

**THE COST OF WORKPLACE CONFLICT AT COMPANY A AND COMPANY B'S  
SHARED PREMISES**

by

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**20 NOVEMBER 2014**

## **DECLARATION**

I declare that the field study hereby submitted for the qualification, Master's in Business Administration at the UFS Business School at the University of the Free State is my own independent work and that I have not previously submitted the same work, either as a whole or in part, for a qualification at/in another university /faculty.

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## ABSTRACT

Conflict does not only take an emotional toll on employees in a company but also affects companies in a financial way. The study was conducted on two companies (Company A and Company B) sharing the same business premises with the purpose of determining the effect of conflict between the two companies on their bottom line profit. The study followed a twofold approach to determine the causes and cost of conflict within each of the companies, as well as between the companies. In determining the causes of conflict and by quantifying the effects of conflict, a guideline is provided to the executives of the two companies as to what aspects need to be addressed in order to lessen the cost of conflict between the companies.

Current literature was reviewed to determine the known causes of conflict, the effects of unmanaged conflict, as well as existing conflict management strategies.

A cross-sectional quantitative research design was followed making use of a questionnaire survey and primary source documents. These results were then applied to a cost model that consists of aspects taken from the John Ford & Associates cost of conflict model (2007) and the Dana measure of financial cost of organisational conflict model (2001) to determine the cost of conflict between the two companies.

Several causes for conflict between the two companies were identified of which the sharing of resources proves to be the major cause of conflict between the two companies. The biggest cost of conflict for both companies is loss in productivity due to lowered motivation. It was also determined that Company B is affected more by internal conflict than by conflict between the two companies.

The study clearly indicates that the conflict within, and between the two companies are of such a nature that it would be detrimental to both companies if no intervention were to take place. Based on the findings and the literature, suggestions are made to the executives of the two companies on ways to intervene and to manage the existing conflict between the companies.

**Key words:** causes of conflict, cost of conflict, John Ford & Associates cost of conflict model, the Dana measure of financial cost of organisational conflict model, managing conflict.

# CHAPTER 1 INTRODUCTION

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## 1.1. BACKGROUND

Conflict within in the workplace is a reality, not only in South Africa but all over the world. Conflict is accompanied by cost to a company. The cost resulting from conflict affects the company on various fronts across the stakeholder scope and can be divided in three categories: cost to the organisation, cost to employees and cost to the client (Buss 2011: 56).

Cost to the company comes in the form of lowered productivity, absenteeism, lower turnover and damage to company reputation. Apart from direct costs there are also hidden costs affecting the company.

Companies are constantly trying to do more with less and office space is no exception. Open office plans enable companies to maximise the use of their office space. Infrastructure such as computer and phone networks, shared security on premises, backup generators, as well as other back-office support services make financial and strategic sense for companies to consolidate their operations to single premises. By doing this, the company is creating synergy via its infrastructure.

Hosting different groups in the same office space can lead to intergroup conflict where the resulting cost to the company can outweigh the financial and operational advantages created from working from single premises, especially if the existing office space does not allow for expansion, partitioning and separate utilisation of infrastructure.

Company A and Company B are subsidiaries of the same holding group and share a call centre. Company A is an incoming call centre, in other words it assists clients and providers phoning in with queries. Company B on the other hand, is an outgoing call centre where employees do debt collection on behalf of national clients. They phone clients in order to finalise arrangements and payment terms.

There are vast corporate cultural differences between the two groups. Company A is focused on service while Company B is focused on reaching call targets. Company A

employees receive remuneration by way of a fixed salary while Company B is commission driven.

There is an unhealthy level of conflict between the two groups, caused by a lack of mutual respect, difference in opinions, attitudes, values and beliefs and the sharing of resources amongst others.

## **1.2. PROBLEM STATEMENT AND RESEARCH/PROBLEM QUESTIONS**

The problem facing management from the holding company, as well as from the two subsidiaries, is twofold: (i) how to address the dilemma of two groups with different backgrounds, different working cultures and different income structures under different management with their own leadership styles and sharing an office space, which leads to conflict between the groups and the resulting demotivation of employees; and (ii), the effects for Company A and Company B should the conflict not be managed or resolved. This dilemma gives rise to the following research questions:

- What are causes of conflict between the groups?
- What is the true cost of conflict and the measurement thereof for Company A and Company B?
- What will the results be for Company A and Company B should the conflict not be managed or resolved?
- What recommendations can be made to assist management in making decisions with regard to conflict management?

## **1.3. AIMS AND OBJECTIVES (PURPOSE)**

The aim of the study is to determine the cost of conflict between Company A and Company B.

From the above aim of the study, the following objectives emerged:

- To review existing models in determining the cause and cost of conflict in the work place;
- To determine the cost of conflict for Company A and Company B; and
- To provide proposals for managing the conflict and the resulting cost of conflict to the executives of Company A and Company B.

#### **1.4. RESEARCH METHODOLOGY**

A quantitative research design was followed.

The study set out with an exploratory research approach in order to answer the research questions posed under Section 2. Cooper and Schindler (2011: 143) imply that an explorative study is useful where the area of investigation is vague and where a researcher needs to obtain information about a management dilemma. Exploratory investigation assisted in developing these concepts more clearly. The researcher also relied on secondary data analysis during the investigation process.

The time dimension of the study is cross-sectional. There was no need to collect information over a period. An *ex post facto* design was followed where the researcher was not able to influence or control the variables. The researcher only reported on the cause of conflict and on the cost of the conflict of the two companies. The cross-sectional study enabled the researcher to compare the opinions of employees of the two companies on predetermined variables (Edmonds & Kennedy 2013: 108).

In order to determine the impact on individuals within the two subsidiaries, data were collected via a communication process. A quantitative survey was conducted by making use of a survey questionnaire based on Likert scales, dichotomous scales and multiple-response scales to determine the cause of the conflict and the effect of the conflict on members of the group.

The survey was distributed to all employees of Company A and Company B sharing the call centre premises. The population for the research was call centre employees

stationed in the shared call centre including the call centre managers, the operations managers and supervisors for each of the two subsidiaries. A census approach in preference to a sampling approach was followed. Population size (i.e. the relatively small number of employees in both companies) and direct access to the respective populations were the determining factors in choosing a census approach that included the whole population sharing the call centre premises above a sampling approach where only a select number of employees would have been included.

## **1.5. DEMARCATON OF THE FIELD STUDY**

The study was conducted in the field of human resources.

## **1.6. ETHICAL CONSIDERATIONS**

Ethics in research aims to ensure that no one suffers adverse consequences because of the research (Cooper and Schindler 2011: 32).

In order to protect the rights of the participants in the surveys three guidelines set out by Cooper and Schindler (2011: 32) were followed:

- The reason and benefits of the proposed study were explained to the participants;
- The rights of the participants were explained and clarified. Privacy of participants were protected; and
- Informed consent was obtained from each participant prior to the survey by fully disclosing the survey details before requesting permission to continue with the survey.

Employees of the two subsidiaries had the right to refuse participation in the study.

In accordance with the recommendation of Maree (2007: 42), the researcher first familiarised himself with the ethics policies of the two organisations before conducting his research.

## **1.7. CONCLUSION**

In South Africa, companies are becoming more and more sensitive to the cost of inputs in order to maximise profits. The cost of conflict is a real cost that needs to be determined and managed if companies wish to optimise productivity and profits. By determining the cost of conflict for Companies A and B, and by providing them with practical recommendations to manage the related cost, the result should be an increase in the bottom-line income of the two companies.

## **1.8. LAYOUT**

The framework of analysis and exposition of data follow the layout below.

Chapter 1	General Overview of Study
Chapter 2	Literature Review
Chapter 3	Research Methodology
Chapter 4	Interpretation of Findings
Chapter 5	Recommendations and Conclusion

Table 1.1 Chapter layouts

# CHAPTER 2 LITERATURE REVIEW

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## 2.1. INTRODUCTION

“Where there are people there are problems” (Patterson 2010: 542). Conflict is a reality where human interaction is involved due to different perspectives, background, goals and experience of these individuals. Conflict can be interpersonal, intergroup related or interdepartmental within organisations, or external between two organisations. The purpose of this chapter is to conceptualise conflict by defining it and by determining what the causes of conflict are as well as what the consequences will be if conflict is not managed. Thereupon, the impact of conflict will be illustrated by reviewing models of measurement to determine the cost of conflict to organisations. The last part of the chapter looks at best practices to manage this conflict in organisations. The layout for themes discussed in this chapter are summarised in Figure 2.1.



Figure 2.1 Layout of themes for Chapter two

## 2.2. DEFINING CONFLICT

The first step is to formulate an operational definition of conflict in the workplace that is relevant to the context of this study by analysing and synthesising the existing definitions provided by researchers in this field.

In general, conflict in an organisation is seen as “disagreements, differences or incompatibility” amongst employees throughout the hierarchy levels (Rahim in Shweta & Srirang 2010: 75).

Each of the following authors concurs broadly with Rahim’s definition, but emphasises different aspects. Folger, Poole and Stutman (in Brinkert 2010: 146) define conflict as “the interaction of interdependent people who perceive incompatibility and the possibility of interference from others because of this incompatibility”. Schmidt and Kochan (in Shweta & Srirang 2010: 75) also emphasise the aspect of “interference” with another by an individual or group in the attempt to achieve a goal, whereas Robey (in Shweta & Srirang 2010: 75) refers to conflict as “manifested disagreements”.

Thomas (in Trudel & Reio 2011: 399) defines conflict as “a process in which an individual perceives that another person has negatively affected something that matters to him or her”.

De Dreu, Van Dierendonck and Dijkstra (2004) list several authors confirming that conflict manifests in situations where differences in beliefs and values that are deemed important, are perceived between oneself and other groups and individuals (cf. De Dreu, Harinck, & Van Vianen, Kelley & Thibaut, Wall & Callister, in De Dreu, Van Dierendonck & Dijkstra 2004: 8). Conflict thus becomes “a fight, a struggle or the clashing of opposed ... feelings and cognitions” (Pondy in De Dreu et al. 2004:7; Smith & Kogan in De Dreu et al. 2004: 7).

De Dreu et al. (2004: 8) further differentiate between task conflict (for e.g. the distribution of resources) and relationship conflict (such as personal values and preferences). Shweta and Srirang (2010: 75) summarised task conflict as a disagreement of task issues and acknowledged an additional dimension called process conflict where employees differ on how the process should be completed.

From the above, conflict in an organisation can be summarised as perceived incompatibility in the form of disagreements and differences in a range of areas (which include personal, value, task and process related aspects) that are regarded as important by the parties involved.

### **2.3. CAUSES OF CONFLICT**

In order to resolve conflict, the basis for the friction must first be understood (Fisher in Barclay & Wolff 2011: 124). Authors on organisational conflict analysis generally agree on the importance of understanding the causes of conflict in order to identify the correct underlying reasons for the conflict. Lile, Pantea and Bîja (2009: 4) therefore argue the importance of accurately determining which factors contribute to the induced conflict in order to overcome the negative tensions. This is further corroborated by Schermerhorn, Osborn, Uhl-Bien and Hunt (2012: 220), who state that true conflict resolution can only be achieved by eliminating the underlying reasons for dysfunction. By understanding the different forces that lead to and guide conflict behaviour, a manager can follow a more focused and specific approach when managing a conflict situation (Van Tonder, Havenga & Visagie 2008: 375).

#### **2.3.1. Previous research into the causes of conflict as a holistic view**

Various authors researched the causes of conflict (Lile et al. 2009; Shweta & Srirang 2010; Van Tonder et al. 2008; Zia & Syed 2013). The results of their research are presented as a holistic view of the causes of conflict. Once again, a number of common causes confirms the generality of the major causes of conflict. A distinction should however be made between authors such as Zia and Syed (2013) who conducted their research in a specific industry and whose results were presented as an outcome for that particular study only, and authors such as Van Tonder et al. (2008), who researched the cause of conflict in a South African context in both the private and public sector. The research and results of these studies are discussed below.

According to Lile et al. (2009: 1) there are five common reasons for conflict within organisations:

- Unclear goals and mismatched priorities and needs of individuals that lead to different opinions on what is in the best interest of an organisation and how it should be achieved;
- Scarce resources giving rise to conflict on how the limited resources should be allocated and utilised;
- Demographic differences and differences in values, attitudes and perceptions;
- Organisation structure, as far as different goals for different departments are concerned, the existence of interdepartmental dependencies, and inadequate organisational structure that prevents the organisation to serve its external environment; and
- Inadequate teamwork.

Shweta and Srirang (2010: 75) identified four potential sources of conflict in an attempt to provide an overview of the cause for interpersonal conflict:

- Individual differences;
- Interpersonal issues;
- Organisational factors; and
- External factors.

Individual differences stem from different personalities, opinions, beliefs, values, and attitudes that are reflected in the workplace. According to Shweta and Srirang (2010: 75) this tends to makes employees incompatible across all levels when considering a particular matter.

There is an expectation of mutual respect between members of an organisation. The lack of mutual respect leads to interpersonal issues and conflict (Shweta & Srirang 2010: 76). Psychological distance and perceptual interface (i.e the view about another person's intentions) are also seen as contributing factors to interpersonal conflict.

Shweta and Srirang (2010: 76 & 77) explain the impact of organisational factors on the development of conflict. Bureaucracy and departmentalisation cause negativity and hostility because employees feel that people who are not involved with the implementation of a project make the decisions. Conflict arises out of their powerlessness and confusion as employees try to assess the situation from their own points of reference. The higher the degree of departmentalisation in an organisation, the lower the cooperation and interdependences in that organisation. Perceived injustice, bullying, abuse and harassment are further organisational factors contributing to conflict.

Extra-organisational issues arise from personal, inter-organisational and non-related external elements (such as conflict at home) that are not necessarily related to tasks of an employee (Bousari in Shweta & Srirang 2010: 77).

Zia and Syed (2013: 304) conducted their research in the private schooling sector in Pakistan, which is one of the biggest schooling systems in the world. Five factors were identified as causes of conflict:

- Workload and allocation of duties;
- Ridiculing co-workers praised for good performance;
- Unequal salary increases due to performance appraisals results;
- Miscommunication; and
- Pressure to use scarce resources.

Individuals with a higher workload tend to avoid the responsibility of additional duties which leads to tension in the form of task conflict between themselves and the individuals who ultimately have to perform these duties (Zia & Syed 2013: 306).

Performers who receive special mention by the head of a campus are ridiculed by their mediocre fellow employees. Ridiculing usually starts out as teasing and jokes, which lead to arguments and to employees deliberately ignoring each other. The conflict is due to differences in values (Zia & Syed 2013: 307).

Employees who receive a higher rating in the annual performance appraisal receive a bigger increment on their salaries. These employees are accused of being the

beneficiaries of favouritism. Since the performance appraisal is based on predefined rules it can be concluded that the underlying cause of the conflict is a disagreement on the policy and its execution (Zia & Syed 2013: 308).

