

**Management of Organizational Conflict by Managers of**

**Selected Ethiopian Private Insurance Companies**

**MBA Research submitted in partial fulfillment of the**

**requirements for the Master's degree in Business**

**Administration**



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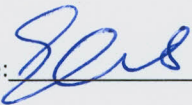
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**November, 2013**

**DECLARATION**

I undersigned declare that this is my original work and has not been presented for a degree in any other university, and all the materials used for this study have been duly acknowledged.

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**CONFIRMATION:**

This thesis has been submitted for examination with my approval as a thesis advisor.

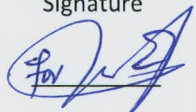
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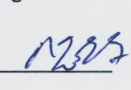
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## **Abstract**

The primary purpose of this study was to determine the conflict management of Ethiopian Private Insurance managers working in Ethiopia. Its objectives were to know the perception of conflict in Private Insurance Managers, to determine causes of conflict and to investigate what roles of managers and their approaches to handle conflict at insurance workplaces.

This has been done by both a literature study and an empirical investigation. The latter included both quantitative and qualitative research approaches using a questionnaire and interviews as data gathering techniques. 96 managers of different levels out of total 100 middle level & senior managerial employees returned questionnaires of the total population 316 managers from 14 private insurance companies.

The study targeted five selected insurance companies. Namely, Awash insurance company, Nile insurance company, United Insurance company, NIB insurance Company & Nyala insurance company out of total 14 private insurance companies.

It was found that Personality is the main sources of personal factors to create conflict; Misunderstanding is another sources of conflict of Structural factors; Information delivery is categories of spring of conflict of Communication factors. Integrating (collaborating, problem solving) was the highest self-perceived conflict management style chosen by Ethiopian private Insurance Managers. Insurance Managers are of all age groups shared similar conflict management style preferences.

It would be better if Training designed to provide the critical skills and the knowledge needed to avoid and prevent conflict wherever it might occur. The researcher's view is that if those insurance companies were to develop proper and systematic policies on how Integrating(Collaborating) could be used, this would go a long way in making this conflict management approach even more useful and more effective to their underwriting & claim management.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

According to NBE report (2011), in Ethiopia, the number of private insurance companies increased to 14. All insurance companies with a branch network of 81.4 percent (231 in number) were privately owned. The total capital of insurance companies reached Birr 1 Billion of which private insurance companies accounted for about 70 percent. About 51 percent of the insurance companies were located in the capital, Addis Ababa.

According to nbe.net.et, insurance companies are one of the major contributors for the nation's GDP. These companies employed more than 2500 workers as at December 2012 out of which 316 middle & senior Managers. Those managers can be both the solution to, as well as the cause of, workplace disputes, which is an inevitable phenomenon. It is obvious that the success of these Insurance companies relied on the performance and effectiveness of those employees.

Tosi(1994) noted that conflict is common and has varied effects, some of which are beneficial to organizations. It was also observed by the student researcher from experience that work of Insurance is full of conflict. The student researcher has also seen practically when those branch Managers are most likely were in conflict with Claims department and Finance departments. But couldn't understand what the real causes & what the solution supposed to be.

Today, as a post graduate student and as an experienced employee in banking & insurance, the researcher doubting and uncertain that supervisors and work leaders have been effectively managing workplace conflict in private insurance companies of our country, Ethiopia. So, it was witnessed by the researcher that some of his supervisors' lacks proper conflict handling



which would give him as the way that it has a negative rather than a positive impact in their workplace.

Abraham(1997) noted that after Ethiopian Economic reform in 1997, companies in Ethiopia are becoming modern and full of competition. Rahim (1983) purported that Organizations are constantly changing in order to improve their competitive position, but this does not, of course, mean that our organizations are learning to manage conflict more effectively.

It is generally understood that whenever people come into contact with others, countless disagreements may arise. In most cases, it is the way in which people decide to respond to those disagreements that would determine whether a conflict situation might result, or not. Since the level of contact in Organizations is high, there is a high probability for conflict to occur. To most managers therefore, the issue is not whether conflict will occur, but how they will effectively respond to it.

Therefore, the central theme is that too little conflict may encourage stagnancy and groupthink, but too much conflict may lead to organizational disintegration. The preceding discussion leads to the conclusion, therefore, that too little or too much conflict are both dysfunctional for an organization's effectiveness.

Conflict, on the one hand, may have a negative connotation because people associate it with destructiveness such as antagonism, poor relationships, and loss of jobs, broken families, violence and war. This very human reaction leads to the avoidance of confrontation, which is a primary reason why conflict grows to destructive proportions especially if not managed or handled properly.

Therefore, the main purpose of this research, therefore, is to identify perception , current roles and the conflict management styles used by Ethiopian private insurance managers in selected private insurance companies of Ethiopia.

### **Industry Background**

After the change in the political environment in 1991, the proclamation for the licensing and supervision of insurance business heralded the beginning of a new era. Immediately after the enactment of the

proclamation in the 1994, private insurance companies began to increase. Currently, there are 14 insurance companies in operation. (Abate Gashaw, 2012, P4)

**Table 1.1 List of Ethiopian private Insurance companies as at 2012**

S/N	Name	Establishment Year
1	Africa Insurance company S.C	1994
2	Awash insurance company S.C	1994
3	National Insurance company of Ethiopia S.C	1994
4	Nyala Insurance company S.C	1995
5	Nile Insurance company S.C	1995
6	The United Insurance S.C	1997
7	Global Insurance Company S.C	1997
8	NIB insurance company	2002
9	Lion Insurance Company S.C	2007
10	Ethio-Life Insurance S.C	2008
11	Oromia Insurance Company S.C	2009
12	Abay Insurance Company	2010
13	Birhan Insurance company S.C	2011
14	Tsehay Insurance CompanyS.C.	2012

Source: National Bank of Ethiopia (2012)

**Table 1.2Details of Managers of all Ethiopian private Insurance Companies as at 2012**

S.NO	Insurance Company Name	No of employee	No of branches. In	No of Branch Managers	No of Dept. Managers	Total No Manager
1	Awash Insurance Company S.C.	340	30	30	7	37
2	Nyala Insurance S.C.	297	23	27	6	33
3	Africa Insurance S.C.	220	16	16	9	25
4	NICE Insurance Company S.C	198	17	17	4	21
5	NIB Insurance Company S.C	319	23	23	6	29
6	United Insurance Company S.C	266	25	25	14	39
7	Global Insurance Company S.C	98	12	12	3	15
8	Nile Insurance Company S.C	291	22	22	10	32
9	Lion Insurance Company S.C	153	15	15	4	19
10	Ethio-Life Insurance Company S.C	41	4	4	4	8
11	Berhan Insurance Company S.C	58	10	10	4	14
12	Oromiya Insurance Company S.C	141	22	22	4	26
13	Abay Insurance Company S.C	47	7	7	3	10
14	Tsehay Insurance Company S.C	32	5	5	3	8
				235	81	316

Source: brochures, requesting companies and web sites of companies (2012)

### 1.3. Problem Statement

The purpose of this study is to address the management of conflict in selected Ethiopian private Insurance companies. This would be done by the literature study and an empirical investigation.

According to Gangwani( 2012,p62), the term conflict refers to perceived incompatibilities resulting typically from some form of interference or opposition. Conflict management, then, is the employment of strategies to correct these perceived differences in a positive manner. For many decades, managers had been taught to view conflict as a negative force. However, conflict may actually be either functional or dysfunctional. Whereas dysfunctional conflict is destructive and leads to decreased productivity, functional conflict may actually encourage greater work effort and help task performance. Borisoff and Victor (1998 cited by Gangwani 2012 p62) point out, "We have come to recognize and to acknowledge the benefits dealing with conflict affords. Because of our differences, we communicate, we are challenged, and we are driven to find creative solutions to problems."

The student researcher have had encountered uncountable number of conflict with his co-workers and superiors. During researcher's work experience in similar companies, he seldom sees healthy conflict management approaches and bad as well. This prompted the researcher to conduct research into how shows up, which tactics work conflict in the insurance workplace and which tactics fail, and the disadvantages and benefits of conflict at insurance companies.

It should be agreed that we live in a society that is susceptible to conflict. Starting from our home and at work, conflict is becoming very common and in most cases unavoidable.

In order to meet these challenge managers must understand the nature, sources and the outcome of conflict. It is by reflecting on the above, that managers may become more informed about the right conflict management approach to apply.

The Research targeted on Managers of Five Insurance Companies, Namely Nyala Insurance S.C., Nile Insurance S.C, United Insurance S.C., NIB Insurance, and Awash Insurance S.C., in the Ethiopia which selected by the researcher according to their willingness to cooperate for the survey, experience in Insurance Industry and in way it represent the Population by their number managers and employees.

Referred to a study of middle and top-level executives by the American Management Association, explain how important conflict management has become. The study revealed that the average manager spends 20 percent of his or her time dealing with conflict. In a survey by the American Management Association conducted on what topics practicing managers considered to be most important in management programs, conflict management was rated as being more important than decision making, leadership or communication skills. (Andre, 2008, p 360)

Although the above mentioned facts surveyed in a developed country, it is also equally important for our managers as they are living in the conflict and handling in their ways. According to Kondalkar(2007),in every organizations, When individual interacts with another individual there is perceptual and communication problems that causes misunderstanding and leads to individual conflict situation. The student researchers also believes out his own observation that attention is not given for this issue as it is a neglected topic in Ethiopian higher institution & Research centers in our poor country.

It was confirmed that those selected Ethiopian private Insurance companies didn't plan and create awareness to their managers and supervisors in this area of building skills for conflict resolution at their work place. This already confirmed through this study and the student researcher believed that if such mismanagement of conflict perceived by employees and managers at work place, the outcome can be contention.

Although the researcher couldn't found sound empirical evidence in Ethiopia on this regards as such, many employees complaining that the number and seriousness of workplace violence cases in Ethiopian Insurance companies seems to be on the rise, and many employee turnover observed in different institution due to mismanagement of conflict.

The main problem addressed by this research and found that to what extent Ethiopian private insurance Managers understood the concept of conflict mentioned in the Literature review and to identify the conflict management styles currently used by those managers in Insurance companies. The researcher tries to look into whether Private Insurance Managers are knowledgeable about the view of managing conflict by Resolution and stimulating it.

Although this study will not necessarily indicate how successfully each style is applied, it however established which are often used and which are rarely used. It tried to shed light on why some précised styles may be chosen to others. In addition, the research will try tried to establish whether managers use specific guidelines in deciding on their preferred style or styles.

The researcher hoped that this study would help other researchers in Ethiopian universities and companies dealing with topics about effective conflict management in Ethiopian organizations.

## **1.4 Research Questions and Objectives**

### **1.4.1 Research Questions**

My study is exploratory rather than hypothesis testing. To this end, the following research questions had been investigated:

- ❖ What is the perception of conflict of Ethiopian private Insurance Managers?
- ❖ What are the causes of conflict & their dominant styles by those Insurance companies?
- ❖ Which principles &which procedures Ethiopian private insurance Managers may use to manage conflict?

### **1.4.2 RESEARCH OBJECTIVES**

Informed by the research questions, the objectives that pursued for the research study are to qualify the problem statement and thus solve the research problem. Therefore the objective of the study was to understand how conflict and conflict management affect Ethiopian Private Insurance, and the following objectives were pursued:

- ❖ To know the perception of conflict in Ethiopian Private Insurance Managers.
- ❖ To determine causes of conflict in Private Insurance companies.
- ❖ To identify management principles that Managers use to manage conflict.
- ❖ To find out the procedures of managers in handling conflict.

