

Conflict Management: A Win-Win Strategy for Organisational Effectiveness in the Changing Global Business Environment

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Abstract

Conflict management is the task where in the aspect of conflict leads to a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objections over others. When employees do not cope-up with the conflict situation, there is an increased absenteeism and exit of employees from the organisation and work. On the other hand it has been opinioned that conflict is good for the organization as it produces new ideas, increases competitive spirit, cohesiveness in the team and instils an atmosphere of brotherhood in the organization. This is only possible if ideas are properly channelized and there is proper delegation of authority, empowerment and autonomy in functioning. Conflict is a dynamic situation which may take the organisation to greater heights when it is positive or may ruin the organisation if it is negative. By and large conflict is the most necessary aspect in the changing scenario of business as there are plenty of things that changes and teaches to the managers and other stake holders of business.

Keywords: *Conflict, disastrous, new ideas, competitive spirit.*

Introduction

In the present corporate environment conflict has become very common phenomenon that leads to differences of opinion about the job and organisation. Conflict is bad as it has adverse effects on the individual performance. If conflict is beyond control it takes a destructive dimension that lead to big challenges. When employees do not cope-up with the conflict situation, there is an increased absenteeism and exit of employees leading to functional disability of the organisation. On the other hand it has been opinioned that conflict is good for the organization as it produces new ideas, increases competitive spirit, cohesiveness in the team and instils an atmosphere of brotherhood in the organization. This is only possible if ideas are properly channelized and there is proper delegation of authority, empowerment and autonomy in functioning.

Definitions

Conflict can be defined as the “process that begins when one party perceives that another party has negatively affected something that the first party cares about.” Conflict must be perceived by either of the parties. Stiff opposition due to incompatibility of organizational goals characterizes it. Conflict can also be caused due to difference about interpretation of facts or issues involved. Conflict takes an ugly turn and takes a form of violence due to disagreement based on behavioural expectations. It

could be covert or overt and can be seen when one observes violent acts of individual in organizations. Austin et al defines conflict “as a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objective over others.”

Nature and Scope of Conflict

Every organization has its objective and is further broken down as departmental objectives, group goals and lastly individual goals. When individual interacts with another individual there is perceptual and communication problems that causes misunderstanding and leads to individual conflict situation. It is also true of groups, when such conflicts indicate the way of inter-group behaviour in an organization. Inter-group conflict occurs due to group competition and group cohesiveness. This leads to a feeling of ‘we’ and ‘they’. “We are always right and they are always wrong”. The aims and objectives of various organizations differ drastically that give rise to greater competition, hence there arises a high level of conflict. Conflict can arise between employer and employees, management and workers, one department and another, stakeholders, shareholders, producers and customers and between various trade unions that are often politically motivated. There can be vertical and horizontal conflicts; or individual conflict, group conflict and organizational conflict. Conflict can be considered as expression of hostility, negative attitude, aggression and gross misunderstanding.

Functional and Dysfunctional Conflict

Conflict that supports the individual and group goals, which leads to higher performance is called **functional conflict** while the conflicts that hinders individual or group performance is called **dysfunctional conflict**. The latter generally takes destructive form. There is thin margin between the two types of conflicts mentioned above. While evaluating the impact of conflict on goal achievement, individual perception and effect of group performance should be evaluated. If the conflict contributes towards higher performance then the conflict should be called functional or otherwise dysfunctional. Conflict can be broadly classified in three types i.e. **task oriented conflict, behavioural conflict and structural conflict or process conflict**.

Task conflict relates to the group goals or objectives to be achieved by the group while behavioural conflict relates to individual’s value system, approach, attitude, ego state, skill and norms being followed by him. Studies reveal that most of the dysfunctional conflict falls under this category. Process conflict is related to how a task is being accomplished in the organization. It is related with various processes, procedures, drills and instructions that are being followed on a particular job. When individual differs in this regard, conflict arises. This type of conflict can be eliminated to a large extent by following strict discipline in the work procedure and adhering to the rules and regulations.

Positive points of functional conflict is as under:

Functional Conflict

1. Conflict develops cohesiveness within the group members. A group goal therefore becomes a priority. Individual goals are then relegated to secondary position.
2. Conflict leads to innovation and creativity, as there is competing spirit among various groups.