Zia and Syed (2013: 9) explain how large numbers of employees contribute to miscommunication and pressure on limited resources.

Miscommunication is prevalent among large groups of employees with different views and personalities within an organisation (Zia & Syed 2013: 9). There are opposing views whether communication should be seen as a cause of conflict or a vehicle for conflict resolution. Research by Weinberger et al. (in Lile et al. 2011: 6) established that twenty-two per cent of communication conflict is due to communication deficiencies such as unclear messages and inadequate communication networks. According to Thomas (in Lile et al. 2011: 7) conflict is inversely proportional to a reduction of communication: conflict therefore tends to increase when communication is lacking, but conversely, the potential for conflict increases when over communication takes place.

The effect of communication on conflict is subject to the way the communication network is structured (Lile et al. 2011: 6). McGrath (in Lile et al. 2011: 6) suggests that centralised networks where the information is communicated through a central person, are more effective than a circular network where persons are connected to other persons and reliant on them to receive the information. The size of the communication channel also has an effect on the conflict generated due to perception and value differences.

The fifth factor identified by Zia and Syed (2013: 9) as a cause of conflict is the pressure to use scarce resources. Where there are large numbers of employees in an organisation, individuals usually have to share resources, which lead to conflict where people are under pressure with limited time to perform tasks and deliver outcomes.

Van Tonder et al. (2008: 383-384) identified four primary sources of conflict as perceived by respondents from a survey in the public and private sector. The four primary sources identified were:

- Managerial practices;

- Inadequate resources;
- Change in work demands; and
- Perceived unjust rationalisation.

According to the conclusions they arrived at, managerial practices are a source of conflict when it is perceived as being abusive of power or racially discriminatory.

Inadequate resources included both material and human resources. Listed as a source of conflict was human resources that were not only measured in number but also in terms of inability of staff to perform tasks.

Change in work demands contributed to conflict via change in managerial practices and innovation. Innovation and new technology in themselves are not the cause of conflict, but their impact on the scope of work of the employees are.

Noteworthy is that both the first and the fourth source of conflict as identified by Van Tonder et al. (2008: 384) are based on the perceptions of the respondents. Perceived unjust rationalisation as in cases of staff retrenchment, rather than the actual staff layoffs, is what caused the conflict.

Considering the research done by Lile et al. (2009); Shweta and Srirang (2010); Van Tonder et al. (2008); and Zia and Syed (2013), it is clear that there is an overlapping in what they have identified as the sources of conflict. Lile et al., Zia and Syed as well as Van Tonder et al. all reported that scarce resources were a contributing factor to conflict. The research of Lile et al. and Shweta and Srirang also identified organisational structure and departmentalisation as sources of conflict.

When delving deeper into the causes of conflict presented by the four studies an underlying reason can be determined as a cause of conflict that can be traced back to the findings of the other authors. In considering the research of Zia and Syed (2013: 307) for instance, the authors stated that the reason employees ridiculed fellow employees who received special recognition from the head of the campus or organisation, originates from a difference in values. Lile et al. and Shweta and Srirang (2010: 75) also listed demographic and individual differences in the form of values as a cause of conflict.

From the above it is clear that there are similarities in the causes of conflict, but one must keep in mind that every environment will be unique. When analysing the research results it is interesting to note that the research of only Lile et al. (2009) noted inadequate teamwork as a source of conflict. According to Van Tonder et al. (2008: 343), who summarised their research for causes of conflict in the private and public sector:

...results reveal a coherent structure for the sources of conflict across the different respondent populations and organizations... Yet, at the same time, evidence of organizational distinctiveness (organization-specific variation) was also observed.

Furthering the argument that each organisation is unique in what constitutes causes of conflict within that organisation are other factors presented below that have also been identified as causes of conflict by the various authors.

### **2.3.2. Research pointing to specific areas as a cause of conflict**

#### **2.3.2.1 Poor health and wellbeing**

De Dreu et al. (2004: 10 & 11) presented a model showing that poor employee health and wellbeing can be a cause of conflict. The model also explained the inverted side of how conflict can negatively affect employee health and well-being. According to the model, poor health and wellbeing can affect an employee's motivation and commitment to his/her work. Mental stress negatively affects the ability of an employee to focus, to make proper decisions and to handle problems. According to the authors, people often lapse into a negative mood themselves when they interact with depressed people and eventually tend avoid the depressed individuals, leaving these depressed individuals without support (Coyne, Sacco in De Dreu et al. 2004: 11). This persistent stress not only leads to irritability, but also results in an individual withdrawing from his/her social surroundings. According to the model, this leads to less constructive interaction and avoidance, which in turn eventually builds up into conflict.

### 2.3.2.2 Work-family conflict

Work-family conflict presents itself in two ways: “work interference with family and family interference with work” (Kreitner & Kinicki 2010: 157) where the demands of one domain are irreconcilable with the demands from the other (Hammer, Neal, Newsom, Brockwood & Colton 2005: 800). A further classification of conflict within the work environment is work-to-family conflict, where family responsibilities affect work-related outcomes and become the cause of work conflict.

Greenhaus and Beetle (in Bergh 2011: 306) describe three areas of work-family conflict:

- Conflict due to time constraints invoked by the various roles at home and work;
- Conflicts due to strain from stress and responsibilities; and
- Conflict caused by behaviour of family members.

### 2.3.2.3 Different lifestyles in the workplaces as a source of conflict

Barclay and Wolff (2011: 122 & 124) argue that according to the Adlerian approach, colliding lifestyles can be a cause of strife and by knowing the individual lifestyles of the personnel within a company resulting conflict can be managed.

The Adlerian term “lifestyle” denotes a culmination of talents and experiences used by an individual to reach his/her goals when striving for superiority within a social context where superiority is defined as “a place of efficacy and competence for an individual”. This lifestyle determines how an individual views the world (Barclay & Wolff 2011: 125).

Barclay and Wolff (2011: 125) argue that lifestyle according to the Adlerian definition is the decisive factor in determining the personality of a person. People become more aware of their lifestyle perceptions when facing challenges such as the ones that may be experienced in the workplace.

The authors make use of a case study to explain how the differences in lifestyles lead to different goals and interpretations of situations. They point out how these

different interpretations may lead an individual to judge other persons for not acting the same in a similar situation as he or she does, and how conflict then arises out of the situation due to individual perceptions of how one should react in the particular situation. From the case study, it is clear that lifestyle affects interpersonal relationships. Understanding these lifestyles as far as individual logic and goals are concerned, will assist companies in resolving conflict amongst employees.

Adding to the argument of Barclay and Wolff, Weinert et al. (in Brinkert 2010: 147) came across the same phenomenon (although not argued from a lifestyle point of view) in a study of conflict between nurses and physicians where they listed different goals between the nurses and physicians as a cause of conflict.

#### 2.3.2.4 Levels of experience

Nicholson, Burr and Powell (in Brinkert 2010: 147) in a study on work relations between nurses and physicians determined that different levels of experience also add to conflict.

#### 2.3.2.5 Differences in social power and the striving for significance

Fisher (in Barclay & Wolff 2011: 124) listed differences in social power and values and asymmetrical access to resources as possible sources of conflict. Nelson (in Barclay & Wolff 2011: 124) added the endeavour for achieving significance and success as an additional source of conflict.

#### 2.3.2.6 Workplace incivility

In a study from a fresh vantage point, Trudel and Reio (2011: 395-423) explored the relationship between conflict management style and workplace incivility. Workplace incivility is typically low-intensity behaviour, disregarding respectful norms. It is accumulative in nature and can build up to a point where incivility escalates into openly displayed aggression (Anderson & Pearson in Trudel & Reio 2011: 397).

### 2.3.2.7 The Thomas Model

The Thomas or structural model looks at the conditions that induce the conflict (Lile et al. 2009: 3). The model is used to identify factors within the micro and macro environment of the organisation that can cause conflict. Parties operate within a regulated environment with certain constraints, which is a cause of conflict in itself. Identified factors that can cause conflict include suppliers, competitors, stakeholders in the form of shareholders and unions, and lastly, media influences. Economic, political, legislative, demographic and socio-cultural factors influence the organisation at a macro level. All of the factors mentioned add to the strain and create a collective constraint for the organisation, which in turn induce conflict.

### 2.3.3. Causes of conflict within groups

South Africa has a diverse culture and population. South Africans can be members of several social collectives simultaneously through self-categorisation (Boysen 2007: 2). Self-categorisation and mental programming correspond to the groups that individuals form a part of. Individuals (and therefore employees) are influenced by (amongst others) ethnical, religious, language, gender and regional affiliations. Social class, which is determined by factors such as income, profession, and position within a company, education and corporate or organisational culture, all add to employees' mental programming and self-categorisation of where they fit in and belong. (Hofstede, Fredman & Malanchuk in Boysen 2007: 2). Fredman (in Boysen 2007: 2) refers to this "constellation of identities" as "a person's cultural identity structure", while Cox and Finely (in Boysen 2007: 2) refer to it as "social identity structure".

Individuals classify themselves and others into social categories. These classifications have an effect on human interactions by comparing themselves with other groups. Rubin and Hewstone (in Cuhadar & Dayton, 2011: 274) state that the classification of individuals into groups alone is not the cause of intergroup conflict. Conflict arises from the need to maintain a high level of esteem (both personal and group esteem). Individuals are naturally favourable towards the group they belong to (Boysen 2007: 3-4). Brewer and Brown (in Cuhadar & Dayton, 2011: 274) support

this view, by arguing that in order for individuals to view themselves in a positive light they must have a positive view of the group they belong to. Group esteem is sometimes heightened by degrading another group (Cuhadar & Dayton, 2011: 275). Even in cases of frail group membership, members have a tendency of favouritism towards their group and a tendency to discriminate against other groups (McGuire & Padawer-Singer, and Hogg & Turner in Cuhadar & Dayton, 2011: 275).

According to Rahim, Boysen Nkomo and Beaty (in Boysen 2007: 6) tension between diverse groups is a reality in South Africa and can be a very disruptive force.

In larger companies it is easier to manage and curtail conflict among workgroups but conflict in small companies can easily “become viral” (McSorley in Lawler 2010: para. 14) as is the case with relations of employees of Company A and Company B.

#### **2.3.4. Evolution of conflict through stages**

The procedural model or Pondy model explains the sequences of a conflict situation (Lile et al. 2009: 2). In keeping with this model, conflict evolves from underlying conflict to overt conflict that is first felt and finally expressed. The chain of conflict is influenced by consequences from previous incidents. This fuels the underlying conflict. As an individual starts to focus on the underlying conflict, it evolves until it is eventually expressed. The consequences of these conflict situations are used as reference for future conflict situations.

Schermerhorn et al. (2012: 24-25) explain the stages of conflict which are very similar to the procedural model presented by Lile et al. According to the stages of the conflict model, antecedent conditions establish the base for substantive or emotional differences, which in turn lead to perceived conflict. Perceived conflict progresses to felt conflict. In order for conflict to be felt, it needs to be perceived as a discomfort that is strong enough to motivate a person to take action to change the situation. The last stage of manifested conflict is where a person acts on the antecedents of conflict by either resolving or suppressing it.

## 2.4. CONSEQUENCES IF CONFLICT IS NOT MANAGED

The main consequence of unresolved conflict is a financial one affecting an organisation's bottom line, which is in essence what this study is about.

According to Barclay and Wolff (2011: 123) conflict is costly to both the company and the individuals within the company. It leads to a decrease in productivity resulting in financial losses. CPP Inc., a personality, career, and organisational development assessment company, conducted a study on conflict in nine countries and determined that the average worker spent 2.1 hours per week dealing with conflict related issues. The time spent on conflict related issues in the human resource department is even higher. Fifty-one per cent of HR employees are reported to spend between one and five hours managing disagreements between employees (CPP 2008: 4).

Conflict not only has a financial impact on companies but also has an emotional impact on employees. This includes cost to the employee caused by frustration, anxiety and lowered confidence. Conflict is stressful to humans. Psychological and physical illnesses are often induced by stress (Buss 2011: 57). The Centre for Effective Dispute Resolution (in Buss 2011: 56) notes that 80% of disputes affect the involved business significantly.

Health issues often give rise to absenteeism (Barclay and Wolff 2011: 123). Twenty-five per cent of employees have seen conflict lead to illness and absence, with the percentage almost doubling to forty-eight per cent for non-profit sectors (CPP 2008: 5 & 6).

It is not only health issues that lead to absenteeism. Research shows that there is a high correlation between absenteeism and "needing a break from fighting with co-workers" (Buss, 2011: 56).

The Canadian Fitness and Lifestyle Research Institute (1998: 3) reported that employees are more likely to be absent from work six or more days when their stress is induced by three factors of which one was interpersonal relations.

Teamwork and team cohesion suffers as a result of unmanaged conflict. CPP (2008: 6) reported that two-thirds of employees have gone out of their way to avoid co-workers because of conflict in the workplace and a quarter of personnel stay away from social work functions to avoid further conflict.

Conflict leads to poor-quality decisions. Co-workers who perform different tasks within the organisation are usually information sources for the function under their control. In the case of conflict, there is a risk that an annoyed employee can deliberately withhold important or complete information from a decision maker (Dana 2001: 20).

Important decisions are usually made by more than one person. Where joint decisions are made, conflict can result in a power struggle. Joint decisions under conflict will be flawed at best if not seriously lacking under worst-case scenarios (Dana 2001: 21).

There is an inverse relationship between job satisfaction and frustration. Job satisfaction declines while frustration increases (Dana & Ogungbamila in Barclay & Wolff 2011: 123). Twenty-one per cent of employees report that conflict makes them feel demotivated (CPP 2008: 7). Conflict between individuals may also affect other employees leading to additional stress in the workplace.

Staff turnover is often a direct result of unmanaged conflict. Unresolved conflict is responsible for fifty per cent of employee terminations (Duxbury & Higgins in Buss 2009: 26) and twelve per cent of respondents of an international survey admitted to leaving their jobs voluntarily due to conflict (CPP 2008: 6). According to Dana 2001: 22) ninety per cent of all voluntary resignations are due to unmanaged conflict.

It is important to address workplace conflict since conflict that is not managed properly will result in dysfunction (Zia & Syed 2013: 299). Not only will the unmanaged conflict lead to dysfunction but it will also affect the frequency of future conflict as well as the level of conflict (Meyer in Trudel & Reio 2011: 399).

Bishop and Scott (in Dana 2001: 12) take the seriousness of unmanaged conflict one step further. The authors state that the seriousness of the conflict does not influence the individual's commitment level to the organisation. The employee's commitment to the organisation and its goals is only affected by the way the conflict is managed, or

its lack of management. If conflict is unresolved, an employee's commitment to the team will diminish. Commitment can decrease to the extent where an employee resigns if conflict resolution takes too long, while on the other hand, an individual's commitment to the company or organisation will increase where conflict is properly managed and resolved.

