



Conflict Research Centre (CRC)

CRC Working Paper No. 1

**Reconciling the carrot and the stick:
An intellectual history of integrative bargaining in 20th
century American organizational relations**

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July 2011

This paper was originally submitted in partial fulfilment of the requirements for the degree of
MA in Conflict Studies at Saint Paul University, Ottawa.

Working Paper Series
Conflict Research Centre
Saint Paul University, Ottawa

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Introduction

How do we make organizational conflict work for us? In the 1920s, Mary Parker Follett asked herself this very question. It's a question we still find ourselves asking today. Follett's proposed answer was "integrative bargaining", a concept she likened to playing a violin: apply the bow to the strings, and create friction. When it's played properly, you achieve beautiful music.

The 20th century marks a pivotal period in the domain of American organizational relations. It is in this century, and within this area, that for the first time in history the philosophical concept of integration received theoretical attention and practical application in organizational relations. In this paper I provide an intellectual history of the concept of integrative bargaining as it applies to 20th century American organizational relations.¹ I do this by developing a historical timeline of the concept of integrative bargaining from its beginnings to its current manifestation. I also place special attention on the work of Mary Parker Follett, who is credited as the first theorist to apply the principle of integration to organizational relations.

Although historically overshadowed by distributed models of negotiation and conflict resolution, integrative bargaining has had significant academic attention throughout the 20th century. I believe that in order to fully understand integrative bargaining as a concept, as well as its relevance today, we need to understand this history. Moreover, a historical understanding of integrative bargaining will address two fundamental questions: first, what does integrative bargaining really mean? And second, how and when do we apply it?

Studying the intellectual history of the concept of integrative bargaining from the level of organizational relations is important for two reasons. First, it is within the realm of organizational relations that this concept owes its practical and theoretical emergence. Second, organizational relations theory contributed in the past (and still does to this day) to the understanding of conflict, its management, and its resolution. That this concept is revisited numerous times in 20th century history, and continues to, is fascinating in itself. Why do academics return to this concept in their research? What insights does it offer us for conflict analysis, management and resolution today?

A historical exploration of integrative bargaining from a conflict management perspective is an interdisciplinary pursuit with broad implications. Most notable implications revolve around power and cooperation. An understanding of integrative bargaining unpacks the way we contextualize power, and provides strategies for addressing the issue of power in conflict situations. Since integrative bargaining operates within a creative and collaborative framework, it also offers a nuanced perspective of cooperative approaches to conflict management that can promote sustainable conflict resolution and organizational growth.

Despite the significance of integrative bargaining, I have not yet found a historical paper that looks at its intellectual history in 20th century organizational relations. An understanding of this history is intimately linked to its practical applications — that is, proper application of

¹ The term "organizational relations" (called "industrial relations" throughout the first half of the 20th century) refers to the behaviours and relationships among and between people in an organization.

integrative bargaining is accomplished through a genuine understanding of what the concept means and where it comes from. In writing this paper, I wish to fill this gap in the academic literature.

A historical examination of the source and growth of integrative bargaining allows us to understand why this concept is facing renewed study today. As we attempt to negotiate and mediate contemporary conflicts, it is important to draw on options and theories of both contemporary and historic importance. Indeed, these categories often converge. Understanding the intellectual history of integrative bargaining will prevent us from “re-inventing the wheel” and allow us to use this concept to gain deeper insight into why organizational disputes become so adversarial. Further, the contemporary applications of integrative bargaining flows beyond the boundaries of organizational relations. Though it is beyond the scope of this paper, it is important to note that integrative bargaining can also be used to provide insight into how to approach intractable conflicts at the national and international levels.

Chapter one looks at what integrative bargaining means, where this concept comes from, and how it spread among academics in the early 20th century. Chapter two unpacks the direct and indirect development of integrative bargaining, specifically through the human relations movement, management theory, negotiation theory and cooperation theory. Chapter three looks at the development of integrative bargaining in the late 20th century, that is, in the win-win era of the 1980s, and within the fields of creativity theory and conflict theory. This chapter also looks at the challenges of integrative bargaining, and where it is today. I conclude this paper with my reflections on the historical theme of my research, and key insights.

Chapter One: Fresh Air Without the Draft²

The principle of integrative bargaining grew out of philosophic and psychological concepts of the late 19th century. The practical conditions of 20th century American organizational relations brought the intellectual principle of integration into the realm of management theory and business consultation. It was a radical concept that challenged the adversarial model that dominated labour relations for most of the 20th century.

In this chapter I define and map the conceptual landscape of integrative bargaining. Secondly, I present its origins, theoretical underpinnings, and early intellectual propagation. I conclude by outlining the socio-political context from which integrative bargaining emerged, the reality of which left integrative bargaining in the shadow of distributive methods of organizational conflict management and resolution.

² Analogy from Henry Mintzberg’s 1992 essay “Some Fresh Air for Canada,” presented at Queen’s University, Kingston (Graham 1995: 199). This title draws on the imagery used by Mary Parker Follett as she explains the integrative process; that is, reaching the agreement with her study roommate to open the window in the adjacent room to allow for fresh air without over cooling their own study room (Graham 1995: 69).

1.1 Defining Integrative Bargaining

The concept of integrative bargaining holds many definitions. However, it often begins with a similar central belief, namely, that people can connect their ideas to those of others to create new ideas. This is the creative process of human interaction, a process that promotes growth and transformation. Indeed, this central belief was the cornerstone of Mary Parker Follett's work, and the premise of her book *Creative Experience* (1924).³ Follett's *Creative Experience* received considerable attention from academics and business people of her time. After its publication, Follett began lecturing on the principle of integration and how to create constructive conflict in the workplace.

Based on Follett's work, I find the integrative bargaining approach rests on five premises: first, conflict is natural and potentially functional; second, adversaries can approach conflict in a joint manner; third, conflict management and resolution is affected by power relations; fourth, interpersonal dynamics figure largely when negotiating conflict situations; and, fifth, there is no need for compromise.

In much of her work, Follett fails to provide a clear and concise definition of integrative bargaining, yet she successfully provides ample description of the conceptual landscape in which it resides. In this paper, I draw on Pauline Graham's definition of integrative bargaining, which Graham provides based on careful study of Follett's work. Integrative bargaining is the principle of integration applied to organizational relations. It is a bargaining principle, which asserts the validity of all parties in dispute, and promotes conditions for the creation of a new entity, situation, or perspective for the purpose of sustainable conflict resolution (Graham 1996: 67-81).

Other definitions of integrative bargaining are put forth by Barrett, Banks, and Buntz. For Banks, integrative bargaining "is based on win-win thinking and emphasizes the importance of working together in spite of differences to maximize the reward (1987: 67). Similarly, Barrett defines integrative bargaining as "win-win" bargaining. Barrett argues that win-win bargaining "is based on principles and requires collaborative behaviours; it emphasizes integrative rather than distributive solutions; it sees mutual gains; it draws on the best practice of traditional bargaining" (1990: 40).

Buntz explains that "Follett initiated the idea of integrated bargaining, and it is this concept that forms the core of the principled, or interests-based approach, advocated by Fisher, Ury, Brett and Goldberg, Carpenter and Kennedy, and a host of other writers on conflict management" (1991: 108). Further, Buntz asserts that "integrative, or interests-based, dispute resolution, then, produces a synergy of interests and creates a solution in which both parties gain (1991: 109). Like Buntz, Pauline Graham also highlights the idea of "joining powers instead of setting them against each other" so that the solution "allows both parties to find their place without sacrifice" (Graham 1994: xiv).

The words "without sacrifice" are key in any conceptualization of integrative bargaining. Follett expresses this element many times in her work. The words "without sacrifice provide a

³ For a more detailed biography of Mary Parker Follett, see section 1.2.

clear differentiation between “compromise” and “integration.” Integration does not imply compromise. Integration operates within a creative framework and is the construction of solutions through collaborative behaviours. Alternately, compromise operates within a distributive framework of negotiation. It is the cutting of a fixed pie to temporarily appease the parties in a conflict. The idea of joining powers “without sacrifice” is certainly idealistic. This is where critics of integrative bargaining place much of their attention. Follett’s concept of integrative bargaining was highly criticized by realists, both of her time and throughout the 20th century.

In all these definitions, integrative bargaining operates from the premise that organizational conflict is an opportunity for organizational growth. Further, conflict is a necessary part of this growth and through proper conflict management can be harnessed for the benefit of all parties involved. It is a transformational perspective which draws on human interaction and human learning.

The conceptual landscape from which integrative bargaining emerges begins with Follett’s definition of conflict. For Follett, conflict is the appearance of difference. Differences are to be valued for the opportunities they create. Difference, being a natural and regular occurrence, thus makes conflict unavoidable. Depending on how one handles conflict, the outcome can be either destructive or constructive. She concludes, that fear of conflict, or fear of differences, is “fear of life itself” (Tonn 2003: 23).

Follett argues that integration is necessary for sustainable conflict resolution. In fact, sustainable conflict resolution comes through the practice of “constructive conflict,” to which integration is a key feature. “Constructive conflict” is the integration of difference, whereas “destructive conflict” is the lack of integration of difference (Graham 1995: 71). To this, Follett further added the idea of “progressive integrations.” As we progress through our conflicts we become more and more developed and can access new, or more complex, levels of conflict (Graham 1995: 72). Two key questions for self, and organizational, reflection are: What are your recurring conflicts? How do you deal with them?

Follett identifies three possible ways of handling conflict: domination, compromise (these first two are also referred to as “distributive,” “zero-sum” or “fixed pie” models of conflict resolution), and integration. Domination is a commonly used approach involving a winner and loser. In this situation, a disputant tries to make the other submit to his/her request (Graham 1995: 68). Compromise, like domination, is somewhat of a historically acceptable means to resolve a conflict. Like domination, compromise involves a level of submission to the other. To a degree, compromise involves conflict avoidance, that is, parties agree to disagree, or they agree to make sacrifices for the sake of expediency in the conflict management process. When parties compromise, both sides must make concessions, and to a degree, neither side gets the full outcome they desired (Graham 1995: 68). Both the distributive approaches to conflict resolution require adversarial thinking.