## **1.5 Significance of the study**

Analysis of data and recommendations came up may initiate further research of Conflict Management used by Ethiopian managers may expand the knowledge base. The student researcher believed also that the research would have also the following significances for parties who have direct or indirect interest on it:

- ❖ As the Management is also an art, it supports the student researcher to gain basic experiences regarding conflict management and related aspects in Ethiopian Private Insurance Managers.
- ❖ The final gaps and recommendation out of the research would help the Ethiopian Insurance companies to know what really happening by their managers and supervisors in handling conflict. This would help them to come up with structural preparation for same. Plus, those companies would take corrective measures on the problems identified in the research.
- ❖ The recommendations provided for the problems identified may be considered by insurance companies to solve the conflicts in the organization and prepare conflict handling Manuals for them and train them as improper handling of conflict costs them too much. All selected insurance companies have been requested the researcher to submit the final paper to them.
- ❖ This research can serve as potential reference for those individuals and companies and senior researchers in Ethiopia who want to conduct further studies on the same or related areas.

## CHAPTER TWO

### Literature Review

#### 2.1 Related Literature-Theory

##### Conflict- Definition

There are multiple definitions of conflict, including perceived differences in interests, views, or goals Deutsch(1973 cited by Christie 2001); opposing preferences (Carnevale& Pruitt, 1992); as the “process that begins when one party perceives that another party has negatively affected something that the first party cares about (Kondalkar, 2007); “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.” Autin (cited by Kondalkar 2007)

##### 2.1.1 Conflict Management

Conflict management as Hellriegel and Slocum (1996 cited by Rahim1983) state that it is a process whereby managers design plans, and implement policies and procedures to ensure that conflict situations are resolved effectively. Conflict management broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making. Because there is a broader, stronger element of disagreement and discord within the conflict process, a considerable amount of mental and psychological energy is generated. Cum (1993: 26) describes conflict management as the implementation of knowledge and skills of management and the unions or work representatives to prevent conflict which is detrimental to human and industrial relations and has the potential to disrupt production, or to prevent the operations of the company taking place. Based on the above assertions, conflict management therefore, is a process whereby managers in organizations decide on the appropriate measures to take in order to manage conflict situations. Whether strategies used will entail suppressing conflict or stimulating it, is usually a matter managers have to decide on by themselves.

## 2.1.2 DIFFERENT VIEWS OF CONFLICT

Widely held views of conflict today indicate that conflict can be bad, good or ugly. The three main views of conflict, which have been advanced by researchers, can be used to explain the above assertion. These views are: the traditional, the human relations and the interactionist views of conflict. The bad view of conflict is advocated by the traditionalists while both the human relations and the interactionist approach to conflict advocate for the good and functional view of conflict. The ugly view is usually associated with the interactionists who believe that if conflict is not managed effectively, it may get out of hand, thus becoming ugly.

### 2.1.2.1 The Traditional View

The traditional is the oldest view of conflict. It assumes that all conflict is bad and therefore has a negative impact on an organization's effectiveness. It was considered harmful, unnecessary and considered synonymous to violence, destruction and irrational. (Kondalkar 2007: 162). Because conflict is seen as being harmful to organizations, management must strive to avoid it, or eliminate it completely.

Resolving conflict by elimination as advocated by the traditionalist approach, puts pressure on managers to initiate actions to reduce or eliminate it. Conflict is assumed to be a preventable problem. Managers are expected to create a working environment to prevent it. According to Kondalkar(2007), managers can do this by giving attention to the managerial staff to ensure that there was no misunderstanding among the employees and that the conflict was avoided. Supporters of the traditional view believe that the organization is not designed or structured correctly or adequately. Because of this, organizations would need elaborate job analysis, streamlined authorities and responsibilities. In a way this would create an orderly environmental context with little or no conflict.

A critical argument one would raise is whether it is an easy job for managers to create such an orderly environment with little or no conflict. To subscribe to the foregoing view, is to overlook the fact that in many societies conflict has become part of life such that the idea of simply eliminating or suppressing it would be a very difficult task for managers to accomplish. It is just an assumption that all conflict is bad and therefore need to be eliminated. This has prompted a number of writers and researchers to be critical of the traditional view. Bacol and associates (2002: 2) go even further to conclude that the bad view of conflict which is subscribed to by the traditionalists, is associated with a vision of organizational effectiveness that is no longer valid.





Others who have also criticized the traditional view, such as Ivancevich and Matteson (1996) have noted that while the suppression of conflict may remove the outward appearance of conflict, it does not contribute to resolving the underlying difficulties which led to it.

Irrespective of the criticism leveled against it, the traditional view still remains one of the most important views of conflict and perhaps one that still has great impact on the conflict management styles managers may use in managing conflict. One should also not forget that traditional views of conflict strongly appeal to many managers and most people due to the fact that society has always equated conflict with violence and confrontation both of which, have often resulted in bad consequences. Because of this, it would seem rather immature for one to expect managers to unconditionally embrace the new views on conflict and to forget the traditional view.

#### **2.1.2.2 The Human Relations View**

The human relations view regards conflict as natural and inevitable. Because of this, the supporters of the human relations view accepted conflict and believed it could not be eliminated entirely. Conflict was also regarded as neither inherently bad nor good and was considered to lead to either negative or positive results (Ivancevich&Metteson 1996; Robbins & Coulter 1996)

The human relations view was one of the first reactions to the views of conflict held by the supporters of the traditionalist view. The fact that this view holds the notion that conflict is unavoidable and can have both negative and positive consequences is an indication of how difficult it would be to manage conflict from this point of view. The assumption to be made is that whatever policies managers may apply, conflict will always be present. On the other hand, they should also recognize that not all conflict is bad and that conflict resolution should not aim at completely eliminating or suppressing it.

The inevitability of conflict in the work environment stems from many factors. Some of these are: the managerial structures, which may contribute to poor communication; personal differences and backgrounds such as family and levels of education; multicultural differences; work interdependence and status and role incongruence.

According to Tosi (1994), it would be very frustrating for a manager to try to prevent conflict when he/she knows that conflict is inevitable. Managers are thus advised to take action aimed at anticipating conflict, accept its inevitability and devise strategies that can keep conflict within the optimum limit.

The human relations view was not clear about whether conflict stimulation would form part of a manager's policy in managing conflict but opened up more research on the positive nature of conflict and how it could be harnessed for organizational improvement. Another view thus came into being. This was the interactionist view.

### **2.1.2.3 The Interactionist View**

This is regarded as the current theoretical perspective on conflict. According to Ivancevich and Matteson (1996), the interactionist view is the realistic view of inter-group conflict. It states that conflict is not only a positive force in organizations, but some conflict is absolutely necessary for organizations to perform effectively. It encourages conflict on the grounds that a harmonious, peaceful, tranquil and co-operative organization may be prone to becoming static, apathetic and non-responsive to the needs of change and innovation (Robbins & Coulter 1996).

The interactionist view does not subscribe to the notion that all conflict is positive and functional. It implies a wider role for managers in dealing with conflict than either the traditional or the human relations perspective. It advocates that managers must create an environment in which conflict is healthy but is not allowed to run to pathological extremes (Robbins 1990: 414).

Kondalkar(2007,p163) asserted that minimum level of conflict that keeps the group alive, self critical and creative is desirable. Ivancevich and Matteson (1996: 327) agree with Kondalkar&Robbins when they state that every organization has an optimal level that can be considered highly functional and can generate positive performance. They also indicate that too low levels of conflict can lead to poor performance. This results in low levels of organizational performance. Conflict strategies at this stage are aimed at resolving it or managing it until it comes back to optimal level. There are also situations when the conflict levels become too high. According to Ivancevich and Matteson (1996: 327), high levels of

conflict can result in dysfunctional conflict with organizational consequences such as disruption, interference with organizational activities and chaos.

The point to note here is that the discussion is not whether conflict is beneficial, or not, it is rather about whether its benefits can last. In the meantime, the interactionist view will continue to be of great importance to managers in organizations.

### **2.1.3 Nature of Conflict**

According to Roloff (1987 cited by Rahim 2002,p2), "organizational conflict occurs when members engage in activities that are incompatible with those of colleagues within their network, members of other collectivities, or unaffiliated individuals who utilize the services or products of the organization" (p. 496).A significant body of research on conflict indicates that conflict is not static and that it can be viewed as a dynamic process. Milton (1981) for instance, talks about conflict between two parties, individuals, groups or organizations as a process, which can be described and analyzed in terms of a sequence of conflict episodes.

Conflict may already be there but parties may fail to perceive it, or feel it. Perhaps this may be because people fear the very mention of conflict or, they prefer to keep peace and continue to insist that there is no conflict.

This conflict will gradually move through a number of stages until such time when individuals or groups will no longer deny its presence. Nearly all the above writers agree that the conflict process may occur in five phases. These phases are the following: the antecedent conditions, perceived conflict phase, manifest behavior, conflict resolution or suppression and the resolution aftermath. The first phase, which is referred to as the antecedent conditions, is characteristic of a situation that increases the likelihood of conflict. This is the period when the aspirations or the goals of one party are blocked causing tension, anxiety and frustration. Some of the common antecedents of conflict in organizations, as revealed in the literature study, include the following:

- Incompatible personalities or value systems;
- Role ambiguities;
- Competition for limited resources;

- Overworking of employees;
- Unreasonable or unclear policies; and,

The antecedent conditions cause or precede a conflict situation (Greenberg & Baron 1997: 380; Kreitner&Kinicki 1997: 337). According to Tosi et al (1994: 436), an antecedent condition may be an aggressive one and may end up causing a conflict situation. If a manager, for instance, insults his or her subordinate, this is likely to increase the likelihood of conflict. In other cases, antecedents of conflict can be subtle. In this a case, the affected party may not immediately see itself as being frustrated out-rightly, but continuing frustration to the same party will eventually lead to conflict. Take for instance, a case where an employee keeps on reminding his/her manager of a particular problem he/she experiences and the manager keeps on promising that he would attend to it but he does not. The employee will become increasingly frustrated and this will eventually lead to conflict. Robbins (1990: 412) asserts that the parties to conflict must perceive that there is conflict. If no one is aware of it then it is generally agreed that no conflict exists.

The second phase of the conflict process, is what is called the perceived conflict phase. It is an impersonally recognized set of conditions that are harmful to all parties like perceptions and feelings such of actual, or potential disagreement, frustration, anger, fear, or anxiety. These cause people to react to a situation. As Tosi (1994) state, perceptions are closely linked to negative feelings. Those who perceive conflict tend to develop feelings of insecurity, mistrust and of being treated unfairly and will be worrying about their ability to cope with the difficulty. The pressures felt, the uneasiness and the need to cope with the situation is a clear indication that the parties concerned now know and feel that there are disagreements which need to be resolved.

Individuals or groups will now start directing their behavior towards forming a response to the perceived conflict. This is what is referred to as manifest behavior. During this phase, people act according to their perceptions and feelings. For instance, if one feels angry and frustrated one may either withdraw from the situation or become aggressive. In some cases where the conflict is seen as counter-productive to both parties, the parties concerned may appeal to their good will or problem solving (Tosil 1994).