Workplace bullying occurs because of high levels of escalated conflict (Einarsen in Ayoko, Callan & Härtel 2003: 284). Bullying has emotional reactions such as stress, depression, anger and confusion (Ayoko et al. 2003: 293).

According to studies, there is a direct link between the incidences of conflict to damage and theft of company inventory and assets, and covert sabotage to working processes occur when employees are unhappy and angry with their employer (Dana in Centre for Conflict Resolution n.d.: para. 38).

Based on the above, there is an inarguable financial cost for companies due to the incidence of conflict within the organisation.

## **2.5. MEASUREMENT OF CONFLICT**

Measurability of conflict is also affected by its visibility. Buss (2009: 22) defined visibility of conflict as "how easy negative consequences can be... recognised".

Buss (2009: 28) developed a conflict visibility and measurability matrix, as presented in Figure 2.2 that illustrates the negative results of conflict in relation to its measurability. According to the matrix, it is clear that the level of visibility of the results of conflict does not necessarily correlate with its measurability. From the matrix below it is clear that the loss of motivation is an easily visible result of conflict but which is difficult to measure in terms of cost.

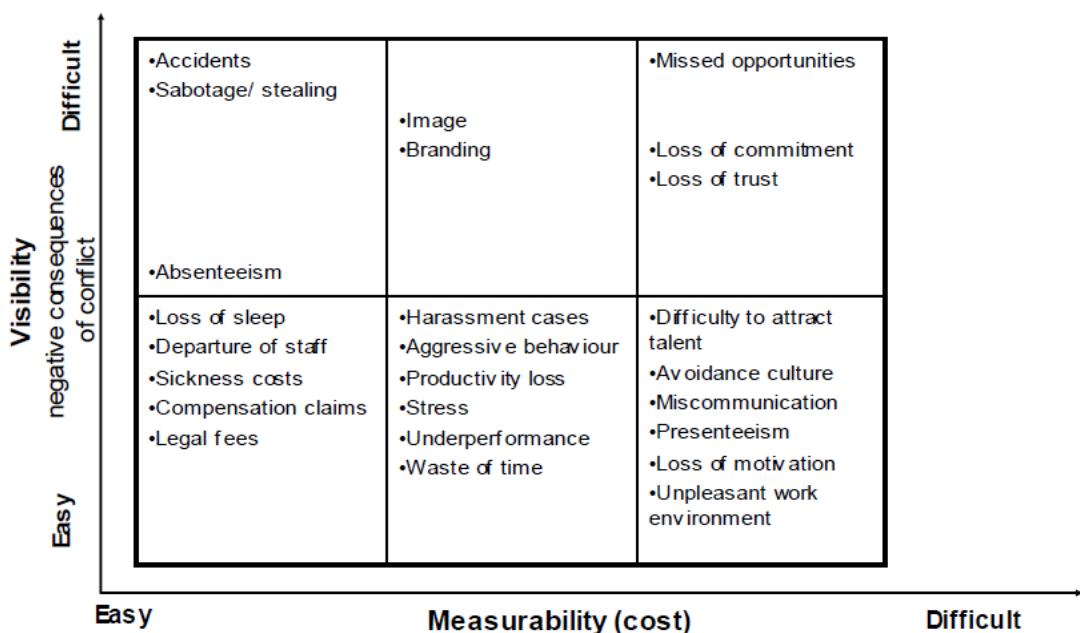


Figure 2.2 Conflict visibility and measurability matrix (Buss 2009: 29)

## 2.6. MODELS FOR MEASURING CONFLICT

### 2.6.1. Model for predicting intergroup conflict

Simulation models are particularly useful in situations where universal complexities may exclude purely analytical demonstration (Miller & Engemann 2004: 356).

Miller and Engemann made use of a computer simulation to measure and predict how conflict between groups evolves and to determine the effectiveness of management strategies. According to the model, intergroup conflict is driven by hostility between groups (Miller & Engemann 2004: 356). Future hostility is determined by hostility and incidents recorded in the past. The power distribution between the two groups, growth rates, the development indexes and measured group differences together with the hostility and incidents measured are used to simulate and measure conflict between two groups. The model does give an indication as to how conflict evolves and measures the effectiveness of management decisions through the simulation. As far as determining the cost of the conflict or the

cause of the conflict, the model does not provide any measurable benefit. Therefore, the John Ford & Associates cost of conflict model (2007) and the Dana measure of financial cost of organisational conflict model (2001) are applicable models to this study.

## **2.6.2. Models for calculating the cost of conflict**

What is prevalent in research is that a number of studies state that conflict is costly over a range of areas. These areas are described in detail but very few studies exist that actually quantify and provide a measurement model for the determining of the actual cost of the conflict (Buss 2009: 23).

### **2.6.2.1 John Ford & Associates Cost of Conflict model**

John Ford and Associates developed a cost of conflict calculation sheet that takes five categories of cost into account. The model distinguishes between direct cost such as legal fees, cost of sabotage and theft, and hidden costs such as time spent in resolving conflict, absenteeism and staff turnover (Ford & Associates 2007: 2).

#### **1. Category 1- Legal and professional fees**

This part of the calculation is straightforward. The amount spent on legal and other professional services as a result of conflict is added up for the period under review.

#### **2. Category 2- Sabotage**

Sabotage occurs where an employee deliberately inflicts damage on the company that leads to a monetary loss or loss in production (Ford & Associates 2007: 6 & 9). The replacement cost of assets destroyed, are used in the calculation.

#### **3. Category 3- Lost time**

The time spent on conflict is quantified. The time of all parties involved in the conflict multiplied by their hourly rate determines the cost of lost time. There can be up to four individuals involved in a single conflict: the two parties involved, their direct

supervisor and a representative from the human resource department (Ford & Associates 2007: 3 & 9).

#### *4. Category 4- Absenteeism and subsequent loss of productivity*

The model makes use of a formula developed by the U.S. Department of Labour to determine the cost related to absenteeism due to conflict (Ford & Associates 2007: 3,9 & 10). The absenteeism rate is calculated as follows:

$$\frac{\text{Lost working days}}{\text{Number of employees} \times \text{Number of workdays}} \times 100$$

An estimated correlating productivity percentage loss is provided for each absenteeism percentage in the model. The correlating productivity loss percentage is then used to calculate the loss of productivity due to the conflict, using the following formula:

$$\frac{\text{Total annual salary} \times \text{Duration of conflict in weeks}}{\text{Total weeks worked in a year}} \times \text{Correlating productivity loss\%}$$

#### *5. Category 5- Staff turnover*

Staff turnover is seen as a hidden cost of conflict. Replacement cost can be as high as 150% of an employee's annual salary if severance cost, benefit compensation, recruitment and staffing costs, lost productivity and training of the new employee are taken into consideration (Ford & Associates 2007: 3 & 10). The cost of conflict for turnover is calculated as:

$$\text{Annual salary} \times \text{Degree to which resignation was due to conflict as \%} \times 150\%$$

## *6. Relevance to study*

The cost of conflict is determined by adding the costs incurred across the five categories. The model is relatively easy to use and simplistic as it uses only five categories to determine the cost of conflict. Formulas are provided in detail to do the calculations.

Looking at the explanation of how the basis of the model works under 2.6.2.1, there appears to be weaknesses in the model that does not take all the resulting costs of conflict into consideration. Category 2 for instance, measures the immediate cost related to sabotage as far the replacement value of the assets are concerned but the resulting loss in productivity is not accounted for.

### *2.6.2.2 The Dana measure of financial cost of organisational conflict model*

During the research it became clear that the Dana measure of financial cost of organisational conflict model is one of the most referenced models for calculating the cost of conflict (Buss 2009: 29).

Dana (2001: 17-30) developed a model that makes use of cost factors, which are seen as the primary contributors to financial cost that is incurred as a result of conflict. Not all factors may be applicable to all conflict situations but cost is incurred via one or a combination of the following eight factors discussed below.

#### *1. Factor 1- Wasted time*

Managing conflict takes up time that could have been spent on productivity. An hourly rate is used in this calculation.

#### *2. Factor 2- Reduced decision quality*

Quality decisions are made when quality information is available. As explained under Section 2.4, conflict can result in the deliberate withholding of information from a decision maker or result in a power struggle where more than one person are involved in making a decision at the cost of the quality of the decision.

The cost of lost opportunities due to bad decisions is calculated under the model.

### *3. Factor 3- Employee turnover*

The Raytheon Corporation (in Dana 2001: 22) states that costs when replacing an employee can be as high as 150% of the annual salary for a specialised employee such as an engineer. Lawler (2010, ¶12) estimates the associated cost of filling a vacant position, such as recruitment fees and training, even higher at 150% to 200% of that employee's yearly remuneration package. Furthermore, fifty per cent of all terminations (Dana 2001: 22; Duxbury & Higgins in Buss 2009: 26) and between twelve per cent (CPP 2008: 6) and ninety per cent of all voluntary resignations (Dana 2001: 22) are due to unresolved conflict. The cost of employee turnover is determined by calculating the replacement cost of the employee as a percentage of the employee's salary multiplied with the percentage that unresolved conflict contributed to the termination or resignation of the employee.

### *4. Factor 4 – Restructuring*

Workflow design is sometimes restructured to lessen interaction between parties involved in conflict, usually at the cost of effectiveness. As a guideline, the model suggests using a conservative ten per cent of the combined annual salaries of employees affected, times the number of months affected as a fraction of the total year.

### *5. Factor 5 – Theft, damage and sabotage*

A percentage of the replacement cost of assets is allocated to sabotage and damage. Provision can also be made on raw materials for waste and theft. Again, the model suggests using a conservative percentage.

### *6. Factor 6- Lowered motivation*

The cost of this factor is determined by using likely production capacity in the absence of any conflict as a benchmark. A decline in production due to conflict is then estimated against this figure. This percentage decline is then multiplied by the total compensation of employees whose motivation is deemed to be affected negatively by conflict.

### *7. Factor 7- Lost working hours*

Absenteeism due to conflict is largely a hidden cost (in accordance with the visibility matrix in Figure 2.2). A percentage of compensation is used to express the cost of lost working hours.

### *8. Factor 8- Health Costs*

In the model, the assumption is that the amount of claims affects the premium an employer pays and this is regarded as cost of conflict for health issues.

### *9. Relevance to study*

This model is a comprehensive model considering various factors when calculating the cost of conflict. The model is based on proven percentages where a category, for example, is multiplied by a factor (percentage) in determining the cost, such as 150% of cost of annual salary to replace an employee and fifty per cent of terminations that are due to conflict. All of these percentages are supported by literature as indicated under the section “employee turnover”. A user of both the Dana model of cost of conflict as well as the Ford & Associates cost of conflict model have the freedom to adjust the percentages for a specific industry.

With the exception of the category of “reduced decision making” which is subjected to estimation, the model is based on real measurable factors.

Under the category “theft, damage and sabotage”, the model suggests that a percentage of replacement value of assets is used. Employees have a tendency to hide sabotage attempts and dismiss it as accidental loss (Dana 2004: 24). These costs should rather be used as opposed to a percentage of the total replacement value of assets to give a more accurate measurement.

As explained under the category “health costs”, the model assumes that premiums of health insurance increase in relation to medical claims. In South Africa, medical aid contributions are fixed based on the option chosen by an employee and therefore this factor will not be brought into calculation for South African companies.

It is noteworthy that the Dana measure of financial cost of organisational conflict model does not make provision for legal costs where conflict results in formal disputes.

## 2.7. WAYS TO MANAGE CONFLICT

Fisher (in Barclay & Wolff 2011: 133) suggested that regardless of the steps taken by a company to prevent or resolve conflict; perception, attitude and relationship issues must be part of the equation in order to resolve conflict and that negotiations to resolve conflict must be based on the motivation and aspirations of the involved parties.

### 2.7.1. Appropriate management style

The outcome of conflict is affected by the manner in which it is managed (Trudel & Reio 2011: 395).

The need for conflict management strategies is highlighted by the high resulting cost of conflict (Trudel & Reio 2011: 399).

Trudel and Reio (2011: 400) did a study linking incivility and conflict management styles. Five management styles were measured, namely integrating, dominating, avoiding, accommodating and compromising. The study determined that the integrating and the dominating style affect incivility in opposite directions. The integrating style is a problem-solving style, which demonstrates a willingness to work with the other party in order to achieve a win-win situation. The dominating style is a win-lose orientation focusing only on one's own interests and ignoring that of the other party. Individuals who used the integrating style during conflict management experienced less incivility, while individuals who made use of the dominating style experienced more incivility.

Research results prove that incivility leads to aggression and violence (Trudel & Reio 2011: 403). The cost due to workplace violence was estimated between \$6.4 - \$36 billion dollars in 1998 (Speer in Trudel & Reio 2011: 398). In 2006 five per cent of 7.1 million U.S. companies surveyed in "The Survey of Workplace Violence Prevention" reported violent incidents in the 12 month period prior to the survey (Trudel & Reio 2011: 398).

Based on the results of Trudel and Reio's (2011) research, it would be to the advantage of an organisation to make use of an integrating style of conflict

management to reduce future incivility and resulting conflict. The integrating style respects and considers the goals of both parties and is therefore less adverse and results in less conflict. The dominating style of conflict management must be avoided from a civility point of view.

The study also confirmed that instigator and target incivility were linked (Trudel & Reio 2011: 417). Exchanges in incivility and as well as an increase in its intensity are due to retaliation tendencies of individuals who experience negative behaviour aimed towards them; in other word incivility produces counter incivility from the target towards the instigator. Based on the retaliation tendencies of individuals, it is therefore important to use the most appropriate form of conflict management in order to break the continuous cycle, thereby building the case for an integrating style of conflict management.

### **2.7.2. Punishment and penalties**

Sääksvuori, Mappes and Puurtinen (2011: 3430) conducted research on the performance of groups where group members were given the option to punish individual members when the group felt that the individual members did not pull their weight and did not add to the overall success of the group as opposed to the “no punishment” option. Punishment was in the form of monetary units that were deducted from an individual’s account during the experiment that was presented as a game. The competition element was used in the experiment to introduce conflict. The experiment was extended to include environments with symmetric and asymmetric group conflict in the form of competition. The possibility of punishment in groups with asymmetric conflict (one group had the opportunity to punish non-performing individuals while the other group did not) led to increased cooperation and these groups outperformed the groups where no possibility of punishment was present on either group or individual level.

In symmetric group conflict testing (where both groups had the option to punish non-performing individuals), it became clear that competition alone was not a good motivator for group performance. The testing where no penalties were imposed but where competition was present did not tend to increase the pay-off when compared

to situations without competition. In contrast, where both groups were in competition with the option to punish (symmetric competition) there were much higher cooperation and group performance (Sääksvuori et al. 2011: 3430).