Integration requires a process of opening, dissecting, and re-evaluating a conflict. Rather than dividing a fixed pie, integrative bargaining is the collective baking of a new pie. The recipe for this pie involves three steps. The first step is to identify the conflict. This involves getting all

the facts and feelings on the table, in plain sight. The second step is to break the conflict into parts and subparts, with each part analyzed for its substantive aspects in the conflict. This analysis of the components of a conflict leads to an evaluation of the conflict. The third step is re-evaluation. Re-evaluation involves taking the parts of the conflict and bringing them back together into a clearly defined problem in which all parties in the dispute have their priorities addressed (Graham 1995: 82).

There is a point of hesitation here. The process of integration outlined above is essentially an intellectual process. Follett argues that the intellectual process of integration requires creative intelligence. In addition, Follett explains that going through the intellectual process of integration does not always produce integration or conflict resolution.

The other essential aspect of integration is in actual practice, that is, working toward agreements through activities and regular daily interactions (Tonn 2003: 379). For example, two employees have to complete a project together despite their conflict. They work together only because of a shared goal to complete the project, and for this end they temporarily put their differences aside. By the end of the project, each employee may discover that his/her co-worker is not that bad after all, or that the conflict was not as large as originally thought. This is the concrete aspect of conflict management in organizations, one that I believe is highly useful when there is no time to talk, or when talk fails to produce results. Sometimes problems do not need to be solved through dialogue, rather, they are managed through shared experience.

Integration requires awareness of power relations. Follett explains that the idea of “balance of power” is one that falls under the concept of “power-over.” “Power-over,” as opposed to power-with, refers to the use of coercion to resolve differences among individuals or groups. The use of coercion includes non-cooperative, or adversarial, models of organizational relations (Graham 1995: 106). Power-over occurs just as much in labour’s demand for power as it does in management’s exercising of organizational power. The “balance of power” model polarizes groups in an arena of competition, as they drive for power over their perceived adversary. “Power-with,” on the other hand, refers to a joint approach to power that provides space for joint fact-finding and joint interpretations and values in a given situation – what Follett calls “the law of the situation.” Businesses that approach labour-management relations from the perspective of the unity of these groups in power and conflict management are following power-with models (Graham 1995: 145). Follett explains: “Our task is not to learn where to place power; it is how to develop power. . . . Genuine power is not coercive control, but coactive control” (Follett 1924: xxii). In other words, integration requires power-with.

Integration also requires an understanding of the “circular response.” The circular response, another important aspect of dealing with conflict, asserts the undeniable presence of the self in interpersonal dynamics. The individual has a role in shaping his/her environment and the situation at hand, that is, we react not only to the other party but also to the relationship that exists between us. We are thus creating in part our own response and the situation. Follett uses the imagery of a tennis match to illustrate this idea. How one returns the ball depends partly on how one’s opponent hit the ball, which depends somewhat on how one hit it previously (Tonn 2003: 370).

From a psychological perspective, integration has two aspects, the intra-personal and inter-personal. The intra-personal is the psychological process of understanding one's own needs and desires. The inter-personal aspect is the communication of these needs and desires to another. Individuals cooperate to achieve their own needs and desires in an environment where others can also have their needs and desires met. The outcome of such integration is creation and growth.

1.2 Origins of Integrative Bargaining

The early history of integrative bargaining was led primarily by Mary Parker Follett and secondarily by Chester Barnard at Harvard in the 1920s. Central and defining contributions to the concept of integration were made by Mary Parker Follett. Barnard's main contribution was in early systems theory, one that I argue was a requisite to the understanding and spread of integrative bargaining.

Mary Parker Follett (1868-1933)

Mary Parker Follett, born in 1868 in Quincy, Massachusetts, was a political and social philosopher. She is best known for her work during the 1920s as a lecturer, management consultant, and pioneer in the establishment of community centers (Tonn 2003:11).

Follett's early years were a balance of study and family responsibilities. Her mother was chronically ill and her father frequently absent, this left Follett with the responsibility of managing the house and caring for her younger brother. Follett's maternal family were well-to-do, and much of her monetary support came from them. Follett's family life was less than happy, and her focus on education provided an outlet for her stress. Follett's father died when she was in her early teens, and by her early twenties she severed all ties with her mother (Graham 1994:187).

By the age of 12, Follett graduated from the Thayer Academy. Much of Follett's early academic support came from Anne Thompson, a philosopher and teacher at Thayer.⁴ It was Thompson who introduced Follett to inductive reasoning and the use of illustrative examples, methods that proved to be valuable in Follett's research on integration (Graham 1994:188).⁵

In 1888 Follett became a student at Radcliffe College,⁶ Harvard Annex. It was here that Follett found further academic support for her interdisciplinary interests.⁷ At Radcliffe, Follett

⁴ Anne Thompson was an admirer of the work of Johann Fichte, and provides Follett with her early introduction to his work. Fichte's work is among the theoretical underpinnings of Follett's concept of integrative bargaining. I provide more information on Fichte in section 1.3.

⁵ In my analysis, I believe Follett's use of illustrative examples (set in concrete experience), is an asset to communicating the idealistic and abstract aspects of her work. She was able to link the theoretical aspects to the practical aspects of integration through observing the interpersonal and organizational functioning of Boston's community centers. Follett's success is in large part related to her ability to balance both the theoretical and the practical aspects of integration.

⁶ Radcliffe College was then called, the Society for the Collegiate Instruction of Women.

⁷ During her time at Radcliff, Follett had a year of private studies under Henry Sidgwick in the area of history and political theory (Tonn 2003:63).

was exposed to the work of William James, John Dewey, and Max Wertheimer, to name a few. Education was central in Follett's life: She was well read in many disciplines, and incorporated studies from history, psychology, political science, philosophy, and the humanities into her academic work (Tonn 2003:5). Follett graduated from Radcliffe with honours in 1898.⁸

In 1890, Follett took a study year abroad at Newnham College, Cambridge. It was at Newnham that Follett received inspiration and support for her book *The Speaker of the House of Representatives* (1896). She took time off from her studies to finish this book. Her reading list for this project included books on economics, government, law and philosophy, and which contributed to her appreciation of interdisciplinary academic research in understanding the larger implications of her topics (Graham 1994: 189).

After graduating from Radcliffe, Follett was deeply influenced by her practical experience working in Boston's immigrant neighbourhoods. After observing the need for community centers she lobbied in 1908 to have schools open after hours for adult education and community services. By 1912, the proposal was approved, and Follett ran the adult education program for many years (Fox 1968: 521).

Follett found that her experience lobbying for the extended use of schoolhouses created a meaning and truth, where an idea could manifest into reality. As the schoolhouse program evolved, Follett observed how organizations grew, situations changed, and how political engagement and creative problem solving played a key role in conflict management, creating change and improving organizational life.

This practical experience and observation led Follett to complete her works *The New State* (1918) and *Creative Experience* (1924).⁹ In *The New State*, Follett argued for self-government, stating that, "we are not given rights, we create rights" (1918: 3). According to Follett, society is dynamic and all individuals have a role in shaping its movement. For Follett, the main challenge for self-government was the integration of individual differences (1918: 42).

During the 1920s and early 1930s, Follett lectured at the American Management Association, Harvard University, and the London School of Economics, among others. Peter Drucker (1909-2005), prominent management consultant and writer, explains, "During her lifetime... Mary Parker Follett had been very visible, eminently successful, and highly influential as a lecturer and writer and consultant to business and government leaders on both sides of the Atlantic" (Graham 1995: 1).

Chester Barnard (1886-1961)

⁸1898 was the first year that women were granted diplomas from Radcliff, Harvard Annex. Also in Follett's graduating class was Gertrude Stein (Tonn, 2003: 109).

⁹The concepts of integration and the circular response figure largely in *Creative Experience*. Edwin B Holt (1873-1946) was a student of William James, and a professor to Follett during her time at Radcliff. Holt, a philosopher, psychologist, and Gestalt researcher and theorist, influenced Follett in the area of behaviourism. Holt studied how behaviour is part of interplay among people and between people and their environment. This "experiential learning," as Holt called it, had significant influence on Follett's idea of the circular response (Tonn, 2003:5).

Chester Barnard, born in 1886, in Malden Massachusetts, was an American business executive and public administrator. He was best known for his work in the field of organizational theory, and his publication *Functions of the Executive* (1938).

As a student of economics at Harvard, Barnard was influenced by the work of Max Weber, Kurt Lewin, Vilfredo Pareto and Talcott Parsons – Barnard remained in correspondence with Parsons well into his later years.¹⁰ These influences shaped Barnard’s image of the organization as a system, and how this system is based on the cooperation of human activity. He applied theories of Pareto, Lewin, Weber, and Parsons to the sociology of organizations. Barnard defined an organization as: “a system of consciously coordinated activities or forces of two or more persons” (Wren 1987:267).

In *Functions of the Executive*, Barnard outlines the ways in which managers must contribute to the cooperation of human activity. The main pathways are through communication, interrelation and the defining of purposes and objectives. Managers also have to contribute to their organization through generating efficiency and effectiveness. With this, the organization will be effective in meeting the motivational needs of its members (through tangible and intangible incentives and persuasive authority), and efficient in meeting its goals.

This vision of the manager’s roles in the organization explicitly draws on the concept that the organization is a system, and the functioning of the system depends on the relationship of its parts. Further, the way to understand and improve this relationship is through communication.

The Combined Contribution

Although Follett and Barnard never engaged in joint publications, together they were pioneers in organizational relations theory.¹¹ Indeed together they contributed to a body of academic literature that by the late 1930s was called the human relations movement. Barnard was considered part of the early human relations movement (along with Elton Mayo); however, there is debate over whether or not to consider Follett as part of this movement. Follett differs from others in this movement in her interdisciplinary focus and her approach to conflict as a potentially functional, or creative, element in organizational relations. Human relations theorists were considered adverse to conflict (i.e., conflict was seen as disruptive to the system), whereas Follett regarded conflict as an opportunity for organizational and interpersonal growth. Nevertheless, the human relations movement has great significance in the intellectual history of integrative bargaining, and will be discussed at greater length in the next chapter.

