

Conflict in Organizations

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Abstract

The notion of conflict has been extensively examined in the organisational behaviour literature. The presented report critically examines the literature and uses the example of the Northern Plant to highlight the complexities associated with the task of managing conflict. Building on the assumption that although conflict in organisations cannot be avoided but it can be managed, the critical discussion here illustrates the failure of measures commonly applied by human resource and change managers to address conflict in organisations. Further discussion recognises the tensions and relating to the pluralist perspective depicted in the academic debate, both theoretical and practical implications are highlighted.

Keywords: Organizations; Complexities; Managing conflict; Consequences

Introduction

The notion of conflict has played a key role in the existing body of management literature [1]. An example can be made of McGregor's Theory X and Theory Y, building on the respective streams of pluralist perspectives on conflict [2]. While Theory X perceived conflict as inevitable due to the irreconcilable differences in the interests of the management and employees, Theory Y suggested that these interests can be aligned with the use of appropriate management techniques. Conflict, in this context, refers to the level of disagreement between employees and the management of an organisation. While the antecedents of the concept can be found in the different interests and objectives of individual groups within an organisation, the consequences impede the effectiveness of the interdependent relationship between employees and the management [2]. The presented discussion paper provides a critical evaluation of the common held assumption that conflict in organisations cannot be avoided but it can be managed. This assumption implies two specific aspects related to the notion of conflict; that it is an inherent part of the organisational life and that the use of appropriate managerial techniques can successfully mitigate its impacts on the performance of a company. The examination within this paper begins with a review of the literature on the topic of conflict, followed by an in-depth analysis of the case of Northern Plant and the managers' failure to promote lean production systems.

The case study material goes beyond the fundamental notion of conflict and touches upon behavioural elements related to employee resistance to change as depicted in the change management literature. The outcomes of the analytical process are presented in the final section of this paper, highlighting the nature of interdependent relationship between management and employees that sheds more light on the notion of conflict and its management in an organisational setting. Overall, the case study of Northern Plant provides a very challenging example of conflict in an organisation, outlining the apparent failure of management to recognise informal management structures resulting in the perceived unimportance of the management. Particular reference is made to the concept of power and the ways in which it affects conflict in organisational settings, putting forward key theoretical as well as practical implications.

Literature Review

The early management theories (e.g., McGregor's Theory X and Theory Y) recognise the inherent conflict between employees and

the management [2]. The notion of conflict can be associated with the differing interests and goals of respective parties, and the failure to establish an effective dialogue that could align these differences. A contradictory perspective can be found in the unitarist view of organisation, suggesting that conflict is highly irrational due to the common set of values shared by employees as well as the management [3]. This perspective thereby views conflict as a consequence of work of agitators, shifting blame to selected employees [3]. The pluralist perspective on conflict recognises the fact that employees and management do not necessarily share the same values and interests; however, it highlights the interdependency between employees and management that provides the basis for resolving and managing this tension [3]. The common feature between these perspectives can therefore be found in the role of this interdependency. While the unitarist perspective suggests that is irrational due to the high level of interdependency, the pluralists view the underlying interdependency as the key for managing potential conflicts. From a critical perspective, the radical view of conflict builds on the work of Karl Marx and suggests that management effectively uses capital to exploit the labour and hence, the conflict is deeply embedded not only in the organisational context but also in the wider society [3]. A comparative overview of these three main perspectives on conflict as depicted in the existing body of literature can be found in Appendix 1.

The notion of conflict is well-acknowledged in the literature and the on-going academic debate has focused intensively on finding effective strategies for mitigating and resolving these situations. According to Miles and Mangold [4] employee voice is becoming a vital asset for organisations with implications for management decision making and demonstration of partnership, highlighting the need for effectively managing the underlying conflict between employees and management. Although a wide range of human resource management techniques have been proposed in the existing body of research the effectiveness of these practices still remains questionable [5-7]. From

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Received January 19, 2018; Accepted July 31, 2018; Published August 08, 2018

Citation: Hamed HM (2018) Conflict in Organizations. Arabian J Bus Manag Review 8: 358.