The experimental results from direct intergroup conflict illustrated that a costly punishment leads to unquestionable benefits for individuals and to more equal payoffs for the group (Sääksvuori et al 2011: 3434). Based on the study under discussion, it can be argued that punishment in the case of disruptive individuals can lead to breaking the cycle of conflict and assist in bringing them in line with the group objectives.

### **2.7.3. Training**

Training, in the line of assertiveness and communication, yields positive results when handling verbal abuse (Cook et al. in Brinkert 2010: 150).

Training can equip managers and personnel to handle conflict more effectively. Training empowers employees to deal with conflict in a healthy way thereby lessening the impact at the bottom line (Dana; Cloke & Goldsmith in Patterson 2010: 545). It can also be a preventative strategy because well-trained managers and staff can identify and manage conflict and incivility before it escalates (Trudel & Reio 2011: 418).

Training also teaches managers how to build lasting relationships with subordinates, to maintain rapport with others during disputes, to make the most of diversities and to establish a culture of trust (Patterson 2010: 545).

### **2.7.4. Macro Strategies**

Pearson, together with Reio and Goss (in Trudel & Reio 2011: 418), made the suggestion to use macro strategies such as codes of conduct to foster respect as a way of managing incivility and conflict.

### **2.7.5. Alternative dispute resolutions**

Disputes ending up in court can be a costly way for organisations to resolve conflict. Alternative dispute resolution offers a faster and easier way to resolve conflict. (Kreitner & Kinicki 2010: 389).

Kreitner and Kinicki (2010: 389 & 390) offers progressive alternative dispute resolution techniques for organisations to use:

#### **2.7.5.1 Facilitation**

This is an informal process where a third party encourages disputing parties to resolve the conflict among themselves (Kreitner & Kinicki 2010: 389).

#### **2.7.5.2 Conciliation**

A neutral third party acts as a communication vessel between the conflicting parties in order to facilitate communication and establish common ground for the resolution of conflict (Kreitner & Kinicki 2010: 389).

#### **2.7.5.3 Peer review**

A panel of co-workers listens to all parties involved in the dispute and makes a decision. Company policy will determine if the decision is binding (Kreitner & Kinicki 2010: 390).

#### **2.7.5.4 Ombudsman**

This vehicle allows employees to get help without relying on the formal hierarchy. The ombudsman is an employee who is respected and trusted by his peers, who hears out the grievances and attempts to come to an arrangement for a solution to the conflict (Kreitner & Kinicki 2010: 390).

#### 2.7.5.5 Mediation

Mediation is a controlled process offering employees a way to exercise their preference and regain a sense of control by becoming involved in determining a solution. In the process, parties gain an understanding of the viewpoint of the other and in turn, also become understood (Dolak 2013: para. 20 & 21).

Mediation is a structured process in which an active third party, the mediator, helps to get employees from point A, where they are stuck in conflict, to point B, a new middle way, where they can agree with those with whom they are in conflict on a mutually acceptable outcome (Doherty & Guyler in Dolak 2013: para. 22).

#### 2.7.5.6 Arbitration

Arbitration is a form of conflict resolution taking place outside of court but where a third party acts as a judge in the settlement of the dispute situation of conflict and makes a binding decision on the matter (Schermerhorn et al. 2012: 236). Conflicting parties agree ahead of time that the decision will be binding.

### 2.8. CONCLUSION

Conflict can be summarised as perceived differences between parties over a wide range of areas. Various factors contribute to these perceived differences and although there are similarities for causes of conflict in the literature, the causes for conflict specific to an organisation must not be generalised and overlooked.

If conflict is not managed, it leads to emotional burdens for the affected employees and resulting financial implications for an organisation that is felt in the bottom line of the organisation.

Cost incurred due to conflict might not always be obvious. By using measuring models such as the Ford & Associates cost of conflict model and the Dana measure of financial cost of organisational conflict model to determine the cost of conflict, an organisation can measure the impact over several categories. In addition, the

company can make informed decisions on how to allocate many of its resources in order to effectively manage and resolve the conflict.

# CHAPTER THREE RESEARCH METHODOLOGY

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## 3.1. INTRODUCTION

In the previous chapter the causes of conflict were investigated as recorded in the literature, and models were evaluated to determine the cost of conflict. In Chapter three the methodology used for determining the causes of conflict between Company A and Company B and the resulting cost of conflict will be discussed along six main areas as summarised in Figure 3.1 below. The chapter commences with a discussion on, and motivation of the chosen research strategy. Thereafter, the participants and research instruments are discussed. Lastly, the research process and methods used to analyse the data is explained.



Figure 3.1 Layout of Chapter three

Maree (2012: 70) summarises a research paradigm as “a conceptual framework that explains a theoretical approach” and which includes aspects of ontology (what is

known), epistemology (how it is known), teleology (causality based on science) and methodology (principles and methods applied to attain scientific knowledge).

Two aspects were measured. Firstly, the causes of conflict between, and the consequential behaviour of personnel from Company A and Company B sharing the same premises were measured and secondly, the cost of the resulting behaviour was determined.

A quantitative, cross-sectional approach using a questionnaire as instrument to gather the data was used to determine the causes of conflict between employees of Company A and Company B as well as their subsequent behaviour due to the conflict. Documentation was used as a data-gathering technique in determining the cost of the conflict resulting from employee reaction to the conflict. The aspects that had been measured were aligned with the aim of the study.

A linear research path was followed. First, the causes of conflict and consequential behaviour were determined via a survey. This behaviour or reaction to conflict was then translated into measurable costs and lastly, the financial implications were determined should the situation continue without any intervention. The sequence is depicted in Figure 3.2.



Figure 3.2 Sequence of aims

### **3.2. RESEARCH STRATEGY AND DESIGN**

The research premise determines the design of the study (Maree 2012: 59, Rudestam & Newton 2007: 87). Based on the premise of the study that if the nature of the conflict between employees of Company A and Company B working in the call centre is not established and adequately managed, it will have financial cost for the company. A survey with questionnaires proved to be the most appropriate research design in determining attitudes of call centre employees towards each other and the working arrangement within the call centre. Only when this had been established, could the researcher begin to make an analysis of the cost implications of conflict to the company and devise ways and means to address the issue.

#### **3.2.1. Argument for a quantitative research design**

Qualitative studies are based on the assumption that “knowledge is a subjectively constructed reality” shared by a community where each individual has a personal (but also valid) interpretation of the knowledge. Conversely, quantitative studies “assume the objective existence of reality”. This means that from a quantitative perspective, the matter can be measured objectively and conclusions can be reached by the observation of the matter (Maree 2012: 59). Quantitative approaches are used in the case of “hard data” like numbers and rely more on positivist approaches (Neuman 2011: 165). Maree (2012: 71) adds that this paradigm, in addition to positivism, is also grounded in empiricism and rationalism, as well as objectivism.

Based on the definitions above, the quantitative design was selected as the most appropriate strategy for determining the causes and cost of conflict between Company A and Company B in order to measure the attitudes and costs objectively using “hard” data.

Quantitative non-experimental research designs were combined. A survey design in the form of a questionnaire was followed to gather information on the causes of, and reactions to conflict between Company A and Company B. Documents were analysed as a data-gathering technique to determine the cost of conflict (Maree

2007: 82-83) and incorporated into the calculation model. Primary source documents in the form of company administration and personnel records were used to collect the data pertaining to absenteeism and staff turnover and used in the calculation to determine the cost of the conflict between the two groups. The collected data were incorporated into a calculation model based on the John Ford & Associates cost of conflict model and the Dana measure of financial cost of organisational conflict model (Section 2.6.2).

### **3.3. PARTICIPANTS**

#### **3.3.1. Population**

A population comprises the entirety of elements from which inferences are made (Cooper & Schindler 2011: 364). In this field study, the population consisted of call centre agents, supervisors and managers of Company A and Company B that share the call centre premises. Table 3.1 gives a breakdown of the population.

Description of Respondents	Company A	Company B
Call Centre Agents	24	37
Supervisors /Junior Managers	5	2
Senior Managers	4	1
<b>TOTAL</b>	<b>32</b>	<b>39</b>

Table 3.1 Population breakdown

#### **3.3.2. Sampling versus census**

Sampling is intended to be representative of the population and is smaller than the total population. By selecting a sample, conclusions can be drawn about the entire population (Maree 2012: 69, Cooper & Schindler 2011: 364). A census is the count of all the elements within that population (Cooper & Schindler 2011: 364). In the

present case, each employee of Company A and Company B working in the call centre was included in the study. Cooper and Schindler (2011: 365) argue that a census is preferable in cases where the population is small and necessary where population elements are quite different from each other.

Deming (in Cooper & Schindler 2011: 365) argues that the quality of results is better with sampling than with a census. Deming argues from the point of view that a more thorough investigation is possible through the possibility of more incisive interviewing because of a smaller sample. Although this argument makes sense for a qualitative study it would not necessarily be the case in quantitative studies. Since the population for this study was small and could possibly have been highly variable in their responses, and was moreover easily accessible, a census approach was followed.

### **3.4. RESEARCH INSTRUMENTS**

Surveys are frequently used to describe beliefs and opinions (Maree 2012: 89). Surveys are an ideal way to collect quantitative information to describe and explore the research topic (Maree 2007: 152) as surveys are concerned with measuring definite qualities with statistical accuracy (Maree 2012: 92). Surveys include the use of questionnaires (Babbie 2001: 239).

A census survey in the form of a questionnaire was used to determine the possible causes of conflict within and between Company A and Company B. Questionnaires are the most widely used method for obtaining information in social research (Maree 2012: 92). An ex post facto design was also incorporated. Ex post facto research is appropriate for ascertaining whether pre-existing conditions have occurred (Maree 2012: 87).

The questionnaire was constructed using the identified causes of conflict that became apparent from the literature study (Van Tonder et al. 2008, Lile et al. 2009, Shweta & Srirang 2010, Zia Syed 2013). Cooper & Schindler (2011: 249) identified several advantages as well as disadvantages of using questionnaires.

Advantages of using questionnaires include:

- It is perceived to be more anonymous compared to other data collection methods;
- It gives respondents time to consider their answers;
- It requires minimal staff; and
- It facilitates rapid data collection.

The disadvantages of using questionnaires include:

- The questionnaire cannot be too complex;
- It has low response rates;
- One needs an environment with limited distraction for completing surveys; and
- There is no interviewer intervention.

The questionnaire was administrated during working hours. Employees who volunteered to participate were given half an hour to complete the questionnaire. This contributed to a high response rate. The questionnaires were completed in the training room away from the call centre, which removed the respondents from their usual environment and distractions.

Interviewer intervention is positive when probing for an explanation or clarification but interviewers can also be a source of error. Cooper and Schindler (2011: 241-248) caution that errors may occur in communication research (where there is communication with participants regarding their motifs, attitudes and other topics) from three sources in the research process, namely:

- The interviewer;
- Participants; and
- Measure instruments.

Interviewer error is usually due to process errors such as interviewer inconsistency, influencing behaviour and physical presence bias (Cooper & Schindler 2011: 244). Using a confidential questionnaire as opposed to interviews, made it possible to avoid many of these errors.

Participant errors include a lack of knowledge and incomplete questionnaires or refusal to participate. In order to overcome the potential errors, an induction letter was sent to all respondents a week before the survey was conducted to explain and convince the participants of their roles in the survey and research and to obtain their cooperation. Enlisted participants were informed that participation was on a voluntary basis. The section on ethics below gives an extended more complete discussion on ethical compliance.

In order for a measurement instrument to be classified as good and appropriate, the instrument needs to meet the criteria of validity, reliability and practicality (Cooper & Schindler 2011: 280). The questionnaire covered the topics that were identified as causes of conflict and possible reactions to the conflict during the literature study granting the instrument content validity. The questionnaire was practical in the sense that it was economical and convenient to conduct.

The questionnaire required respondents to rate statements on a 4-point Likert scale (Neuman 2012: 135), dichotomous scales in the form of “yes” and “no” responses (Cooper & Schindler 2011: 298) as well as a mixture of multiple-choice single- and multiple-response scales (Cooper & Schindler 2011: 299).

The cost of conflict was determined by taking the most prevalent identified causes of conflict and their resulting actions as identified by the survey and allocating a cost to them by applying a combination of the John Ford and Dana measures of cost of conflict. Primary company documents were studied to determine the number of days employees were absent, the number of resignations and dismissals due to conflict as well as the loss in production to the company. In the next section, the process followed in conducting the research will explain the procedures and steps in detail.

### **3.5. RESEARCH PROCESS**

#### **3.5.1. Process for determining the causes of conflict and resulting behaviour between Company A and Company B**

The study is cross-sectional, i.e. it is based on observations at a single point in time and contrasts with longitudinal studies, which are designed to permit observations over an extended period. Respondents were measured regarding their perceptions and opinions of the causes and effects of conflict in the work environment and their resulting behaviour within the two organisations in a once-off survey. The advantages of a cross-sectional survey are that it is the simplest method for collecting data and the least costly option (Neuman 2012: 18).

A letter was distributed to all personnel working in the call centre a week before the survey took place. The letter informed the potential participants about the reason for the study, what the study entails, as well as about their rights to decline participation.

Call centre agents of the two companies do not have access to e-mail in their work environment; therefore the questionnaire was completed manually in writing by voluntary participants.

Employees from Company A and Company B sharing the call centre were divided into six groups, four groups for Company A and two groups for Company B. Respondents were split into groups to minimise the impact of the survey on the normal day-to-day operations of the two companies and to reduce the effect on their normal work programmes. The groups were allocated six time slots, two in the morning and four in the afternoon when call volumes were at their lowest, to go to the training room where they completed the questionnaire. Provision for half an hour was made to respondents of each group to complete the questionnaire.

The training room on the mutual premises of the two companies was made available as a location where participating employees could complete the questionnaire. A ten-minute interval was booked between back-to-back timeslots to allow each new group to visit the training room.

Sufficient copies of the questionnaire were made and distributed to the members of each of the groups upon arrival. The group was briefed and requested to complete each question on the questionnaire.

The researcher collected the questionnaires after completion. The inventories were scored and handed to a statistician for processing of the information.

### **3.5.2. Process for calculating the cost of conflict for Company A and Company B**

After the causes of conflict and resulting employee behaviour were identified via the survey, statistical and administrative data from company documents for the two organisations corresponding with the prevalent identified data from the survey were analysed for a period of a full financial year for the term ended 28 February 2014. The data were then incorporated into a combination of the John Ford & Associates cost of conflict model and the Dana measure of financial cost of organisational conflict model. The two companies only started sharing a call centre in January 2013. The calculation methods and the interpretation of the results are elaborated on in Chapter four.

