, any attempt to review every model of conflict in a single article would be futile.

To give the curious student a survey of the forest and not the trees, we review the five intragroup conflict models most commonly studied in management. These five intragroup models were selected because they either “shifted” or “created consensus” about findings in conflict research (Hollenbeck, 2008). Section 2 reviews the models, and Section 3 reviews the recent literature using those models. Section 4 provides future research directions, and Section 5 concludes the review. Table 1 summarizes the main models of intragroup conflict and foundational papers.

2. Models of intragroup conflict

In the current section, we summarize the foundational papers for each model. The first two models reviewed are often used to understand conflict within a group composed of people: diversity-conflict and behavioral-negotiation models. The third is the social dilemma model and is used to study conflict either within a group of people or organizations. The last two models – social exchange and transaction cost models – are often used to understand conflict within a group of organizations.

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4 Early management papers researching conflict likened conflict to war through various terms and descriptors; e.g. battles, attack, hurt, and harm (e.g. Thompson, 1961). These terms, for the most part, declined in use during the 1970s, were near extinct by the 1990s, and now appear but occasionally in management research in such developing areas as territoriality in organizations (e.g. Brown et al., 2005) and hypercompetition (e.g. D’Aveni and Gunther, 2010). Therefore, we do not address war research in the current review of the management literature.
2.1. Diversity-conﬂict model

Diversity is deﬁned as differences people perceive that separate themselves from others (Perry-Smith and Shalley, 2003). Such differences can be visible or invisible; e.g. race, gender, values, and work experience. Following Litterer (1966), the diversity-conﬂict model assumes that conﬂict can be positive or negative for an organization contingent on the characteristics of the task and individual members involved. Further, the diversity-conﬂict model assumes conﬂict has several dimensions, and each dimension is a mechanism explaining the impact of work-team diversity on team performance. The model created consensus from a mass of publications showing inconsistent relationships between conﬂict and work-team performance, and it is based on three papers led by Karen Jehn. The Jehn papers show nuances about the nature of conﬂict and its role in understanding diversity and team performance.

Jehn (1995): The ﬁrst paper is Jehn’s (1995) ﬁeld survey of workers in the logistics industry and examines two dimensions of conﬂict in work teams: relational conﬂict and task conﬂict. Relational conﬂict is about interpersonal incompatibility and includes annoyance, agitation, and hostility among teammates. Task conﬂict is about team member incompatibility over ideas, the interpreting of information, and approaches to an organizational problem that the team is facing (Jehn, 1995). Jehn (1995) found that team performance has an inverted-U relationship with task conﬂict: at low and high levels of task conﬂict, team performance is low, while a moderate level of task conﬂict improves team performance. Relationship conﬂict is robustly detrimental to team performance. Further, the nature of the task moderated the intensity of the effects between the two conﬂict dimensions and team performance. In routine tasks, teams that experienced either form of conﬂict did not perform well, but in non-routine tasks, moderated levels of task conﬂict were a blessing, not a curse.

Jehn (1997): The second paper is Jehn’s (1997) case study of teams in a household-goods-moving organization. Jehn (1997) examined the relationship between relationship and task conﬂict dimensions with team performance and, more importantly, introduced the idea of process conﬂict. Process conﬂict is about incompatible preferences over how a task should be performed; e.g. how resources are allocated, who does what, and when (Jehn, 1997). Jehn (1997) introduced a new model of conﬂict with the different dimensions of conﬂict as antecedents, team performance as the outcome, and a host of team characteristics as moderators. Like relational conﬂict, process conﬂict had strong negative impact on team performance and teammate satisfaction. Process conﬂict ate up time the team could have used for the task and created uncertainty among teammates, motivating them to leave the team. Process conﬂict’s effect on team performance followed an inverted-J shape: low levels of process conﬂict provided direction and solidarity to the team and consequently improved their performance, while medium and high levels of process conﬂict increasingly decreased team performance and teammate satisfaction.

Jehn et al. (1999): The ﬁnal foundational paper of the diversity-conﬂict model is Jehn et al. (1999) ﬁeld study of work teams in the household-goods-moving industry. Jehn et al. (1999) linked team diversity characteristics with team performance, using conﬂict dimensions as mediators. Team diversity characteristics included social category characteristics (e.g. gender and race), informational characteristics (e.g. education and background), and value characteristics; e.g. quantity versus quality and ends versus means. Jehn et al. (1999) found that information diversity increased task conﬂict among teammates that positively affected team performance. Second, value diversity increased relational conﬂict within the team that negatively affected team performance. Lastly, value diversity increased process conﬂict among teammates that negatively affected teammate sentiments of team morale, intent to remain, and commitment. One process strategy that can be employed to resolve conﬂict among organizational members is negotiation; however, as we shall see, what people should do in a negotiation is not the same as what they actually do.

2.2. Behavioral negotiation model

Negotiation is a strategic process for navigating conﬂict and is broadly deﬁned as the process whereby two or more parties decide what each will give and take in a relationship (Thompson, 2015). Within management, the dominant model used to study negotiation is the behavioral negotiation model. An interpersonal model, the behavioral negotiation model assumes the group of negotiators are bounded rationally in their cognitive abilities (Simon, 1982), leaving the negotiators susceptible to cognitive biases triggered by their interaction with the opponents and the deal’s context. The cognitive biases undermine the information sharing process between the parties, thereby impacting the value created and claimed from the negotiation (Thompson, 1991). Like the diversity-conﬂict model, conﬂict is not seen as always being a burden, but rather than opportunity for parties to create value that could not be achieved acting alone. The pivotal works either introduced or integrated key ideas in negotiation from across several disciplines.

Walton and McKersie (1965): Until Walton and McKersie’s (1965) book, negotiation scholarship was primarily descriptive and studied disparately in economics, political science, and labor relations. Little theory explained the various ﬁndings in labor disputes, arbitration, contract law, and traditional buyer-seller bargaining. Walton and McKersie (1965) introduced a central framework for thinking about negotiation by describing two different strategic approaches: distributive versus integrative negotiation. Distributive approaches focus on claiming as much value as possible for oneself and consist primarily of the use of threats and emotional appeals to inﬂuence counterparties to make concessions. Integrative approaches focus on creating and claiming value and consist of sharing information about interests and priorities and then ﬁnding tradeoffs to generate joint gains (Pruitt, 1981). Walton and McKersie’s (1965) were consensus shifter, providing conﬂict scholars a package of context-speciﬁc models about how negotiators discover and divide resources.

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Pruitt and Rubin (1986): The second work is Pruitt and Rubin’s (1986) book Social conflict. Therein, Pruitt and Rubin (1986) introduced the dual-concerns model. The dual-concern model maintains that a negotiator has concerns for their own outcome and the other party’s. Contingent on the weight the negotiator places on each of these concerns constitutes the strategy she will use during the negotiation process. Negotiators with a high concern for the other’s outcome and a low concern for themselves yield to requests from the opponent; when concern for the other and oneself is high then a problem-solving approach is taken to reach a deal; should concern for the other and oneself be low then it is predicted the negotiator will be disengaged from the negotiation; and lastly, when the concern for other is low and high for the self then the negotiator will contend aggressively to further her interests. The power of the dual-concerns model is not found in predicting negotiation outcomes, but rather in predicting the strategies negotiators use to achieve those outcomes. Further, the value of dual-concerns model was the idea of perceptions other than the focal negotiator when developing the now-popular behavioral negotiation model.

Neale and Northcraft (1991): The last contribution is Neale and Northcraft’s (1991) dual-party behavioral negotiation model. In presenting the model, Neale and Northcraft (1991) synthesize a sizable body of disparate empirical research into a model that predicts negotiation outcomes as a function of contextual and negotiator characteristics. Their main proposition is that any negotiation outcome is a function of the context the negotiators find themselves in and the characteristics of the negotiators themselves. Contextual characteristics are fixed elements of the negotiation environment; e.g. payoff functions between the parties, time pressure, whether negotiation occurs through a third party, or whether it occurs through a rich, compared to lean, media such as face-to-face versus text messaging. Negotiator characteristics are visible behaviors such as mood and emotions, personality and physical appearance, communication methods, and non-visible cognitions such as information processing and biases. Further, compared to contextual characteristics, negotiator characteristics can be dynamic – as emotions, ways of communication, and information processing can change over time. The elegance of Neale and Northcraft’s (1991) model is that research can be categorized into one of these bins of characteristics.