3. Conflict provides challenging work environment and enhances opportunities for self-development of group that leads to formation of group norms.
4. Enhance work culture leads to up gradation of various systems within the organization and therefore growth is achieved.

Dysfunctional Conflict

Conflict may turn out to be detrimental and disastrous and having damaging effects.

Dysfunctional nature of conflict can be identified in the following circumstances:

1. When conflict does not lead to solution.
2. When basic goals of the organization are neglected.
3. People should be treated with due respect. If it is violated and a climate of distrust and suspicion is created, people feel defeated and demeaned which develops antagonism and leads to conflict.
4. Conflict may lead to absenteeism and subsequently to increased turn over if not controlled in time.
5. Dual management style may create hatred and lead to dysfunctional conflict.
6. Disagreement with management may be considered as disloyalty, if this environment prevails, an opportunity for creativity would be lost and employees would lose interest in their job. This would lead to increased conflicting situations.

Evolution of Conflict

1. Traditional view: During the period 1930-40s, conflict was considered to be bad and viewed negatively. It was considered harmful, unnecessary and considered synonymous to violence, destruction and irrational. The view held that the conflict arose due to poor communication, lack of openness, lack of trust and failure of managers to be responsive to the needs and aspirations of their employees. The view further held that the conflict must be avoided at all costs in and by the organization. During the same period, the scientific management and administrative school of management that were in the state of evolution, developed such organizational structure where responsibilities had been properly laid down, rules, regulations and policies had been inbuilt in the system. Thus a proper mechanism was introduced in the management systems and an adequate attention was paid by the managerial staff to ensure that there was no misunderstanding among the employees and that the conflict was avoided.

2. Human Relations View: This has prevailed between the years 1940 and 70 that reveal conflict as a natural occurrence of individual behaviour and that the conflict cannot be avoided. The theory propagated that we must accept conflict since we cannot eliminate the same. It further states that organizations must lay down proper policy and procedure, set achievable goals. It should have proper communication and thereby avoid stress and strain. Resources should be properly allocated and steps have been taken to avoid occurrence of conflict. An environment of trust, cooperation, friendship and sharing is built amongst the employees so that increased productivity for the organization is achieved. Avoidance of conflict and trust building is the key for the prosperity of the organization.

3. Behavioural View: Behavioural scientists encourage conflict on various grounds. They feel that a group having inter group harmonious relations, peace and cooperation among group members is likely to be non-vibrant, static in nature and can display apathetic attitude towards group members. In

this situation the groups are non responsive. What is required today is innovation, creativity and an ability of the group to meet the social obligations. Hence there is a need for maintaining minimal level of conflict within the group. This would lead to group being viable. Group members should be self-critical and develop creativity. Minimum level of conflict between the groups would increase competitiveness that will lend itself to higher productivity and increased job satisfaction. It must be borne in mind that only minimum level of conflict is necessary for it to be beneficial. Behavioral view proposes that because people differ in their attitudes, values and goals, conflict is a natural outcome in any group of people and that it can be helpful and constructive. (Chandan Jit S). The neo-classicists emphasized the understanding of individual psychology, development of informal groups, informal leadership, and a democratic-participative leadership style so as to avoid conflicts and establish harmony in the organization.

4. Modern View: The modern view holds that conflict may be necessary for organizational effectiveness. It is believed that harmonious, peaceful and cooperative groups can become static and uninnovative. Minimum level of conflict that keeps the group alive, self critical and creative is desirable of the organisations. Modernists believe that conflict is structural in nature, it is inevitable and prevalent to the organizational environment. It is a product of systems and determined by structural factors and integral to the nature of change. When groups interact there is bound to be difference of opinion and disagreements, which is a cause for conflict. It exists even when there is single individual who is faced with organizational problems like decision making, hence conflict should be welcomed and managed effectively.