### **3.5.3. Process for determining the financial implications if the conflict is left unmanaged**

The calculated cost of conflict was incorporated and recalculated in terms of the percentages of lost productivity resulting from unmanaged conflict in the various categories identified under Section 2.4 in the literature study and reported in terms of the effect on the bottom line of the two companies.

Data analysis was done through the use of various instruments as discussed in the next section.

### **3.6. DATA ANALYSIS**

Descriptive and inferential statistics were used in analysing the data. The services of a statistician were used for the analysis of the data.

Data were coded to make it easier to interpret answers and to analyse the data via statistical methods (Neuman 2011: 383). After coding, the data were cleaned using “possible code cleaning” by checking for numbers that do not form part of the range of codes. A random sample of ten per cent of data was coded a second time to verify the accuracy of the coding scheme (Neuman 2011: 386). Data were analysed using Microsoft Excel.

Descriptive statistics were used to lessen the effect of extremely high or low scores and thereby providing a more honest interpretation of results (Rugg & Petre 2007: 172). The standard deviation was used to determine the variation in the body of data collected via the questionnaires (Rugg & Petre 2007: 176). Demographic data were analysed using descriptive statistics.

Inferential statistics were used to determine whether the results were due to random chance or not (Rugg & Petre 2007: 186). Correlation between the causes of conflict and resulting actions of employees were measured.

Data analysis will be expounded in greater detail in Chapter four when the results of the analysed datasets are discussed and interpreted.

### **3.7. ETHICAL CONSIDERATIONS**

#### **3.7.1. Confidentiality**

Respondents have the right to confidentiality. Anonymity is one of the key methods by which confidentiality is ensured (Olivier 2010: 82). Demographic information was recorded only for the purpose of identifying different patterns in causes of conflict that could be related to age and/or gender as these are generally considered as variables in research design (Oliver 2010: 96-97).

In determining the cost of conflict, the researcher was exposed to personnel information such as the number of days of absenteeism and remuneration. A statement of confidentiality was issued to management of the two organisations to safeguard the identity of individual respondents. The researcher also endorses the view that “a statement of confidentiality should be regarded as a serious commitment and [should therefore be] honoured from a moral point of view” (Olivier 2010: 83).

### **3.7.2. Informed consent**

Respondents should be fully informed about the researcher's aims before they agree to participate (Olivier 2010: 28). In practice, there are so many aspects to the research project that it would be impractical to share all the information involved in the project. Cooper and Schindler (2011: 34) limit informed consent to “fully disclosing the procedures of the proposed survey” before obtaining consent to continue.

Participation was voluntary and respondents were informed of their right to refuse to participate. Olivier (2010: 27) points out that from an ethical point of view the direct approach where respondents are asked outright to participate in a survey makes it difficult for respondents to exercise their right not to participate. They might choose not to participate but cannot provide a suitable excuse in the situation at short notice. Considering this, a letter was distributed to all staff a week before conducting the survey to inform them of the relevant aspects of the survey that would be conducted and the fact that their participation would be on a voluntary basis. The letter explained that only the researcher (including his supervisor and moderator) and a statistician, responsible for the processing of the data, would have access to the data. The data would furthermore be used solely for the completion of the study to determine the causes of conflict between employees in the shared call centre as well as subsequent reactions to the conflict. The letter also explained that data would only be kept as long as was necessary for completion of the field study.

The researcher sufficed with verbal consent as this is considered sufficient in business research (Cooper & Schindler 2011: 34).

### **3.7.3. Permission to perform research**

Permission was obtained from the managing director of the two companies to conduct the research.

## **3.8. CONCLUSION**

The research methodology was discussed in this chapter. In the next section, results from the questionnaire and the cost calculations will be analysed and interpreted in reply to the research question and aims of the study.

# CHAPTER 4 DISCUSSION OF FINDINGS

## 4.1. INTRODUCTION

Based on the research methodology described in the previous chapter, a survey was administered at the premises of the two companies. The respondents were informed about the survey well before the survey was administered. A letter containing information with regard to the purpose, as well as the freedom of choice to participate in the survey was distributed among all employees of the two companies sharing the call centre.

The survey was done using a questionnaire that was administered on the 6<sup>th</sup> of August 2014.

Chapter four deals with, and interprets, the findings of the administered survey. These findings are incorporated into a model that is based on the Dana measure of financial cost of organisational conflict model (2001) and the John Ford & Associates cost of conflict model (2007) to determine the cost of conflict between Company A and Company B based on the results of the survey and other secondary sources of information.

Figure 4.1 provides a layout of the discussion topics of Chapter four.



Figure 4.1 Layout of Chapter four

## 4.2. RESPONSE RATE

Table 4.1 gives a summary of the number of respondents in terms of the entire population.

Description of Respondents	Total Population	Number of Respondents	% of Total Population
<b>COMPANY A</b>			
Call Centre Agents	24	18	75%
Supervisors /Junior Managers	5	5	100%
Senior Managers	4	3	75%
<b>SUB TOTAL (COMPANY A)</b>	<b>33</b>	<b>26</b>	<b>79%</b>
<b>COMPANY B</b>			
Call Centre Agents	37	29	78%
Supervisors /Junior Managers	2	2	100%
Senior Managers	1	0	0%
<b>SUB TOTAL (COMPANY B)</b>	<b>40</b>	<b>31</b>	<b>78%</b>

Table 4.1 Summary of respondents in terms of entire population

Company A had a response rate of 26 out of a possible 33 employees or 79% of qualifying employees who completed the survey. Company B had a response rate of 31 employees out of a possible 40, or 78%. On the day of the survey, four employees from Company A were out of office, while six employees from Company B were out of office.

The data from the completed questionnaires were analysed using the services of a statistician. The findings are presented in the next section.

## 4.3. FINDINGS

The questionnaire used in the survey addressed five main areas:

- Part 1: Demographics, background and experience of the participants.
- Part 2: The degree of conflict experienced and with whom.
- Part 3: Causes of conflict within the groups.
- Part 4: Causes of conflict between the two groups sharing the call centre.
- Part 5: Resulting actions taken by employees who experienced the perceived conflict.

The findings presented below are presented according to the five categories listed above. Graphs are used throughout the chapter for ease of interpretation of the most relevant findings.

### 4.3.1. Demographics

#### 4.3.1.1 Gender

The figure below illustrates the gender distribution among participants who completed the questionnaire.

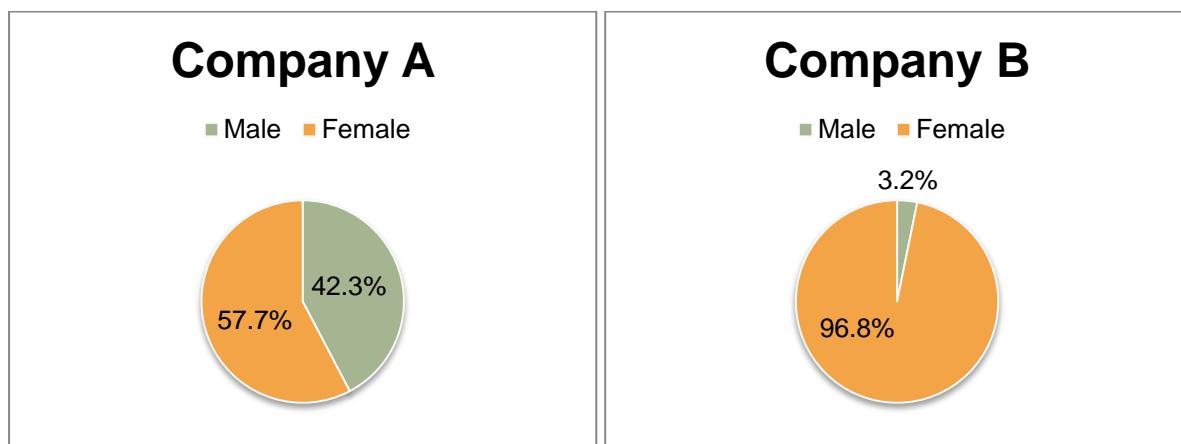


Figure 4.2 Gender distributions of respondents

In both companies, the majority of respondents were women (57.7% in Company A and 97.8% in Company B).

#### ***4.3.1.2 Home language***

Figure 4.3 depicts the home language distribution of the respondents across the two companies.

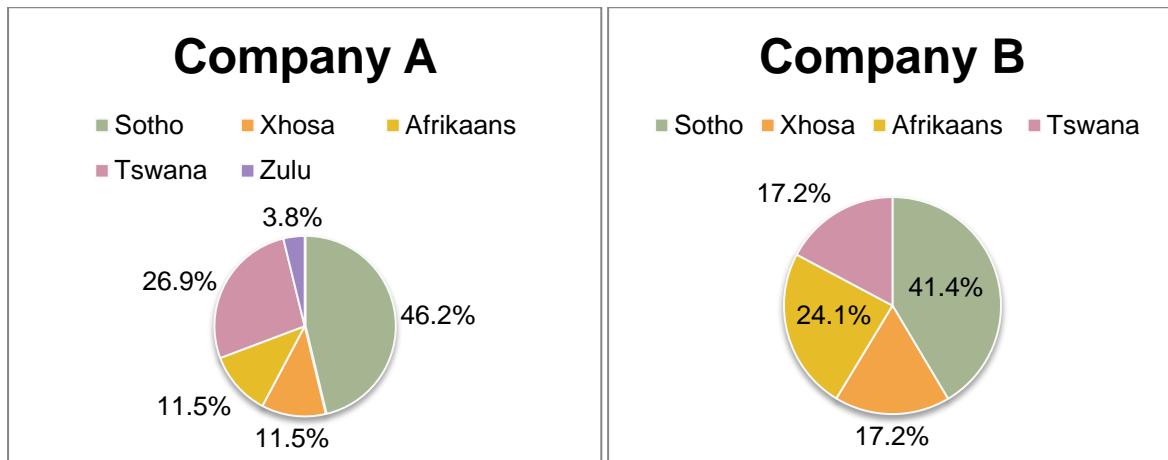


Figure 4.3 Language distributions of respondents

The majority of respondents from Company A (46.2%) reported their home language to be Sotho. In the case of Company B, the majority of respondents (41.4%) also reported their home language to be Sotho with Afrikaans being the second highest home language across the two companies (Company A 11.5% and Company B 24.1%).

#### ***4.3.1.3 Position within company***

Figure 4.4 illustrates the positions that the respondents hold within the companies.

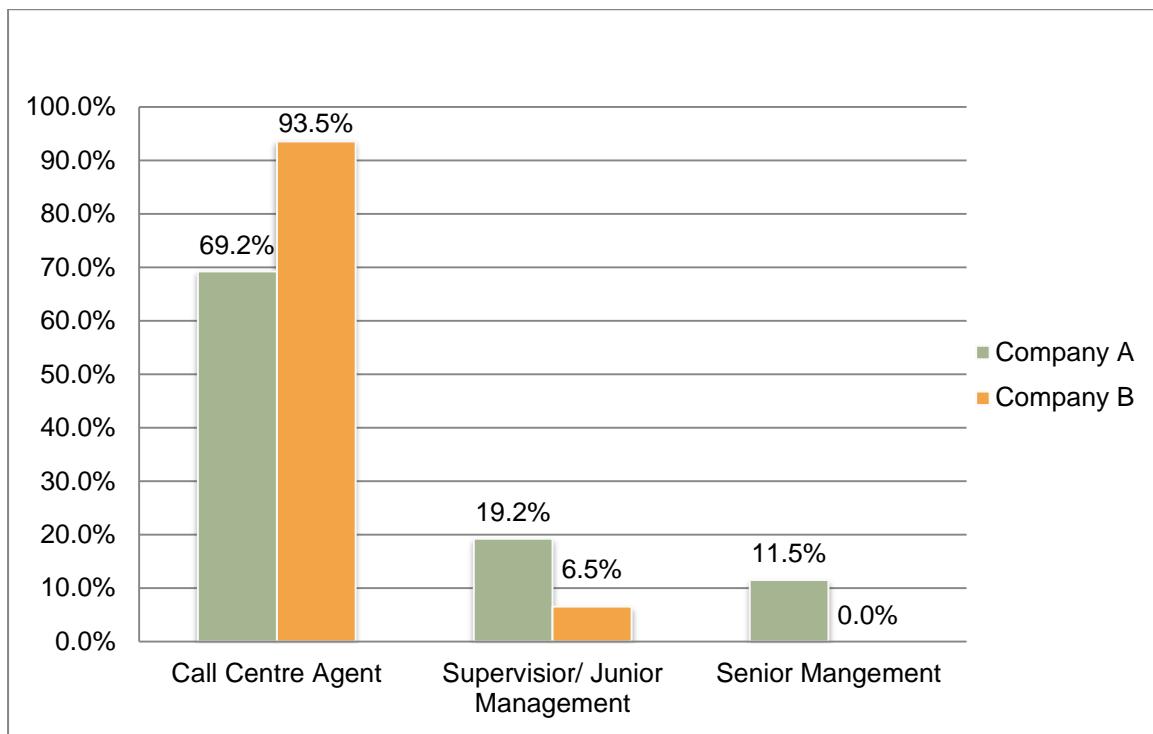


Figure 4.4 Position of respondents within companies

Call centre agents dominated the survey totalling 69.2% of all respondents for Company A and 93.5% of all respondents for Company B. Since the majority of the population are employed as call centre agents (72.7% of Company A employees and 92.5% of Company B employees), it makes sense that the participation ratio will also reflect respondents in this category as the highest participating group in the survey. As indicated in table 4.1, employees in the category “supervisors/junior management” had the highest response rate (100%) for both companies.

#### 4.3.1.4 Age distribution

Figure 4.5 depicts the age distribution of the respondents per company.