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a critical perspective, Beach [8] argued that human resource managers commonly rely on a number of expedients which fail to address the underlying conflict. Examples of expedients frequently applied in the organisational context can be made of “let’s make a deal”, “divide and conquer”, “rule maker” and “let’s be friends” strategies, all of which provide a mere patch on the underlying conflict. The complexity of the studied phenomenon is further enhanced by the role of power which influences the management’s efforts to promote the alignment between management’s and employees’ interests and values [9]. A high bargaining power of the management is typically associated with the ease of replacing individual employees and leads to a level of asymmetry in terms of the perceived interdependency between management and employees. Conversely, highly skilled and hardly replaceable employees have substantially higher bargaining power which can be used to promote a level of understanding between the management and employees. Overall, the construct of power plays a significant role in organisational conflict as it affects the bargaining positions of both employees and the management thereby influencing the extent of conflict and the willingness to either prevent it or resolve it [9].

As pointed out by Bhasin [10] conflict in the form of employee resistance to change represents a key barrier for successful implementation of lean production which in the UK was successful in less than 10% of all initiatives. The low rate of success suggests that existing strategies for managing conflict have been largely ineffective, questioning the current level of understanding of the underlying causes for organisational conflict. An empirical study conducted by Fugate et al. [11] revealed that change orientation and change-related fairness address the employee resistance to change and promote resolving of the underlying conflict. Further empirical findings suggest that transformational leadership, work-life support policies and employees’ relationships with their line 4 managers all contribute towards mitigating the impact of the conflict and promoting successful alignment of the interests and goals between employees and management [12-14].

Analysis of Case

Building on the review of the existing body of literature on the topic of conflict as presented in the previous section, this section refers directly to the case study of the Northern Plant and its failure to introduce lean production due to a high level of employee resistance to change. The segregation between management and employees at Northern Plant needs to be acknowledged as it plays a central role in this case study. Essentially, the management has demonstrated a very limited understanding of the production process and how to motivate employees, resulting in a growing divide between these two groups. The interdependency between management and employees as stipulated by the pluralist perspective on conflict was therefore weakened. The decision of the management to allow sufficient freedom for the employees in order to meet quotas demonstrates two aspects related to this interdependency. On the one hand, it highlights the inefficiency of the management to promote positive performance outcomes. On the other hand, it outlines the shift of power towards the employees [9]. Consequently, when the management attempted to alter the long-established status quo, the key failure of the change management team was their lack of awareness about the altered status of the interdependency between employees and management. Essentially, with the lack of involvement of the management in the production activities, the employees have become highly valuable and to some extent irreplaceable. This shift in the bargaining power can be

also associated with a negative impact on the role of the management as perceived by the employees. As a result, the interdependency between employees and management was perceived very differently by both respective parties as the change management team has failed to realise these new circumstances.

In line with the outcomes of the study conducted by Fugate et al. [11] change-related fairness as well as the perceived change orientation shape the extent of employee resistance to change. The proposed changes have however failed to promote a positive change orientation as they merely sought to shift the control from employees towards the management. Building on the pluralist perspective on conflict which recognises the differences in underlying interests of employees and management, the proposed strategy benefited the management of Northern Plant, yet provided no incentive for the employees.

The conflict between management and employees can be further demonstrated by the consequent closure of the particular factory and relocation of the production capacity abroad. This end to the conflict depicted in the case study of Northern Plant can be best explained with reference to the radical perspective on conflict. Building on the work of Karl Marx, the radical perspective highlights the exploitation by capital as it was the management’s decision to relocate the production capacity in order to enhance profitability of the company. Similarly, the pluralist perspective on conflict recognises that limited interdependency between employees and management leads to conflict [3]. The unitarist perspective however fails to fully explain conflict uncovered in the case study evaluation of Northern Plant.