Some of the positive points of minimum level of conflict are as under:

- (a) Conflict should be expressed, by doing so, communication between two groups is re-established that ultimately promotes growth.
- (b) Minimum level of conflict serves as pre-requisite for organizational development, which means conflict brings changes.
- (c) Conflict helps achieve consistency within the group that develops group identity and members of the group follow group norms setting aside personal problems. This tendency leads higher level of efficiency, sense of identity with the organization and increases group ability to compete with groups and departments.
- (d) Poor decisions are detrimental to organizational growth. Minimum level of conflict promotes stimulus for analytical thinking, which may challenge views, policies and systems prevailing in the organization. It will lead to reviews hence new policies may be introduced in the organization.
- (e) Conflict can serve as power equalizer between two parties, which is clearly observed during meetings between management and unions. While management is powerful at the beginning of the discussion it however tends to equalize itself as the discussion proceeds.

Causes of Conflict

Communicational Aspect: Communication is an important process in the organization, the poor communication provides incomplete information to a department that may cause conflict because this may have far reaching consequences in attainment of organizational goals. Importance of full and

complete communication cannot be over emphasized in the fast moving organizations in the present era of information technology. Some of the reasons for poor communication are as under:

- (a) Inadequate communication is one where too much or too little information is passed from one department to the other.
- (b) Filtration effect is one where end receiver receives very slight information having little or no value.
- (c) When information is not received on time it must be noted that delayed information has no value as the decision might have already been taken without the information.
- (d) Barriers of culture, language is another major aspect in the global business and process scenario.
- (e) Inadequate training of sender and receiver is also a major concern in the creation of conflict.

Behavioural View

Types of Conflict: Organizations exist based on various groups and departments where resources have to be put in to use through various processes. Systems and subsystems exist in the organizations that are managed by individuals and work teams or work groups. While interacting with each other on individual, team or group levels, there may be occasions when conflict occurs due to perceptual differences. The conflict may be intra-personal, inter-personal, intra-group, inter-group or intra-organizational in nature.

Intra-personal Conflict: Intra personal conflict is also called the conflict within the individual.

This type of conflict can be of two types

(a) **Value conflict:** Every individual has to play certain roles, which conforms to his value system. However, there are certain situations when an individual may have to compromise on value system and beliefs. For example, Accounts manager of an organization, while submitting tax returns to the government may conceal some facts, which may go against his belief and value system which may cause tension and conflict within the individual.

(b) **Decision-making:** Problem solving is one of the important jobs every individual has to undertake in work environment. Every problem has various courses open or multiple options and warrants the manager to take the best course of action in the interest of the organisation.

At times it is difficult for a person to select an appropriate course of action; this situation causes conflict within the individual. He therefore will have to take decisions based on the past experience and the knowledge. It may be noted that decision-making has become simpler these days due to information technology where required data is available and group decision is the norm in most of the organizations.

Inter-personal Conflict: Inter-personal conflict relates to conflict between two or more individuals and is probably the most common and recognized form of conflict. Interpersonal conflict is caused due to disagreement over goals and objectives of the organization. These are heightened due to difference of opinion of individuals and when issues are not based on facts. Every organization is full of unresolved issues, problems and differing situations that leads to conflict. Conflict can also take place between one person of a group with another person of the same group or another group on issues relating to decision-making. Individuals may have a difference of view on selection of a

particular course of action that will lead to disagreement and often result in the conflict. It is the merit of the issue, and willingness of members of the organization to recognize the others point of view that will avoid conflicting situation.

Intra-Group Conflict: Intra-group conflict relates to values, status and roles played by an individual in the group and the group norms. Individual may want to remain in the group for social needs but may disagree with the methods and procedures followed by the group. The conflict may arise when social changes are incorporated in the group. When group faces new problems and when values are changed due to change in social environment. Intra-group conflict is like Inter-personal conflict except that the people involved in the conflict episode belong to a common group.

Inter-Group Conflict: Conflicts between different groups, sections and departments are called inter-group conflict. For example, conflict between production and sales departments over the quality being produced and the customer requirements. Inter-group conflict causes due to factors inherent to the organizational structure like independence, inconsistency in various policy matter, variance on promotion criteria, reward system and different standards being adopted for different sub-units and departments. Organizational objectives can only be achieved when all departments work towards attainment of organizational goals. This is possible when interactions between departments are smooth and cordial. Conflict can be avoided by better communication between departments, joint decision making, removing disparity in group goals and paying due respect and displaying concern for other group's views.