According to Ivancevich and Matteson (1996), the response to the conflict may be verbal, written, or even a physical attack. One must note however that any response to conflict during the manifest state does not mean that the parties concerned have now agreed to come together and resolve the conflict effectively. These are responses, of people who are aware of their differences and who try to act upon them. Eventually all parties, concerned will realize that there is a need for conflict resolution. It is then that conflict resolution as a phase sets in.

In the conflict resolution phase, individuals, parties and organizations involved in conflict try to either resolve or suppress the conflict. During this phase, managers can try several approaches to restructuring the situation in order to resolve the conflict between individuals or groups. The various approaches, which managers can use to resolve conflict, will be discussed in the following chapter.

The resolution aftermath is described as the consequences of the conflict resolution method employed, which will affect the future relations of the parties.

The nature of such relations in most cases is determined by the strategies or styles used in managing the conflict situation. As Tosi(1994p 437) state, the key question is whether the parties are drawn into more cooperation or driven further apart by the conflict. Conflict resolution can at times lead to good feelings and harmony as in the case when a new policy or procedure is developed that clarifies the relationship between parties and minimizes future conflicts. In cases where conflict resolution results in poorer working relationships, hard feelings and resentment persist and these can trigger another conflict episode.

#### **2.1.4 Causes of Conflict**

If you reflect on the definition of conflict, it seems to indicate several logical groupings of causes. Recent attention has however, focused on the possibility that in many cases costly organizational conflicts stem as much, or perhaps more, from interpersonal factors. Conflict in the work setting often stems from relations between individuals and from personal characteristics as well as from underlying structural organization based-factors.

According to Luthan (1998 p 299), conflict can occur at the individual, interpersonal, group or organizational levels.

Many researchers place a lot of emphasis on the interpersonal and inter-group causes of conflict. The intra-individual conflict becomes a concern for management once it interferes with organizational goals, or when it affects the individual employee rendering him ineffective. In addition, such conflict will take place in the setting of interpersonal and inter-group relationships such that identifying the causes of interpersonal and inter-group conflict can enable one to understand the causes of intra-individual conflict in organizations.

Tosi et al (1994) classifies the causes of organizational conflict under three groups. They are the individual characteristics, situational forces and organizational structures.

In the following section, the three causes of conflict are discussed.

#### **2.1.4.1 Individual Characteristics**

Every individual is unique due to differences in family background, education and value systems. These factors are greatly responsible for shaping our values, attitudes and beliefs. Individual differences are usually a source of conflict whenever people interact with each other. Different values and beliefs can create tension between individuals and groups in organizations. For instance, the most common disagreements between workers and management are usually caused by differences in values, attitudes and beliefs. Tosi et al (1994) state that, differences in values, attitudes and beliefs contribute to feelings about what is right and what is wrong and to the predisposition to behave positively or negatively in reaction to an event.

When people interact, the potential for conflict is high due to differences in people's needs and personalities. People with high achievement needs may be less willing to co-operate with others. Also, there are examples in organizations where workers co-operate, or join a group to oppose management because they share similar needs. For example, junior underwriters or officers can decide to go on a strike because management has failed to attend to their interests as junior members of staff.

According to Gerber (1998), each person's perception of the world and of his or her environment differs from that of other people. A person acts in accordance with this perception. The way a person perceives others usually determines his/her relationship with them. When one feels threatened, one may become aggressive, or resort to confrontation, thus increasing

the potential for conflict. Tosi et al (1994: 442) state that due to perceptual differences and error in judgment, one party may blame another for a problem, and attribute the cause of the problem to the other person's motives. This is what is referred to as false attribution.

#### **2.1.4.2 Situational Forces**

According to Tosi et al (1994: 443), situational conditions encourage conflict when they define and affect how people interact with each other. Situational conditions include the following:

- Interdependence and need to interact;
- Need for consensus;
- Status differences and role incompatibility and
- Communication.

According to Ivancevich and Matterson (1996: 328), work interdependence occurs when two or more organizational groups depend on one another to complete a task. When people are physically separate and do not interact, conflict is less likely to develop. As the association between parties or groups increase, so does the possibility of conflict (Tosi et al 1994: 443).

There are times when consensus will be needed for decisions to be made. Decisions affecting an organization as a whole will always need support from all departments. Usually conflict occurs over quality, size, color, or location when pressure for consensus exists. Many organizations have experienced conflict due to the failure of managers in involving employees in decision-making.

When people act in ways incongruent with their status, conflict can occur. The different status standards in organizations result in status hierarchies. Ivancevich and Metteson(1996) assert that status conflict is often created by work patterns - which group initiates the work and which group responds.

They give an example of a production department, which may perceive change as an affront to its status because it implies accepting a salesperson's initiation of work.

Role incompatibility is closely related to status incongruence. For instance, when people feel that they deserve a promotion to reflect their record of accomplishments, they suffer from both role dissatisfaction and perceived status incongruence. When the responsibilities and the work

jurisdictions of all workers are not specified so that no one can know what to expect from each other, conflict can occur (Robbins 1990)

Role conflict can be divided into three types. One type involves the person and the role, which tries to explain the person's input in the role to be played. The second one is intra-role conflict, which is created by contradictory expectations about how a given role should be played. In the case of intra-role conflict, the manager has to ensure that there are correct channels of communication and that the communication is clear to everybody concerned. Lastly, the inter-role conflict results from different requirements of two or more roles that must be played at the same time. This usually puts more pressure on the employee and may result in poor performance on the part of the employee. With pressure from the management for the employee to produce good results, the employee may end up being frustrated and a precedent for conflict may be created.

Failure to communicate effectively always leads to information deficiency. According to Luthan (1996: 307), information deficiency is a major source of conflict in organizations. When people fail to communicate effectively, it means that communication is not complete, because it does not result in understanding. Misinterpreted messages can lead to disagreements and increase the possibility of conflicts. Areas of concern regarding communication are reflected in factors such as semantic differences, cultural values, family background, past experiences and channels of communication. At times communication may also be ineffective because one party lacks enough information on a subject.

#### **2.1.4.3 Organizational structures**

Factors, which relate to organizational structures and which may lead to conflict, include the following: specialization, differentiation, task interdependence, different goals and policies, procedures and rules.

Specialization will occur when departments specialize in certain tasks. When specialist departments do not co-ordinate their efforts effectively and there is a lack of consensus, the potential for conflict increases.

With differentiation, departmental units like the Production, Sales or Research Departments, may each have its own responsibilities and concerns. These results in different perspectives



towards structure, interpersonal relations, time management and pursued goals. The research unit, for instance, could be less formally structured while the production department could be more routine structured. (Tosi et al 1994: 445). Robbins (1990: 419) observes that, if units in organizations are highly differentiated, the tasks each does, and the sub environment each deals with, will tend to be dissimilar. This, he goes on to say, will lead to significant internal differences among units.

The distinctions between line and staff departments are closely related to differentiation. Line and staff conflict results from situations in which staff personnel do not formally possess authority over line personnel (Luthan 1998: 317). The differences in authority and power tend to increase the possibility of conflict in line and staff structures. Line functionaries for instance, have line authority over their subordinates in the different departments. They do not however have authority over other employees holding staff functions. In most cases conflict will arise, as most line managers do not feel comfortable from, or listening to the opinions of the staff functionaries.

Task interdependence occurs when two or more organizational groups or units must depend on one another in order to complete their tasks. Three distinct types of task interdependence can be identified. These are: pooled, sequential and reciprocal task interdependence (Ivancevich & Matteson 1996: 328; Tosi et al 1994: 445).

In pooled interdependence, no interaction is required between groups because each group in effect performs separately. In such a case, the probability for conflict is minimal since there is less dependence on one another to complete a task. In sequential interdependence, the output of one person, or unit, becomes the input to another, so that conflict can arise where people interface (Tosi et al 1994: 445). Ivancevich and Matteson (1996: 329) concur with the above observation but they go on to add that, where there is sequential interdependence, tasks are performed in a sequential fashion. They give an example of a manufacturing industry where a product must be assembled before it is painted. This, for instance, means, if there is a delay in the assembling department that same delay will also affect the finishing department where the vehicle is to be painted.

Lastly, in reciprocal interdependence, the potential for conflict is even greater because the output of each group, or unit serves as the input to the other groups in the organization.

There are certain conditions that foster inter-group conflict because of differences in goals. The most common ones are: limited resources and the reward structures. When resources are limited and must be allocated, mutual dependence will increase and the differences in group goals will become more apparent. According to Robbins (1990: 421), the potential for conflict is enhanced when two, or more groups or units depend on a common pool of scarce resources such as physical space, equipment, operating funds, capital budget allocation, or centralized staff services such as the typing pool.

Conflict associated with reward structures, is more prevalent in organizations where rewards are related to individual group differences. In this case, rewards are seen as independent variables although performance in a group is in reality interdependent (Ivancevich & Matteson 1996: 329). The possibility for conflict is increased in this case because individuals in the units fiercely compete for the different rewards. Lack of equity in the reward structures is another area of concern for most employees. Every employee is usually on the look out to see whether each one of them is equally rewarded or remunerated. If an organizational structure is seen as suffering from inequity, differences are likely to occur. Anxiety, tensions, and emotions may be stirred, thus increasing the likelihood of conflict.

Although policies, procedures and rules are meant to clarify responsibilities and to smoothen the interaction among people, sometimes when rigidly emphasized and over used, can lead to frustration and then increase the possibility of conflict. Tosi et al (1994: 446) agree with the above assertion when they state that, rules and procedures do not necessarily guarantee an absence of conflict. Over-regulation can cause people to feel frustrated or even insulted and this may increase the potential of conflict. The explanation to be made from the above assertion is that in organizations where policies and rules are overemphasized, people tend to feel that they are not allowed a large degree of independence, and therefore they cannot be as creative as they would want to be. In a way it is as if their aspirations are frustrated. This kind of environment is usually conducive to conflict.



Fig 2.1 The various sources of organizational conflicts

Source: Adapted from ObasanKehinde , An Australian Journal of Business

### 2.1.5 EFFECTS OF CONFLICT ON ORGANISATIONS

Depending on why it occurs and how it develops, conflict can yield beneficial as well as harmful effects to organizations (Greenberg & Baron 1997: 384). Most writers on conflict agree on this. They see conflict as being functional on one hand and dysfunctional on the other. When conflict is dysfunctional, it will have negative consequences, and when functional, it is useful and must be encouraged (Greenberg & Baron 1997: 384; Ivancevich & Matteson 1996: 325; Robbins & Coulter 1996: 631).

Although the purpose of this research is not to examine the effects of conflict in detail, there is a need to point out that a manager's conflict management style will always be determined by the way he sees the resulting consequences of conflict. Conflict resolution does not only involve the persons concerned, the importance of the issue, and the emotional state of those affected but also the desired outcomes from such conflict. By understanding that conflict may be either functional or dysfunctional, managers are able to decide on the best management style or strategy to use when managing conflict. The assumption made here is that if a

manager believes that all conflict will result in negative consequences, then his/her strategy will be to eliminate conflict at all costs. On the other hand, if one holds the belief that conflict can result in positive effects, then one would consider strategies aimed at maintaining that conflict, or even consider the prospect of increasing it.

## **2.1.6 MANAGING CONFLICT THROUGH RESOLUTION AND STIMULATION**

The conflict management styles used by managers are most likely to depend on their views of conflict, the nature and the degree of conflict being experienced and how well managers informed are about conflict resolution and the conflict management styles.

Two main approaches to handling conflict will be identified. These are the conflict resolution and the stimulating technique. The five conflict management styles identified in here under are used to resolve conflict while the stimulating technique is used in cases where conflict is seen as beneficial and therefore needs to be encouraged or introduced in a working situation.