A partial reference to the unitarist perspective on conflict can be made in the period of employees’ self-management, suggesting that employees’ and management’s interests were in fact very similar and that is to ensure positive performance of the company. The management has however failed to fulfil its role in this process. The interdependency between employees and management was affected as a result, exacerbating the conflict once the change management team wished to retake the level of control over the production and management process. Overall, the case study of Northern Plant demonstrates the complex nature of conflict in contemporary organisations. Building on the common values within the capitalist society, the inequality between employees and management is partially recognised and perceived as normal. Thus, while the inherent conflict can be associated with the notion of exploitation by capital as pointed by Karl Marx, this level of exploitation does not necessarily result in an open conflict between employees and management [3]. The interdependency between the two parties promotes a level of mutual collaboration and aligning interests in the pursuit of the common goal. Both employees and management have their corresponding expectations regarding the actions of the other party and it is the breach of these expectations that give rise to conflict [8]. In the case of Northern Plant, the expectations of the employees have been greatly enhanced as the responsibility for the production process shifted towards them. Conversely, the consequent change management initiative aiming to introduce lean production was in a direct conflict with the employees’ expectations.

Building on the work of Beach [8], a number of human resource management practices can be used to resolve this conflict. Most typically applied solutions relate to “let’s make a deal”, “divide and conquer” and “let’s be friends” strategies. For example, “let’s make a deal” strategy draws on the pluralist perspective on conflict and suggests that a mutually beneficial agreement can be achieved by giving employees something 6 in return for the cooperation. However as pointed out by Beach [8], these are mere expedients that fail to

address the underlying conflict between employees and management. For successfully resolving this conflict, the management would need to restore its perceived significance, leading to a usually acknowledged interdependence between employees and the management.

Conclusion

The aim of the presented discussion paper was to critically evaluate conflict in contemporary organisations. Drawing on the existing body of management literature, three main theoretical perspectives on the notion of conflict have been examined. Furthermore, the use of the case study of Northern Plant highlighted the particular circumstances which shape the nature of the interdependency between employees and management and thereby influence the conflict within an organisation. The apparent failure of management at Northern Plant has been uncovered and consequently associated with the strong resistance to change management efforts. Bhasin revealed that successful implementation of lean production in the UK is less than 10%, suggesting that conflict does not necessarily represent a unique situation but that it is commonly present in contemporary organisations [10]. The application of the radical perspective on conflict in Northern Plant supports Marxist argument that the management seeks to exploit the workforce through the use of capital. Furthermore, drawing on the critical examination of expedients commonly used in the human resource management practice, the resolution of this conflict requires a highly strategic approach. Essentially, as suggested by the pluralist perspective, a conflict can be successfully resolved if effective methods to align interests of both employees and management are implemented. The unitarist perspective goes even further and suggests that this level of alignment is always present. Overall, the interdependency between employees and management is widely acknowledged in the existing body of research and provides the basis for successfully addressing conflicts. In the case of the Northern Plant however, employees have not received any significant support from the management and the proposed change management effort thereby distorts this status quo. In fact, previous years have proven that the lack of interference from the management aids organisational performance, providing a strong bargaining power position for the employees. The management's effort can therefore be seen as an attempt to instil additional control and restore the power balance in favour of the management.

In terms of theoretical implications, the presented discussion paper has highlighted the crucial role of interdependence between employees and managers in the context of organisational conflict. The nature of

this interdependence shapes the perceived conflict. As demonstrated by the case study of Northern Plant, a failure of the management to support employees affects the perceived interdependence and consequent managerial interventions are likely to lead to a conflict. In terms of practical recommendations, the management of the Northern Plant would need to re-establish its positive role in the outlined interdependency by providing strong organisational support before the change management effort associated with the proposed implementation of lean production can be successful.

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