Inter-Organizational Conflict: Inter-organizational conflict takes place between two dependent organizations. Conflict can take place between government organization, unions and the operating industry. Government organizations function to ensure that minimum standards and proper procedures are followed by the organizations. Managers must try and reduce inter-organizational conflicts by adopting positive approach and by following strictly, the rules and regulations laid down by the government agencies and conflicts may even arise between seller and buyer organizations.

Intra-Organizational Conflicts: Intra organizational conflict encompasses horizontal, vertical, line–staff and role based conflicts.

Horizontal Conflict: Horizontal Conflict is caused due to incompatibility of goals, sharing limited resources and difference in time orientation. It leads to tension, misunderstanding and frustration on the part of both the parties. Horizontal conflict relates to employees or group at the same level. Organizational goal at implementation level vary from department to department. Finance department may not be able to spare additional amount as may be required by research and development department for new product development that may cause tension, misunderstanding between two individuals or departments. Individuals may not be able to meet the targets of production in given time due to variety of reason that may cause conflict with sales department as the latter would like to flood the market with their product to make their presence felt. It has been seen that due to increased interdependence of individuals or groups to carry out various functions, situations do arise where there is difference of opinion on issues that cause conflict between individuals or groups.

Vertical Conflict: Vertical conflict refers to conflicts that might take place between different levels of hierarchy. Conflicts between subordinates and superior occur due to incompatibility. It is generally caused because of differences in perception, value system, goals that may be assigned, cognition and difference in individual behaviour. Conflict is also caused due to inappropriate communication between individuals at two different levels.

Line and Staff Conflict: Line and staff conflict has been traditional, the line authority creates product and services and contributes directly towards the revenue generation, on the other hand staff authority assists line authority and acts in advisory capacity. Staff and line authorities have a different predispositions and goals. They have different skills and expertise. Since staff authorities (managers) is in the chain of command and have a day to day measure of the top boss, it has a tendency to dictate terms to the line authority and usually disregard the working knowledge of the line authority. They have tendency to dominate and disregard the efforts put in by line authority managers. On the contrary staff managers have a technical knowhow and they are able to advice the line authority to cut down cost of production and save on wastage, and the line authority does not like their advice at times. Staff managers get frustrated when their suggestions and ideas are not implemented by line managers and hence there is a cause for conflict.

Role Conflict: A person in an organization has to perform various roles, conflict arises when roles assigned to him have different expectation. A person may be asked to take care of an additional section in the absence of section head and the value system in an organization is also a cause for conflict among the workforce. Supervisor is asked to be honest while he is dealing with sale of the product while the same person may be asked to pay commission to an official from whom a sanction is required to be obtained, thereby causing a conflict situation in the ethical value system of an individual. When an individual is line or a staff employee and also a union representative, has to perform duties of conflicting nature hence a role conflict arises through all these means.

Conflict Process

Pondy developed a conflict process model, which is useful to understand how a conflicting situation emerges in the organisation or in any situation. He has delineated five steps that he calls as ‘conflict episode’. These are **latent conflict, perceived conflict, felt conflict, manifest conflict, conflict resolution and conflict aftermath**. The process is adopted and explained with this layout;

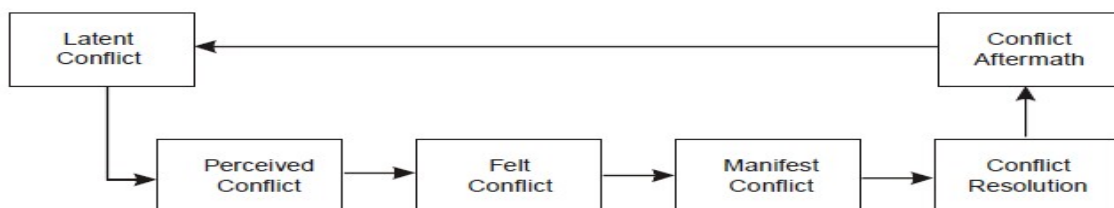


Fig.1. Pondy's Conflict episode Process

Latent Conflict: It is a first stage of conflict when conflict-promoting situations appear on the scene between individuals and groups. In this stage potential conflict inducing forces exist. For example demand for various resources by departments when some may get and be satisfied and others may not get and be dissatisfied. Hence there exists a situation between two groups. At this stage the seeds of dissatisfaction have been sown leading to conflict.