### **2.1.6.1 MANAGING CONFLICT THROUGH RESOLUTION**

Since conflict is an inevitable and a natural occurrence in organizations, managers need to confront the problem of managing it. One way of doing this is by using approaches aimed at resolving it. Past and current research provides five common styles of resolving conflict. Each of the styles has particular strengths and weaknesses and no one option is ideal for every situation (Robbins & Coulter 1996: 635). According to Barbara (1997: 172), strategies for managing conflict will vary according to the form of reference of an organization's management. She indicates that managers subscribing to an organization with a unitary philosophy will tend to suppress conflict wherever possible. Those subscribing to a pluralist organization will tend to suppress dysfunctional conflict while encouraging functional conflict. Ivancevich and Matteson (1996: 334) point out that the effectiveness of each approach will depend on the nature and condition of the conflict.

In the following sections, the researcher will try to describe each of the above styles and will also outline their advantages and disadvantages and the conditions, or situations, where each of these styles may be successfully or unsuccessfully applied.

#### **2.1.6.1.1 Conflict Management Styles**

## Avoidance

When this style is used there is a tendency for people, or groups in conflict to withdraw from the conflict situation or remain neutral. Managers using this style are neither assertive nor cooperative. The relationship with the other party is unimportant. According to Tosi et al (1994: 447), avoidance is commonly used by people who are emotionally upset by the tensions and frustrations of conflict.

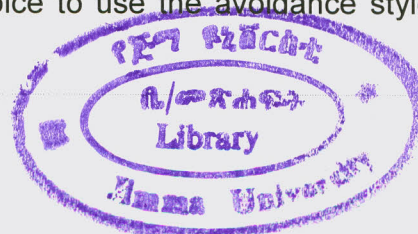
This may be because they were hurt in previous conflict situations and now they seek to withdraw from those painful memories of the past. They also indicate that avoidance is used due to the belief that conflict is evil, unnecessary or undignified and people avoid it by withdrawing, or simply leaving the scene of conflict. This style is not very effective in handling conflict. It does not tackle the problem and it creates a no win, or a lose-lose situation. Because it does not confront the root causes of conflict, its success is usually only short-term and results in conditions where unresolved conflict affects the achievement of the organizational goals.

Avoidance has one major advantage. When used, a cooling-off period is created which allows parties to (perhaps) gather more information to begin negotiations afresh or to decide there is no conflict after all (Barbara 1997: 73).

There are also other cases where avoidance may be desirable or ideal in resolving conflict. According Lussier (1997: 465) and Tosi et al (1994: 44), these are identified as follows:

- When an issue is trivial, or more important issues are pressing.
- The potential for disruption outweighs the benefits of the resolution.
- When the objective is to let people cool down and regain perspective.
- When gathering information supersedes immediate decision.
- When one perceives a chance of satisfying his own concerns.

It should be noted, however, that the decision to use avoidance is not an easy one. For instance, a manager has to make a choice between trivial and important or more pressing issues. The problem here is that what might be trivial and pressing to one person might not be to another. Ultimately, therefore, the choice to use the avoidance style will to a large extent depend on the person who is to apply it.



## **Accommodating**

Accommodating involves minimizing or suppressing real or perceived differences while focusing on the other's views of the situation. A manager using this style has more concern for the needs of the other party than his own.

According to Schermerhorn (2000: 341), a person using this style tends to be co-operative but unassertive. He/she agrees to the wishes of others, smoothing over or overlooking differences to maintain harmony. Accommodation results in a loose-win solution but a good relationship between parties is created:

According to Hellrigel and Slocum (1996: 559) this relationship is created when people appeal for co-operation and try to reduce tension and stress by offering reassurance and support for the other person's views. The unfortunate thing about this style is that it allows concern for emotional aspects of conflict but does little to address the root causes of conflict.

According to Hellrigel and Slocum (1996: 561) accommodating or smoothing can be effective or desirable under the following situations:

- When you find that you are wrong and you need to allow a better argument to be heard; to learn, and to show your reasonableness.
- When the aim is to build social credits for later issues.
- When harmony and stability are especially important.
- To allow subordinates to develop from mistakes.
- When conflict is based on personalities of the individuals and can not be resolved.
- When its use is to minimise loss; when you are outmatched and losing

Like with avoidance, the use of the accommodating style will help to resolve conflict in the short term but eventually it will emerge again and this time perhaps with more intensity. Because it requires the managers to be less assertive, it may have the problem also of undermining their authority and employees may take it for granted that the managers will always give in to their demands. At a later stage when managers may want to assert their power in some other important issues, they could be faced with opposition and a precedent for more conflict will thus be created.

## **Competing or dominating**

The competing style involves the use of coerciveness and other forms of power to dominate other people or groups in order to pressurize them in accepting your own view of the situation. It involves being non co-operative but assertive, working against the wishes of the other party and engaging in a win-lose competition and/ or forcing through the exercise of authority (Schermerhorn 2000: 342).

According to Ivancevich and Matteson (1996: 334), dominating tends to be a power-oriented style. In order to use it successfully, one must have sufficient power and authority to force one's resolution on the other person or group. Such an individual may hold the balance of power because he/she is higher up in an organizational hierarchy and therefore has more authority than others.

He/she may have critical control over important resources such as budgets, personnel and important knowledge or be allied with powerful groups. Hellrigel and Slocum (1996: 560) state that, managers who are prone to using force may use phrases such as, "if you don't like the way things are run, get out" or, "if you can't learn to co-operate, I'm sure others can be hired who will". Managers using this style often may evoke their formal authority to threaten or actually use demotion, dismissal, and other negative evaluation and punishments in order to force their resolutions on others.

The advantage of this style is that it can lead to better organizational decisions rather than the less effective compromise, if the person using force is correct. Its main disadvantage is that, if it is over-used, and the forcer is incorrect, it can result in hostilities and resentment towards its user. This can lead to poor human relations, employee stress and negatively affect organizational productivity (Lussier 1997: 466).

The dominating style can be appropriate and desirable when a popular course of action is needed. For instance, where there is need for a decision to be made on a cost cutting budget or the dismissal of an employee for unsatisfactory performance, a manager may force his decision on any other party concerned.

In addition, the competing style may also be used when communication by others regarding proposed action is not crucial to its implementation. In other words, people will not resist doing

what you want them to do when maintaining the relationship is not critical (Hellriegel & Slocum 1996: 561; Lussier 1996:466).

### **Compromise**

Compromise involves the willingness of all parties to concede some of their own views and to focus another's views to reach agreement. When this style is used, there is no distinct winner or loser and the resolution reached is probably not ideal for either group. According to Tosi et al (1994: 449), compromise is a give and take style based on the belief that people cannot always have their own way and have to find a middle ground all can live with. Parties or groups use conciliatory processes to resolve disputes through a process of reconciling their different interests like the needs, consensus, desires and fears that underlie and shape the positions they have adopted. This is mainly done to restore harmony rather than to decide which party is right or wrong.

It is usually a useful technique when two parties have relatively equal power and mutually exclusive goals. According to Ivancevich and Matteson (1996: 331), compromise may involve third party interventions or facilitation. This intervention may need to appeal to higher managerial authority or to submit the conflict to some form of mediation or arbitration. Starting with managers at the lowest level, the compromise style can be used between supervisors and their subordinates. Where compromise fails, the conflict is always attended to another level where the same process of seeking compromise may be applied. If compromise cannot be reached between the parties concerned, then the process may involve the use of neutral parties to mediate, or arbitrate in order to reach a compromise.

Compromise has a tendency to fall back on traditional approaches where the aim is to try to arrive at some legal or moral decision on the basis of consensus. This may be successful in minor disputes where there is a broader underlying consensus. When such consensus is lacking, the legal or the moral approach is just a propaganda weapon. An alternative is therefore to move to coercive bargaining or traditional power politics, which usually results in an imposed settlement, and in the long run, in very costly coercion. The argument here is that once compromise reverts to the use of coercive bargaining and forced settlements, the idea of a broader consensus is lost. In real terms the imposed settlement will not be seen as a



satisfactory solution to either party. This will inevitably render such a solution a short-term solution to the problem.

According to Hellriegel & Slocum (1996: 562), the compromise style can be desirable and more effective if no agreement is reached or when the agreement enables each party to be better off, or at least not worse off than before, and when achieving a total win-win agreement is not possible because parties cannot agree with each other. Also compromise may be desirable when conflicting views, including opposing goals and interests, block agreement and also when time is short and the solution has to be temporary.

**Collaborating**, sometimes called problem-solving or integrating, involves working through conflict differences and solving problems so that everyone wins. It seeks to resolve conflict by placing maximum focus on both groups' concerns. According to Ivancevich and Matteson (1996: 335), successful problem solving requires that conflicting groups display a willingness to work collaboratively towards an integrative solution, which satisfies the needs of all concerned.

Problem solving can help the parties in a dispute to confront the fact that in some respects their own definition of the problem may need to be revised and they may have misunderstood the perception of the other party about the nature of the dispute. In collaborating, the two people work together to develop one display method that they both like. To do this, as Lussier (1998: 407) indicates, requires both, or simply one person to agree that the solution is the best after an explanation from the other person/ party.

There are many potential benefits that can be attributed to the use of problem solving.

When it is used, it tends to lead to the best solution of the conflict. Ivancevich and Matteson (1996: 335) point out that when conflicting parties truly collaborate, the result may be a merger of insight, experience, knowledge and perspective, which can lead to higher quality solutions than would be obtained by any other approach. In collaboration people arrive at decisions by their own free will and due to relationship, which tend to develop as individuals or parties to the conflict mutually try to discuss the problem with each other.

Problem solving can be appropriate and more effective under the following conditions (Kreitner & Kinicki 1997: 340; Lussier 1997: 468):

- If one is dealing with important issues that require an optimal solution, compromise could result in sub-optimizing and collaboration will therefore be preferable.
- When each party is strongly committed to different goals and compromise can be very costly.
- When the issues are complex and plagued by misunderstandings, people use collaboration because they see it as the only way to bring them back together. Because collaboration requires all of them to define the problem, it gives them a chance to bring out all their differences and talk about them so that misunderstandings can be resolved.
- When people are willing to place their group goals before self-interest.
- When the time is available and maintaining relationships is also important.

Although collaboration may lead to a win-win solution where everybody is expected to equally benefit, its application in practice may be difficult. The notion that successful problem-solving require people to focus on the concern of all group may not be an easy thing to achieve. According to Ivancevich and Matteson (1996: 335), the greatest obstacle to overcome, if problem solving is to succeed, is the win-lose mentality that so often characterizes conflicting groups.

#### **2.1.6.2 STIMULATING TECHNIQUES**

Managing conflict through stimulation is a technique which is advocated by the interactionist view. As already indicated, this view recognizes that conflict may be too low as well as too high. When it is too low, managers need to stimulate opposition to create functional conflict (Assael 1968: 573; Coser 1956: 8; Robbins 1990: 431). According to Kroon (1990: 396), the interactionist approach encourages conflict on the ground that a harmonious, happy, satisfied and co-operative business tends to stagnate and react statistically, apathetically and non-responsively to development and innovation needs. According to this approach, conflict is absolutely essential for effective performance.

Consequently, managers must monitor, analyse and manage the level of conflict so that they can be able to tell at what point they may need to stimulate conflict levels.