2.3. Social dilemma models

Individual members of a group are often tempted to act in their own self-interest and profit from selfish choices, even though the whole group is better off cooperating. Such situations, in which individual benefits conflict with collective benefits, are called social dilemmas. The conflict between individual and collective rationality represents a fundamental challenge that organizations continually face, involving multiple levels of social interaction. The key issue surrounding social dilemmas is whether individuals can cooperate and prioritize the interest of the collective over the personal benefit, and if so, how such cooperation and coordination can be achieved (e.g. Sally, 1995). Cooperation in social dilemmas is inherently difficult and risky. A traditional economic framework predicts that because rational individuals always attempt to maximize one’s utility and make decisions that provide the greatest benefit in their highest self-interest, cooperative solutions are unlikely or unstable (Luce and Raiffa, 2012). Like the models previously reviewed, social dilemma models view conflict as being either a negative or positive thing. Each article below was instrumental in developing the models of social dilemmas because they either were the first to introduce the model, create consensus out of disparate findings about how social dilemmas are solved, or shift consensus about how we think about conflict in social dilemmas.

Dawes (1980): Dawes (1980) introduced the idea of social dilemmas and identified two outcome-relevant properties of them: (a) everyone receives the highest payoff for a selfish choice regardless of others’ choices, and (b) everyone ends up receiving a lower payoff if all choose to defect rather than to cooperate. Therefore, a social dilemma is marked by a deficient equilibrium in which everyone has dominating strategies. Dawes coined the concept of the n-person prisoner’s dilemma by introducing “give some” and “take some” games. To the extent that social dilemmas involve interpersonal comparisons of payoffs, one way of eliciting cooperation is changing payoffs by introducing rewards and punishments. Dawes (1980) argues that this simple approach however raises an important question of who changes it and how to change it. The extent to which individuals value mutual benefits may be determined by other influences, such as altruism, norms and conscience that are beyond a payoff structure and material outcomes.

Messick and Brewer (1983): In addition to n-person dilemmas, Messick and Brewer (1983) further discussed interdependent interactions in a broader context in which self-interested behavior damages collective well-being. Social traps indicate situations in which individuals pursue immediate gains that are seemingly beneficial, which in the long run lead to a larger loss for the whole group. For example, if all members continue to exploit a common resource for their individual benefit, the resources will eventually be depleted. On the other hand, social fences refer to situations in which members of a group are tempted to avoid an immediate cost for collective benefits such that individuals’ inaction and under-contribution hurt the group. They also discussed the temporal dimension of social dilemmas in which the outcome of the action is delayed. In this review, two types of solutions to social dilemmas were suggested. The first approach aims at influencing psychological and behavioral variables associated with actors’ cooperative behavior. For example, communication is one of the prominent solutions under this category. Encouraging communication among actors in social dilemmas allows them to exchange infor-

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5 Recent scholarship merged the ideas of give-some and take-some dilemmas into a hybrid social dilemma termed the give-or-take-some dilemma (McCarter et al., 2011a; Budea and McCarter, 2012). Its considerable newness and dearth of research, while providing much room for exploration, makes the give-or-take-some dilemma not a focus of the current review. For further discussion about the give-or-take-some dilemma, the reader may benefit from Van Lange et al.’s (2013) review of the psychology of social dilemmas.

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mation about choices of others and creates a sense of group identity and feelings of identification. The second type of the solutions focuses on interventions that change the structural features of social dilemmas, such as the payoff structure and the group’s decision structure.

Kollock (1998); Kollock (1998) further divided solutions to social dilemmas into three broad types depending on whether the solution assumes self-interested actors - motivational, strategic, and structural solutions. Motivational solutions assume that individuals can take their partners’ outcomes into account. Strategic solutions assume egoistic decision-makers and do not involve structural changes in social dilemmas. Because strategic solutions are contingent upon the decision of actors that influence the outcome and behavior of their partners, such a solution is restricted to repeated two-person dilemmas. For example, reciprocal or tit-for-tat strategies have been shown to maintain cooperation in a two-person social dilemma. Finally, structural solutions involve changes in the rules of social dilemmas. Specifically, Kollock (1998) highlighted the importance of creating or reinforcing structural features that can facilitate strategic solutions. The use of monitoring and sanctioning systems can be implemented by using selective incentives and punishments.

Weber et al. (2004): The last paper challenged how we think about conflict in social dilemmas. The Weber et al. (2004) paper draws from March’s (1994) idea of the logic of appropriateness to provide alternative explanations for why people cooperate in social dilemmas. The appropriateness framework is more about perceptions than calculations. The framework maintains that – in addition to weighing the costs and benefits of a decision – individuals make decisions based on normative rules. Normative rules – e.g. “women and children first!” – are followed as a function of a person’s perception of what the decision’s context is and what their role in that situation is. In short, Weber et al. (2004) introduce the idea that individuals may not just ask “What are the positives and negatives of me cooperating in this social decision problem?” but also ask “What does a person like me (role) do (rules) in a situation like this (context)?” A core insight of the Weber et al. (2004) paper is that it suggests that the conflict between individual and collective preferences in social dilemmas does not always lead to a negative outcome that needs structural and psychological solutions (as maintained in the previous three reviewed papers); but rather can encourage people to cooperate and achieve collective action as a function of how the social dilemma is framed.

2.4. Social exchange model

The social exchange model approaches conflict among organizational groups out of effectiveness rather than efficiency considerations. Specifically, the model crosses levels of analysis from between individuals and organizational groups by assuming institutions and structures are negotiated through social interaction (Blau, 1964). Boundary spanning role representatives behave and act, on behalf of their organizations, as decision makers based upon the norms, values and constraints of their organization. In turn, the boundary spanners’ actions subsequently influence the collective beliefs their organization holds towards the exchange partner (e.g. Zaheer et al., 1998; Ring and Van de Ven, 1994). Due to its broad perspective on effectiveness, which may be gained by power, to enhancing conflict outcomes, social exchange theory has become one of the most prevalent paradigms in explaining conflict.

Through the lens of social exchange theory, conflict involves the friction between the interests of the powerful maintaining their power over the interests of the less powerful seeking independence (Blau, 1964). As such, each person has an expected cost-benefit ratio of each relationship, based on prior experiences (Thibaut and Kelley, 1959). If an individual receives fewer benefits from a given relationship than expected or less than what they could obtain from another, they will most likely terminate the relationship. A central tenet of this theory is the concept of reciprocity norm (Gouldner, 1960), which is the expectation that individuals will treat others as they are treated. As such individuals expect the benefits they have given to others will be paid back. There are caveats in which one party has more power than the other and may force the opposing party to provide benefits with little reciprocity (Gouldner, 1960). The weaker party may be so dependent on scant benefits received from the more powerful party they must tolerate significant inequity in benefits. Such imbalances in reciprocity identified by Blau (1964) have become known as power asymmetry. The breadth of benefits from relationship exchanges may yield effective organizational arrangements through enhancing outcomes such as power which yield control of other actors or resources, as well as reducing constraints in the external environment (Grandori, 1991; Scott and Davis, 2003).

Unlike the models mentioned above, conflict from the social exchange perspective is viewed negatively for the relationship as a whole, as well as the more dependent party. In contrast, conflict is largely viewed positively when the result of the conflict yields increased power, whilst negatively for the party that becomes more dependent. Instabilities in power are typically viewed as motives for terminating relationships, which might be viewed negatively if there is an expectation of continuity (e.g. Polidoro et al., 2011). Broadly, this raises issues over sources of power which involve access to resources, availability of alternatives, political coercion or legitimacy, and conflicting ideologies over resources controlled by the powerful (Blau, 1964).

Emerson (1962); Emerson’s (1962) classic conceptualization of power defines it in relational terms, as a function of an actor’s dependence on the other. The power of actor, Party A, over the other actor, Party B, formally, is defined as the inverse of Party B’s dependence on Party A. Dependence may arise from the need for resources, organizational size, and bargaining alternatives. Emerson (1962) clarified that power is not isolated to an individual or group but as a relationship of one actor over another. Given the relative nature of power, it is important to consider who controls the resource in question.
over those who are dependent on the resource (Gomes-Casseres, 1994). Further, Cook and Emerson (1978) clarify that power may not only occur in a dyadic relation but also can occur amongst multiple actors in a network.