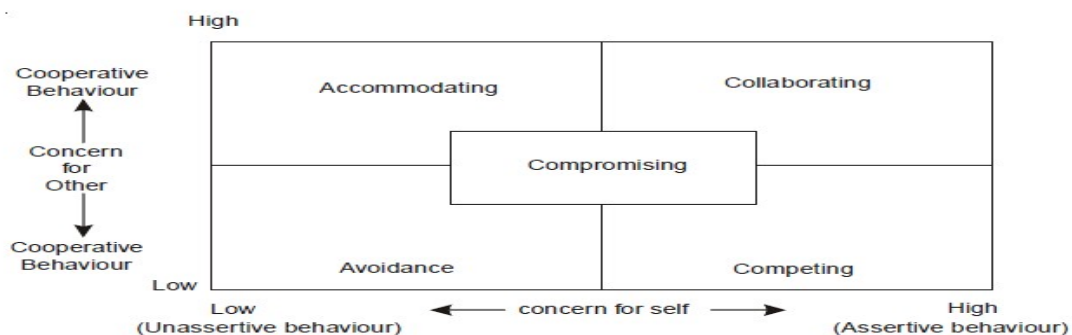
Perceived Conflict: When one party frustrate the design of the other party, people perceive that conflictual conditions exist. For example sales manager may need additional budget for promotional activities which financial manager may not release. The sales manager may attribute lack of finance as potential cause for fall in sales, thus a conflict between the two may brew and at this stage the conflict comes to a surface level.

Felt Conflict: At this stage, the conflict is actually felt and cognised. As stated earlier, the funds are not released by the finance manager and the problem is being surfaced and there is a likelihood of confrontation between the managers.

Manifest Conflict: In this stage, there is not only recognition or acknowledgement of conflict but also manifestation of conflict by covert or overt behaviour. It is a stage of open dispute. Both parties devise their strategies to face each other. In the above example sales manager may make his point for additional funds for promotional activities especially during festival season. Finance manager may openly turn down the request since he might have allotted additional funds for procurement of better raw material for production department. Sales manager may argue that better raw material has no meaning unless the facts are brought to the notice of customers, which can only be done through promotional campaign making the debate to become unending and frustrating.

Conflict Aftermath: Once the conflict is resolved between the two parties, there is always a party, which is looser because the resolution is the outcome of win – lose or the compromise strategy, a stage is set for subsequent conflict episodes. A party, who feels defeated, may start preparations and be on the lookout for the assault to take the revenge. Conflict resolution has been added as an additional box in the figure to elucidate that conflict aftermath is a direct function of the results of the conflict resolution style adopted and exercised in any given situation.

Conflict Resolution Model Conflict between parties can be resolved by five different modes. Parties involved may adopt any of the following solutions, which are explained in Figure 2 below.



Avoidance: One or both parties could **avoid** facing the conflict. The situation pertains to non-cooperative and unassertive behaviour on the part of parties involved. Party A may avoid facing Party B. When situation reaches a point of negligence by Party A, Party B may take advantage of the situation. By avoiding, the individual might side step, postpone or even withdraw from the conflicting situation. This strategy is useful when issues involved in conflict are of a very minor nature or when more important issues deserve attention. This strategy suits a manager whose power base is very low and there is no chance of satisfying one's own concerns. Avoidance strategy should be applied when one feels that people in the organization should cool down so that the issue can be handled at a later date in a better psychological environment, here the issue can also be postponed if additional information is required to be obtained. Avoidance is a poor strategy hence if someone else is able to handle the situation of conflict more effectively they should be allowed to do so. Managers having high score on avoidance as a strategy of conflict management, may suffer from delayed decision making and hence the loss to the organization. Those who have a low score on avoidance thereby wanting to attend to every single issue may spend lot of time on every trivial issue, hurt people's feelings and stir hostility in the organization that should be taken care of.