Follett and Barnard shared similar theoretical influences (i.e., theorists within the area of Gestalt psychology and systems theory). Both undertook studies and research at Harvard, and drew on similar theories in their work. Further, they both also took these theories and applied

¹⁰ Max Weber and Vilfredo Pareto (along with the significant contribution of Emile Durkheim) initiated the distinction between mechanical and organic frameworks for sociology research (Wren, 1987: 169). This early sociological distinction was central a principle of the human relations movement of the 1930s and 1940s. I shall spend more time on this discussion in chapter two.

¹¹ I did not find any evidence that Follett and Barnard ever met.

them practically in their work environment, thus allowing the full development of their own concepts in the area of organizational relations.

Barnard did not explicitly use the concept of integrative bargaining, although the themes and applications of his work led him in similar directions to Follett. The thrust of his contribution to the intellectual history of integrative bargaining was in his concept of the organization as system. This concept was central in Follett's understanding of integration, and was a requisite to its development.

1.3 Theoretical Underpinnings of Integrative Bargaining

The early history of integrative bargaining, lead by Mary Parker Follett and Chester Barnard at Harvard in the 1920s, drew from turn of the century gestalt psychology, German idealism and American pragmatism.

Follett was well read in the work of William James (1842-1910) and John Dewey (1859-1952),¹² credited as the founders of pragmatism. From the work of James, Follett engaged with the idea that experience creates meaning and truth, and that meaning and truth shape experience (Tonn 2003:5). Follett also found, through Dewey's work, a model for learning as a social and experiential activity. Dewey's ideas can be seen in Follett's ideas on learning through the experience of conflict and engagement with it in new ways.¹³

Follett agreed with John Dewey's view of industrial democracy, that is, "the political practice of democracy and industrial autonomy [should] be extended to the workplace" (Miller and O'Leary 1989: 255). This view, opposed by democratic "realists," such as Walter Lippmann (1889-1974) and Harold Laswell (1902-1978) who argued for a, "restricted concept of democracy on the premise that the populace lacked the necessary knowledge to make good decisions for the whole, and that it was too easily swayed by emotional appeals" (Miller and O'Leary 1989: 258).

Although some of Follett's views were in line with pragmatist thought, in regards to Follett's concept of integrative bargaining, she was not considered a pragmatist. Critics of integrative bargaining, like Walter Lippman and Harold Laswell, considered the concept of integrative bargaining as excessively idealist. However, as an interdisciplinary theorist, Follett is quite difficult to categorize. The influence of both pragmatism and idealism is evident in her work. Follett's concept of integration can be considered philosophically idealist. Nevertheless the application of integration, for example in the schoolhouse program of the 1910s, is

¹² Like John Dewey, Follett was part of the 20th century movement against formalist thought (i.e., fixed methods) (Tonn 2003:81). Follett employed inductive methods of reasoning, and mixed research methods (secondary sources, fieldwork, interviews, etc) to defend her arguments. Follett received early training and support for this style of research and writing from Professor Anna Thompson of Thayer Academy. Thompson encouraged Follett to use topical analysis (employing a breadth of material, illustrative examples and personal experience), or inductive reasoning, to support her arguments (Tonn 2003: 19). This reflected the need to move into interdisciplinary research methods to access new paths of analysis in response to the limitations of the scientific methods of analysis.

¹³ I find it interesting to note that Kenneth Melchin and Cheryl Picard, in their book *Transforming Conflict Through Insight* (2008), use a similar model of conflict resolution (i.e., through learning) based on Bernard Lonergan's philosophy of insight and the transformative properties of learning.

pragmatic. The development and application of integrative bargaining in the schoolhouse program was based on empirical research on interpersonal dynamics and organization growth.

With an understanding of German idealism, one can easily see the influence of Hegel on Follett's principle of integration. Hegel's rational process of thesis + antithesis = synthesis is evident. Both share the quality of tension of oppositions and the use of this tension to create something new. The main difference between Hegel's model and Follett's is that the former finds unification through a logical process whereas the latter finds unification through a psychological process. For Follett, the process of integration was psychological in that it was not only concerned with thoughts but also with emotions, needs, and desires (Tonn 2003: 275).

Johann Fichte (1762-1814), also from the idealism movement, greatly influenced Follett. In his concept of subjectivity, Fichte believed that individuals were bound up in an interpersonal network to which we are all committed. Fichte, and his concept of subjectivity, influenced Follett in her thoughts on the importance of self-awareness and the rights of the individual within the collective. These ideas became important aspects of Follett's principle of integrative bargaining and constructive conflict.

Follett was also influenced by the work of Max Wertheimer (1880-1943), in the area of gestalt psychology. According to Wertheimer, "productive thinking" takes existing parts and puts them together in new ways, to create a new entity. "Reproductive thinking", on the other hand, uses past experience to solve a problem, repeating many of the aspects of the prior experience (Tonn 2003:5). The idea of creating something entirely new as a solution figures prominently in Follett's central ideas of integration, discussed at length in this chapter.

1.4 Early Intellectual Propagation of Integrative Bargaining

Between 1924 and 1931, the concept of integrative bargaining spread from Harvard University to Oxford, Chicago, Syracuse, Cornell, and Tufts Universities. Integrative bargaining emerged out of Harvard University in the 1920s. The propagation of integrative bargaining is credited to Ordway Tead, Henry C. Metcalf, Luther Gulick and Lyndall Urwick. Combined with Follett's direct participation in countless lectures, this group of intellectuals spread an awareness of integrative bargaining both within Harvard and beyond well into the 1960s.

Lyndall Urwick (1891-1983) was a central figure in the spread of Follett's work. He was an influential business consultant and theorist in the United Kingdom. Urwick is best known for his comprehensive theory of administration based on the works of Henri Fayol and Mary Parker Follett (Tonn 2003: 411). Urwick, an executive at Rowntree & Co. Ltd., first met Follett during her lecture at the Rowntree Conference at Oxford University (Tonn 2003: 425). This conference was organized by Seebohm Rowntree and aimed at reducing labor unrest in the UK.

Urwick's recognition of the work of Follett and Fayol kept these two theorists from relative obscurity. Highlighting their concepts in his writings was essential to the spread of their theories. Both the work of Fayol and Follett were considered ahead of their time, and during their

time the work of other theorist overshadowed them. Urwick is credited with spreading the work of Follett and Fayol in the UK and keeping their publications in print.¹⁴

Urwick was also responsible for Follett's position as lecturer at the London School of Economics, and the subsequent (and, for Follett, posthumous) publication of *Dynamic Administration*, a collection of Follett's writings. This book was the only comprehensive text on Follett's writings available until the publication of *Mary Parker Follett: Prophet of Management* in 1995.

Henry C. Metcalf was co-editor with Urwick for this publication. Metcalf was a professor of political science at Tufts University, and founder of the Bureau for Personnel Administration. He met Follett while serving on the executive committee of this Bureau, and invited her to lecture there in 1925 (Tonn 2003: 391). The Bureau sponsored the first American executive development seminar, in which some of Follett's work was included.

Metcalf and Ordway Tead coauthored a text book on personnel administration. Tead, like Follett, believed in social research – that is, research that allowed for exploration and analysis of social issues. Tead wanted to address the gaps in empirical research methods (Tonn 2003: 393). Included in this text book was one of Follett's lectures for the Bureau for Personnel Administration, "Leader and Expert" (Tonn 2003: 447).

Urwick was joined by Elliot Fox on the second edition of *Dynamic Administration*. Fox, although less prominent in historical texts on management theory, went on to publish works at Harvard and Columbia Universities, citing Follett well into the 1960s. In a 1968 issue of the *Public Administration Review*, on the 100th anniversary of Follett's birth, Fox contributed an article discussing Follett's academic and practical contributions to organizational theory and administration (Fox 1968: 520).

In the early 1930s Urwick worked closely with Luther Gulick (1892-1993) during the publication of *The Element of Business Administration* (1943). Gulick was a professor at Columbia University and expert on public administration. He was also the founder of the academic journal *Administrative Science Quarterly* published by Cornell University. Follett's work received citation and attention in Urwick and Gulick's collection of papers on the science of administration published in 1937 (Wren 1987: 300).¹⁵

Back at Harvard, Follett worked with Richard Clarke Cabot to create the Follett-Cabot Seminary. This was a yearlong graduate seminar on social ethics that responded to Follett's demands for an interdisciplinary academic program. Follett found that the study of human and organizational relations requires an interdisciplinary approach. Follett argues, "there isn't anything anywhere in the world such as an ethical problem; there isn't anything anywhere in the

¹⁴ In 1928, Urwick was director of the International Management Institute in Geneva. It was during this time that Urwick familiarized himself the work of Fayol and decided to spread his theories in the UK. Urwick was heavily concerned with the state of management education, and sought to improve it by drawing on with multitude of management perspectives.

¹⁵ Other contributions to this collection included the essays by Alfred North Whitehead, Lawrence H Henderson, Elton Mayo, as well as the translated work of Henri Fayol and early writings on the Hawthorne experiments (Wren 1987: 300).

world such as a economic problem, nor is there anything anywhere such as a psychological problem. There are only human problems” (Tonn 203: 421).

Follett lectured at this graduate seminar. Among the attendees, were the prominent Harvard philosopher Alfred North Whitehead, psychologist Elton Mayo (then undertaking the scientific study of human relations in industry, at Harvard), Harold Lasswell (PhD in political psychology from the University of Chicago), and Lawrence H. Henderson (professor of biological chemistry at Harvard) (Tonn 2003: 433). Each of these scholars contributed to the emergence of the human relations movement. Most notably, Elton Mayo who from 1924 to 1932 led the Hawthorne experiments, results from which thrust the human relations movement into the spotlight. I will return to Elton Mayo, the Hawthorne experiments and the human relations movement in chapter two.

1.5 The Carrot Versus the Stick: Scientific Management and Welfare Capitalism

During Follett’s time, the main thrust of organizational theory occurred within the realm of scientific management. This idea of management, also known as Taylorism after its founder Frederick Taylor, focused on coordination of members of an organization to maximize productivity and profit. The main goal of Taylorism was efficiency. Frederick Winslow Taylor (1856-1915) defined “task management,” a practice that involves the study of time management combined with clear performance standards (Wren 1987: 111).