Blau (1964): Social exchange theory was initially conceptualized through the lens of behaviorism (Homans, 1958). However, it was Blau (1964) who took – what is now the most utilized approach - an economic and utilitarian perspective to explain social exchange. Although, he conceived of behavior in terms of costs and rewards, Blau maintained that behavior was determined by the rewards or costs the individual anticipates they will receive in the future rather than the rewards they received in the past, which is the opposite of behaviorism. Blau (1964) also contributed to the theory by establishing a link between micro-level behaviors and macro-level phenomena. Blau and Scott (1962) saw the firm interacting in a context of an external environment consisting of an “organizational set”. Lastly, Blau (1964) defined power as “the ability of persons or groups to impose their will on others despite resistance through deterrence” (p. 117). Blau (1964) also notes that relationships may exhibit equilibrium in one instance and yet face disequilibrium in others. For example, a supplier firm might control access to a key input needed to the buying firm, exerting power over the buying firm. However, the buying firm might be able to anticipate changes in the downstream market more quickly than the supplier firm, negating the supplier firm’s influence and control in the long-term. Thus, both the stability and instability of power become key areas of interest to social exchange theories.

Pfeffer and Salancik (1978): Social exchange theory evolved the study organizational conflict through resource dependency theory developed by Pfeffer and Salancik (1978). Drawing on social exchange theory assumptions, resource dependency seeks to understand why a firm may act beyond economic efficiency considerations. Firms manage the costs and benefits of their relationships in a give-and-take (Scott and Davis, 2003). Resource dependence identifies three important considerations. First, building on Blau and Scott’s (1962) idea of the “organizational set,” Pfeffer and Salancik (1978) observe there is a social context in which organizations are responding to actions taken by other organizations. Organizations are not independently making decisions in isolation from each other. Second, organizations may draw on a much wider set of strategies to alleviate constraints in their environment beyond a binary market versus acquisition governance choices. Firms invoke several social strategies such as using their board of directors, industry associations and strategic alliances to manage their need for autonomy. Third, drawing on Emerson (1962) an organization becomes effective and unconstrained by seeking power, rather than efficiency, to manage their external relationships. Scott and Davis (2003, p. 234) summarize the goal of the resource dependency approach as “organizations should choose the least constraining approach to coordinate relations with other organizations and to reduce the dependence that their exchanges create.”

2.5. Transaction cost economics

Transaction cost economics has been broadly applied to study alliance relationships. Lumineau et al. (2015) noted that the central concept of opportunism in transaction cost theory comports well as a model understanding conflict among organizational groups due to its “emphasis on self-interest seeking with guile” (Williamson, 1985, p. 6, 47). Specifically, without such noisy bargaining tactics, parties would coordinate on the open market efficiently, leaving costier forms of governance such as joint ventures and acquisitions as less desirable forms of organizing. Early theorizing by Commons (1932, p. 4) also raised the link between conflict and transactions by suggesting that the unit of analysis, the transaction, exhibits three conditions ‘mutuality, conflict and order’. Williamson (2000, p. 599) notes the role of designing efficient forms of governance mechanisms are to “craft order, thereby to mitigate conflict and realize mutual gains.” Conflict would be largely viewed negatively in transaction cost economics due to the increased costs of governance required to mitigate risks of opportunism. However, management scholars integrate transaction cost approaches with other theories which might yield positive outcomes for firms through contracting capabilities (Argyres, 1996) as well as integrating trust into governance decisions (Poppo and Zenger, 2002).

Coase (1937): Coase’s (1937) theorizing sought to answer the question of the nature of the firm. In a comparative assessment between the firm and the market he asked, ‘why would firms exist?’ He defined a firm as “the system of specialized relationships which comes into existence when the direction of resources is dependent on an entrepreneur” (p. 393). Such a definition brought forth a relative comparison between the actions of the entrepreneur organizing within the boundaries of the firm versus the price available in the market. Specifically, Coase highlighted that under certain conditions transactions may be more efficiently carried out by the firm than the market. He identified that bargaining in the market might be costly due to uncertainty with writing contracts which may involve third-parties such as lawyers as well as time taken to negotiate (Scott and Davis, 2003).

Williamson (1975): Williamson’s (1975) work on transaction cost economics is widely credited with giving the theory empirical traction. Building on Coase’s (1937) comparison between market and hierarchy efficiencies, Williamson (1981, p. 552) defines a transaction as an instance “when a good or service is transferred across a technologically separable interface.” This allowed for a study of contracts, or verbal agreements, between actors, such as two organizations’ respective boundary spanners, for the exchange of goods or services (Scott and Davis, 2003). The costs of arranging contracts, such as planning and revising the agreement as well as overseeing the task through completion are known as transaction

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6 The reader may find of interest work utilizing the social exchange model to understand intragroup in the context of organizational justice, workplace politics, incivility, and abusive supervision (e.g., Cropanzano and Mitchell, 2005; Zellars et al., 2002).
costs. Williamson (1975) further identified three conditions under which small numbers bargaining might arise increasing the costs for a transaction to take place in the market. First, Williamson, building on Coase’s notion of uncertainty as well as incorporating ideas of bounded rationality (Simon, 1982), identified opportunism as a source of conflict in exchange (Williamson, 1975, 1985). This concern over behavioral uncertainty limits the extent to which exchange partners can identify all possible contingencies from the exchange. Second, Williamson identified the frequency of exchange, as the more often a transaction occurs with a partner the greater complexity and fewer alternatives might be available (Williamson, 1979). Third, is the role of asset specificity, which limits the ability of the partners to redeploy investments for alternate uses, thereby decreasing available bargaining partners. Because of the inherent risks of vulnerability towards their exchange partner, the focal party making asset specific investments, will seek safeguards to protect their self-interest in the exchange. These safeguards lead to costlier forms of governance such as the use of hierarchies.

3. Recent trends about conflict in management

Here we examine the contributions to the conflict literature published in the last decade, drawing on the five conflict models reviewed above. Because some topics straddle multiple domains in addition to management, several of our subsections focus on specific papers while others use a host of papers that examine a specific trend.

3.1. Trends using the diversity-conflict model

Since Jehn’s seminal papers on conflict, management scholars have examined how the negative conflict dimensions - relational and process conflict - can be mitigated to improve team performance. The trend begins with Greer et al. (2011) field study of sales teams in the Dutch telecommunications industry. Greer et al. (2011) maintain that teams with high power or influence in an organization will encourage its teammates to seek more power and to maintain the power they have, competing with other power-hungry teammates. Consequently, teams in high power will experience more inter-personal conflict and sub-par performance compared to those teams in low power. They found evidence for relational and process conflict mediating the relationship between team power and performance. Further, the study went on to find that power congruence, teammate perceptions of each other’s power within the team, dampens the impact team power has on team conflict. They found that process conflict was present in high power teams only when power congruence was low. In other words, managers can capitalize on powerful individuals working together in organizations if they align perceptions of the pecking order among powerful teammates.

A second contribution is Nishii’s (2013) field study of workers in a biomedical firm. Nishii (2013) examines ways to reduce relational and task conflict in gender diverse teams through a climate of inclusion. Climate of inclusion is an individual’s perception that the team possesses fair procedures and distribution rules for rewards; an environment that embraces differences and ways to resolve them; and a system that involves teammates in the team decision-making process. Nishii (2013) found that the negative effect of social categorical diversity on relational diversity and subsequent team performance was dampened when climate of inclusion was high compared to when it was low. A key insight here is that managers can reduce the devastating effects of relational conflict on teams - not by encouraging homophily at the team’s design - but by changing how current teammates perceive each other.

Another avenue of interest is how the leader perceives the team and their diversity. Tepper et al. (2011) field study of supervisor-subordinate relations in hospitals examined the roles of perceived deep-level diversity in values and ways of approaching problems between the supervisor and subordinate, relational conflict, and work performance on perceived abusive behavior from supervisors. They found that relational conflict mediated the positive relationship between the supervisor’s perceived deep-level diversity and the subordinate’s perception of being abused by the supervisor; however, this was only the case when the subordinate’s performance was low. In other words, the Tepper et al. (2011) paper suggests that supervisors justify their ill treatment of subordinates who are different from them primarily when they perceive the subordinates as poor performers.