Many writers describe various approaches, which managers can use to stimulate conflict. These are the following:

- Making use of programmed conflict.
- Bringing outside individuals in to the group.
- Altering organizational structures.
- Use of communication.
- Stimulating competition.
- Changing an organizational culture.

#### **2.1.6.2.1 Making use of Programmed Conflict**

According to Ivancevich and Matteson (1996: 340), programmed conflict is conflict that is deliberately and systematically created even when no real differences appear to exist. It raises different views and opinions regardless of the manager's personal feelings. As Kreitner and Kinicki (1997: 338) state, the trick in using this technique is to get contributors to either defend or criticize ideas based on relevant facts rather than on political interests.

Van de Vliet (1985: 19) concurs with the above assertion and describes the conflict stimulating approach as, "escalative intervention," which is a purposeful and systematic operation through which an outsider seeks to increase the frustration experienced by the participants in the conflict. The objective for this is to make drastic changes in existing power relations, interaction patterns and to restore a level of playing field within the system so that different viewpoints contribute to the performance of the system.

#### **2.1.6.2.2 Altering Organizational Structure**

According to Robbins and Coulter (1996: 637), this method involves altering or creating changes in the structural variables in order to disrupt the status quo and ultimately increase conflict levels. Centralizing divisions, realigning workgroups, increasing formalization and interdependence between units are examples of this. Van der Waldt and Du Toit (1997: 248) concur with the above assertion when they state that "conflict represents energy and if it is managed and channeled correctly, it can serve as a driving force to increase productivity and render the necessary change." By trying to restructure and realigning workgroups, managers are hoping to put more pressure on employees to become more innovative and more creative. This will contribute to enhanced decision-making.

#### **2.1.6.2.3 Use of Communication**

Managers can intelligently use communication channels in order to stimulate beneficial conflict. Information can be placed carefully in formal channels to create ambiguity, re-valuation, or confrontation. This information may be in the form of a proposed budget cut or retrenchments of some employees. The aim of such proposals is to stimulate new ideas and diversity of opinions and reduce apathy among staff. Robbins (1997: 491) states that communication can stimulate conflict by drawing attention to differences of opinion, which individuals did not previously recognize. When these differences are overtly addressed, parties are forced to confront conflict.

#### **2.1.6.2.4 Stimulating Competition**

According to Ivancevich and Matteson (1996: 340), various techniques can be used to stimulate competition. Managers can use a variety of incentives such as awards and bonuses for outstanding performance. By encouraging competition, managers can indirectly contribute to greater individual performance and productivity. The incentives to reward those whose performance is outstanding, is aimed at putting pressure on others to start re-evaluating their performance with the aim to be more productive and also to have a chance of getting an incentive.

#### **2.1.6.2.5 Changing the Organization's Culture**

Managers who use this technique to stimulate conflict, must create an organizational cultural environment where every individual, be the manager himself or an employee, accepts challenges and criticism. As Robbins and Coulter (1997: 636) state, managers must convey to subordinates the message supported by action, that conflict has a legitimate place in the organization. It would be very difficult for a manager to use the stimulating techniques already identified in an organizational culture, which does not tolerate individual criticisms. In other words, conflict stimulation can only work effectively if a manager himself is open to other peoples' criticisms and different viewpoints.

### **2.2 Related Literature- Empirical study**

Morrill, (1995 cited by DrGangwani 2012) found that competitive or "fighting" conflict style maximizes individual assertiveness (i.e., concern for self) and minimizes empathy (i.e., concern for others). Groups consisting of competitive members generally enjoy seeking

domination over others, and typically see conflict as a “win or lose” predicament. Fighters tend to force others to accept their personal views by employing competitive, power tactics (e.g., argue; insult; accuse; violence) that foster feelings of intimidation Sternberg & Dobson, 1987; Jarboe&Witteman, (1996 cited by Gangwani 2012) Characterized by an active concern for both pro-social and pro-self behavior, conflict style is typically used when an individual has elevated interests in their own outcomes as well as in the outcomes of others. During conflict, cooperators collaborate with others in an effort to find an amicable solution that satisfies all parties involved in the conflict. Individuals with this type of conflict style tend to be highly assertive and highly empathetic at the same time. By seeing conflict as a creative opportunity, collaborators willingly invest time and resources into finding a “win-win” solution. According to the literature on conflict resolution, a cooperative conflict resolution style is recommended above all others. Van de Vliert&Euwema, (1994) found that conciliation or “compromising” conflict style is typical of individuals who possess an intermediate-level of concern for both personal and others’ outcomes. Compromisers value fairness and, in doing so, anticipate mutual give-and-take interactions. By accepting some demands put forth by others, compromisers believe this agreeableness will encourage others to meet half-way, thus promoting conflict resolution Borisoff and Victor 1998 found that Conflict management is an ongoing procedure. It entails continual communication and supervision. "Conflict-handling behavior is not a static procedure; rather it is a process that requires flexibility and constant evaluation to truly be productive and effective"

Research work done by (Bayazit&Mannix, 2003 cited by Gangwani,2012) revealed that Characterized by inaction and passivity, avoidance conflict style is typically used when an individual has reduced concern for their own outcomes as well as the outcomes of others. During conflict, these avoiders adopt a “wait and see” attitude, often allowing conflict to phase out on its own without any personal involvement. Unfortunately, by neglecting to address high-conflict situations, voiders risk allowing problems to fester out of control.

Goldfien&Robbennolt, 2007 identified the dual concern model of conflict resolution:It is a conceptual perspective that assumes individuals’ preferred method of dealing with conflict is based on two underlying themes or dimensions

1. A concern for self –assertiveness.

## 2. A concern for others –empathy.

According to the model, group members balance their concern for satisfying personal needs and interests with their concern for satisfying the needs and interests of others in different ways. The intersection point between these two dimensions ultimately lead individuals towards exhibiting different styles of conflict resolution . The dual model identifies five conflict resolution styles/strategies that individuals may use depending on their dispositions toward pro-self or pro social goals.

Goldfien&Robbennolt, ( 2007). In contrast, yielding or “accommodating” conflict styles are characterized by a high concern for others while having a low concern for one’s own self. This passive pro-social approach emerges when individuals derive personal satisfaction from meeting the needs of others and have a general concern for maintaining stable, positive social relationships. When faced with conflict, individuals with a yielding conflict style tend to give into others’ demands out of respect for the social relationship (e.g., to maintain group unity) because they believe being “agreeable may be more important than winning Suppiah, WaitchallaRrv (2007).

A Research on Conflict Management Styles studied Among Public Sector Managers inMalaysia, University Putra .This study examined the competence-based approach to conflict management from the Malaysian perspective especially on the effectiveness and appropriateness of the conflict management styles as perceived by dyads of superiors-subordinates. In the process, this study set out to determine the conflict management styles used by Administrative and Diplomatic Services (ADS) officers in handling interpersonal conflicts with their subordinates. In addition, it looked at the moderating effects of individual attribute, professional profile and management styles on the effectiveness and appropriateness of the conflict management styles used as reported by the superiors and subordinates. Self-administered questionnaires were used to gather data. The sample consisted of 383 dyads of superiors-subordinates selected randomly from the 28 Ministries/Department. The findings indicated that officers used integrating, compromising and dominating styles to handle interpersonal conflicts with their subordinates. The least used style was the obliging style.

Both the superiors and subordinates rated the integrating style as the most effective, most relationally appropriate and most situational appropriate style. The obliging style was rated as the least effective and least situational appropriate style by both the superiors and subordinates while the dominating style was reported as the least relationally appropriate. The findings revealed that the subordinates were relatively satisfied with the level of supervision. However, there were no significant findings on the moderating effects of individual attribute, professional profile and management styles on the effectiveness and appropriateness of the conflict management styles used as reported by superiors and subordinates. Further research was recommended, in particular on the competence-based approach to conflict management involving a social setting within an Eastern environment.

A research work carried out by Enver and Zerir;"Conflict management styles of Turkish managers", (2009) .The aim of this study was to determine Turkish managers' conflict styles in different sectors, namely durable consumer goods, aviation, automotive and banking. A total of 130 managers' conflict management styles were assessed by applying the Rahim's 1983 Organizational Conflict Inventory-II. – First, integrating and, second, compromising are found to be the most preferred conflict styles of Turkish managers. The other important finding is that preferring obliging styles of conflict management changes according to the status of managers. Obliging is mostly used when the conflict partner has an upper level status. Additional data from cross-cultural studies are needed to form a comprehensive understanding of conflict management styles.

Research on conflict management styles has found that each of us tends to use one or two of the above five strategies more than the others. For instance, some people predominantly use collaborating when in interpersonal conflict situations. In other words, although there are five different ways to handle conflicts, such a person is more likely to collaborate than they are to force, accommodate, avoid, or compromise. There are many advantages to using a collaborating strategy to handle interpersonal conflict situations. Collaborating with the other party promotes creative problem solving, and it's a way of fostering mutual respect and rapport. However, collaborating takes time, and many conflict situations are either very urgent or too trivial to justify the time it takes to collaborate.

There are many conflict situations that should be handled with one of the other four conflict management strategies rather than collaboration. Managers who are very skilled at conflict management are able to (a) understand interpersonal conflict situations and (b) use the appropriate conflict management strategy for each situation.

**Table 2.1 Summary of Related Empirical study**

S. N O	Topic of the study	Aim of the study	Findings
1	An Empirical study on Conflict Management Styles of Managers  By Gangwani, Sanjeevni	* Assessing the conflict handling styles of managers	* competitive or “fighting” conflict style maximizes individual assertiveness (i.e., concern for self) and minimizes empathy (i.e., concern for others). Groups consisting of competitive members generally enjoy seeking domination over others, and typically see conflict as a “win or lose” predicament.  * Avoidance conflict style is typically used when an individual has reduced concern for their own outcomes as well as the outcomes of others.
2	Conflict Management Styles Among Public Sector Managers in Malaysia	* This study examined the competence-based approach to conflict management from the Malaysian perspective especially on	* The findings indicated that ADS officers used integrating, compromising and dominating styles to handle interpersonal conflicts with their subordinates. The least used style was the obliging style. The 9,9 management style was the most frequently used style followed by 1,9 management style.



		the effectiveness and appropriateness of the conflict management styles as perceived by dyads of superiors-subordinates.	Both the superiors and subordinates rated the integrating style as the most effective, most relationally appropriate and most situationally appropriate style. The obliging style was rated as the least effective and least situationally appropriate style by both the superiors and subordinates while the dominating style was reported as the least relationally appropriate.
3	Conflict management styles of Turkish managers  By Enver and Zerir	The aim of this study was to determine Turkish managers' conflict styles in different sectors, namely durable consumer goods, aviation, automotive and banking	* The important finding is that preferring obliging styles of conflict management changes according to the status of managers. Obliging is mostly used when the conflict partner has an upper level status.

### 2.3 Conclusion to the literature Review

In order for managers to handle conflict effectively, they need to understand the nature and causes of conflict. Most of the literature studies reviewed for this chapter have pointed out that conflict is a dynamic process. It occurs in phases or episodes and these phases are closely related and are interdependent. It is therefore the complex nature of conflict that necessitates a clear understanding of how conflict starts and how it affects the organization. As indicated in this literature review, conflict can be classified under three main types: the intra-individual, interpersonal and inter-group conflict. Organizational conflict itself is the result of all the above

plus other situational conditions that are derived from organizational structures such as staff hierarchies, reward structures and the sharing of resources.