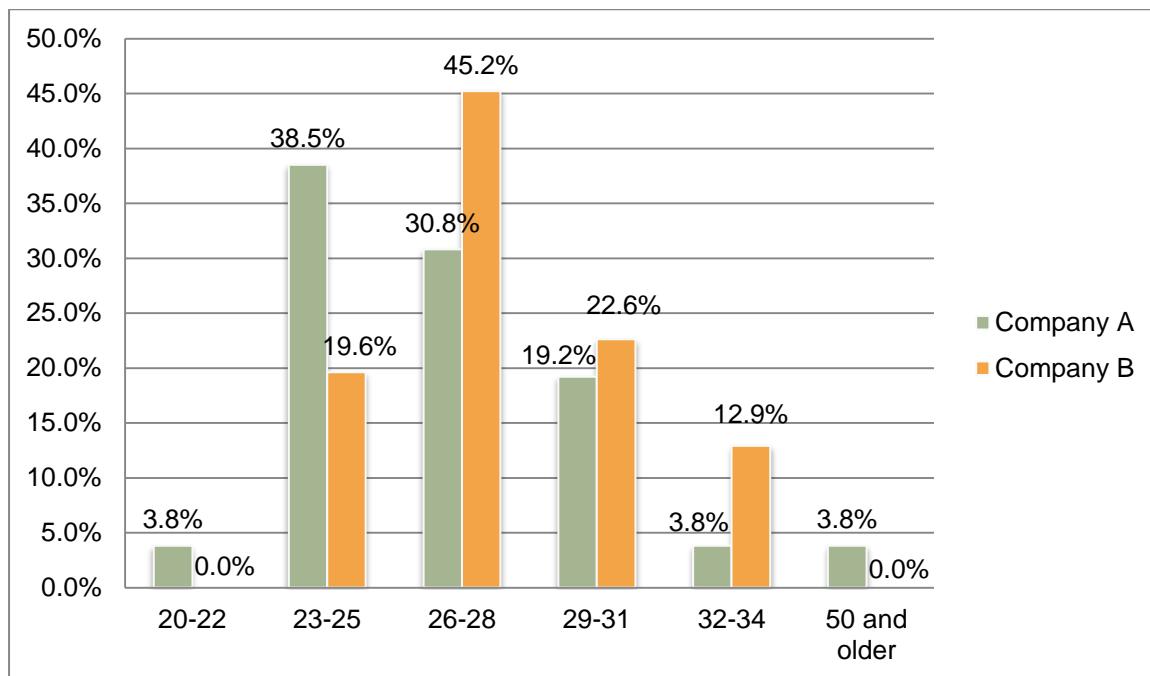


Figure 4.5 Age distribution of respondents

The majority of respondents from Company A (38.5%) were between the ages of 23 to 25 years, with the age group 26 to 28 years following closely with 30.85% of respondents. The Company B participants reported to be slightly older with the majority (45.2%) of respondents falling within the age group 26 to 28 years, followed by 22.6% of respondents in the 29 to 31 years age group.

#### 4.3.1.5 Period with company (tenure)

Figure 4.6 summarises the employment duration of the respondents at Company A and Company B according to the number of months of employment.

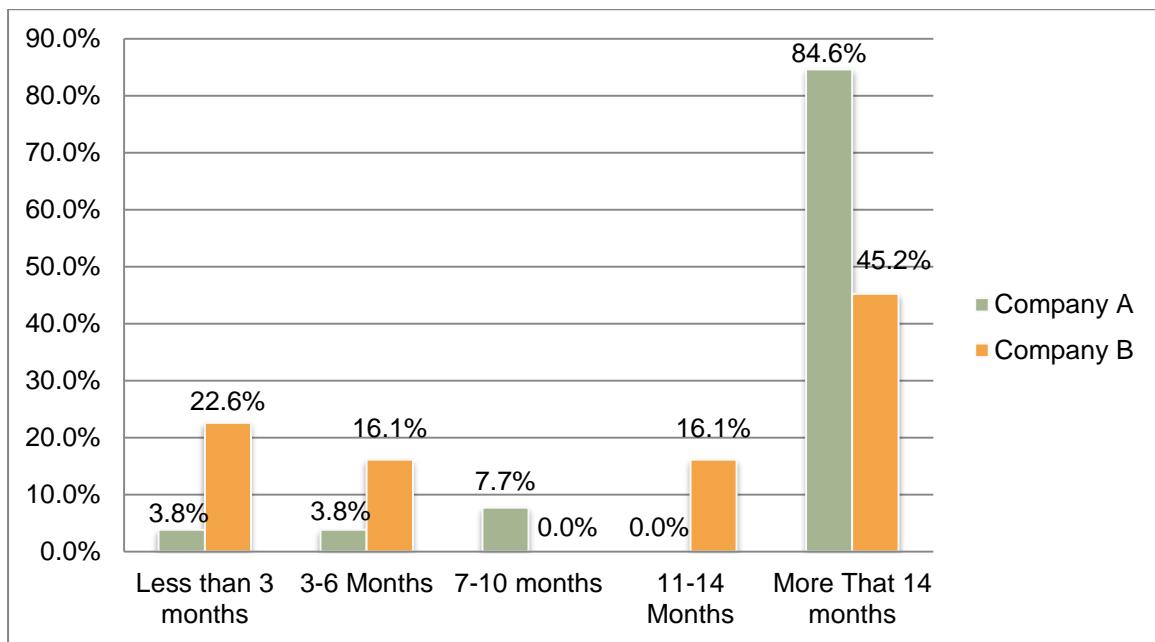


Figure 4.6 Employment duration of respondents

At the time of the survey, the two companies have been sharing the call centre for a period of 17 months. The majority of respondents (84.6% of Company A and 45.2% of Company B) have been employed for more than 14 months.

#### 4.3.2. Time spent managing conflict

Table 4.2 summarises the responses to the question “**In your opinion, how much time do you spend on average per month trying to resolve conflict between colleagues sharing the same workspace on the premises?**”

	Company A		Company B	
	N	%	N	%
Less than 2 hours a month	14	60.9%	24	82.8%
Between 2 and 5 hours a month	5	21.7%	3	10.3%
Between 6 and 10 hours a month	3	13.0%	2	6.9%

Between 11 and 15 hours a month	1	4.3%	-	-
Between 16 and 20 hours a month	-	-	-	-
More than 20 hours a month	-	-	-	-

Table 4.2 Hours per month spent resolving conflict

The majority of the respondents (60.9% for Company A and 82.8% for Company B) indicated that they spend less than two hours a month resolving conflict.

#### 4.3.3. Sources of conflict

Table 4.3 indicates the results of the responses to the question “**With whom are you likely to experience conflict at work?**”

	Company A		Company B	
	N	%	N	%
Peers within the company	8	30.8%	14	45.2%
Supervisors within the company	9	34.6%	11	35.5%
Subordinates within the company	1	3.8%	1	3.2%
Senior management within the company	-	-	-	-
Peers of the other company sharing the premises	5	19.2%	2	6.5%
Supervisors of the other company sharing the premises	8	30.8%	3	9.7%
Employees on a lower level/scale of the other company sharing the premises	4	15.4%	3	9.7%
Senior management of the other company sharing the premises	7	26.9%	1	3.2%

(Note: Respondents could select more than one option and therefore accumulated percentages can exceed 100%).

Table 4.3 Sources of experienced conflict between employees

From the survey it is clear that peers and supervisors within the groups are a significant source of conflict. Of the respondents, 30.8% from Company A and 45.2% from Company B indicated “peers within the company” as a source of conflict while 34.6% and 35.5% respectively reported “supervisors within the company” as a source of conflict. Company B respondents did not seem to significantly experience members from Company A as a source of conflict. Company A respondents in contrast, indicated that they have experienced peers from Company B (19.2%), supervisors from Company B (30.8%) and senior management from Company B (26.9%) as a source of conflict.

#### **4.3.4. Causes of conflict**

##### **4.3.4.1 Causes of conflict within the groups**

Table 4.4 shows the summary of causes of conflict indicated by respondents within their respective groups.

	Company A		Company B	
	N	%	N	%
Unclear job expectations	5	19.2%	2	6.5%
Sharing of resources within the group (Resources can include the sharing of printers and facilities such as air cons, toilets etc.)	13	50.0%	9	29.0%
Difference in opinions, attitudes, values and beliefs between individuals within the respective companies	17	65.4%	12	38.7%
Inadequate team work	3	11.5%	5	16.1%
Lack of mutual respect between group members within the respective companies	7	26.9%	16	51.6%

Poor personal health and well-being	4	15.4%	-	-
Conflict at home that flows over to the work environment	2	7.7%	-	-
Unfair allocation of and distribution of duties and responsibilities within the group	1	3.8%	2	6.5%
Miscommunication	6	23.1%	9	29.0%
Lack of communication	6	23.1%	8	25.8%
Ridiculing/bullying within the group	4	15.4%	-	-
Unequal appraisal ratings and resulting unequal incentives within own company	5	19.2%	1	3.2%
Abusive management practices	10	38.5%	7	22.6%
Change in work demands/expectations	3	11.5%	8	25.8%

(Note: Respondents could select more than one option and therefore accumulated percentages can exceed 100%).

Table 4.4 Causes of conflict within the groups internally

Respondents from Company A indicated "differences in opinions, attitudes, values and beliefs" as the biggest cause of conflict within their group (65.4%) and the "sharing of resources within the group" (50.0%), as the second highest cause of conflict in the group. "Abusive management practices" was identified as a significant contributor to conflict at 38.5%. "Lack of mutual respect between group members" (26.9%), "miscommunication" (23.1%) and "lack of communication" (23.1%) were to a lesser extent, also contributors to conflict.

"Lack of mutual respect between group members within the respective companies" was the biggest identified cause of conflict in the Company B group with 51.6% of respondents selecting the variable, while a further 38.7% of respondents indicated "difference in opinions, attitudes, values and beliefs" as a cause of internal conflict. Nine respondents (29%) pointed out "miscommunication" and "sharing of resources"

as causes of conflict. Eight respondents (25%) indicated “lack of communication” and “changes in work demands/expectations” as causes of conflict within Company B.

#### **4.3.4.2 Causes of conflict between the groups**

Table 4.5 summarises the causes of conflict between Company A and Company B staff members

	Company A		Company B	
	N	%	N	%
Unclear company goals	3	11.5%	1	3.2%
Sharing of resources (like toilets, designated smoke areas and shared lunch areas)	16	61.5%	13	41.9%
Difference in opinions, attitudes, values and beliefs between Company A and Company B staff members	8	30.8%	7	22.6%
Structure in terms of different rules and working hours between the two groups (Company A and Company B)	2	7.7%	9	29.0%
Lack of mutual respect between the two groups (Company A and Company B)	11	42.3%	8	25.8%
Difference in workload and responsibilities between Company A and Company B	2	7.7%	3	9.7%
Miscommunication between Company A and Company B staff members	5	19.2%	2	6.5%
Lack of Communication between Company A and Company B staff members	7	26.9%	6	19.4%
Ridiculing and bullying between the two groups (Company A and Company B)	4	15.4%	-	-

Different remuneration packages and structures between the two groups (Company A and Company B)	5	19.2%	1	3.2%
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(Note: Respondents could select more than one option and therefore accumulated percentages can exceed 100%).

Table 4.5 Causes of conflict between the groups

Respondents from both Company A and Company B indicated the “sharing of resources” as the biggest contributor of conflict between the two groups; 16 respondents (61.5%) from Company A and 13 (41.9%) from Company B. Eleven respondents from Company A (42.3%) specified “lack of mutual respect between the two groups” as a cause of conflict while eight respondents (30.8%) elected “difference in opinions, attitudes, values and beliefs” as a cause of conflict between the two groups. Eight respondents (25.8%) of Company B shared the view that “lack of mutual respect between the two groups” was a cause of conflict while nine respondents (29.0%) reported that “structure in terms of different rules and working hours between the two groups” was a cause of conflict between the two groups.

#### 4.3.5. Resulting actions due to conflict

Four actions due to conflict were identified and included in the questionnaire.

Respondents had to indicate whether they have resorted to any of these actions.

The four actions are:

- Stayed away from work in order to avoid conflict at work;
- Resigned from a position they held due to conflict at the workplace which either directly or indirectly affected them;
- Sabotaged a system (such as a computer or telephone system) or process due to existing conflict within their company; and
- Productivity has been negatively influenced due to conflict.

Descriptive analysis was done to identify the most prevalent action as a result of conflict within their respective groups. The results are shown in Table 4.6 below for the number of “yes” responses.

	Company A		Company B	
	N	%	N	%
Stayed away from work in order to avoid conflict at work	2	7.7%	7	22.6%
Resigned from a position you held due to conflict at your place of work where you were either directly or indirectly affected	1	3.8%	7	22.6%
Sabotaged a system or process due to existing conflict within your company	1	3.8%	1	3.2%
Productivity has been influenced negatively due to conflict	8	30.8%	6	19.4%

Table 4.6 Actions taken due to conflict at work

Only two employees of Company A (7.7%) reported that they have stayed away from work in order to avoid conflict at work compared to the seven Company B employees (22.6%) that reported that they have stayed away from work in order to avoid conflict at work.

In only one instance did a Company A employee (3.8%) indicate that he/she had resigned from a position due to conflict that either directly or indirectly affected him or her at the workplace. Proportionally more employees of Company B (22.6%) reported that they had resigned from a position they held due to conflict at the workplace, which either directly or indirectly affected them.

One employee in each of the two companies indicated that he or she had sabotaged a system (such as a computer or telephone system) or process due to existing conflict within the company. Both these employees reported that the estimated amount of the damage caused by the sabotage was less than 25% of their respective monthly incomes.

When asked whether their productivity have been influenced negatively due to conflict, eight Company A employees and six Company B employees responded in the affirmative. The respondents were asked to estimate their loss in productivity due to conflict experienced. The results are presented in Table 4.7 below.

	Company A		Company B	
	N	%	N	%
10% loss in productivity per week	5	62.5%	2	33.3%
Between 10% and 25% loss in productivity per week	2	25.0%	3	50.0%
Between 25% and 50% loss in productivity per week	-	-	1	16.7%
Between 50% and 75% loss in productivity per week	1	12.5%	-	-

Table 4.7 Perceived losses in productivity due to conflict

Within Company A, five employees reported that their loss in productivity was less than 10% per week. Two employees reported that the loss in their productivity was between 10% and 25%, and one employee reported a loss in productivity between 50% and 75% per week. Within Company B, two employees reported that their loss in productivity was less than 10% per week. Three Company B employees reported that their loss in productivity was between 10% and 25% and one employee reported a loss in productivity between 25% and 50% per week.

## 4.4. RELATIONSHIPS BETWEEN CAUSES OF CONFLICT AND RESULTING ACTIONS

Analyses were done to identify significant relationships between the variables of “resulting actions due to conflict” and each individual cause of conflict. The “resulting actions due to conflict” and the causes of conflict variables are all categorical variables, as the response options to these questions were “yes” and “no”. Therefore, a chi-square analysis was done on the total sample of respondents to explore the relationship between the categorical variables and to determine the likelihood that the observed distribution is due to preset relationships between the variables. An assumption of the chi-square test is that within the two-by-two table output, the lowest expected frequency in any cell should be at least five. By accepting this assumption, many relationships were not identified due to the low frequencies in certain cells. Therefore, only viable relationships will be discussed.