Further, Klein et al. (2011) field study of volunteer humanitarian service teams in the USA investigated how leader behaviors impacted the relationship between team value diversity and team effectiveness - with team conflict as the mechanism. The authors examined whether different leadership types - i.e. task-oriented and person-oriented leadership - would moderate the impact of diversity in work ethic and morals among teammates on team conflict, and subsequent team performance. Leadership moderates the relationship between team diversity and performance through team conflict, but it depends on the type of diversity and leadership approach. Leaders whose behaviors are heavily task-oriented could reduce team conflict where there was high work-ethic diversity. Further, leaders whose behaviors are heavily person-oriented could reduce team conflict in morally diverse teams. In either case, the leadership style’s reduction of team conflict enabled diverse teams to perform better compared to when leaders exhibit little attention to the task or the workers.

Lount et al. (2015) investigated whether a leader’s perceptions of categorical diversity in teams impacts their willingness to provide requested resources to assist them in their tasks. The experiments report that leaders perceive more relationship conflict in a racially diverse team compared to a homogeneous one, and the increased perception of relationship conflict affects the leaders’ generosity in supplying resources. Lount et al. (2015) complements the other papers by shifting the focus of inter-personal prejudice from the team to those looking from outside.
A new source of conflict in teams has generated a new conversation among management scholars: status conflict. Bendersky and Hays' (2012) study of MBA students introduce status conflict and examine its effect on team performance. Status conflict occurs there are disagreements among teammates over their relative amount of respect received in the team's social hierarchy. Bendersky and Hays (2012) provide several insights to the conversation about the diversity-conflict model. First, status conflict negatively affects team performance by discouraging information sharing among teammates. Also, team cooperativeness or the norm among teammates to communicate and work together, attenuated the effect of status conflict on performance.

Building on Bendersky and Hays (2012), Anicich et al. (2015) examined the interaction between status and power on interpersonal conflict in teams. They observe that the interpersonal conflict teams experience stems from the interaction of perceptions teammates have about each other. Through a series of laboratory experiments and a field survey of government workers, Anicich et al. finds that those with high power and low status in teams use their power to abuse their low-power teammates compared to those teams with high status.

3.2. Trends using the behavioral negotiation model

The behavioral negotiation model separates negotiation influences into negotiator characteristics and contextual characteristics. The three negotiator characteristics that receive the most attention are biases, emotions, and gender. Three contextual characteristics that receive considerable attention are power, number of negotiating parties, and time.

3.2.1. Negotiator characteristics

Biases: A substantial body of work in negotiations has looked at the role of cognition and biases in the negotiation process. Such biases included anchoring (Northcraft and Neale, 1987) and over-confidence (Neale and Bazarman, 1983), while early research was focused on cognition (e.g., Bazerman and Neale, 1992), later research focused on motivational biases. Egocentrism is a particularly pervasive bias in negotiation that leads negotiators to view themselves as entitled to more resources than their counterpart (Loewenstein et al., 1989). Egocentrism is especially pronounced when power is asymmetric (Wade-Benzoni et al., 1996) and this effect generalizes across cultures (Wade-Benzoni et al., 2002a) and generations (Wade-Benzoni et al., 2008). Further, egocentrism can skew people’s expectations of others’ behaviors in negotiations (Tenbrunsel, 1998). Consistent with this finding, in a recent series of experiments, Chambers and De Dreu (2014) showed strong evidence for the occurrence of egocentric misperception of the other side’s priorities and interests. The studies showed that participants judged their own interests to be more important than their opponent’s, regardless of the opponent’s interest. They found that perceptions of the opponent’s interests were often more closely related to one’s own interests than to the opponent’s actual interests.

Emotions: Seminal research by Carnevale and Isen (1986) introduced emotion into negotiation research by showing that negotiators experiencing positive affect were more cooperative and reached higher joint gains as opposed to a control group. More recent scholarship has turned their attention to studying the benefits and burdens of negative emotions. The expression of negative emotions - e.g. anger - in negotiations is found to produce lower joint gains (Antos et al., 2011), covert retaliation (Wang et al., 2012), and reduced trust (Côté et al., 2013), Van Kleef et al. (2010) introduced a model called Emotion as Social Information that predicts when anger and other negative emotions will lead to concessions and when they will not. Specifically, when anger provides information about a negotiator’s own higher limits, anger motivates the counterpart to make concessions (Van Kleef, et al., 2010; Sinaceur et al., 2011). Subsequent research has shown how the model is contingent on other characteristics of the situation such as culture (Adam and Shirako, 2013; Adam et al., 2010), whether the anger is viewed as authentic (Ting and Au, 2014), and the competitiveness of the negotiation (Adam and Brett, 2015).

Scholars have also investigated more nuanced and contingent effects of emotion on negotiations. Sinaceur et al. (2013) showed that when the negotiator expressed emotional inconsistency, the recipient made greater concessions than when the negotiator expressed a consistent emotion. This was mediated by the recipient feeling less in control. Zhang et al. (2014) found that certain emotions are seen more positively in conflict-resolution depending on cultural values. Netzer et al. (2015) showed that negotiators try to increase an emotion in others when they believe it will lead to desirable outcomes and try to decrease an emotion in others when they believe it will lead to undesirable outcomes. This occurred even when the emotion made the other person feel worse, indicating that although inducing emotions in others can lead to personal gain, it can also cause harm to others.

Gender: Gender affects interpretations of the negotiation, negotiation style, negotiation performance, self-evaluation and self-worth, and the propensity to initiate negotiation. Women tend to interpret conflict situations in relationship terms and are more concerned with the exchange of resources (Pinkley, 1990). Men are more likely to adopt a confrontational style and women are more likely to display communal focus and approaches (Tannen, 1990; King and Hinson, 1994). Men are more likely to achieve higher gains on the distributive dimensions of negotiation outcomes (Stuhlmacher and Walters, 1999), but women are better able to increase joint gain (Kray and Thompson, 2005). Women tend to engage in self-degradation during negotiation (Kimmel et al., 1980), expect to be paid less than men (Major and Konar, 1984), and are less assertive than men for fear of backlash (Amanatullah and Tinsley, 2013). Finally, women are less likely to engage in negotiation to begin with (Babcock et al., 2006).

Recent research has sought to create consensus among inconsistencies regarding the role of gender differences in negotiation styles. Faramand and Tu (2013) found that gender does not significantly affect business negotiation styles, while...
social culture does. Bowles and Flynn (2010) found that women negotiators were more persistent with male naysayers than female naysayers, but they persisted in a more indirect than direct manner. Leibbrandt and List (2015) found that in the workplace, men will negotiate for a higher wage more often than women if there is no explicit statement that wages are negotiable. If it is explicitly stated that wages are negotiable, then the gender difference disappears. This gives some insight into how negotiation relates to the gender wage gap in businesses.

In a provocative set of studies, Lee et al. (2016) sought to better understand the underlying reasons for some of the gender differences in negotiation. Using an evolutionary psychology approach, the authors predicted that because of greater male intra-sexual competition for mates, unethical behavior would be greater in negotiations between men than between women. A positive relationship between unethical behavior and mating motivation was found for men, but not women. Gender differences in unethical behavior, were greater with males and showed more unethical behavior when negotiating between same-sex, attractive opponents.

3.2.2. Contextual characteristics

**Power:** In negotiation, power is primarily determined by one’s ability to induce the other party to settle for an outcome less than her maximum utility (Greenhalgh et al., 1985) and the strength of one’s best alternative to a negotiated agreement relative to one’s opponent (Pinkley et al., 1994). Best alternatives have been found to have several effects on negotiators. For example, negotiators with better alternatives set higher goals (Pinkley, 1995), behave more agentically (Galinsky et al., 2003), and are more likely to use threats (Lawler, 1992).

Power associated with social status, the esteem and respect conferred by others, has its own set of effects on negotiation. For example, high status parties may treat others in more procedurally just ways, such as listening to their counterparts’ concerns and opinions, but only when the high-status parties also have a weaker alternative (Blader and Chen, 2012). Wolfe and McGinn (2005) demonstrated that objective power and perceived relative power have different effects on negotiation outcomes. They found that objective power drives individual payoffs, while perceived relative power exerts a strong effect on joint outcomes. Specifically, as perceived equality increases the potential for integration in the negotiation increases.

Insights into negotiation strategies are offered by Schweinsberg et al. (2012). Their research showed that extreme first offers may offend recipients and lead to an impasse but if the impasse is avoided it can bring benefits. Therefore, extreme offers can be risky. Furthermore, it was found that although both low- and high-power negotiators are offended by extreme offers, it is the low power negotiators who walk away.