Management training and development of the time centered on Taylorism. During the first two decades of the 20th century, “efficiency experts” were out in numbers to help businesses deal with their “labor problems.” Many of these experts advocated a form of efficiency in organizations that supported a top-down hierarchical model of organizational relations. Taylor himself disagreed with much of their consultations, outlining that his principles of scientific management went beyond simplistic mechanical tweaking of organizational structure for maximum efficiency (Wren 1987: 111).

Taylor’s version of organizational efficiency included a drive toward the “mental revolution” in the organization, that is, a refocusing of employee and employer attitudes away from divisions and toward joint efforts. The goal of the mental revolution, according to Taylor, is that “they [the members of an organization] come to see that when they stop pulling against one another, and instead both turn and push shoulder to shoulder in the same direction, the size of the surplus created by their joint efforts is truly astounding” (Wren 1987: 127). Indeed, the goal here was production. Although there is a focus on joint efforts within this framework, conflict was seen as disruptive to production.

Among the proponents of scientific management, H.L. Gantt (1861-1919) is well known in management schools for the “Gantt chart” still taught to this day. The Gantt chart is a visual representation of a departmental, or organizational tasks, set out along clear time lines and division of labor. The Gantt chart proved valuable in planning wartime production, and analyzing the information involved in that production during both the First and Second World Wars (Drucker 2001: 7).

Gnatt is also known for his face-off with the well-known union leader, Samuel Gompers. Indeed, scientific management was significant for the group of business owners who saw unionization as a threat to efficiency. Gnatt believed that the “more, more, more” of organized labor was an antagonistic force. Only through cooperation could they produce more benefits for both parties (Wren 1987: 134).

Although scientific management is often seen as holding a fundamentally production orientation, Gnatt’s “face-off” with Gompers highlights the importance of returning to what Taylor called the mental revolution within scientific management. I find this is similar to Follett’s belief that unions and management, when set in opposition (for example in collective bargaining) are in fact working against each other and thus must dominate or compromise in negotiations. Integration is not possible in an adversarial union management structure. Integration requires that both parties transcend positions and observe the system as a whole and their role in it. Further, Fisher and Ury promote a “focus on the problem not the people” as a key factor in applying interest-based negotiations (to be discussed in chapter three). Follett advocated what would today be termed "joint search" or "joint-conference" search committees to jointly research the facts and values of situations. She was the first advocate of situation-search (reflecting the concept of the “law of the situation”) models of leadership and cooperation (Boje and Rosile 2001: 98-99). This meant the breaking down of barriers to communications between groups within an organization, and the facilitation of conflict management dialogue (i.e., initial steps on the path to integration).

Union leaders and some business owners saw the joining of powers between unions and managers as a sacrificing of their own power. Union leaders criticized both Taylor’s mental revolution and Follett’s integrative bargaining as anti-union concepts. Indeed, this was in line with Marxist thought. From the 1930s to the 1970s, as the unions gained power, both the mental revolution and integrative bargaining struggled with functional obscurity. Some business owners also criticized integrative bargaining as an idealist concept that did not fit the competitive reality of the business world.

Prior to the 1920s, the management ideology that dominated labour relations was the distributive model. Characterized by the capital versus labour debate, this management ideology, that is, capital and labour being two mutually exclusive categories, made little space for democratic reforms in the workplace. Democratic reforms, as suggested by the followers of John Dewey, required these two solitudes to unite (Kaufman and Gottlieb 2000: 537).

At odds in this labour versus capital debate were two opposing theories of organizational relations. On one side was the Social Darwin movement (a response to Darwin’s 1859 book *Origin of Species*). Business owners used Social Darwin movement as justification for a competitive business model that asserted that the “fit” would survive, and the “weak” would not. It was a domination or win-lose approach to business and negotiation. Taylorism fit into the Social Darwin movement framework.

The Social Gospel movement (a Christian movement) served as a counter-point to the Social Darwin movement. It stressed the human factor in business and society, that is, the importance of employee welfare, and their inclusion in matters that affect their wellbeing.

Influenced by the Social Gospel movement, the 1920s saw the rise of welfare capitalism, a management ideology that uses cooperative methods of conflict resolution.¹⁶ Welfare capitalism and trade union policies arose out of a framework of monopolistic business practice,¹⁷ and were an organizational response to the economic insecurity, labour unrest, and social reform activism of the late 19th and early 20th century (Kaufman and Gottlieb 2000: 538). Monopolies, offering little choice or power for workers, were fertile ground for trade unions to fight for a balance of power. Business owners perceived unionization as a threat to their authority within their organizations, and thus required a new model with which to sidestep the fight for balance of power. It is within this framework that Follett's concept of integrative bargaining found its initial theoretical support and organizational application.

Based on the idea of corporate responsibility, welfare capitalism allowed business owners to address labour relations without the interference of a union. It promoted employer-employee cooperation in the management and administration of an organization (Kaufman and Gottlieb 2000: 536). Follett explains, "If your business is so organized that you can influence a co-manager while he is influencing you; so organized that a worker has an opportunity of influencing you as you have of influencing him; if there is an interactive influence going on all the time, power-with may be built up" (Fox and Urwick 1941: 76).

After the Great Depression of 1929, welfare capitalism fell out of favour. Economic concerns took the forefront. The 1930s saw the rise of the distributive bargaining in organizational relations. It was a model that fit the times and worked within a structure of oppositions. It also maintained this structure, further entrenching the oppositions, even while they realized a balance of power and more rights for union workers.

During this time workers fought to keep their jobs, or struggled to find new ones. President Franklin D. Roosevelt set forth "New Deal" policies, which set the tone of labour relations for the following three decades. The New Deal, and more specifically the Wagner Act (1935), protected workers' rights to unionization, collective bargaining, and striking. While the government's intent was to support unions' desire for balance of power, it had the side effect of creating a more adversarial climate, pitting one side against the other (Ebell and Ritschl 2006: 12).

This act, and other New Deal programs and policies, enabled the fight for balance of power between labour and management to dominate. In effect, it set the stage for two adversaries, labour and management, to entrench themselves into this relationship of opposition, with no means to reconcile or point of contact that suggests commonality or even common goals. In such a setting, both parties have no option but to use power-over to resolve their conflict. They are backed into a corner, forced to fight against a perceived enemy over a scarce and limited (i.e. defined and unchangeable) resource.

¹⁶ Integrative bargaining is not labeled as a part of the welfare capitalism movement. Rather, in this movement, Follett and her contemporaries found a favorable context in which to spread their research and ideas.

¹⁷ Monopolistic business practice, characterized by "robber barons," includes a group of business owners who dominated and held authoritative power in their industry. These business practices were heavily criticized, and were countered by Federal Anti-trust laws such as the Sherman Act of 1890, and the Clayton Act of 1914 (Ebell and Ritschl 2006: 8).

What became clear in the early 20th century was that there was academic interest in integrative bargaining and that integrative bargaining could be a viable approach to organizational conflict management. However, organizations were not ready to fully apply integrative methods. Ideas of scientific management dominated the practical aspects of organizational relations. The general approach to theories of organizational relations was that the organization needed coordination and efficiency. Conflict management and resolution was not the focal point of organizational relations.

Nevertheless, reflecting on this early history of integrative bargaining, indeed I believe the 1920s were a favourable time for its study. The social and political changes of the 1930s created increasing attention for distributive models of organizational relations, however, scientific management and welfare capitalism together formed a grounding for the emerging human relations movement. This movement would serve as an incubation period for the later renewed interest in integrative bargaining.

Chapter Two: From the Mechanical to the Organic

When Mary Parker Follett died in 1933, the great depression and the decline of welfare capitalism relegated integrative bargaining theory to the organizational subconscious. New deal policies of the Roosevelt administration and the emergence of the Second World War put organizational focus on a pragmatic path. Indeed, this was a favourable period for organized labour, one that stood at odds with the integrative model of conflict management in organizational relations.

Nevertheless, the theoretical gains of research into the integrative approach to organizational relations did not go unnoticed. As mentioned in chapter one, the work of Ordway Tead, Henry C. Metcalf, Luther Gulick and Lyndall Urwick contributed to the advancement of research into integrative bargaining well into the 1960s.

Social research from the perspective of behavioural and organic models allowed for the indirect growth and spread of integrative bargaining through the 1930s to the 1960s. Specific examples of this are the human relations movement and the Hawthorne experiments. By the 1970s, theories of cooperation allowed for further indirect advancement of integrative bargaining principles. Robert Axelrod's research into unforced cooperation contributed to a greater understanding of human relations and collaborative behaviour in competitive situations.¹⁸

Further direct research into integrative bargaining came from the areas of management theory and negotiations research. These advancements are direct as they involve direct research into integrative bargaining principles, and/or citations from Follett's work. In the domain of management theory, Peter Drucker's consistent appreciation of Follett's work from the 1950s to

¹⁸ These examples are indirect because the research was not focused on integrative bargaining per se. However, this research was later used to help support arguments explaining the integrative approach to conflict and negotiation. For example, the Hawthorne experiments and cooperation research was not expressly focused on integrative principles. However, its findings led to an expanded and quantifiable understanding of human behaviour in bargaining situations. Which I argue is essential to the current understanding and appreciation of integrative bargaining as an approach to conflict management in organizational relations.

the 1990s contributed to a continued understanding of integrative principles in organizational relations research. In addition, Blake and Mouton's development of the managerial grid in the 1960s provided management theory with a map of leadership styles that displayed the opportunities for, and benefits of, balancing concern for production with concern for employees. Also in the 1960s, Walton and McKersie's extensive research on behavioural models of negotiation provided a concrete application for integrative bargaining in organizational relations.

2.1 The Human Relations Movement and The Hawthorne Experiments

From the 1930s to the 1950s, the human relations movement thrust management thought into a bold new direction. This new direction is characterized by the paradigm shift from mechanical models of organizational relations (such as scientific management's efficiency models), to an organic model (that is, relationship or human systems based on webs of interdependency). The organic model followed in the theoretical approach of the early systems theorists and gestalt theorists (as discussed in chapter one). Indeed, a fundamental insight from the human relations movement is that a manager is part of a social system, and the organizational social system is part of a larger societal social system.