Competing: This strategy may be adopted when other strategies of conflict resolution are not workable. Competing is also useful in emergencies where quick decisions are required, in this strategy power must be used unilaterally as a weapon when unpopular decisions like termination, pay cuts, layoffs, cost cutting and enforcing discipline are required to be taken. This strategy is based on win-lose principle of managing conflicts. The managers who are high on power base have an added advantage in using competing strategy because people from opposite side would not dare to confront a person who is so powerful. There is a tendency that managers using this strategy should be careful about 'yes' men around them. They should identify conflicting situations and take bold decisions based on win-lose strategy. On the other hand there are managers who are low on competing mode, are likely to feel powerless in many situations. Not realizing that though they have power but they are not comfortable using it. By trying to use power, one could enhance one's achievement. Another drawback in scoring low is that such individuals find it difficult to take bold stand on various issues concerning organizations. In situations when a manager is very low on 'concern for the people' may postpone vital decisions on matters pertaining to subordinates that may be detrimental to organizational effectiveness.

Collaborating: Strategy of collaboration involves attempt of one party to work with the other party in a cooperative manner and find solutions to the problem for mutual benefits. The strategy involves identification of areas of disagreement, examining the issue in greater detail and a workable solution arrived at, which is for mutual benefit. This strategy signifies when two sets of solutions are important for both parties to be compromised, hence finding integrated solution become imperative. This strategy signifies joint efforts, gain for both parties and integrated solutions arrived at by consensual decisions. Sekaran (2001) concluded that when people are high on collaborating, they have to be concerned about how they spend their time and other organizational resources. Collaboration is time and energy consuming and it does not need collaborative solutions. Over use of collaboration and consensual decision-making may reflect risk aversion tendencies or an inclination

to defuse responsibility. When people score low on collaborating, they may fail to capitalize on situations, which would benefit immensely from joint problem solving. Also by ignoring the concerns of employees, decisions and policies may be evolved, which make the organizational members both unhappy and uncommitted to the system and the strategy attempts a win-win solutions to their goals.

Accommodating: In accommodating mode a person sacrifices his own interest for accommodating other person's interest, which is a form of selfless generosity, obeying other person's point of view. This mode is usually adopted when other person's view is stronger, one wants to achieve goodwill and indicate that he / she is reasonable. This strategy of conflict resolution is important when one want other person to give at a later date when it favours him / her. Sekaran also concluded that when people are high on accommodating score they might be differing too much to the wishes of others and pay very little attention to their own ideas and concern even though they may realize that they are not getting the attention they deserve. This might even lower one's self esteem in addition to depriving on the influence, respect and recognition from others, since it negates the potential contribution that individuals are capable of making to the organization. While individual low on accommodating score, they should start thinking about whether they lack the goodwill of others and whether others perceive them as unreasonable, uncompromising, rigid and demanding.

Compromising: In conflict situation, compromising is a mode when both parties try to find out some expedient, mutually acceptable solution that sacrifices both the parties partially. In compromising, there is no clear winner or loser. None of the party is fully satisfied as they ration the object of conflict and accept the solution which is not complete to either of the parties. In compromising, there is a possibility of an atmosphere of 'gamesmanship' in the work environment. There is also a possibility of compromising on certain principles of behaviour which is not desirable. The values, ethics, principles and long term objectives of the organization must be protected while adopting compromising. When people are tough to compromise, they find it hard to make concessions and land up in power struggle that must be avoided. Compromising policies can easily be adopted when competing or collaboration strategy fails. Research indicates that people have underlying disposition to handle conflict in certain ways. Especially individuals have preferences among the five conflict handling intensions. Their preferences tend to be relied upon quite consistently, and people's intensions can be predicted rather well from a combination of intellectual and personality characteristics. When confronting conflict situation, some people want to win it at any cost, some wants to find an optimum solution, some wants to run away, others want to be obliging, and still others want to "split the differences" (Robbins Stephen P.).

Conclusion

Conflict is a dynamic situation which may take the organisation to greater heights when it is positive or may ruin the organisation if it is negative. By and large conflict is the most necessary aspect in the changing scenario of business as there are plenty of things changes and teaches the managers and other stake holders of business to live with change and conflicting situation. The everyday changing situation of a business with a focus of change in skill, knowledge, ability in human aspect and the technological change may warrant for conflict which requires special attention to sustain and take business units to greater heights. Conflict leads to understand, accommodate, collaborate,

compromise, face challenges and grow in a spirit of dynamism and strength. If conflicts are ignored, business will be ignored and if conflicts are properly addressed, business will grow leaps and bounds.

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