**Teams and multi-party negotiations:** Multi-party negotiation is characterized by a higher level of complexity and longer time to settle as compared to dyadic negotiations. Research has found that teams achieved higher outcomes and perceived themselves to be more powerful as compared to individual opponents (Polzer, 1996). Teams exchange more information and generate higher-quality ideas for solutions as compared to individual negotiators. Hinds and Mortensen (2005) examined conflict and its effects on distributed teams to determine how existing models of conflict for co-located teams apply to distributed teams. They found that distributed teams experienced more task conflict and interpersonal conflict than collocated teams. Also, spontaneous communication had a direct effect on mitigating the effect of distribution in conflict. This shows that spontaneous communication is a useful tool in handling conflict for distributed teams. Swaab et al. (2012) proposed that the impact of communication channels depends on whether the communicator is cooperative or not. A meta-analysis supported the validity of this model for understanding the effect of communication channels on negotiation and group decision-making. Communication channels (i.e. visual channels, vocal channels, synchronicity) increased high-quality negotiation only when the communicator orientation was neutral. When cooperation was dominant, communication channels neither hurt nor hindered negotiation quality. When noncooperation was dominant, communication channels hindered outcome quality.

**Time:** Time plays a role in negotiation processes and outcomes in several ways. First, outcome delays – occurring when parties negotiate about future outcomes – moderate preferences and expectations. Research shows that outcome delays increase the efficiency reaching agreements due to perceptions of less contentious and aggressive opponents (Okhuysen et al., 2003). Time pressures have also been found to affect negotiators’ perceptions and abilities to reach efficient outcomes. Agreements tend to favor the negotiator with less time pressure (Moore, 2004a) but informing the other party about a deadline can lead them to make concessions faster (Moore, 2004b). In addition, De Dreu (2003) found that time pressure reduces negotiators’ motivation to process information systematically, produces a greater reliance on cognitive heuristics, and leads to less integrative agreements.

3.3. Trends using social dilemma models

In the most recent review and analysis of social dilemmas in the organizational literature, Van Lange et al. (2013) conclude that the study of social dilemmas is “alive and kicking.” The review looks at different types of social dilemmas, recent developments in the field, and makes suggestions for future studies. Topics include theoretical frameworks (interdependence, appropriateness, evolutionary), developments in structural, psychological and dynamic influences, and prospects for future social dilemmas. They suggest that moving forward scholars could explore further the role of emotions, construal processes, facial information, intergroup issues, reputation, and gossip.

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3.3.1. Structural influences

De Cremer et al. (2012) discuss the integration between procedural justice, sanctioning systems, and public good dilemmas. Because there is little or no incentive for voluntary provisions in public goods dilemmas, it is in everyone’s benefit to take advantage of them without contributing to their production. They found that the procedural justice of the sanction had greater influence when the group failed early in the game and the group members exhibited high group identification. If the group members did not identify with the group, the procedural justice of the sanction only influenced contributions if the group had succeeded earlier in the game. Therefore, procedural justice matters in the sanctioning system’s effectiveness.

Kugler and Bornstein (2013) investigate the role of conflict structure in social dilemmas. Bilateral conflicts between groups and an individual, such as a confrontation between an employer and group of workers, involve asymmetric and complex interactions. In computer-controlled experiments, individuals and non-cooperative groups interacted in social dilemmas. This asymmetric competition was compared to symmetric control conditions in which both competitors were either individuals or groups. Results showed that individuals generally did better than non-cooperative groups, regardless of conflict type. In symmetric conditions, individuals showed more cooperation with other individuals as compared to cooperation between groups. In asymmetric conditions, individuals took advantage of the group’s difficulties and dominated.

3.3.2. Psychological influences

Balliet and Ferris (2013) conducted research to better understand the relationship between ostracism and prosocial behavior. They hypothesized that whether individuals reduce prosocial behavior following ostracism depends on how they managed the temptation to treat others poorly in the short-term versus the long-term benefits of not treating others poorly. The studies showed that individuals who are less future-oriented engaged in less prosocial behavior with others who have ostracized them than those who are more future-oriented. Yamagishi et al. (2013) also investigated pro-social behavior in a study in which participants completed five games (two prisoner’s dilemmas, a trust game, a dictator game, and a faith game) with several month intervals in between games. The major finding of this study was that participants showed across-game behavioral consistency. There was a strong correlation between the trusting choice in the faith games and acting in a pro-social manner in the other games. It was also found that there were significant cross-game correlations between expectations of the partner’s behavior and a player’s own behavior. This showed that a player’s generalized expectations of human pro-sociality affected their own pro-social behavior.

Social value orientation has also been found to be related to cooperative behaviors in social dilemmas. Fiedler et al. (2013) considered the underlying processes of this relationship. Decision time, number of fixations, the proportion of inspected information, the degree of attention toward the others’ payoffs and the number of transitions from and toward others’ payoffs increased with social value orientation deviation from a pure selfish orientation. Information search seems to underlie the relationship between social value orientation and cooperation.

3.3.3. Intergenerational dilemmas

Some of the most important issues in organizations and society today have long time horizons and thus conflict can involve more than one generation of people. Intergenerational decisions regarding the allocation of resources may create a conflict of interest between the present and future generations as the present generation may be required to forego the consumption of desirable resources to maintain sustainable levels for the future. Economists have examined how to balance the interests of present and future generations such that efficiency is optimized (e.g., Kotlikoff, 1995; Portney and Weyant, 1999). In contrast to this normative approach, a burgeoning body of scholarship in teams of management scholars and social psychologists focus on identifying the psychological factors that affect intergenerational decisions (see Wade-Benzoni and Tost, 2009, for a review). Most of this work centers on “intergenerational dilemmas,” defined as decisions in which the interests of present decision makers conflict with the interests of future others.

An imperative in the study of intergenerational dilemmas has been to identify factors that influence the extent to which members of the present generation (void of economic or material incentive) are willing to sacrifice their own self-interest for the benefit of future others. Central variables that affect decisions about intergenerational conflict include temporal and interpersonal distance between decisions and outcomes (Wade-Benzoni, 2003; 2008), uncertainty about the future (Wade-Benzoni et al., 2008; see also McCarter et al., 2010), lack of direct reciprocity between generations (Bang et al., 2017; Wade-Benzoni, 2002), egocentrism (Wade-Benzoni et al., 2008), asymmetric power (Tost et al., 2015), resource valence (Wade-Benzoni et al., 2010), and legacy motivations (Fox et al., 2010; Wade-Benzoni, 2006; Wade-Benzoni et al., 2012).

3.4. Trends using the social exchange model

Subsequent empirical work on resource dependence models, building on social exchange theory, sought to understand bridging mechanisms (Thompson, 1967) which allow organizations to manage their constraints with other organizations. Pfeffer and Salancik (1978, p. 114) maintain that organizations use bridging mechanisms to “accomplish a restructuring of the organization’s interdependencies, rather than for reasons of profitability or efficiency.” The earliest empirical work citing resource dependency identifying bridging mechanisms was carried out by Pfeffer and his colleagues (Pfeffer, 1972a, 1972b, 1973; Pfeffer and Nowak, 1976; Salancik and Pfeffer, 1980).

Principle interest centered on actions firms take to minimize dependencies which lessen external constraints namely: mergers and acquisitions (Casciaro and Piskorski, 2005), joint venture/alliances (e.g. Mitchell and Singh, 1992), alliance port-
folios (Gomes-Casseres, 1994), political action (Mullery et al., 1995), executive succession (Dalton and Kesner, 1983), trade associations (Granovetter, 1994) and boards of directors (Davis and Mizruchi, 1999). Specifically, Scott and Davis (2003) noted that much empirical research surrounding resource dependence theory investigates the relationship between the firm and its board of directors. Firms may appoint board members to help facilitate access to resources (e.g. Davis and Mizruchi, 1999). For example, in countries where nationalization of firms is a risk, many companies tend to seek board representatives from government to increase their likelihood of favorable policies towards the firm (e.g. Liang et al., 2015). Three recent themes we note emerging over the past five years address the relationship between power and dependence, relational outcomes given power imbalances, and learning from terminating bridging mechanisms such as alliances. We review each of these recent themes below.