The human relations movement is also characterized by a growing focus on behavioural research within the social sciences. Indeed, this movement was led by behavioural scientists. As such, a significant body of this movement's research was focused on theories of employee motivation in organizational relations.

Rensis Likert (1903-1981),¹⁹ an organizational psychologist, helped frame the differences in organizational and managerial orientation, and its effect on employee motivation and organizational relations. In *New Patterns of Management* (1961), Likert distinguishes "employee orientation" from "production orientation" in the workplace. The "employee orientation" in management stresses human interaction and relationships. Alternately, the "production orientation" stresses the technical aspects of production and work completion (Wren 1987: 286). Discovering which orientation drives an organization provides insight into the probable negotiation and conflict management strategies applied.

Likert's examination of organizational and managerial orientation characterizes the paradigm shift required for the understanding of the organic model of organizational relations. On one level, this shift represents the humanization of employees with sensitivity to interpersonal dynamics, and on another level it represents the integration of the various and complementary units in an organization. This shift in thinking was a step toward bridging the labour-management divide, a divide that for members of the human relations movement, hindered organizational development.

By the 1940s, organizational relations research centers (then called industrial relations research centers) became increasingly popular. In 1945, Cornell opened the New York State School of Industrial and Labor Relations. In 1946, a group of academics, led by Rensis Likert at the University of Michigan, founded the Institute for Social Research. Within the same period,

¹⁹ Likert was director of the Institute for Social Research at the University of Michigan, 1946-1970. His work played an important role in the human relations movement (Wren 1987: 286).

both Yale and the University of Illinois also opened research centers (the Yale Labor-Management Center and the Institute of Labor and Industrial Relations, respectively) (Wren 1987:279). These centers provided increased funding and attention for organizational research that pushed beyond the limits of scientific management. Research from these centers contributed to the growing understanding of human behaviour in the workplace, and the impact of this behaviour on organizational development as a whole.

The Hawthorne Experiments

The human relations movement was exemplified by the Hawthorne experiments, a series of experiments on employee productivity during the 1920s and 1930s. The Hawthorne experiment findings were highly contentious within the social sciences and spurred much dialogue over the direction of organizational research.²⁰ This resulted in the expansion of organizational relations research; that is, beyond the dominating influence of the principles of scientific management (Sonnenfeld 1985: 115).

The experiments, sponsored by General Electric, took place at AT&T's Western Electric Hawthorne plant located in Cicero, Illinois. The research was initiated by the National Research Council, then soon after was led by a group of academics from Harvard University (Sonnenfeld 1985: 111). The group included, Elton Mayo, Fritz J. Roethlisberger, W. Lloyd Warner, and Lawrence H. Henderson.

George Elton Mayo (1880-1949), sometimes called the father of the human relations movement, was a Harvard social psychologist and organizational theorist. Mayo argued that to understand workers, you must understand their "total situation;" that is, by taking a multidimensional systems approach to organizational relations.²¹ Further, Mayo believed that collaboration was a common and natural element in human interaction.²² These understandings were central in the human relations movement (Wren 1987: 246).

Fritz J. Roethlisberger (1898 - 1974) was a Harvard engineer and a student of Mayo. Like Mayo and his human relations movement contemporaries, Roethlisberger, regarded the organization as a social system. Roethlisberger, along with William J. Dickson,²³ wrote one of

²⁰ Issues included validity of methods and interpretations of results. Sonnenfeld provides a detailed discussion on the Hawthorne experiment debates among sociologists (1985: 116). One example of the contentious nature of the findings is characterized by the term "the Hawthorne effect," meaning the changes in a subject's behaviour when observed by others, including researchers. For some, "the Hawthorne effect" was evidence of the invalidity of the findings, for others it was evidence for the relationship-centered approach to management (Sonnenfeld 1985: 116).

²¹ Mayo's "total situation" corresponds with Follett's idea of the "law of the situation." Both were rooted in Taylorism. Taylor argued that functional management responded to factors beyond the single person (Wren, 1987: 260). The main difference between the ideas of Mayo and Follett is in their approach to conflict. Mayo saw conflict as a threat to organizational effectiveness, whereas Follett saw conflict as necessary for organizational growth (Graham 1995: 89).

²² In terms of management theory, Mayoism and Taylorism responded to similar goals, that is, to increase productivity through collaborative interaction. Where Taylor spoke of a "mental revolution," Mayo called for "human collaboration" (Wren 1987: 245).

²³ William J. Dickson was an executive from the Hawthorne plant who played a significant role in the experiments (Wren 1987: 246).

the most well known publications on the Hawthorne experiments, *Management and the Worker* (1939) (Wren 1987: 245).²⁴

W. Lloyd Warner (1898-1970) was a professor of anthropology at Harvard University.²⁵ Influenced by his experience with the Hawthorne Experiments and his appreciation of Vilfredo Pareto's work, Warner published a book focusing on Pareto's teachings, *Pareto's General Sociology* (1935).²⁶ This book was an important contribution to human relations research. He was later instrumental in the development of human relations field at the University of Chicago and the University of Michigan (Wren 1987: 279).²⁷

Lawrence Henderson (1878 - 1942) was a professor of biological chemistry at Harvard.²⁸ Like Warner, his social and biological contributions were influenced by Vilfredo Pareto's ideas of the social system.²⁹ In turn, Henderson influenced many Harvard academics with Pareto's work, including Talcott Parsons and Elton Mayo (Tonn 2003: 430).³⁰

Through their work in the Hawthorne experiments, Mayo, Roethlisberger, Warner and Henderson highlighted the complexities of organizational life, and helped to popularize a systems approach to organizational relations (Sonnenfeld 1985: 115).

The Hawthorne experiments unfolded in four phases. The first phase was called the "illumination studies" (1924 – 1927). Participants were set to work while researchers manipulated the lighting. The results showed that a worker's output increased during the experiments, irrespective of bright or dim lighting (Wren 1987: 236). The second phase was called the "Relay Assembly experiments" (1927 – 1929). In this phase five "assemblers" were invited to participate in the study. They worked in their regular environments for the first two weeks, then moved into a special test room for the following six weeks. In the test room, the participants were subject to both improvements and degenerations in work hours, benefits and supervision. Overall, participants in the test group responded with increased productivity (Wren 1987: 238).

²⁴ Roethlisberger's involvement in the Hawthorne experiments helped him emerge as one of the significant theorists in the human relations movement (Wren 1987: 245).

²⁵ At the time of the Hawthorne experiments, Warner was a graduate student of anthropology at Harvard (Wren 1987: 249).

²⁶ Pareto (1848-1923), an Italian economist, made his major contribution in the emergence of "social systems" theory. He found that society is made up of "mutually interdependent but variable units" from which a society maintains its equilibrium (Wren 1987: 170). Pareto's principles were based on observation of Italian social and economic life of the late 19th century. He is also known for developing the "Pareto efficiency," a concept later used in game theory that describes a situation in which for one person to be better off another is made worse off (Wren 1987: 170).

²⁷ Specifically, in 1943, Warner helped form and was part of the "Committee on Human Rights in Industry" an interdisciplinary group at the University of Chicago (Wren 1987: 279).

²⁸ Henderson was interested in researching worker fatigue and headed the Harvard Business School's fatigue laboratory (Tonn 2003: 430).

²⁹ Henderson is credited with the popularization of Pareto's work in Harvard, and specifically among sociologists of the period.

³⁰ Henderson was a presenter at the Follett-Cabot Seminary, and a fellow participant alongside Alfred North Whitehead and Elton Mayo during Follett's lecture (Tonn 2003: 430).

In phase three, “the interview program” (1928 – 1931) was a plant-wide initiative to gather information on employees situations. Employed in this phase was a conversational method advocated by Elton Mayo. Many complaints were collected, and researchers found two main themes for these complaints: material issues and psychological issues. One example is of a man who complained of the noise in his department. Through extended conversation, it was discovered that this man just lost his brother. The researchers concluded that it was his feelings of grief that played a role in his material complaints (Wren 1987: 241). In the final phases of the Hawthorne experiments, the “Bank Wiring Group” (1931- 1932) looked at the impact of social groups in the workplace. The test group was given the opportunity to set their own work norms, and upon doing this the group adhered to the norms.

The main conclusions of the Hawthorne experiments were: one, human behaviour is both physiological and psychological; two, productivity is affected by non-pay benefits; three, work takes place in a social context; and four, groups matter to workers, and help to manage behaviour. Although initial research focused on the effect of lighting on employee productivity, it ultimately produced findings that supported a relationship-centered approach to management theory (Wren 1987: 247).

The Hawthorne findings and the human relations movement reinforced the cooperative and inclusive aspects of management theory.³¹ The Hawthorne experiments changed the managerial perspective from one of technical skills to human skills. The manager’s new skills involved communication, motivation and leadership, skills that enabled managers to deal with “human situations” rather than just “production situations” (Wren 1987: 247). The two were now linked.

2.2 Management Theory: From Domination to Collaboration

In the 1940s, the pragmatic aspects of management thought were in the forefront. Management theory searched for answers to post-Second World War organizational relations (i.e., high production capacity and the management of large-scale operations). The wartime production and the post war productive surplus contributed to the emergence of management as a distinct field (Wren 1989: 209).

Where Elton Mayo and the human relations theorists focused on collaboration, management theory of the 1940s and 1950s focused on organizational structure and functional relationships. At this time, the American Management Association (founded in 1923) offered management development seminars and executive leadership training. For example, Lyndall Urwick and Luther Gulick examined the structural approach to management theory through the lens of human relationship structures within organizations. Other management theorist such as Harry Hoft (1882-1949) researched the practical factors necessary for optimal structural performance of an organization as a whole (e.g., redefining the span of management and organizational goals) (Wren 1989: 302).

³¹ It is in this milieu that researchers like Chester Barnard, Ordway Tead, Henry C. Metcalf, Luther Gulick and Lyndall Urwick found continued interest in their integrative bargaining research through to the 1950s.