### 4.4.1. Interpreting the Chi-square test for independence output

#### 4.4.1.1 Influence on productivity due to conflict resulting from the sharing of resources in the group (within Company A or Company B)

		Count	Sharing of resources within the group		Total
			Yes	No	
Has your productivity been influenced negatively due to conflict?	Yes	7	7		14
			50.0%	50.0%	100.0%
			31.8%	20.0%	24.6%
			12.3%	12.3%	24.6%
No	Count	15	28		43

	% within Has your productivity been influenced negatively due to conflict?	34.9%	65.1%	100.0%
	% within Sharing of resources within the group	68.2%	80.0%	75.4%
	% of Total	26.3%	49.1%	75.4%
Total	Count	22	35	57
	% within Has your productivity been influenced negatively due to conflict?	38.6%	61.4%	100.0%
	% within Sharing of resources within the group	100.0%	100.0%	100.0%
	% of Total	38.6%	61.4%	100.0%

#### Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.018 <sup>a</sup>	1	.313		
Continuity Correction	.480	1	.488		
Likelihood Ratio	1.001	1	.317		
Fisher's Exact Test				.356	.243
Linear-by-Linear Association	1.000	1	.317		
N of Valid Cases	57				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.40.

b. Computed only for a 2x2 table

Table 4.8 Chi-squared test exploring if productivity has been influenced negatively due to sharing of resources within the group

The assumption for the chi-square test was not violated for the relationship between the following action and cause of action:

- Action: Has your productivity been influenced negatively due to conflict?
- Cause of action: Sharing resources within the group.

A chi-square test for independence (Wegner 2012: 251) with the Yates Continuity Correction indicate that there is no significant association between (a) productivity

being influenced negatively due to conflict and (b) sharing of resources within the group ( $p = 0.488$ ).

**4.4.1.2 Influence on productivity due to conflict resulting from difference in opinions, attitudes, values and beliefs between individuals within the company (within Company A or Company B itself)**

		Difference in opinions, attitudes, values and beliefs between individuals within the company		Total
		Yes	No	
Has your productivity been influenced negatively due to conflict?	Yes	Count % within Has your productivity been influenced negatively due to conflict? % within Difference in opinions, attitudes, values and beliefs between individuals within the company % of Total	8 57.1% 27.6% 14.0%	6 42.9% 21.4% 10.5% 14
	No	Count % within Has your productivity been influenced negatively due to conflict? % within Difference in opinions, attitudes, values and beliefs between individuals within the company % of Total	21 48.8% 72.4% 36.8%	22 51.2% 78.6% 38.6% 43 100.0% 75.4% 75.4%
Total		Count % within Has your productivity been influenced negatively due to conflict? % within Difference in opinions, attitudes, values and beliefs	29 50.9% 100.0%	28 49.1% 100.0% 57 100.0% 100.0%

between individuals within the company			
% of Total	50.9%	49.1%	100.0%

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.292 <sup>a</sup>	1	.589		
Continuity Correction	.054	1	.816		
Likelihood Ratio	.292	1	.589		
Fisher's Exact Test				.760	.409
Linear-by-Linear Association	.286	1	.593		
N of Valid Cases	57				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.88.

b. Computed only for a 2x2 table

Table 4.9 Influence on productivity due to conflict resulting from difference in opinions, attitudes, values and beliefs between individuals within the company

The assumption for the chi-square test was not violated for the relationship between the following action and cause of action:

- Action: Has your productivity been influenced negatively due to conflict?
- Cause of action: Difference in opinions, attitudes, values and beliefs between individuals within the company.

A chi-square test for independence (with the Yates Continuity Correction) indicated that there is no significant association between (a) productivity being influenced negatively due to conflict and (b) difference in opinions, attitudes, values and beliefs between individuals within the company ( $p = 0.816$ ).

**4.4.1.3 Influence on productivity due to conflict resulting from lack of mutual respect between members of the same group (within Company A or Company B itself)**

		Lack of mutual respect between group members within the company		Total	
		Yes	No		
Has your productivity been influenced negatively due to conflict?	Yes	Count % within Has your productivity been influenced negatively due to conflict? % within Lack of mutual respect between group members within the company % of Total	3 21.4% 13.0% 5.3%	11 78.6% 32.4% 19.3%	14 100.0% 24.6% 24.6%
	No	Count % within Has your productivity been influenced negatively due to conflict? % within Lack of mutual respect between group members within the company % of Total	20 46.5% 87.0% 35.1%	23 53.5% 67.6% 40.4%	43 100.0% 75.4% 75.4%
Total		Count % within Has your productivity been influenced negatively due to conflict? % within Lack of mutual respect between group members within the company % of Total	23 40.4% 100.0% 40.4%	34 59.6% 100.0% 59.6%	57 100.0% 100.0% 100.0%

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.761 <sup>a</sup>	1	.097		

Continuity Correction <sup>b</sup>	1.817	1	.178		
Likelihood Ratio	2.933	1	.087		
Fisher's Exact Test				.124	
Linear-by-Linear Association	2.712	1	.100		
N of Valid Cases	57				.087

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.65.

b. Computed only for a 2x2 table

Table 4.10 Influence on productivity due to conflict resulting from lack of mutual respect between members of the same group

The assumption for the chi-square test was not violated for the relationship between the following action and cause of action:

- Action: Has your productivity been influenced negatively due to conflict?
- Cause of action: Lack of mutual respect between group members within the company.

A chi-square test for independence (with the Yates Continuity Correction) indicated that there is no significant association between (a) productivity being influenced negatively due to conflict and (b) lack of mutual respect between group members within the company ( $p = 0.178$ ).

#### 4.4.1.4 Influence on productivity resulting from conflict due to lack of mutual respect between members of the same group (within Company A or Company B itself)

Has your productivity been influenced	Yes	Count	% within	Has your productivity influenced	been negatively	Sharing of resources between Company A and Company B staff members.	Total
						Yes	
Has your productivity been influenced	Yes	Count	% within	Has your productivity influenced	been negatively	8 57.1%	6 42.9% 14 100.0%

negatively due to conflict?	due to conflict?			
	% within Sharing of resources between Company A and Company B staff members.	27.6%	21.4%	24.6%
	% of Total	14.0%	10.5%	24.6%
	No	Count	21	22
		% within Has your productivity been influenced negatively due to conflict?	48.8%	51.2%
Total	% within Sharing of resources between Company A and Company B staff members.	72.4%	78.6%	75.4%
	% of Total	36.8%	38.6%	75.4%
	Count	29	28	57
	% within Has your productivity been influenced negatively due to conflict?	50.9%	49.1%	100.0%
	% within Sharing of resources between Company A and Company B staff members.	100.0%	100.0%	100.0%
	% of Total	50.9%	49.1%	100.0%

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.292 <sup>a</sup>	1	.589		
Continuity Correction <sup>b</sup>	.054	1	.816		
Likelihood Ratio	.292	1	.589		
Fisher's Exact Test				.760	.409
Linear-by-Linear Association	.286	1	.593		
N of Valid Cases	57				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.88.

b. Computed only for a 2x2 table

Table 4.11 Influence on productivity resulting from conflict due to lack of mutual respect between members of the same group

The assumption for the chi-square test was not violated for the relationship between the following action and cause of action:

- Action: Has your productivity been influenced negatively due to conflict?
- Cause of action: Sharing of resources between Company A and Company B staff members.

A chi-square test for independence (with the Yates Continuity Correction) indicated that there is no significant association between (a) productivity being influenced negatively due to conflict and (b) sharing of resources between Company A and Company B staff members ( $p = 0.816$ ).

#### **4.4.2. Summary of results of chi-square test**

Based on the findings from the chi-square test for independence, no significant pattern in the relationships was found between any specific actions and causes of conflict. The four viable chi-squared tests were then repeated, but this time the sample was split between the two groups Company A and Company B. No fixed pattern of results could be deduced from any of the chi-square tests.

The chi-square test indicated that a specific cause of conflict does not guarantee a specific response to the conflict. It is clear from the empirical data there are specific types of actions in response to conflict, but a specific cause of the conflict can yield any of the responses identified and no specific relationship can be established that link the resulting actions due to conflict to a specific cause of conflict.

### **4.5. INTERPRETATION OF FINDINGS**

#### **4.5.1. Conflict experienced**

Based on the frequency distribution, the employees from Company A tend to experience conflict from a bigger array of sources. Peers within Company A,

supervisors from Company A as well as Company B and senior management from Company B were variables that received a conflict score of between 25% and 35%.

Company B mostly indicated sources of conflict from within. Respondents of Company B indicated peer and supervisor relations within the company as the most prevalent sources of conflict. Categories involving relations among employees from Company A as a source of conflict scored less than 10% per category.

When asked to report how much time respondents spend on managing conflict, 60.9% of respondents from Company A reported that they spend less than two hours a week as opposed to 82.8% of respondents from company B. This figure is slightly lower than the average 2.1 hours employees spent per week resolving conflict as found in the study conducted by CPP across nine countries (CPP 2008: 4).

Based on the above, together with the higher spectrum of sources selected by Company A as perceived sources of conflict, it seems as if Company A is more prone to experiencing conflict more often than Company B. This is supported by the fact that Company B overall scored less for each variable available for selection as a source of conflict when compared to the selections made by Company A on the same question.

#### **4.5.2. Causes of conflict between the groups**

The sharing of resources was the most common cause of conflict between the two groups. The finding that whenever available resources are scarce and employees have to compete for the use of these resources it becomes a cause of conflict, corresponds to the findings of research done by Zia and Syed (2013) and Van Tonder et al. (2008). When asked to identify causes of conflict within the groups internally, Company A also rated the sharing of resources as the biggest cause of conflict (50%), but company B elected lack of mutual respect within the group as the biggest cause of conflict with over 50% of respondents.

Both groups felt that lack of mutual respect between the two groups was a cause of conflict. This was the second highest identified cause of conflict between the groups

according to Company A and the third highest cause of conflict according to Company B. This supports the findings of the research done by Shweta and Srirang (2010) and Trudel and Reio (2011) that lack of mutual respect and workplace incivility are important contributing factors to conflict.

Lile et al. (2009) identified organisation structure as far as different goals for different departments were concerned, as a cause of conflict. Almost a third of employees from Company B (29.0%) reported structure in terms of different rules and working hours between the two groups as a source of conflict between the groups, whereas only 7.7% of employees of Company A listed this as a reason for discord. An explanation for this dissimilarity can be attributed to the fact that Company B has office hours from 08:00 to 18:00 as opposed to Company A whose employees work in shifts from 08:00 to 16:30 or 08:30 to 17:00 pm with shorter lunch and tea breaks.

#### **4.5.3. Resulting actions due to conflict experienced**

Based on the frequency distributions of the actions taken due to conflict, the most general result of these actions for Company A employees was a loss in productivity. The most prevalent action for Company B employees was staying away from work in order to avoid conflict, which similarly resulted in a loss of productivity.

### **4.6. COST OF CONFLICT**

The Dana model (2001) for measuring the financial cost of organisational conflict is one of the most referenced models for calculating the cost of conflict (Buss 2009: 29) and for this reason the Dana model was used as the basis for calculating the cost of conflict between the two organisations. Certain factors in the Dana model have been adjusted or replaced with categories from the John Ford & Associates cost of conflict model because it is more applicable to the environment in which Company A and Company B operate.

#### **4.6.1. Methods used in calculations**

The averages determined during the survey were applied to the whole population when doing the calculations. Where respondents were asked to respond to statements or to respond to questions by indicating an option with a lower and upper value, the upper value of the interval was used in the calculations. Costs are reflected as a percentage of total salaries for a twelve-month period.

#### **4.6.2. Cost of conflict expressed as percentage of annual salary expenses**

Table 4.12 provides the cost per factor according to the Dana cost of conflict model (2001) with enhancements from the John Ford & Associates models for cost of conflict (2007) as a percentage of salaries for a twelve-month period.

	Company A	Company B
Factor 1 Wasted time	2.7	1.8
Factor 2 Reduced decision quality	0.0	0.0
Factor 3 Employee turnover	0.4	3.4
Factor 4 Restructuring	0.0	0.0
Factor 5 Theft, damage and sabotage	1.0	1.0
Factor 6 Lowered motivation	7.3	5.1
Factor 7 Lost working hours	0.1	0.4
Factor 8 Health costs	0	0
<b>Cost of Conflict (Percentage of annual salary cost that is lost due to conflict)</b>	<b>11.5</b>	<b>11.7</b>

Table 4.12 Cost per category based on the Dana and John Ford & Associates models for cost of conflict as a percentage of salaries for a twelve-month period

#### 4.6.2.1 Factor 1 – Wasted time

This category in the Dana Model (2001) is the same as Category 3 “lost time” in the John Ford & Associates model (2007).

Each employee of Company A and Company B works 160 hours per month. Of the total 63 360 hours of available productive time per year for Company A, 1 687 hours (2.7%) are spent on conflict resolution. Employees of Company B spent 1 374 hours (1.8%) of an available 76 800 productive hours on conflict resolution.

#### 4.6.2.2 Factor 2 – Reduced decision quality

To allocate a cost to this part of the model is very difficult. After consultation with management of the two companies it was determined that in the call centre setup they make use of propriety software to monitor all call activities including the number of abandoned calls, average call waiting time and duration and other variables. Decision makers of the two companies mainly use these statistics to determine capacity and the ability to take on additional clients. For this reason, the allocated cost to this part of the model was assigned a value of zero (0) as it is believed that information is system driven and not necessarily influenced by feedback of call-centre staff.

#### 4.6.2.3 Factor 3 – Employee turnover

This category in the Dana model (2001) corresponds with Category 5 “staff turnover” in the John Ford & Associates model (2007).

During the survey, 3.8% of employees from Company A responded that they have resigned from a position due to conflict. In Company B 22.6% of employees responded that they have resigned from a previous position due to conflict. These percentages were applied to the resignations received during the twelve-month period under review to determine the cost of staff turnover because of conflict at 150% per resignation as a percentage of the total salary expenses for the twelve-

month period. Company A had a staff turnover of seven people for the period while Company B had a staff turnover of ten people.

#### **4.6.2.4    *Factor 4 – Restructuring***

Neither of the two companies underwent restructuring during the twelve-month period under review. The researcher therefore decided to substitute Factor 4 with Category 1 “legal and professional fees” from the John Ford & Associates model (2007). No legal costs regarding professional fees relating to conflict were incurred during the twelve-month period under review.

#### **4.6.2.5    *Factor 5 – Theft damage and sabotage***

This category in the Dana model (2001) matches Category 2 “sabotage” in the John Ford & Associates model (2007). During the survey, 3.8% of the respondents of Company A and 3.2% of respondents of Company B acknowledged that they intentionally sabotaged company property in reaction to conflict. All the respondents estimated that the damage caused was below 25% of their monthly remuneration. When converting this information to a percentage of annual income of employees sharing the call centre, 0.1% of yearly remuneration is contributed to losses due to sabotage for Company A and 0.1% as well for Company B. Taking into account that employees will not necessarily acknowledge that they have been guilty of sabotage and that the survey did not measure the resulting loss of productivity due to sabotage, it was decided to rather use the Dana principle to estimate a conservative percentage of replacement and repair costs. After taking repairs and replacement costs into account, this cost was estimated at 1% of annual salaries of employees for both companies.