Also outlined in this chapter, is that apart from being disruptive to organizations, conflict can also be beneficial. The main task for a manager in this case is to be able to eliminate that conflict which is harmful and put to use that, which can benefit his or her organization. In the following chapter, the writer identifies the different views of conflict and the main approaches to handling conflict as revealed in the literature study.

It is clearly evident from the literature review in this chapter that the views of conflict have a major impact in determining the conflict management styles used by managers in handling conflicts in organizations. In this chapter a variety of literature sources have been used to identify and discuss the views of conflict.

The traditionalist view, which is one of three views in the literature study, assumes that all conflict is dysfunctional and therefore needs to be eliminated. In discussing the various assumptions of this view, the researcher has tried to indicate the main reasons why this view developed and why even today it still appeals to many managers. Criticisms of this view by various writers and researchers have also been identified and discussed.

The human relations view was one of the first views on conflict to question the assumption that all conflict is bad. In this chapter the researcher has used a number of literature studies to identify and describe the assumptions advocated by the supporters of the human relations view. The interactionist view also assumed that not all conflict is bad and therefore does not need complete elimination. Because of this, it advocates for the management of conflict through stimulation strategies in order to identify the level of low conflict and to be able to increase it to optimum levels. By increasing conflict managers would be able to reduce apathy and complacency among employees, and to encourage a diversity of views and opinions. In the last part of this chapter the conflict management styles, which can be used in resolving conflict, have been identified and discussed. The five resolution styles discussed, using various sources of literature studies, included the following: the avoidance, accommodating, collaborating, compromise and dominating style. Various conflict-stimulating techniques have also been identified and discussed.

## **CHAPTER THREE**

### **Research Methods**

This is to describe the methods and techniques the student researcher assumed in trying to resolve the problem being raised above. This includes recognizing the problem conducting a literature study and the collection and analysis of data.

#### **3.1 RESEARCH DESIGN**

In order to investigate research questions, this research employed the descriptive survey and its purpose is to collect detailed and factual information that describes an existing phenomenon. Following the subjective evaluation, a more qualitative process would be implemented in which the target population of the study would be all private Ethiopian Insurance companies.

#### **3.2 THE SAMPLE**

The research sample focused on five private insurance selected by the student researcher from Fourteen Insurance as of end of 2012, excluding insurers under formation at the time of proposal

There were fourteen Insurance companies in Ethiopia at the end of 2012. The Selected five Insurance companies used for the research were as follows:

- Awash Insurance Company S.C.
- Nyala Insurance Company S.C.
- Nile Insurance Company S.C.
- United Insurance S.C.
- Nib Insurance S.C.

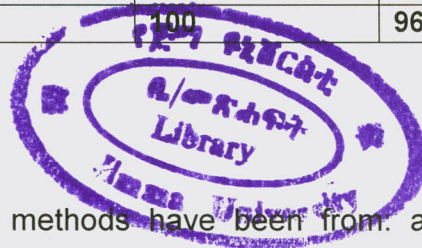
In order to make the sample representative, the researcher applied purposive sampling methods. He selected the technique since the purpose of conducting this research analysis of data and recommendations came up may initiate further research of Conflict Management

used by Ethiopian managers to expand the knowledge base. The researcher also believed that this survey could be accomplished effectively only if the researcher purposefully selected his study on the selected Insurance companies. The main reason was the rest unselected insurance companies couldn't respond offers of the researcher.

The technique would be used to find concerned Line managers from the selected Ethiopian Private Insurance companies by selecting 100 Managers (including male & female) out of 316 total managers listed below. The researcher used this amount of sample since the response rate assumed is higher due to willingness of top management of these selected companies although geographical location and limitation of transport and cooperation from target the managers' side and their employer were difficult.

Table 3.1 Population & Sample distribution Table

S.No	Company Name	Population	Sample	Actual Respondent
1	<i>Awash Insurance Company</i>	37	20	20
2	<i>UNITED Insurance</i>	39	21	21
3	<i>NIB Insurance</i>	29	14	9
4	<i>Nile Insurance Company</i>	32	29	29
5	<i>Nyala Insurance</i>	33	17	17
6	<i>Other 9 Insurance companies</i>	146	-	-
	<b>Total population</b>	<b>316</b>	<b>100</b>	<b>96</b>



### 3.3 DATA COLLECTING METHODS

The student Researcher's data collecting methods have been from a questionnaire and personal interviews.

#### The Questionnaire

The questionnaire developed directly came from the related literature. It included questions, which is developed by student researcher by adopting from Literature study.

The questionnaire includes two parts. The First part involves questions about Profiles of respondents, perception of conflict a respondent has, cause of conflict, interpersonal conflict);

and second part of the Questionnaire includes the 28-item Rahim Organizational Conflict Inventory-II (ROCI-II) Form C (Rahim, 1983), that measured five styles of negotiation and conflict management styles: integrating (IN), dominating (DO), compromising (CO), avoiding (AV), and obliging (OB). These measurements have been used widely conflict resolution studies.,

## **Interviews**

The purpose of the interview was to provide the student researcher know the existing conditions of conflict handling procedures in the selected Ethiopian private insurance companies. In addition, the researcher wanted to investigate more into how they perceive the appropriateness of the methods they use to resolve conflict. The researcher used unstructured interviews although he planned to do structured ones.

The interviews had been structured as a semi-standardized interview. Berg (2009, p.107) explains that by using semi-standardized structure it will be possible for the interviewed to more freely develop and elaborate their answers and explanations further. Moreover Berg (2009, p.105) argues that a semi-standardized structure allows the interviewer to change the order of the questions and the wording. The interviewer also holds the flexibility to make clarifications and add information during the interview. Additionally qualitative one-on-one interviews adds more opportunities for reflection according to Silverman (2010, p.8-11), he also argues that one should have in mind during the interview that how you ask a question is more important than how many questions you ask. Qualitative research through interviews will provide insight in various industries and different perspectives on conflict management and the possible outcomes of conflicts. Furthermore it will offer both a reflective analysis and rigorous data.

The interviews were conducted in order to gain appreciative of the respondents and their justification of the methods they use to manage conflict. It would be the means by which we come to know conflict management styles Ethiopian private Insurance managers could use when managing conflict situations in their work places.

## CHAPTER FOUR

### 5.1 ANALYSIS OF THE OVERALL RESPONSE TO THE QUESTIONNAIRE

Three companies, namely Awash Insurance Company, Nyala Insurance Company and Nile Insurance Company cooperated with researcher and approved by their respective presidents to complete the questionnaires by their own logistics.

One hundred questionnaires were distributed to these organizations and 96 questionnaires were successfully received back with a response rate of 96%. 25 (twenty five) questionnaires collected from upcountry branch managers of selected five insurance managers via fax messages. Managers of respective upcountry managers faxed the questionnaires back to the researcher since the presidents requested all branch and department managers for cooperation.

The total response received from the total sample is summarized and presented under mentioned table below. Although all selected Insurance companies had indicated their willingness to allow the researcher to conduct personal interviews on with every person that who had completed the questionnaire, only twenty -one out of the expected people 40 were interviewed.

Descriptive statistics for all variables in this study were examined using SPSS frequencies.

**Table 5.1 Respondents biographic Data from selected Ethiopian Private Insurance Companies**

	<i>Variables</i>	<i>Frequency</i>	<i>Percentages (%)</i>
<b>Company Name</b>	Awash Insurance	20	20.6%
	UNITED Insurance	21	21.6%
	NIB Insurance	9	9.3%
	Nile Insurance	29	29.9%
	Nyala Insurance	17	17.5%
	<b>Total</b>	<b>96</b>	<b>100%</b>
<b>Respondents' sex</b>	Male	72	75%
	Female	24	25%
	<b>Total</b>	<b>96</b>	<b>100%</b>
<b>Marital Status</b>	Single	26	27.1%
	Married	65	67.7%

	Divorced	5	5.2%
	<b>Total</b>	<b>96</b>	<b>100%</b>
<b>Age Distribution</b>	28-38	56	58.3%
	39-50	25	26%
	>=51	15	15.6%
	<b>Total</b>	<b>96</b>	<b>100%</b>
<b>Education</b>	Diploma	15	15.6%
	BA/BSC Degree	66	68.8%
	MA/MBA/MSC	15	15.6%
	<b>Total</b>	<b>96</b>	<b>100%</b>
<b>Current Position</b>	Senior Management	10	10.4
	Branch	81	84.4
	Deputy branch	5	5.2
	<b>Total</b>	<b>96</b>	<b>100.0</b>
<b>Service Year on current position</b>	1-5	58	60.4
	5-10	29	30.2
	>10	9	9.4
	<b>Total</b>	<b>96</b>	<b>100.0</b>
<b>Management Qualification</b>	Yes	71	74.0
	No	25	26.0
	<b>Total</b>	<b>96</b>	<b>100.0</b>

Source: JU MBA survey 2013

According to the above table, regarding managers' participation from each selected company, 20 managers (20.6%) participated from Awash Insurance Company. Almost the same amounts of respondents 21 (21.6%) from United Insurance company participated in the survey. 9 Managers (9.3%) from NIB insurance company have participated in the research. 29 Managers (29.9%) have successfully participated from Nile Insurance company and 17 managers (17.5%) from Nyala Insurance have joined to participate on the survey.

With regards of Marital status of respondents, 26 (27.1%) are single, 65 (67.7%) are married and 5 (5.2%) respondents are divorced. By gender, 75% were male and 25% were female.

In terms of age, the highest proportion of respondents 56 managers (58.3%) fell into 28-38 year age group, 25 (26%), of them are between 39-50 years and while those above 51 years old accounted for the remaining.

From this truth we can flow the conclusion that most of the respondents are between Age 28-38. As it can be easily understandable, most of managers in Ethiopian private insurance becoming on this ages. To this end, individuals whose age is above 28 are better to solve

problems faced by the organizations systematically. With this regard, the Ethiopian private Insurance companies Management staff combination is somehow hopeful.

When asked about years served in current managerial position in insurance, 58 (60.4%), majority of respondents responded that they worked in current management position 1-5 years, whereas 29 respondents( 30.2%) responded that they had worked between 5 and 10 years in a current position. 9 (9.4%) responded that they had worked more than a decade. Furthermore, Private Insurance Managers' responses in terms of their job title varied,

10 respondents (10.4%) are senior Management level; majority of them ( n=81, 84.4) reported that they are branch managers. However 5 respondents (5.2%) claimed that they are deputy/assistant managers of the main (big) branches.

Respondents' academic rank varied from Diploma, with a small number of respondents indicating some other- Degree to Masters Level. The minority of them (n=15, 15.6%) reported that they earn a Diploma as at data collection; followed one step more & majority of 66 respondents (68.8%)by earning BA degree , MA/MBA (n=15, 15.6%)

Regarding respondents' management qualification, Majority of respondents (n=71, 74%) say that they have management qualification; however the remaining respondents (n=25, 26%) claimed that they are not qualified in management. We analyze this factor relating with management style.

#### **Research Q1: What is the perception of conflict by Mangers of Ethiopian private Insurance Companies?**

**Table 5.2 Perception of Conflict**

	<b>Conflict is Avoidable?</b>	<b>Frequency</b>	<b>Percent</b>
	Yes	40	49.4
	No	41	50.6
	<b>Total</b>	<b>81</b>	<b>100.0</b>

**Source:** JU MBA survey 2013

From the table above, 40respondents (49.4%) said that conflict could be avoidable from workplace; however, 41(50.6%) managers say that conflict is avoidable from their workplace.