3.4.1. Power versus dependence

A firm seeking to use size as leverage may wish to pursue mergers and acquisitions to gain power. Empire building, through increased merger and acquisition activity, may exist because a firm wants to increase its size as leverage over key stakeholders, such as suppliers or politicians (Darnall et al., 2010; Hope and Thomas, 2008). Casciaro and Piskorski (2005) found that acquisition activity followed a pattern of power and dependence. Rather than theorizing dependence as solely the inverse of power, Casciaro and Piskorski (2005) posited that industries are both composed of power relations as well as conditions of mutual dependence. Mutual dependence reflects the shared level of constraints between two parties. Their study considered both types of relational constraints finding separate effects of power and mutual dependence in merger and acquisition activity. This conceptualization that power and dependence as distinct constructs led to understanding a variety of organizational outcomes including alliances (Lee et al., 2015) and divestitures (Xia and Li, 2013).

3.4.2. Trust development under power asymmetry

Conflict may exacerbate from failed expectations from previous trust violations (Lumineau et al., 2015). Trust exists between firms as a positive expectation that the counterpart will act in good faith (Rousseau et al., 1998; Zaheer et al., 1998). As firms continue to work through their conflict, they are likely to establish a reputation of trustworthiness within their industry (Park and Ungson, 2001). Consequently, a firm’s enhanced reputation may make it easier for the firm to form new alliances. However, trust development and beliefs are not always symmetric across both parties in power imbalanced relationships where firms make asymmetric investments. One partner may believe they are in a trusting relationship while the other may not, particularly in single shot games (e.g. Graebner, 2009). Firms may also compensate for asymmetries between organizational groups by using structural mechanisms such as contracts. Lumineau and Malhotra (2011) found that contracts influence the type of conflict resolution approaches adopted by disputing firms particularly where power is asymmetric. Further, McEvily et al. (2017) found that power imbalances impact the antecedents to trust for each party in different ways, so that less powerful parties would look towards the more powerful party to determine their own perceptions about the more powerful party in relationship, largely ignoring their own circumstance.

3.4.3. Alliance termination

Firms may seek alternate forms of relationships among organizational groups such as strategic alliances that can more fluidly adapt to the external environment than acquisitions. The pattern of failures for acquisitions is well-understood by the market, as purchasing firm’s stock prices tend to lower on acquisition announcements (Morck et al., 1990). However, alliance termination rates also remain similarly high at 50–70%, with these estimates potentially under-reporting terminations as firms are not required to disclose non-equity alliance activities. Pfeffer and Nowak (1976) found a relationship between changes in the external environment and alliance termination. Given the preponderance of alliance termination rates, Faems et al. (2008) extended prior work on alliance terminations to consider how alliance partners may use a failing relationship to successfully execute another alliance in tandem. Their case study of subsequent ink-jet printer R&D alliances between the same partners suggests that restructuring a prior alliance may be an alternate recourse for a firms’ adjusting to their external environment. Moreover, Mellewigt et al. (2017) reveal that – after an alliance has been terminated – the recurrence of the same partnership as another alliance or acquisition is impacted by the characteristics of the prior alliance. The characteristics which influence the likelihood of a subsequent alliance are partner-specific: trust, routines, and the focal firm’s understanding of the target firm’s assets. Thus, knowledge gained about a former partner in a prior transaction may be beneficial in subsequent relationships with the same partner.

3.5. Trends using the transaction cost economics model

Streams of work in the management literature have largely focused on make-buy decisions, but also the role of hierarchy such as M-form and U-form organizations, employment relationships assessing short-term temporary work versus long-term full-time employment as well as complex contracts where relational and formal contracts play complementary governance support (Scott and Davis, 2003; see Macher and Richman, 2008 for a review of empirical work). Organizational scholars were particularly interested in hybrid forms of governance (Williamson, 1983, 1991) such that an entire continuum of governance choices between make versus buy ranging from licensing to equity arrangements such as joint ventures (Oxley, 1999; Park and Russo, 1996) could be approached as outcomes of transaction cost considerations. Within the management literature
the empirical work investigating transaction cost economics has mainly focused on comparing and integrating other organizational theories by relaxing initial assumptions and integrating relationship, firm, and transaction level considerations (Hoetker, 2005; Ghosh and John, 1999, 2005; Argyres, 1996). Building on the resource based view of the firm (Wernerfelt, 1984; Barney, 1991), prior work suggests that a firm’s distinctive competencies increases the efficiency of the governance choice (Silverman, 1999), thus implying similar transactions for different firms may employ alternate governance structures (Nickerson et al., 2001). More broadly, organizational scholars have also drawn from organizational theories invoking the external environment (Osborn and Baughn, 1990) and institutional theory (Hughes et al., 1997; Brouthers and Brouthers, 2000; Zhao et al., 2004).

3.5.1. Opportunism and trust

The role of opportunism played a role in transaction cost economics since its conceptualization. Many transaction hazards are exacerbated by an absence of trust due to the threat of opportunism. Specifically, Williamson (1993) argues in favor of calculative trust where actors are better served by guarding themselves against opportunism. This contrasts with other scholars’ view of trust as a willingness to be vulnerable to the other party (Zaheer et al., 1998), by entering an exchange with positive expectations (McCarter and Northcraft, 2007). Contracts moderate the trust-conflict relationship (e.g. Poppo and Zenger, 2002) by clarifying partners’ expectations and detail conflict resolution mechanisms. Where trust may be relatively weak initially, contracts may facilitate partners’ beliefs about trust in the other by enhancing transparency. Likewise, stronger forms of trust may lessen the need for costlier forms of alliance relationships such as equity based arrangements that create mutual hostages which safeguard against conflict (Gulati and Nickerson, 2008). Recently, Lumineau and colleagues (Guo et al., 2017; Lumineau, 2017) argue that trust and distrust can co-exist simultaneously.

3.5.2. Unpacking uncertainty

The recent work of Weber and her co-authors develop transaction cost theorizing by focusing on the psychological elements of the exchange relationship surrounding uncertainty. Weber and Mayer (2014) introduced cognitive frames by theorizing about conflict due to uncertainty. They define uncertainty as any “unanticipated changes in circumstances surrounding an exchange” (Noordewier et al., 1990, p. 82). Traditionally, scholars have focused on how uncertainty in the external environment increases transaction costs due to opportunism (Williamson, 1975) and information overload (Simon, 1957). Weber and Mayer (2014) expanded the theory that transaction costs and conflict arise from differing interpretations of the environment due to each party’s unique cognitive frames. In other words, they posit that if the parties involved have conflicting cognitive frames their interpretation of the unanticipated event will differ leading to divergent opinions of how to respond to the event leading to conflict. Moreover, they argue that efficient governing mechanisms are those that facilitate congruent cognitive frames. Foss and Weber (2016) draw from the bounded rationality literature addressed a common critique of transaction cost economics: it fails to explain when hierarchies collapse or differ in efficiency.

3.5.3. Negotiation roles

The role of each party in a relationship may also influence the bargaining process as well as the design of efficient governance structures. As mentioned above, as firms continue to work with each other their subsequent boundary spanning representatives will establish familiar routines, trust each other and consequently decrease transaction costs (e.g. Ring and Van de Ven, 1994). However, recently scholars indicate that the parties involved in the contracting relationship may influence the efficiency of the outcome (e.g. Argyres and Mayer, 2007; Bercovitz and Tyler, 2014). For example, Bercovitz and Tyler (2014) examined the contracting relationship between scientists and for-profit institutions and found that firm representatives were more likely to increase the specificity of the contract over time, whereas the scientists were more likely to decrease it. Others have looked at the influence of power gained by buyer versus supplier firm roles (e.g. McEvily et al., 2017; Nyaga et al., 2013) suggesting there may also be differences in sources of governance derived from the positions the parties occupy across the value chain.

4. Future directions for conflict research in management

Harnessing conflict’s advantages and navigating its burdens continues to be the focal interest of management scholars. In the current section, we summarize what we believe to be the important future research directions for each area of management research utilizing the six reviewed models of conflict.