Alongside increased mechanical productive capacity, organizations grappled with increased labour conflicts. During 1945 and 1946, U.S. labour strikes reached an all time high. Organizations sought measures to restrict or manage the labour unrest. Hierarchical models of organizational relations were the norm, but management's ability to dominate their group of employees was in flux. An increase in unionization led to a Cold War style balance of power between management and employees.

Peter Drucker's Contribution

It was in the 1940s that Peter Drucker (1909-2005) joined the ranks of the post-World War II group of management theorists. Drucker's work in management theory spanned decades, affiliated with both New York University (1950-1971) and Claremont Graduate University (1971-2002). He is well known for developing the concepts of "management by objectives" and "innovation" (Drucker 2001: vii).

Along with other management theorists of the 1940s and 1950s, Drucker sought answers the questions of organizational "function," that is, the methods and techniques for organizational success. Similar to Urwick and Gulick, Drucker's interest in the inner functions of an organization led him to look at management from a relational perspective. He looked at many internal factors in organizational success and failure, including the labour-management relationship and conflict situations (Drucker 2001: vii).

It was in 1951, while working on a project for the American Management Association, that Drucker met Lyndall Urwick.³² Drucker's project focused on conflict and dissent in organizational relations. Upon reading Drucker's work, Urwick introduced Drucker to Follett's work, which was complementary to the arguments presented in his project (Graham 1995:1).

In *The Practice of Management* (1954), Drucker introduces his concept of "management by objectives," a concept built on cooperative negotiation in setting objectives. In explaining the joint process of setting objectives, Drucker draws on Follett's work (Graham 1995: 9). In my analysis of "management by objectives" I found Drucker's explanation of joint objective setting analogous with Follett's integrative bargaining process, that is, both Follett and Drucker use inclusive dialogue and a "power-with" relational model to achieve organizational goals.

Another theme in Drucker's work was his concept of "innovation."³³ In this theme, Drucker explains that businesses are in a constant state of creation, growth, stagnation and decline. With "innovation," that is, the creative process of reinventing oneself or organization, businesses can remain competitive in their marketplace (Wren 1989: 366). The process of innovation, in my opinion, mimics Follett's creative process of learning through conflict but with one main difference. Where Drucker would analyze the various functions of an organization to identify where it is in the business cycle, Follett would argue that to understand where an

³² At this time, Lyndall Urwick was working with Luther Gulick doing research on relationship structures within organizations (Wren 1989: 302).

³³ According to Drucker, management by objectives is a method for organizational innovation (Drucker 2001: viii).

organization “is” requires an examination of its conflicts – that is, what *are* the conflicts, are they reoccurring, and what are the main themes?

In 1995, Drucker contributed to Pauline Graham’s book *Mary Parker Follett: Prophet of Management*. I believe that Drucker’s consistent appreciation of Follett’s work, throughout his lengthy career, contributed to a continued understanding of integrative principles in organizational relations research. Drucker also responded to the idea that Follett’s work was obscured, and by the 1980s his efforts to popularize her research were widely received in management circles (Graham 1995: 4).

Blake and Mouton: The Managerial Grid

In the 1960s, Blake and Mouton developed the managerial grid. It provided management theory with a map of leadership styles ranging from concern for production to concern for people. By bridging social psychology and management theory, Blake and Mouton developed five main leadership styles: avoiding, accommodating, forcing, compromise and collaboration or problem solving. Each style reflects a manager’s orientation to organizational relations and conflict management. The managerial grid provided a visual representation of not only leadership styles, but also the various degrees of and between the styles.

Blake and Mouton argued that the best managers balance a concern for production with a concern for people. They concluded that the organizational “ideal” would be the integration of employees and production, through employee involvement in the production methods and managerial decisions (Wren 1987: 384).

2.3 Negotiation Theory

In the 1960s, negotiation theory was a prominent area of research, as it provided insight into how to navigate the union-management divide. Indeed, negotiation was an important aspect of organizational relations. Negotiation theorists sought answers to provide insight into methods and analysis of collective bargaining.

It was in the adversarial climate of union-management negotiations that negotiation emerged as a valuable area of organizational research. Organizational negotiations were sometimes lengthy and recurrent, managers and unions similarly seeking ways to make durable deals that met their most pressing interests. The organizational reality of strikes and union-management negotiations eventually proved repetitive and costly. Organizations required new models for solving their conflicts; that is, models other than domination and distributive bargaining.

Negotiation research, within the behavioural sciences, had three major influences. One was influenced by systems theory (as developed by social psychologists), the second was the behavioural perspective set out in the human relations movement, and the third was the increased and direct focus on social psychology (Bazerman et al. 2000: 282).³⁴

³⁴ Bazerman et al. identify the main phases of negotiation research from the 1960s to the 1990s. Research from the 1960s and 1970s focused mostly on individual negotiation approaches and structural variables. This led to the

During this time, prominent research into integrative bargaining came from the work of Robert Walton and Robert McKersie. Their extensive research on behavioural models of negotiation provided a concrete application for integrative bargaining in organizational relations. Indeed, they build on the negotiations research of the time (i.e., negotiator tactics and characteristics) to include integrative bargaining theory.

In the behavioural models of Walton and McKersie, the role of the manager expanded to include negotiations. Their 1965 publication, *A Behavioural Theory of Labor Negotiations*, was based on extensive observation of organizational conflict (from collective bargaining to general interpersonal disputes). Significant theoretical grounding for their research came from Mary Parker Follett's work (Pruitt 1992: 298).

Of significance for this intellectual history of integrative bargaining in organizational relations is how Walton and McKersie distinguish distributive bargaining from integrative bargaining as they are among the few theorists to do this since Follett did in the 1920s.³⁵ They described distributive bargaining as a zero-sum approach to negotiation where parties take a positional stance and achieve gains to the detriment of the other party. Alternately, Walton and McKersie describe integrative bargaining as a joint problem solving approach that enables both parties to benefit. Their method for achieving integrative bargaining agreements was through joint problem solving discussions. Walton and McKersie's description of integrative bargain was later used in descriptions of "win-win" negotiating (Pruitt 1992: 299).³⁶

Walton and McKersie played an important role in highlighting the place of integrative bargaining in organizational relations. They showed that in conflict situations there are both integrative and distributive aspects. I believe that their research proves how a joint problem solving approach positively impacts negotiations. And, indeed, how failure to identify and separate integrative and distributive aspects of a negotiation can lead to failure.³⁷

The contribution of negotiation theory is fundamental in the development of an understanding of integrative bargaining. In the 1960s collective bargaining and the union-management relationship played an important role in framing new negotiation models. Indeed, negotiation is a central element of both collective bargaining and organizational relations as a whole.

cognitive revolution of the late 1970s, which in turn led to the heavy emphasis on behavioural decision making in negotiation research of the 1980s and 1990s (2000: 281-282).

³⁵ The work of Urwick and Gulick also distinguished distributive bargaining from integrative bargaining, however from a management perspective rather than a negotiations perspective.

³⁶ Pruitt cites Walton and McKersie as the first theorists to call integrative bargaining "win-win" (1992: 299).

³⁷ This idea of identifying and separating integrative and distributive aspects of a negotiation is also mentioned in Fisher and Ury's book *Getting to Yes* (1981).

2.4 Cooperation Theory

With the development of a relationship-centered approach to management and negotiation, research into theories of cooperation³⁸ gained academic attention. Cooperation theory emerged as early as the 1940s as part of game theory.³⁹ The most prominent early text on game theory is John Von Neumann and Oskar Morgenstern's 1944 book *Theory of Games and Economic Behaviour*. In this book Von Neumann and Morgenstern uncover methods for the consistent mapping of solutions in two-person zero-sum games. In the 1950s and 1960s, John Nash expanded on Von Neumann's model to examine competitive games.

In the 1970s, the socio-economic landscape changed to include new conditions for labour relations, which nonetheless continued to operate under the old model of distributive bargaining. Practically, in the 1970s social, economic, and political environment, the limitations of distributive bargaining became apparent. An example of this is the General Motors (GM) strike of 1970, which turned into one of the most expensive strikes in American labour history. According to Schellenberg, "for man-hours off the job and for costs in lost production, no other strike reached the level of the 1970 GM strike. Over 500,000 workers were involved for most of the strike's 67 days, and the cost to General Motors in lost profits has been estimated as in excess of 1 billion US dollars. The strike's outcome also had an important impact on the rest of the American economy (1996: 140). Both sides in this strike adopted an adversarial position, and used coercive tactics to achieve their ends (Schellenberg 1996: 147). But both sides felt they had given all they could give. Within this model, it is clear that they had nowhere else to go from the entrenchment but to fight.

Robert Axelrod

In the 1970s, prominent research on cooperation theory came from Robert Axelrod – then at the University of California and later at the University of Michigan.⁴⁰ Axelrod's work is of relevance both in this intellectual history of integrative bargaining and in the general development of conflict studies theory. Axelrod's research led to the expansion of cooperation theories into various disciplines, such as biology, politics, law, sociology and anthropology, and later, conflict studies (Axelrod 1984: xiv). Indeed, Axelrod's own research in *The Evolution of Cooperation* was interdisciplinary. Cooperation theory and game theory had important implications in the development of conflict studies as a distinct field of study, and specifically in organizational conflict research.⁴¹

In *The Evolution of Cooperation*, Axelrod looked at the possibility of unforced cooperation. He asked the question: Was Hobbes right? Are humans naturally selfish, or could they cooperate without the enforcement of a central authority? Axelrod invited the leading game theory researchers to be subjects in his study. He sought to examine the actions of individuals

³⁸ "Cooperation theory" is often referred to under the heading of "game theory" and "rational choice theory." I use "cooperation theory" in this paper to highlight its contribution to the history of integrative bargaining theory (i.e., the relationship-centered and cooperative approach to negotiations).

³⁹ Game theory uses applied mathematics to quantify human behaviour in strategic situations (situations in which an individual's success depends on the choices of another).

⁴⁰ Axelrod studied mathematics and political science at the University of Chicago and Yale, respectively.

⁴¹ I discuss the contribution of conflict studies in chapter three.

free to pursue their own self-interest without being forced by an authority to cooperate. To do this, Axelrod applied game theory, specifically “the prisoners dilemma” game, to study competitive and cooperative social behaviour.