**Table 5.3 Existence conflict in your workplace**

	Existence Conflict	Frequency	Percent
	Yes	81	84.37
	No	15	15.6
<b>Total</b>		<b>96</b>	<b>100.0</b>

Source: JU MBA survey 2013

From information given on the above table, 81 respondents (84.37%) of the respondents replied as they have encountered conflict with people in work place and 15(15.6%) of them replied that they did not faced conflict with people at work place. So, the researcher excluded 15 respondents from analysis since they once believed that conflict doesn't exist at their workplace.

**Table 5.4 types of conflict in your workplace**

	Types of Conflict	Frequency	Percent
	Functional conflict	76	93.8
	dysfunctional conflict	5	6.2
<b>Total</b>		<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

Out of those respondents who answered that conflict exists in their workplaces, 76 (93.8%) of the respondents replied that they encountered functional conflict. Others 5(6.2 %) of the respondents says that they encountered dysfunctional conflict among people.

**Table5.5 How many "Functional", conflicts you faced in last year?**

	How many	Frequency	Percent
<b>Valid</b>	20-50	10	13.2
	No Register	66	86.8
	<b>Total</b>	<b>76</b>	<b>100</b>

Source: JU MBA survey 2013

Out of total respondents who are only recognized that there "functional Conflict", 10respondents (13.2%) says they registered 20-50 conflicts during last fiscal year. However 66( 86.8) say they had no register for type of conflict they encounter during last year.

**Table 5.6 You agree to stimulate conflict in the workplace?**

	Create Conflict	Frequency	Percent
	Yes	4	5%
	No	77	95%
	<b>Total</b>	<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

For the question which says “Did you ever tried to create conflict among people, 4 (5%) of the respondents replied as they encouraged conflict among people. However, majority of managers relax 77(95%) of the respondents responds as they did not ever created conflict among people. This can also be regarded as one indicator of perception problem of respondents on conflict.

Respondents, in an interview schedule, in addition to the above findings clearly indicated their lack of support for this variable. This was shown in their response, where 95percent indicate that they didn’t use this approach, and only 5percent had used it often. Interview result indicated the main reason why most respondents did not support the idea of manipulating communicational channels in order to stimulate functional conflict was because they do not believe that conflict can be good. While this view may have been partly correct, (the main reason, which was revealed through the interviews), was that it was not mainly because they did not believe that conflict can be good, but rather that they could not imagine themselves manipulating communication channels. Most of them saw this as being unethical in Ethiopian culture.

***Causes of conflict in those Insurance Companies***

**Table 5.7 Categories of sources of conflict( of personal factors)**

		Frequency	Percent
	Personality	47	58
	Emotions	20	25
	Values& Ethics	5	6
	Attitude	10	12.
	<b>Total</b>	<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

Out of 81 managers, who admitted that there is conflict at their work place, 47(58%) respondents replied that personality factor is the major source of conflict at work place. 20(25) managers say that Emotions is the main source of conflicts in the workplace. 5(6%) managers marked that it's value and ethics which resulted in personal source of conflict at the work place. Attitude is the main source of conflict by 10 managers ( 12%).

**Table 5.8 categories of sources of conflict (of *Structural factors*)**

Sources of conflict-	Frequency	Percent
Competition of	15	18.5
Misunderstanding	35	43.2
Authority issues	19	23.4
Personality Clashes	11	11.9
<b>Total</b>	<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

Out of total respondents, 15(18.5%) respondents replied that competition of resource is the major source of structural conflict at work place. 43%(n=35) managers say that Misunderstanding is the main source of structural conflicts in the workplace. 19(23.4%) managers marked that it's authority issues which resulted in structural source of conflict at the work place. Eleven managers (14.9%) replied that personality clashes their main source of structural conflict.

**Table 5.9 categories of sources of conflict (of *Communication factors*)**

Sources of conflict-	Frequency	Percent(%)
Distorted Messages	25	30.9
Information Delivery	30	37
Luck of communication	26	32.1
<b>Total</b>	<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

From the total managers filled the questionnaires, 25(30.9%) respondents replied that distorted messages are their main source of conflict resulted from communication factors at work place. 37 %(n=30) managers say that information delivery is through which conflicts arise as a result of communication factors in the workplace. 26(32.1%) managers marked that it's Luck of communication which resulted in communication factors source of conflict at the work place.

According to interview made with branch managers and department managers, most managers said that they recognize this fact in terms of forms of conflict.

**Table 5.10 Training on conflict by your employer**

	Have you trained	Frequency	Percent
	Yes	8	9.9
	No	73	88.1
<b>Total</b>		<b>81</b>	<b>100.0</b>

Source: JU MBA survey 2013

The majority of managers 88.1 % ( n=73) said that they never trained on the subject of conflict by their employer. Eight respondents (9.9%) said that they have been trained by their employer on conflict issues.

### **Conflict Management Styles**

The instrument used in this study is the Rahim's Organizational Conflict Inventory (ROCI) (Rahim, 1983). The instrument is a 28-item survey instrument that measures five conflict resolution styles as follow: avoiding (six items), dominating (five items), integrating (seven items), obliging (six items), and compromising (four items). The items were modified to measure employees' perception of their immediate managers' styles of handling disagreements with them.

The ROCI-II Form C examined the conflict management style preferences of selected Ethiopian private Insurance managers. The styles assessed by this questionnaire include the five conflict management styles of Integrating, Obliging, Dominating, Avoiding, and Compromising.

#### **Dominant conflict handling style among selected private Ethiopian insurance Managers**

The conflict handling style among Ethiopian private Insurance Managers is compromising. Collected data reveal that compromising is the most frequently used approach to conflict resolution among respondents, with 38% of them reporting it as their dominant conflict handling style.

Many Ethiopian private Insurance Managers use accommodating as a principal conflict resolution strategy (22% of them), that the small portion of them predominantly uses collaborating (7%) or avoiding conflict handling style (7%), and that the smallest portion uses competing as a predominant conflict resolution strategy (5%). More to it, 16% of respondents principally use two conflict handling styles (have “mixed” conflict handling style), and 5% of them use evenly three or more conflict handling styles (have “situational” conflict handling style).

As table below reveals, compromising is the most frequently used conflict resolution strategy in absolutely all respondents’ subgroups. Precisely, the percentage of respondents in each subgroup with compromising as a predominant conflict handling style spreads from 30.0 to 66.7 percent. Additionally, table exhibits that the second most used conflict handling style among Ethiopian private Insurance managers is accommodating, except for older employees and those with graduate degree, which secondarily use collaborating as a way of conflict resolution, and for four subgroups which, after compromising, showed the greatest inclination toward the mixed conflict handling style.

**Table 5.11 Dominant conflict handling style of respondents’ subgroups**

Individual characteristic	Subgroups	Dominant conflict handling style		Second most frequently used conflict handling style	
		Type	% of respondents	Type	% of respondents
Gender	male	Compromising	30.2	Accommodating	23.3
	female	Compromising	42.5	Accommodating	20.5
Age	28-38 yrs old	Compromising	32.3	Accommodating	25.8
	39-50 years old	Compromising	44.0	Accommodating	24.0
	Above 50 years old	Compromising	35.3	Mixed	26.5

	more than 50 years old	Compromising	42.3	Collaborating	19.2
<b>Education</b>	Diploma	Compromising	36.8	Mixed	28.9
	First Degree	Compromising	40.0	Accommodating	24.0
	First Degree with Certification	Compromising	39.1	Accommodating	23.9
	MBA/MSc	Compromising	33.3	Collaborating	33.3
<b>Marital status</b>	married	Compromising	43.5	Accommodating	21.0
	single	Compromising	31.7	Accommodating	24.4
<b>Parenthood</b>	children	Compromising	34.0	Accommodating	25.5
	no children	Compromising	40.6	Accommodating	18.8

## Role of managers & their management styles to handle conflict

Even though the interviews were planned to be conducted with all people who were to complete the questionnaire, the planned number by the student researcher on of interviewees was with all who filled questionnaires in Addis Ababa. However, twenty managers decided not to attend the interview my interview due to their busy time although they returned the questionnaire, leaving the total number of interviewees at twenty-five..

The respondents were assured that, although the information gathered through these interviews may be made public, their identity would never be disclosed. The student researcher also stressed that the purpose of the research was purely for academic purposes. That's why I left to mention specifically who is from which branch or departments.

Two modifications have made on the side of an interview. First, the student researcher had planned a structured interview and requested the interviewees to record voice so that it could be possible to write accurate report on the study. However, all managers have refused to accept this due to unjustified reason for the researcher. Second, the researcher couldn't get detailed discussion to the planned scheduled questions. So, he diverted to the unstructured interview which I think it is better to answer the research questions.

The other feature of the interview was that it tries to answer some questions of the research since some questions didn't include under the questionnaires. It fills the gap occurred in addition to answering the interview questions.

The researcher tried to elaborate for most interviewees what conflict mean since some of the respondents thought that conflict is just fighting at workplace and refused to conduct an interview since that doesn't concern them. They were defending for their insurance companies as if there was no conflict in their insurance company.

All interviewees have admitted that there is no Conflict handling guide in their companies and it is not incorporated in their HR manual too. When asked, if their companies doing any conflict-handling related guidelines, they say they know nothing if their office tried to structure conflict settlement manual so far. What they said, most respondents, is that they handle conflict by themselves when the conflict happened as per their views. And when this goes wrong, it managed as per the disciplinary manual of the companies.

Branch managers & department managers during an interview stressed that Managers played a key role in identifying and addressing conflictual issues at an early stage. Respondents all claimed that staffs were encouraged to discuss problems with their line manager:

Many managers reflected the above facts. Respondents, during the interview, were asked which management principles they used to manage conflict, however almost all interviewees said that there are no management principles they use except what they have chosen on the questionnaires, styles they have used. They repeatedly emphasized that there are formal procedures for dealing with individual grievances, not just conflict manual, which may resulted from destructive conflict they say, raised by an employee, and for dealing with discipline and dismissals.

Overall, just all my interviewees of Ethiopian private Insurance Managers had a formal procedure for either situation, with a slighter higher proportion having a procedure for dealing with discipline and dismissal but not having a procedure for dealing with conflict at workplace.

Finally, forms on conflict and causes of conflict raises and explained by many respondents. Forms of conflict are employees & employee (among insurance clerks & underwriters); employees & supervisor (in their terms clerks & insurance officer); clerks (officers) and managers. The other forms of conflict which is conflict arises at insurance companies among the groups. Which is created among clerks, officers and so on.

To summarize the results, the researcher highlighted a list of important conclusions based from the analysis throughout my MBA research:

- Most of the respondents of Ethiopian private Insurance managers lies between the age of 28-38. This means that most managers are on the young age which productive age group.
- Most respondents of this study are married where as small percentage amount of respondents are single & divorced.
- The managers are not particularly familiar with the Conflict resolution techniques such as stimulating techniques. Some of them preferred to skip the questions. Almost half of the respondents refused to answer what conflict resolution skills they think are important for the managers during the interview conducted by the researcher.
- According to the research analysis, there are a great trouble/dilemma on perception of conflict i.e.; significant amount of managers felt that conflict is just fighting and most of the respondents recognize conflicts as harming the organization most of the respondents have not yet tried to create conflict among individuals and most interviewees of the individuals relate absence of conflict in the organization with the organizational effectiveness.
- Majority of respondents that employee turnover exist in their Insurance company head offices & branches due to conflict and lack of attention by their respective management.
- Most respondents think that conflict could be avoidable at their workplace.
- Most respondents confirmed that Personality is the main of sources of conflict of personal factors; Misunderstanding is the categories of sources of conflict of Structural factors; Information delivery is categories of sources of conflict of Communication factors.
- Most respondents have no register or they didn't remember how much conflict created at their insurance companies.
- All managers of Ethiopian private insurance companies have no conflict management guide and it is not incorporated in their HR manual.