4.1. The future of diversity-conflict models

There is no dearth of research on diversity-conflict models reporting the statistically significance of the relationships among diversity, conflict types, and team performance (see De Dreu and Weingart, 2003, for a meta-analysis). However, one avenue with little traffic is to determine how much of an effect is there? In knowing the size of the science behind the diversity-conflict model will give us the model’s organizational significance” (Shaver, 2008). Surprisingly, our review of the diversity-conflict finds little examination of magnitude - at least when it comes to quantifiable outcomes. The neglect of putting size to the science is a lack of confidence in the model’s
practical power (McCloskey and Ziliak, 1996). It is one thing for the diversity-conflict theorist to say to an executive “you can capitalize on the differences in teams through behavioral leadership training that reduces team conflict,” and it is another more meaningful thing to say, “Typically managers who are trained in how to be consistent in how they respectfully instruct and encourage their teams will see 20% fewer sick days and an 15% increase in sales from employees.” While there are multiple ways to assess a theory’s practical size, McCloskey and Ziliak’s (1996) assessment approach may be a good starting point.

Another field ripe for picking involves finding strategies that encourage wanted conflict while not simultaneously encouraging unwanted conflict. For instance, encouraging a devil’s advocacy strategy in a team increases task conflict but it can also simultaneously increase relational conflict (Cosier and Rose, 1977). Carton and Tewfik’s (2016) recent review of conflict strategies proposes that strategies used in isolation may do more harm than good. Rather, combinations of strategies are submitted by Carton and Tewfik (2016) to be more effective in successfully navigating diversity-stemmed conflict. Future scholarship may produce findings of high theoretical and practical significance by testing the arguments made in the Carton and Tewfink (2016) paper. A second layer of the conflict-strategy puzzle germane to the Carton and Tewfink (2016) taxonomy and theory is knowing who is best to implement the solutions. A promising theory to help solve this puzzle is decision process theory. Decision process theory would maintain that who implements a solution is just as important as which solutions are employed (e.g. Vroom and Yetton, 1973). For instance, teams high in status conflict may not react well to a fellow teammate using intervention and prefer an outsider to institute change solutions.

4.2. The future of behavioral negotiation model

Two areas have seen increasing development pertaining to the behavioral negotiation model. The first is sacred issues or ideologically or value-based issues play out differently than negotiations dealing with more traditional material interests (Harinck and De Dreu, 2004; Tenbrunsel et al., 2009; Wade-Benzoni et al., 2002b). When an issue involves a closely held value, people are less likely to be willing to make tradeoffs on that issue in exchange for something else. Naturally, this can interfere with the essential “logging” aspect of integrative negotiations. Research has revealed that opposing sides in ideological conflicts tend to exaggerate their opponents’ extremism (Keltner and Robinson, 1993; Robinson et al., 1995; Robinson and Kray, 2001). Sacred issues in negotiations tend to increase the likelihood of impasse, reduce the profitability of outcomes, and produce more negative perceptions of opponents – particularly when negotiators have a strong best alternative to a negotiated agreement (Tenbrunsel et al., 2009). More recently, Bendersky (2014) proposed a way to solve ideological conflict: affirming an opponent’s status may help reduce defensiveness and resistance to compromising in ideological conflicts. In a study by Tuller et al. (2015), participants were asked to write about a controversial issue from the perspective of a partner with an opposing view. The approach was effective at changing views but only when participants met with the opponent in person and observed the perspective-taking effort.

The study of individual differences and personality initially fell out of favor among negotiation scholars due to early research by Rubin and Brown (1975) concluding that it had little impact on negotiation behavior and outcomes. For many years, negotiation scholars have been enamored with studying the power of the situation to influence negotiations (Brett and Thompson, 2016). However, a relatively recent meta-analysis concluded that a variety of individual differences affect the strategies negotiators use, individual and joint gains, and psychological outcomes (Sharma et al., 2013). The effect of personality was further investigated by Dimotakis et al. (2012) who found that negotiators high in agreeableness were best suited for integrative negotiations while negotiators low in agreeableness were best suited for distributive negotiations. Negotiators whose dispositions were a good fit for their context had higher levels of cardiac arousal than those who were not a good fit, which related to positive affect, persistence, and increased economic outcomes.

4.3. The future of social dilemma models

A significant body of research on cooperation has opened questions of how such knowledge can be applied to social dilemmas in real-world conflicts. An important challenge regarding practical implications is that much of the current debate on the problem of cooperation in social dilemmas assumes a static, one-time relationship. Unlike experimental settings, social interactions in real life involve repeated interactions in which decision makers actively respond to changes in its dynamic and adopt different strategies (Van Lange et al., 2013). For example, business ventures often involve repeated partnership and dealings. Sometimes the end of the business relationship is expected, such as when contract duration is specified, but can be ambiguous in other relationships. An awareness of possible future encounters and long-term relationships can have significant impact on individual choices in social dilemmas. If repeated encounters are expected, acting selfishly and pushing the other too hard can invite retaliation in the future (Axelrod, 1984). Conversely, if the interaction is likely to end soon, individuals may discount the future payoffs and the interest of others and decide not to cooperate in the present.

The prospective of future interactions also involves possible encounters with others in the same network. Reputation matters in the interconnected society and discourages individuals from engaging in socially undesirable behavior. Knowing that today’s selfish or cooperative action may trigger a negative or positive feedback loop in future conflicts can encourage individuals to contemplate their long-term reputations (McCarter et al., 2011b). A non-cooperative reputation can eventually lead to ostracism (Kerr et al., 2009). On a more psychological level, people are in fact aware of this effect of transparency and
more likely to cooperate with subtle signals of being watched by others (Bateson et al., 2006). Understanding such a reputational mechanism will also be informative in social dilemmas in larger settings, in which uncertainty and anonymity are the major obstacles to cooperation. For example, Weber and Murnighan (2008) find that a consistent contributor in social dilemmas creates cooperative perceptions of social norms, which facilitates fellow members’ cooperation. In this case, while the emergence of contributors may underlie the role of individual difference factors, efforts to increase structural transparency and reputational effects are crucial to support and facilitate their positive influences on other members. Therefore, the lessons derived from understanding one’s perspective on relationships through time or across partners will be worthy of future investigation, providing prescriptive advice regarding paths to cooperation.

4.4. The future of social exchange models

Scholars may focus on how the consequences of conflict may be impacted by power asymmetry. Conflict itself is not necessarily positive or negative for any organizational relationship, despite its pervasiveness. Prior emphasis on symmetry in mutual understanding across partners (e.g. Lewis and Wiegert, 1985) for mitigating conflict may not account for the diverse perceptions each party brings to their relationship (e.g. Ebenbach and Keltner, 1998). As Pondy (1967) explained, that the function of conflict can be either beneficial or detrimental for the relationship and parties involved. We note that the firm level potential benefits gained through conflict are likely similar in imbalanced and balanced power relationships (Magee and Galinsky, 2008; Park and Ungson, 2001). The difference lies in the likelihood for resolution between the two parties, affecting outcomes at the level of the dyad. Power advantaged firms might be privileged in guiding conflict resolution and, propose for future research, that firms in asymmetric relationships may be more likely to find a resolution than those in symmetric power relationships. Power asymmetry may play more of a positive role in mitigating conflict than prior work has assumed.

4.5. The future of transaction cost economics models

As management scholars look to the future there is a trend towards taking a micro-foundational approach to the transaction cost literature. Such recent theorizing may lend well to empirical testing in laboratory environments. Future conflict researchers might heed Lumineau et al. (2015) recommendation that transaction cost perspectives can explore different types of conflict among organizational groups, such as integrity-based and competence-based failures. However, with many of these conflict types, the offending firm may have a divergent perception of what validates their past behavior, misinterpreting the potential of an integrity-violation as an act of strategic necessity (e.g. Sutcliffe and Zaheer, 1998). For example, in pursuit of greater efficiency, the offending firm may utilize more resources than the other party perceives as appropriate and unintentionally cause conflict within the relationship. To that end, we add that the long-term impact on value creation versus the share of value captured by the partners (e.g. Elfenbein and Zenger, 2017), may be a promising avenue to pursue to understand each party’s costs and motivations in maintaining governance structures despite the presence of conflict.

5. An integration of intragroup conflict models

There are patterns and differences across the five models reviewed. Indeed, each model complements the others in a host of ways, and this complementarity is summarized in Table 2.

5.1. Insights about intragroup conflict

A common thread across the five models is that conflict within a group can create considerable barriers to organizational effectiveness. Diversity-conflict models predict that teams with high relational, process, and status conflict will not perform well. Social dilemma models predict that – without restructuring the payoffs, instigating cooperative contextual cues, and removing competitive individuals – costly conflict will increase. Behavioral negotiation models maintain that when negotiators take primarily a distributive approach to deciding resources that conflict will be high and the likelihood of achieving an agreement is low. When it comes to conflict among alliances networks (Gomes-Casseres, 1994), social exchange models suggest that control over resources motivates organizations to reduce dependence on each other. Intragroup conflict might arise out of this struggle for control. The transaction cost economics model proposes that conflict will increase the use of safeguards, thereby increasing use of costlier forms of organizing in alliance relations.