Axelrod found that the winning strategy was the “tit-for-tat” strategy submitted by Anatol Rapoport, a conflict resolution analyst.⁴² The tit-for-tat strategy is a reciprocal strategy where a player’s move is influenced by their opponent’s previous move. It showed that a gracious gesture from one party, if reciprocated, could influence the course of a negotiation toward a mutually beneficial outcome. More often than not, cooperative play emerged from this reciprocal tit-for-tat strategy.⁴³ Axelrod concluded that cooperation evolves from small clusters of individuals who base their cooperation on reciprocity, and have a proportion of interactions with each other. A strategy based on reciprocity can survive in situations where mixed strategies are used. Cooperation, once established, can protect itself from invasion from less cooperative strategies.

Cooperation theory contributed to a greater understanding of human relations and collaborative behaviour in competitive situations. First, Axelrod’s interdisciplinary research led to the proliferation of cooperation theory into various disciplines, both in the social and natural sciences. Second, cooperation theory (and specifically the success of the tit-for-tat strategy) highlights the importance of current interactions on future relationship dynamics. Finally, Axelrod’s research helped to develop an understanding of cooperation in competitive situations that resulted in the promotion of relationship-centered organizational structures – thus picking up where the human relations movement left off.

Reflecting on the period from the 1930s to the 1970s (i.e., from the early human relations movement to the development and expansion of systems theory to research into management theory, negotiation theory and cooperation theory), the dominant management ideology shifted from a mechanical model to an organic model of organizational relations describes the shift into this trend. Integrative bargaining theory fits into the latter model. By the 1970s, the general trend in organizations was a relationship-centered approach to organizational relations and conflict management.

Overall, the organizational approaches to conflict management were beginning to shift from distributive to integrative frameworks. Further, in this period, integrative principles were located in the realm of practical and realistic management approaches. Walton and McKersie’s negotiation research, Blake and Mouton’s managerial grid, and Drucker’s management theories brought renewed validity to Follett’s concept of integrative bargaining within organizational relations. This validity would serve as the basis for the “win-win” era, which I explain in chapter three.

⁴² At the time of Axelrod’s study, Anatol Rapoport was professor of psychology and mathematics at the University of Michigan, later at the University of Toronto. Rapoport undertook research to uncover strategies for iterated games. His research proved invaluable to the development of conflict studies as a discipline.

⁴³ I find that the “tit-for-tat” strategy resembles Follett’s concept of the circular response. Indeed, our actions influence the actions of others. This influence has implications for constructive and destructive conflict interactions.

Chapter Three: Reconciling the Carrot and the Stick

When Follett first presented the concept of integrative bargaining in the 1920s, conflict management in organizational relations was a radical idea. Throughout the 20th century, integrative bargaining remained in the shadow of distributive models of organizational conflict management. Nevertheless, academic research into integrative bargaining progresses in the behavioural sciences and organizational theory.

Post-1960s America saw radical shifts taking place in social structure, predominated by countercultural movements, major changes in race relations and civil rights, anti-war protests, and the rise of feminism. President Johnson put forth efforts to help America's most vulnerable populations. American cities increased in population and served the setting for grassroots demonstrations and action. Rising court costs and administrative delays promoted a public awareness of the limits of the judicial system. The courts, overwhelmed by cases, could not address all the civic and organizational conflict resolution needs of the time. Local initiatives emerged to resolve disputes. These local initiatives started to look to conflict management approaches that offered personal empowerment and sustainable solutions (Barrett 2004: 191).

Socially, the emergence of community mediation in the 1960s signalled the beginning of more cooperative approaches to interpersonal conflict management. Labour relations, however, continued to feel the effect of the last three decades and remained more or less predominated by the distributive approach to conflict management. In the 1960s, "conflict management" or "alternate dispute resolution," (ADR) in the form of labour negotiation and mediation, became significant areas of research (Barrett 2004: 128).

The 1980s represented a shift in the relationship between unions and management. Pressured by international competition, social pressure, and the GM strike of 1970, some companies decided they could no longer sustain the costs of unionization (Barrett 2004:209). Manufacturing began moving overseas, and those companies remaining in the US began looking for cooperative methods of organizational conflict resolution.

The 1980s and 1990s are often referred to as the "win-win" era.⁴⁴ Major theorists in the win-win era drew on the negotiation and management research of the 1950s through to 1970s. In addition, they drew on conflict management theory (as it developed into a field of its own from the 1960s onward), and creativity theory (1970s onward). In this chapter I wish to draw attention to the era of win-win and its links with the emergence of conflict theory, and creativity theory, as it relates to the intellectual history of integrative bargaining in organizational relations. To conclude, I will reflect on the challenges of the concept integrative bargaining, and on its place in the 21st century.

3.1 The "Win-Win" Era

In the 1980s, the theory and practice of integrative bargaining once again converged (Barrett 2004:209). Similar to the 1920s, with anti-trust laws and worker strikes, business owners of the 1980s started to look for more cost-effective ways to improve their organizational

⁴⁴ Barrett uses the term "win-win" to describe this phase in the history of alternative dispute resolution (2004).

relations. This required that both business owners and workers develop an approach to conflict management in which both parties could engage with the process and shape the outcome. This marked a shift from an adversarial standpoint in labour relations to a cooperative one (Barrett 2004:198).

Under the heading of “principled negotiation,” research on integrative methods of negotiation became a popular topic in the 1980s. Of specific importance is Harvard’s Program on Negotiation (PON), started by Roger Fisher in 1983. Members and contributors to the Harvard Program on Negotiation include, Frank Sander (legal scholar and expert on alternative dispute resolution), William Ury (anthropologist and co-author of *Getting to Yes*), Lawrence Susskind (head of urban planning at MIT, with extensive work in negotiation and dispute resolution in the public sector), Howard Raiffa (a pioneer in the field of decision-making analysis and the author of *The Art and Science of Negotiation*), and Robert McKersie (discussed in chapter two). Participating schools in the Program on Negotiation include Massachusetts Institute of Technology, University of Massachusetts, Boston College, New England School of Law, Wellesley College, Suffolk University, Brandeis University, Radcliffe College, Simmons College, and Tufts University (Barrett 2004: 213).

In *Getting to Yes*, Roger Fisher and William Ury explained the concept of “principled negotiation.”⁴⁵ Principled negotiation involves separating the people from the problem; focusing on interests, not positions; inventing options for mutual gain; and insisting on using objective criteria (Fisher and Ury 1981: 11).⁴⁶ Principled negotiation is a problem-solving approach to conflict (i.e., Conflicting parties are invited to unpack and repack the conflict with a view to finding creative, or win-win, outcomes).

According to Fisher and Ury, “positional negotiation” is characterized by “soft” or “hard” approach. This is the win-lose (or distributive) model of negotiation. In this model, the soft negotiator loses and the hard negotiator wins. *Getting to Yes* was written in response to the limitations of positional negotiation. The limitations of positional negotiations are: people are often forced to make concessions (i.e., there will be a winner and a loser); positional negotiations do not promote relationships, that is, this method of negotiation functions for “one time only” deals; positional negotiation fails to examine the deeper interests or needs of the parties involved.

Fisher and Ury found that some agreements could be reached through creative pathways that are not characteristic of the positional approach. To access deeper interests, to preserve or build relationships, and to get the most out of any negotiation, negotiators must ask exploratory questions – such as “why” and “what:” Why are you fighting for this? What do you really need? Fisher and Ury proposed the use of “principled negotiation”. They argue that this method addresses both the substantive and relational issues in negotiations.

⁴⁵ The publication of Fisher and Ury’s book *Getting to Yes* (1981) helped popularize the idea of the win-win approach to conflict.

⁴⁶ Principled negotiation, the central idea of *Getting to Yes*, is related to integrative bargaining. However, more directly, *Integrative Management* (1994), by Pauline Graham, provides a concise look at Follett’s concept of integrative bargaining within current organizational relations.

Overall, the win-win era is characterized by a movement toward cooperative methods of negotiation and conflict management. I find that these methods share similarities with Follett's principle of integration, in particular the power dynamic of "power-with" – a joint approach to power. What strikes me most in examining the win-win era is that it seeks to reconcile the divide between self and other, as Follett prescribed in the integrative bargaining process.

From the philosophical perspective of conflict studies, I wish to draw on Paul Ricoeur's ideas of "Self" and "Other." The cooperative aspect of negotiation is essentially promoting reconciliation between "self" and "other" into a mode of joint problem solving. It is a transformation to the perception of togetherness: if the problem is our joint focus, then united we can face it. We can "combat" the problem rather than each other. Further, reflecting on the work of Rene Girard, the cooperative aspect of negotiation has a mimetic quality. That is, each gesture, whether it is one of inclusion or one of exclusion, attracts another of its likeness from the "other" – comparable to Rapoport's tit-for-tat strategy.

However, these cooperative methods differ from integrative bargaining in one fundamental aspect: the outcome. Cooperative methods require parties to agree to a mutual goal, whereas integration allows for the possibility that parties have different goals. This is a critical difference in the two approaches, one that is more fully addressed by "creative thinking" and "creative problem solving" research.

3.2 Theories of Creative Thinking

The principle of integration in conflict resolution appears in the management ideology of "creative problem-solving". Though not directly cited, Follett's definition of integration (that is, using conflict to create something *new*), is present in the work of Edwardo De Bono,⁴⁷ Teresa Amabile,⁴⁸ Roger Martin⁴⁹ and a host of other researchers focused on creative thinking in organizational relations. Why this group of researchers failed to cite Follett's work is open to debate.⁵⁰

The central link in this section is centered on the definitions of "creativity" used in research on creative thinking and creative problem solving. "Creativity," as defined by Sternberg, "involves the creation of new and useful products, including ideas as well as concrete objects. . . creative people are those who create new and useful products, and creative cognitive processes occur whenever a new a useful product is created" (1999: 450). This definition is similar to that of integration and integrative bargaining.

Amabile argues that in "creative thinking," people maximize "their capacity to put existing ideas together in new combinations" (1998: 79). This creates situations for growth and prosperity in organizations and human relations. In particular, creative thinking can influence

⁴⁷ De Bono is a physician with professorships at the University of Malta, University of Pretoria, Dublin City University and the University of Central England.