- Most Ethiopian insurance managers didn't take any training with regards of conflict management.
- Increased rate of Turnover and job dissatisfaction are the two clearly and frequently observed dysfunctional conflict outcomes in the organization.
- The main factors which determine managers' conflict handling style are the following: the nature of conflict, the intensity of conflict, the importance and urgency of the problem and people perceptions, based on individual factors, such as personality, family background and values.
- The findings about whether conflict is bad or good were not conclusive. According to the researcher's opinion many managers are not yet ready to accept the notion that some conflict would be good and functional.
- About whether conflict must be encouraged to develop, or be stimulated, most of managers, who had been interviewed in Addis Ababa, did not like the idea.
- The research results showed that the most common sources of conflict are Interpersonal.

## Chapter Five

### Conclusion & Recommendation

#### 5.1 Conclusions

- ❖ There is a great trouble/dilemma on perception of conflict i.e.; significant amount of managers felt that conflict is just fighting and most of the respondents recognize conflicts as harming the organization.
- ❖ Personality factor is the major source of conflict at work place among Ethiopian Private Insurance companies. And compromising is the most frequently used conflict resolution strategy in absolutely all Ethiopian private insurance companies.
- ❖ All managers of Ethiopian private insurance companies have no conflict management guide and it is not incorporated in their HR manual and they have no any formal procedures to handle conflict in Ethiopian private insurance companies.

#### 5.2 Recommendations

- It would be better if Training designed to provide the critical skills and the knowledge needed to avoid and prevent conflict wherever it might occur
- The researcher's view is that if those insurance companies were to develop proper and systematic policies on how Integrating(Collaborating) could be used, this would go a long way in making this conflict management approach even more useful and more effective to their underwriting & claim management. This would imply designing conflict-training programs aimed at making Ethiopian private insurance managers understand that conflict is unavoidable, and that managers must learn to live with it.
- It would be better if Ethiopian private insurance companies start building new cultures where a certain level of conflict is encouraged (stimulating technique). For instance, Managers should get training to let employees must be encouraged to explicitly express their opinions without hindrance and group discussions should be encouraged.

### 5.3 Limitation of the research

Like every research study, this study was exposed to limitations. The following are some of limitation of my Research:

1. The population of the study included private Ethiopian insurance companies. No Manager from Ethiopian Insurance Corporation were included. The investigator believes that the results might have yielded different findings if Insurance managers from EIC were included to the study.
2. The second part of the research instrument, an interview didn't include managers working outside Addis Ababa since it was difficult to conduct on upcountry branches due limitation of own budget and time.

The researcher believed if upcountry managers included from other geographical cities & branches, in addition to the questionnaires they filled, could have impacted the results of the study, as those excluded might have different views, personalities and conflict management style preferences due to different cultural norms. Therefore, results might have yielded different findings if different survey instruments had been used.

3. Previous Ethiopian empirical investigation couldn't be found. This may be unavailability of the researches on conflict management. It would be better if there were local researches on the subject.
4. Another area of worry was the size of the sample. Middle supervisors, customer service supervisors and other line employees from every branches & head office were not included in the survey since it was difficult for the student researcher to come up with conclusive comparative conclusions among departments.
5. In the interview there is likely to be a degree of personal influence of the student researcher (interviewer) on the nature of responses especially when one is required to illustrate, or explain some points to the interviewee, especially while on the definition of conflict itself.
6. The last limitation, but not the least, the ROCII attempts to measure subjects 'perceptions of their own behavior. The results could be biased or somewhat inaccurate. However, the design of the ROCII had been proven for reliability and validity.

#### **6.4 Recommendation for further Research**

The student researcher acknowledged the limitations of the research. To that end, the findings of the current study lead to several recommendations for future practice. At best, this study was a snapshot examination identified the conflict management styles, their perceptions currently used by managers in selected private insurance companies of Ethiopia.. A recommendation for future research should include seeking new sample populations from others like Ethiopian Insurance Corporation and other sectors to compare results. Other post graduate Researchers should also consider examining other administrative

Leaders across the levels of all financial institutions like CEOs, vice presidents, and so on.

APPENDIX

*An interview schedule*

QUESTIONS

1. *How you handle conflict in your company?-----*  
-----  
-----
  
2. *Have you ever tried to structure dispute settlement manual in your insurance company?-----*  
-----  
-----
  
3. *Why do you handle conflict in the way you do?-----*  
-----  
-----
  
4. *What do you perceive as the main problem in the style (method) you would not like to use?-----*  
-----  
-----
  
5. *In your own opinion, do you think conflict can be of any benefit to your organisation?-----*  
-----

## APPENDIX

### Questionnaire

*This Questionnaire prepared as a data collection method for the Study: Management of Conflict by Managers of selected Ethiopian Private Insurance Companies*

*The questionnaire includes two parts. The first comprises your Profile, attitudes you have and cause of conflict. The second part measured five styles of negotiation and conflict management styles you may have at work place.*

*I would appreciate if you could please complete the accompanying questionnaire, which will give the necessary information about the way you handle conflict in your work place with your co-worker.*

*The information obtained from you, will be used solely for academic purposes & will be treated with strict confidentiality.*

*Thank You*

*Elias Adam*

*( MBA Researcher at Jimma University)*

APPENDIX

Questionnaire

Dear Respondent.....

Don't Write your Name

PART ONE

*Respondent's Profile, Perception and causes of conflict*

1. Sex            Male       Female

2. Marital Status Single       Married       Divorce

3. Parenthood       Children       No Children

3. Age 28-38       39-50       ≥ 50

4. Educational level

Diploma       BA/BSC Degree       Degree with certification

MA/MBA/MSC       Others (Specify) -----

5. *Current position*

Senior Management Level       Branch Manager  
*(CEO, VP, Department Manager)*

Deputy Branch Manager       Others Line Manager (Specify) -----

6. *Experience on Current position*

1-5 yrs       5- 10 yrs       > 10 yrs

7. *Do you have Management Qualification?*

Yes       No

8. *Do you think conflict is avoidable from work place?*

Yes       No

9. *Do you think that conflict Exists in your insurance company?*

Yes       NO



10. If you answer for Q#7 is yes what type conflict you observe or encounter?

Functional       Dysfunctional       Both

11. If you tick "Functional" on Q#8 or "Both", How much functional conflict occurred with your subordinate or how much conflicts did you handle in 2012?

20-50       50-100 conflicts       101-200 Conflicts

I don't remember

12. If you tick "dysfunctional" on Q#8 or "Both", How much dysfunctional conflict occurred with your subordinate or how much conflicts did you handle in last year?

20-50       50-100 conflicts       101-200 Conflicts

I don't remember

13. Which one is the outcome of dysfunctional conflict in your organization?( you can tick more than one outcomes)

Employee turnover       Diversion of energy from work

Customer dissatisfaction       Resource wastage

Negative Climate in the Office

14. Do you believe that Conflict could be created in the workplace?

Yes       No

15. If your answer for Q# 9 is yes, have you ever tried to create/stimulate /the conflict?

Yes

No

16. If your answer for Q#9 is yes, what is your approach to stimulate conflict?

Use of communication

Stimulating competition among employees

Changing an organizational culture

Any other( Please specify) -----

17. Which of personal factors is cause of conflict in your workplace?

Personality

Emotions

Values & Ethics

Attitude

Others (Please specify) -----

18. Which of the structural factors is cause of conflict in your workplace at Your Insurance Company?

<input type="checkbox"/>	<i>Competition for resource</i>	<input type="checkbox"/>	<i>Personality Clashes</i>
<input type="checkbox"/>	<i>Misunderstanding</i>	<input type="checkbox"/>	<i>Unclear Job Boundary</i>
<input type="checkbox"/>	<i>Authority Issues</i>	<input type="checkbox"/>	<i>Others ( Please specify) -----</i>

19. Which of the communication factor may be cause of conflict at your workplace?

<input type="checkbox"/>	<i>Distorted Messages</i>	<input type="checkbox"/>	<i>Information delivery</i>
<input type="checkbox"/>	<i>Luck of communication skill</i>	<input type="checkbox"/>	<i>Information overload</i>
<input type="checkbox"/>	<i>Others (Please Specify) -----</i>		

20. Have you ever taken training (Couched) on Conflict –related issues while you are in your current Insurance Company?

<input type="checkbox"/>	<i>Yes</i>	<input type="checkbox"/>	<i>No</i>
--------------------------	------------	--------------------------	-----------

21. If your answer for Q#20 IS Yes, How often?

<input type="checkbox"/>	<i>Yearly</i>	<input type="checkbox"/>	<i>Once</i>
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**PART TWO**

**Rahim Organizational Conflict Inventory – II**

**Directions:**

Indicate to what extent you agree or disagree with the statement listed below by placing an “x” in the box corresponding to one of the following:

**SD** means that you strongly disagree with the statement.

**D** means that you disagree with the statement.

**U** means that you are undecided about the statement.

**A** means that you agree with the statement.

**SA** means that you strongly agree with the statement.

S No	ITEM	RATINGS				
		SD	D	U	A	SA
1	<i>I try to investigate an issue with my coworker to find a solution acceptable to us</i>					
2	<i>I generally try to satisfy the needs</i>					
3	<i>I attempt to avoid being “put on the spot” and try to keep my conflict with my coworker to myself.</i>					
4	<i>I try to integrate my ideas with those to come up with a decision jointly.</i>					
5	<i>I try to work with my coworker to find solutions to a problem which satisfy our expectations</i>					
6	<i>I usually avoid open discussion of my differences with my coworker.</i>					
7	<i>I try to find a middle course to resolve an impasse.</i>					
8	<i>I use my influence to get my ideas accepted.</i>					
9	<i>I use my authority to make a decision in my favor.</i>					
10	<i>I usually accommodate the wishes of others</i>					

11	<i>I give in to the wishes .</i>						
12	<i>I exchange accurate information to solve a problem together.</i>						
13	<i>I usually allow concessions to my coworker.</i>						
14	<i>I usually propose a middle ground for breaking deadlocks.</i>						
15	<i>I negotiate with my coworker so that a compromise can be reached.</i>						
16	<i>I try to stay away from disagreement with my coworker.</i>						
17	<i>I avoid an encounter with my coworker.</i>						
18	<i>I use my expertise to make a decision in my favor.</i>						
19	<i>I often go along with the suggestion of my coworker.</i>						
20	<i>I use "give and take" so that a compromise can be made.</i>						
21	<i>I am generally firm in pursuing my side of the issue.</i>						
22	<i>I try to bring all our concerns out in the open so that the issues can be resolved in the best way possible.</i>						
23	<i>I collaborate with my coworker to come up with decisions acceptable to us.</i>						
24	<i>I try to satisfy the expectation of my coworker.</i>						
25	<i>I sometimes use my power to win a competitive situation</i>						
26	<i>I try to keep my disagreement with my coworker to myself in order to avoid hard feelings.</i>						
27	<i>I try to avoid unpleasant exchanges with my coworker.</i>						
28	<i>I try to work with my coworker for a proper Understanding of a problem.</i>						





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