A key difference rests in what these models say about positive outcomes from conflict. Diversity-conflict and behavioral negotiation models both predict that the work team or negotiating parties will be better off when conflict exists under certain conditions; e.g. moderate levels of task conflict and competing preferences where there are different values. Social dilemma and transaction cost models see intragroup conflict as primarily a negative event that can only be mitigated through structural or motivation solutions. Social exchange models suggest that firms can establish more independence by using conflict to lessen their dependence on resources from other firms.7 The reader may find of interest Gary Bornstein’s work on increasing cooperation within groups by increasing conflict between them (e.g. Bornstein and Ben-Yossef, 1994; Bornstein et al., 1990). These experiments are not reviewed in the current paper because they examine conflict between groups and not within them.

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Table 2
A comparison among five models of intragroup conflict in management studies.

<table>
<thead>
<tr>
<th>Comparison categories</th>
<th>Diversity-conflict models</th>
<th>Social dilemma models</th>
<th>Behavioral negotiation models</th>
<th>Social exchange models</th>
<th>Transaction cost models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key ideas include ...</td>
<td>Promote certain kinds of conflict (e.g., task conflict) while discouraging others; e.g., relational and status conflict through group characteristics</td>
<td>Decrease conflict through structural and motivational solutions that encourage strategies that benefit the collective as well as the individual</td>
<td>Leverage conflict through integrative negotiation where the parties value the issues differently, creating more value to divide through distributive negotiation</td>
<td>Desire for independence motivates conflict where parties are interdependent for their access to shared resources</td>
<td>Efficient contract design mitigates conflict and facilitates order. Risk of opportunism, motivates actors to seek appropriate safeguards against conflict</td>
</tr>
<tr>
<td>Conflict primarily viewed as resulting in a ... Analytic units are ...</td>
<td>Mix of positive and negative outcomes</td>
<td>Negative outcome</td>
<td>Mix of positive and negative outcomes</td>
<td>Mix of positive and negative outcomes</td>
<td>Negative outcome</td>
</tr>
<tr>
<td>Methodologies include ...</td>
<td>Individual and group level Individual and team-level field surveys, and laboratory experiments</td>
<td>Individual and dyad</td>
<td>Case studies and large sample field studies</td>
<td>Large sample field studies and laboratory experiments</td>
<td>Case studies and large sample field studies</td>
</tr>
<tr>
<td>Disciplinary foundation based in ...</td>
<td>Organizational behavior</td>
<td>Social psychology</td>
<td>Organizational behavior/social psychology</td>
<td>Social psychology/organizational theory</td>
<td>Organizational theory</td>
</tr>
</tbody>
</table>

Overall, three models (i.e., diversity-conflict, behavioral negotiation, and social exchange models) view intragroup conflict as a contingency process where two of the models (i.e., social dilemma and transaction cost models) view intragroup conflict as resulting in a negative outcome. Of the five models, only the diversity-conflict model parses conflict into a multidimensional construct (i.e., task conflict, relational conflict, process conflict, and status conflict) where the remaining models see conflict as one-dimensional – leading to either a positive or negative outcome.8

5.2. How conflict is conceptualized

The volume of conflict research in management studies brings with it different views about intragroup conflict. Consequently, the models reviewed here define intragroup conflict differently. Transaction cost economics define intragroup conflict as “a destructive process, creating negative reactions” (White et al., 2007). Social dilemma models view conflict as a tension between individual and group interests, where an individual cannot do something to benefit themselves without harming the group (Kollock, 1998). Taken together, transaction cost economics and social dilemma models view intragroup conflict as always resulting in a negative outcome that should be either navigated or discouraged.

On the other hand, diversity-conflict, behavioral negotiation, and social exchange models view intragroup conflict as something that can be leveraged. The diversity-conflict model sees conflict as a multi-dimensional construct, with such dimensions as task conflict being something to encourage and relational conflict being something to avoid (Jehn et al., 1999). Behavioral negotiation models also view conflict as being a good thing or a bad thing depending on what issues the negotiators value, how much those issues are valued, and what information is shared among negotiating parties. The information exchange process helps both sides better understand each other’s interests and thus make possible tradeoffs among integrative issues, thereby meeting all parties’ interests (Lewicki et al., 2010). Social exchange models suggest that, as firms continue to work together and resolve conflicts, they will begin to establish strong relational norms, trust, and commitment (Lumineau et al., 2015; Malhotra and Lumineau, 2011). Consequently, they will rely less on formal and costly governance mechanisms (e.g., contracts) to settle conflict as time passes (Gulati and Nickerson, 2008). The differences in the models’ definitions of conflict leave us with our broad definition of intragroup conflict that we began with in the current review.

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8 Social dilemma models distinguish between opportunistic and defensive conflict or defection (e.g. McCarter et al., 2010; McCarter et al., 2011b; Rockmann and Northcraft, 2008). However, the multidimensionality of conflict here is between why a person chooses a course of action that harms the collective and not a course that can benefit the collective through conflict.
Fig. 2. A Venn diagram of intragroup conflict research in management with a focus on five models and a sample of prior research. Note: BN, DC, SD, SE, and TCE are acronyms for the Behavioral Negotiation model, the Diversity Conflict model, the Social Dilemma models, the Social Exchange model, and the Transaction Cost Economics model.

5.3. Analytical unit of analysis and methodology

There are differences among the five models when it comes to the unit of analysis and methodology. Diversity-conflict and behavioral negotiation models are studied primarily at the individual, human subject level as part of a work team or community. Transaction cost economics and social exchange models examine intragroup conflict primarily at the interorganizational level as part of an alliance venture (portfolio, consortia, or network or partners) with the caveat that transaction cost examines transactions and firms may be involved in multiple transactions simultaneously. Social dilemma models – while originally used at the individual human-subject level – are now regularly used to understand intragroup conflict among organizations.

Behavioral negotiation and social dilemma models are almost exclusively studied in the behavioral laboratory, where there is tight control over testing the model relationships. It is only recently that management scholars have used field studies (i.e. natural experiments) to examine the general application of social dilemma models (e.g. Van den Assem et al., 2012). Diversity-conflict models have been tested in the behavioral laboratory as well, but have also examined the direct application of the models through longitudinal field studies where team structure, conflict types, and performance are measured at different points in time (e.g. Jehn and Mannix, 2001; Jehn et al., 1997; Jehn et al., 1999).

Social exchange and transaction cost models both have been approached using mixed-methods. More recently scholars have turned their attention towards testing social exchange theory in the behavioral laboratory (e.g. Galinsky et al., 2015) but less so at an interorganizational level as much interorganizational research has been tested through survey and archival data. Thus, scholars have examined the direct application of social exchange models while also recently wanting higher control when testing the models’ relationships. In contrast, more recent laboratory-based studies of transaction cost economics complement years of field studies that examine the applicability of the models (e.g. Harmon et al., 2015; for reviews see McDowell and Voelker, 2008; Macher and Richmann, 2008).

6. Concluding remark

The study of intragroup conflict in management is old, at least old in relation to the tenure of the management field. The fact that management lies at the confluence of multiple fields in the social sciences, has resulted in a voluminous body of conflict research, making it difficult for a single article to present the curious student a comprehensive review. The current research summarizes five models used to study intragroup conflict in management. Each model has been the muse for scholars to understand how existing conflict can be leveraged (even increased) to an individual’s advantage; how conflict can be reduced to an individual’s advantage; and the contingencies of when conflict is a blessing and a curse for a person or
organization. Fig. 2 is a Venn diagram conceptualizing the conflict research domain in management and provides a sample of empirical and theory papers across the five models.

While each model has been well-used and improved upon, many unanswered, important questions about conflict in and among organizations remains. Management scholars who want to make a significant impact in the study of conflict may consider problematizing the models or challenging core assumptions of a model while bringing alternative logics and models from the literatures’ periphery into consideration (Alvesson and Sandberg, 2011). In doing so, management will increase its collective wisdom about conflict. In other words, in knowing what it does not know or what it assumes it knows about conflict, management scholars will be better equipped to make order out of the chaos of conflict.

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