⁴⁸ Amabile is a professor of business administration at Harvard Business School.

⁴⁹ Martin is dean and professor of strategic management at the Rotman School of Management, Toronto.

⁵⁰ I hypothesize that these authors failed to cite Follett because their research was grounded in the management theory and negotiations theory of the 1960s and 1970s, a period where ideals of integration were directly and indirectly scientifically tested, thus they cited the "newer" validated research.

labour-management conflict resolution and administrative decision-making to bring about positive relations.

Martin uses the term “integrative thinking” in leadership and management. In his book *The Opposable Mind*, Martin explains how integrative thinkers start from a broad vantage point, synthesize information, create new relationships between ideas, and move toward solving specific problems while keeping the greater picture in mind (2007: 115).⁵¹ Martin outlines six key features of integrative thinkers, which are elements of how to apply creativity to change structures. The first three are an integrative thinker’s perspective on the world: (1) existing models are our creation; (2) opposing models are to be leveraged; (3) better models exist though they cannot yet be seen. The last three are an integrative thinker’s perspective about his/herself: (4) I can find a better model; (5) I can wade in complexity; (6) I can give myself time to create better models (2007: 115).

Martin’s integrative thinking approach is similar to Edward De Bono’s “lateral thinking” approach to creativity and creative problem solving. De Bono sees lateral thinking as a process that promotes the creative restructuring of established patterns in thoughts and situations. In this example, adding “lateral thinking” to the application of traditional “vertical thinking” stimulates creativity. De Bono shows that in lateral thinking, any way of looking at thoughts or situations is just one of many possible ways. He argues, that it is we who impose the limits and boundaries, and therefore we can change them (De Bono 1970).

Martin reminds us that applying integrative thinking in conflict management allows us to use our creativity to push the boundaries of our thinking, that we define problems in order to solve them, and we define structures in order to understand our roles and our world. These structures and boundaries are flexible. Knowing this enables conflict to be creative.

Research on creativity is important in the current understanding and study of integrative bargaining. Research into theories of creativity has provided a framework from which organizations can use integrative bargaining in internal and external negotiations, as well as daily organizational conflict management.

3.3 Conflict Theory

Of all the contributions to the intellectual history of integrative bargaining, one that stands out in the mid to late 20th century is the emergence of conflict studies as an academic field. Along with theories of creative thinking, research into conflict was a major contributor to the win-win era and to the development of integrative models of organizational conflict management.

The emergence of conflict theory as a distinct field made several important contributions to the win-win era and integrative bargaining. First, conflict studies provided analysis and theory on understanding conflict. Second, it promoted a shift in conflict perceptions and situations from zero-sum (self’s gain is other’s loss) to nonzero-sum conflict (in which both may gain or both

⁵¹ This process bears likeness to Follett’s description of the process of integration.

may lose). Third, conflict studies indicated pathways for parties in conflict to move in the positive sum direction. Finally, it provided insight into the deep-rooted nature of conflict.

Cooperative and creative methods of conflict management in organizations grew out of a growing body of research on conflict theory and negotiation theory. Scimecca and Kriesberg figure largely in the development of conflict theory. Scimecca contributed to the understanding that conflict management requires a broad spectrum of approaches and mechanisms (1998). Kriesberg brought the idea of constructive conflict into conflict studies literature. The idea of constructive conflict is based on the knowledge of how conflicts escalate, identifying the various types of conflicts, unpacking approaches to understanding conflict, and examining conflict strategies (2006).

Another well-known conflict studies theorist, Morton Deutsch, writes extensively of the advantage of cooperative methods, particularly over competitive methods (Pruitt 1992: 298). Like Axelrod, Deutsch found that in general, cooperative methods tend to maximize potential gains of a situation. Competitive methods produce a clear winner, however, this winner profits less from the encounter (in terms of substantive reward) than he/she would have if using cooperative methods. With this understanding, it became evident that a mix of competitive and cooperative methods are beneficial in workplace environments (Graham 1991: 154).

John Burton's contribution to conflict theory is also of interest for conflict management within organizational relations. Burton highlighted the deep-rooted nature of conflict (that is, how conflict is a multi-faceted and multidimensional phenomenon that can have structural, relational and circumstantial origins). Simply suppressing, avoiding or containing conflict will not help in deep-rooted conflict. Indeed, it is through conflict analysis, understanding and open-ended dialogue and interaction that one can find the deeper reasons behind conflict manifestation and potential escalation (1996). Although organizational conflict does not always fit the deep-rooted model, understanding the deeper issues (structural and/or relational) proved to be an asset in sustainable organizational conflict resolution.

Another element in conflict management theory was research on conflict transformation. In *The Promise of Mediation*, Robert A. Baruch Bush and Joseph Folger develop a concept they call "conflict transformation". Conflict transformation is about engaging oneself in constructive change, going beyond distributive bargaining. Conflict transformation differs from a problem solving approach because, instead of finding solutions to problems and generating mutually acceptable settlements, it emphasizes empowerment and recognition as primary goals, not settlement (Bush and Folger 1994: 41). Although Bush and Folger do not cite Follett, the concept of transformation is similar to Follett's principle of integration in that they both offer a key psychological aspect. The difference, in my analysis, is that transformation emphasizes empowerment and recognition, while integration emphasizes creation and growth.

Putnam defines "conflict transformation" as "holding opposites in tension and finding a new plane of understanding" (2004: 243). This is exactly what Follett was talking about in her concept of integration. However, Putnam's use of the term "integration" is quite different from Follett's. What Putnam calls "integration" is actually a cooperative method, highlighting

commonalities between disputing parties. Follett's version of integration is about using the tension of oppositions to create something new –what Putnam calls “conflict transformation.”

Indeed, the emergence and development of conflict management theory, conflict analysis and conflict studies as a distinct academic field contributed to the new perceptions and approaches to conflict in 20th century American organizational relations. Conflict theory builds on negotiations theory, the findings from the human relations movement, and brought together a wealth of resources from across the social sciences. Conflict studies, like management theory, has interdisciplinary roots, and has proved valuable to integrative bargaining in organizational relations.

3.4 The Challenges of Integrative Bargaining

I find that the challenge of integrative bargaining is in the divide between its intellectual and practical history. The reconciliation of theory and practise requires a balance of micro and macro level understanding of an organization's needs. Integration, from a systems perspective, like that of Follett, Mayo, and Bernard, requires a macro-level understanding of the organization – one's role in the larger organization, and the organization's role in the larger society. Integration, from a interpersonal bargaining perspective, requires a micro-level understanding of the relationship and the needs and interested of the other party – in addition to one's own subjective needs and interests. Attaining this balance was a major challenge of integrative bargaining in 20th century American organizational relations.

Bazerman, Curhan and Moore provide an excellent summary of the requirements of research on integration (2000: 287). They explain that integrative bargaining research requires both a psychological, behavioural and a socio-structural perspective. Truly interdisciplinary frameworks are needed. Further, the application of integrative bargaining requires a dynamic environment. Its study requires three things: first, the idea of interconnectedness (as was the case in “collision theory”⁵² of the early 1900s, and “globalization” of the late 20th century); second, the idea of interdependency, that is, the awareness that our choices affect others' choices; and third, the use of interdisciplinary frameworks, that is, the understanding that multiple factors require multiple tools of analysis.

3.5 Integrative Management Today

In the late 20th century, management theorists like Pauline Graham outlined the new reality of organizational relations. In a globalized market, organizations are continuously engaged in negotiations and conflict management. Joint venture contracts –intricate and sometimes pooled, purchase and distribution networks, coordination of national and international production and transportation of finished goods, and intra-organizational coordination and negotiation – form the basis of this new organizational reality. Managers must

⁵² The “collision effect” is a term coined by William G Scott. It refers to a phenomenon in history in which conflict arises due to “inescapable proximity and dependency upon one another.” Examples from American history include the closing of the frontiers (that is, settlers could no longer just move West when situations restricted them), and the political expansion of the US beyond its borders. These situations promote a shift from individualistic thinking to social thinking (Wren 1987: 224). I believe globalization is a factor in the current interest in integrative thinking.

be able to negotiate and resolve the conflicts that arise from this increasing interrelationships and interdependency both within and across organizational lines (Graham 1991: xiii).

Graham asserts that now more than ever, organizations must face conflict, and make it work for them. Many of today's organizations are "flat" and network based. Successful managers require a variety of approaches to conflict management. In this structure, integrative methods of organizational relations are an asset. What is required is an attitude toward conflict that enables an organization to face conflict and use it to leverage growth. Graham argues that applying integrative bargaining to organizational relations is a way to achieve this (Graham 1991: 78).

Pathways for further research include development and analysis of frameworks and case studies of applied integrative bargaining theory. However, the current economic downturn signals a resurgence of political measures to support and rebuild the failing sectors of the American economy. It will be interesting to see if these conditions provide a climate that welcomes further application of integrative theories in organizational relations.

Conclusion

A historical theme clearly emerges in the past century of organizational relations. Adversarial or distributive methods in labour relations have clear limitations, most notably in sustainability. Conflicts resolved by distributive methods tend to re-emerge at a later point in time, and in costly ways. This indicates the value of an integrative approach to conflict management in organizational relations. However, applying an integrative approach this requires a shift in organizational thinking, even ideology toward conflict management. Looking to history the intellectual history of integrative bargaining in organizational relations is an important place from which to frame this shift.

From this intellectual history of integrative bargaining, I wish to highlight three key insights. First, conflict is both creative and destructive. Integrative bargaining introduces us to a philosophy and practical approach to accessing the creative aspects of conflict, and opens greater understanding as to why conflicts become so adversarial, and potentially destructive. Second, the study of integrative bargaining shows us that there are more options available to us than we realized when we are in conflict. With third party mediation operating from the premise of integrative bargaining, it is possible to access these options. Third, the way one handles conflict has important implications for its outcome. Among the implications is the state of organizational relationships. These relationships are central to designing sustainable agreements. Today's managers, as organizational leaders and conflict managers, will find value in understanding the integrative bargaining approach in organizational relations and where this approach is most applicable.

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