#### **4.6.2.6 Factor 6 – Lowered motivation**

Calculations for this factor were made by applying the percentages indicated for loss in productivity by the respondents in terms of the total compensation of employees deemed to be affected, based on the survey results. When generalising the survey results to the total population, Company A loses 15 015 hours or 23.7% of productivity per year due to conflict, while company B loses 20 118 hours or 26.2% of productivity.

#### **4.6.2.7 Factor 7 – Lost working hours**

The formula from the John Ford & Associates model (2007) was used to determine the number of lost working hours per year:

$$\frac{\text{Lost working days}}{\text{Number of employees} \times \text{Number of workdays}} \times 100$$

In Company A, 7.7% of respondents reported that they were absent from work as a result of conflict while 22.6% of respondents from Company B reported that they stayed away from work due to conflict. These two percentages were applied to the number of unplanned leave days and sick days without doctors' letters for the period under review to determine the number of lost working days.

#### **4.6.2.8 Factor 8- Health costs**

This particular part of the model is not applicable to South African companies. Companies pay a fixed contribution to medical schemes and the contribution amount is dependent on the plan or option an employee chooses. Contributions do not vary according to the amount or regularity of claims made by members of the scheme. The effect of absenteeism from work has already been taken into account with the calculations of cost under Factor 7 of this model.

#### 4.6.2.9 Calculated cost

The cost of conflict for Company A is estimated at 11.5% of their annual salary expenses and at 11.7% for Company B. The biggest contributor to this cost for both companies is the loss of motivation and the resulting loss of productivity.

### 4.7. CONCLUSION

In this chapter, the results from the survey were discussed for Companies A and B. These results were then applied to a cost model that was compiled from the John Ford & Associates cost of conflict model (2007) and the Dana measure of financial cost of organisational conflict model (2001) to present the cost of conflict for the two companies as percentages of their salary expenses.

In the final chapter, recommendations are made to the two companies on how to manage conflict within and between their organisations in order to minimise the cost of conflict.

# CHAPTER 5 RECOMMENDATIONS AND CONCLUSIONS

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## 5.1. INTRODUCTION

The previous chapter reported the findings and results from the survey conducted at the shared premises of Company A and Company B. This chapter will make recommendations based on these findings to the management of Company A and Company B in order to provide them with a framework for managing the resulting cost of conflict within and between the two companies. Limitations of the study are discussed and suggestions will be made for future research about the two companies. This is followed by a comparison of the outcomes compared to the aims and objectives of the study and a final conclusion.

Figure 5.1 below provides the layout of the discussion areas of Chapter five.



Figure 5.1 Layout of Chapter five

## 5.2. MOST IMPORTANT FINDINGS

The majority of respondents for both Company A and Company B indicated that they spend less than two hours per month resolving conflict (Section 4.3.2).

Both Company A and Company B reported peers (30.8% from Company A and 42.2% from Company B) and supervisors (34.6% from Company A and 35.5% from Company B) within their companies as sources of conflict. Only the respondents from Company A reported that they experienced the employees from the other company sharing the call centre as a significant source of conflict, with supervisors from Company B (30.8%) being the biggest contributor (Section 4.3.3).

The biggest cause of conflict within Company A and the second biggest cause of conflict within Company B were indicated as “differences of opinion, attitudes, values and beliefs”. The biggest cause of conflict in company B was “lack of mutual respect between group members” (Section 4.3.4.1). These two variables were also major causes of conflict between the two groups.

The biggest cause of conflict between the groups was the “sharing of resources” (Section 4.3.4.2).

Proportionately more employees from Company B reported that they stayed away from work or resigned from a position they have held due to conflict when compared to the respondents from Company A (Section 4.3.5).

The biggest impact experienced due to conflict by both Company A and Company B was loss in productivity. Of the employees that indicated that “productivity was influenced negatively due to conflict”, 62.5% of respondents from Company A reported a 10% loss in productivity per week while 50% of respondents from Company B reported a loss in productivity of between 10% and 25% (Section 4.3.5).

Analyses were done to identify significant relationships between the variables of “resulting actions due to conflict” and each individual cause of conflict. No significant relationship or fixed pattern was established between specific actions and causes of conflict in the way employees responded to conflict.

In addition to the above-mentioned highlights from findings discussed in Chapter 4, respondents were also asked to indicate to what degree they perceived conflict resolution in the workplace could contribute towards increasing their productivity. The majority of respondents from Company A (39.1%) perceived conflict resolution to increase their productivity by less than 10%, but 26.1 % of the respondents indicated that they believed it would increase productivity by more than 50%. The majority of respondents from Company B (28.0%) perceived conflict resolution to increase their productivity between 21% to 30%, while 24% indicated that they were of the opinion that conflict resolution in the workplace would increase their productivity by less than 10%.

The total cost of conflict as a percentage of annual remuneration was 11.5% for Company A and 11.7% for Company B (Section 4.6.2).

### **5.3. RECOMMENDATIONS BASED ON FINDINGS**

As highlighted in the previous section, the most significant result of conflict was a loss in productivity for both Company A and Company B. Loss in productivity is the single biggest contributor to the cost of conflict for both companies and is significantly higher than any other resulting cost due to conflict. Therefore, it would make sense for the executives of the two companies to concentrate their efforts in managing the loss in productivity in order to bring down the cost of conflict. Respondents of both companies indicated that they believe that conflict resolution in the workplace will lead to an increase in productivity (see Section 5.2). There are various options and channels of conflict resolution available to the executives of the two companies. As there are currently no conflict resolution channels in place, it is suggested that the two companies start with more informal dispute resolution strategies such as facilitation (Section 2.7.5.1) or conciliation (Section 2.7.5.2) where a neutral third party facilitates communication and encourages the involved parties to resolve the conflict between employees of the two companies.

Respondents indicated peers within their company as a noteworthy source of conflict. In these cases peer review, where a panel of co-workers resides over the

matter (Section 2.7.5.3) can be an inexpensive and effective way to resolve the conflict. In the case where conflict with a supervisor is experienced within the company, the review panel should consist of other supervisors.

Respondents from Company A also reported supervisors from Company B as a source of conflict. A macro strategy in the form of a company code of conduct (Trudel & Reio 2011) is recommended for the handling of conflict that is generated as a result of direct confrontation between the supervisors of Company B and the employees of Company A. Supervisors from Company B should not confront employees from Company A directly, but rather work through a channel of communication to the management or supervisors of Company A, according to the procedure that should be set out in a company policy document.

“Differences in opinions, attitudes, values and beliefs” and “lack of mutual respect between group members” were two major contributors to conflict within and between the groups. Training that focuses specifically on the integrating management style (Section 2.7.1) will enable employees to be sensitive to differences in opinions, attitudes, values and beliefs and to respond to one another with mutual respect.

“Sharing of resources” is the biggest cause of conflict between the two groups. Procurement of office space is expensive, but there are more affordable ways in which management of the two companies can address the problem. For the sake of efficiency and the reduction of conflict between the call centres of the two companies, separation of the workspace of the two companies is highly desirable. Different clientele, different demands on employees, non-corresponding work-shift cycles and different management styles, call for separate workspaces. This can be achieved with little reorganisation and minor layout changes. On the northern side of the main call centre, an aluminium and glass frame separates the offices of the managers from the rest of the call centre. The two companies can consider moving these glass doors toward the centre of the call centre and then use this as a divider between the companies, creating a sense of separateness.

Having the two call centres adjacent to each other will also not disorganise the obligatory liaison between the executives of the two companies, but will prevent

them from tramping on each other's toes when it comes to decision-making. Likewise, there ought to be no rewiring of cables or disruption of the IT department's maintenance of the respective companies' network servers and host computers.

#### **5.4. LIMITATIONS OF THE STUDY**

The study was conducted in an isolated setting of two companies sharing call centre premises and care should be taken not to generalise the results to all industries. This is obvious for instance, when the results of this study are compared to results of the CPP survey (2008) as far as absenteeism is concerned. The CPP study reported a 25% result in absenteeism due to conflict while Company A only reported a 7.7% absenteeism due to conflict. Company B reported similar results than the CPP survey with a 22.6% absenteeism due to conflict.

The cost of conflict was reported in relation to the annual salary expense of the two companies. The study reported on the overall response to conflict and the resulting action due to conflict and did not separate the responses and actions of managers and call centre agents, given the small number of managers vis-à-vis other employees participating in the study.

Two categories from the Dana measure of financial cost of organisational conflict model (2001) are difficult to measure accurately and are therefore subject to estimation in determining the cost, namely the second factor (Reduced decision quality) and the fifth factor (Theft damage and sabotage – Category 2 in the John Ford & Associates model 2007).

#### **5.5. SUGGESTIONS FOR FUTURE RESEARCH**

Due to the considerable impact that conflict has on the loss of productivity, it would be to the advantage of the two companies to further research the impact of the different conflict resolution strategies on the cost of conflict in order to lower the total cost of conflict for the two organisations.

## **5.6. STUDY OUTCOMES IN RELATION TO AIMS AND OBJECTIVES**

The purpose of the study was to determine the cost of conflict between Company A and Company B. In order to determine the cost of conflict between the two companies, the researcher first needed to review the existing models and research for ascertaining the causes of conflict and the cost of conflict (Chapter two). Based on the information, a research design was devised to determine the causes of conflict within and between Company A and Company B as well as the resulting actions and consequences emanating from the existing conflict (Chapter 3).

The results obtained from the research were then applied to establish the cost of conflict for Company A and Company B in terms of a percentage of their annual salaries, in order to determine the impact on the bottom line of both companies if the conflict is left unmanaged (Chapter 4).

Through recommendations and suggestions, a proposal was made to Company A and Company B to enable them to effectively manage the cost of conflict for the two companies (Section 5.3) while taking cognisance of the limitations of the study (Section 5.4).

## **5.7. CONCLUSION**

The study showed that conflict is a hidden cost that affects the bottom line of an organisation. The survey clearly indicated that both Company A and Company B are affected negatively by conflict.

Conflict exists at both companies and has a considerable financial impact. Company A is affected the most by conflict in the area of lost productivity and secondly in the area of wasted time; time that could have been spent on performing work-related tasks is spent managing conflict.

The impact of conflict on Company B is slightly higher than on Company A. In addition to the loss in productivity and wasted time spent resolving conflict, Company B is also burdened by staff turnover due to conflict. Except for the most prevalent

costs associated with replacing an employee, such as training and investment in human resource-related requirements, the company also suffers a loss in productivity as the new employee still has to learn to produce at the optimum level in his /her new position.

The most prominent cause of conflict between the two groups is the sharing of resources. The study showed that the costs originate not only from conflict between the two companies but also from internal conflict, especially in the case of Company B where the most prominent sources of conflict exist internally. In view of this, acquiring different premises in order to separate the call centres of the two companies will not be a solution in terms of the cost factor. There is a certain synergy in the two companies sharing the premises that should not be underestimated. Acquiring additional premises will lead to the duplication of various resources such as back-up generators, a second IT department and security to name but a few.

The results of the study clearly necessitate intervention. Taking into account the internal conflict within the groups identified during the study, active management of conflict is needed as opposed to separating the groups. Dividing the groups will have a positive effect on the cost of conflict between the groups, but it will not address the cost related to internal conflict. Management of Company A and Company B can drastically reduce the current cost of conflict for the two companies sharing the call centre premises by being attentive to the underlying conflict and by actively managing the conflict through conflict resolution strategies such as the development of supportive company policies and the training of employees and supervisors to effectively deal with conflict situations.

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# APPENDIX A – QUESTIONNAIRE

## Questionnaire

For  
office  
use  
only

### 1. Demographics

#### **1.1 Please indicate your gender:**

A	Male
B	Female

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#### **1.2 Please indicate your age:**

A	17-19
B	20-22
C	23-25
D	26-28
E	29-31
F	32-34
G	35-37
H	38-40
I	41-43
J	44-46
K	47-49
L	50 & older

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#### **1.3 Please indicate your home language:**

A	Sotho
B	Xhosa
C	Zulu
D	English
E	Afrikaans
F	Tswana
G	Pedi
H	Swati
I	Tonga
J	Ndebele
K	Venda

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**1.4 Please indicate your current position:**

A	Call Centre Agent
B	Supervisor/ Junior Management
C	Senior Management

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**1.5 How long have you been working for the company?**

A	Less than 3 months
B	Between 3 and 6 months
C	Between 7 and 10 months
D	Between 11 and 14 months
E	More than 14 months

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**2. Experienced conflict****2.1 With whom are you likely to experience conflict at work?  
You may select more than one option.**

A	Peers (fellow employees on the same level) within the company (within your group)
B	Supervisors within the company
C	Subordinates within the company
D	Senior management within the company
E	Peers of the other company sharing the premises.
F	Supervisors of the other company sharing the premises
G	Employees on a lower level/scale of the other company sharing the premises
H	Senior management of the other company sharing the premises

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**2.2 In your opinion, how much time do you spend on average per month trying to resolve conflict between colleagues sharing the same workspace on the premises?**

A	Less than 2 hours a month
	Between 2 and 5 hours a month
B	Between 6 and 10 hours a month
C	Between 11 and 15 hours a month
D	Between 16 and 20 hours a month
E	More than 20 hours a month

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### **3. Internal Causes of Conflict (within the group)**

**3.1 Please indicate which of the following in your opinion, cause conflict in the call centre within your group. You may select more than one option.**

A	Unclear job expectations	48
B	Sharing of resources within the group (within your company). Resources can include the sharing of printers and facilities such as air cons, toilets etc.	49
C	Difference in opinions, attitudes, values and beliefs between individuals within your company	50
D	Inadequate team work	51
E	Lack of mutual respect between group members within your company	52
F	Poor personal health and well-being	53
G	Conflict at home that flows over to my work environment	54
H	Unfair allocation of and distribution of duties and responsibilities within the group	55
I	Miscommunication	56
J	Lack of Communication	57
K	Ridiculing/ Bullying within the group	58
L	Unequal appraisal ratings and resulting unequal incentives within the group	59
M	Abusive management practices	60
N	Change in work demands/expectations	61

### **4. Causes of conflict between the two groups**

**4.1 Please indicate which of the following, in your opinion, cause conflict in the call centre between staff members of the two companies. You may select more than one option.**

A	Unclear company goals	62
B	Sharing of resources ( like toilets, designated smoke areas and shared lunch areas)	63
C	Difference in opinions, attitudes, values and beliefs between staff members of the two companies	64
D	Structure in terms of different rules and working hours between the two companies (two groups)	65
E	Lack of mutual respect between the two groups	66
F	Difference in workload and responsibilities between the two companies	67

G	Miscommunication between staff members of the two companies	68
H	Lack of Communication between staff members of the two companies	69
I	Ridiculing and bullying between the two groups (between the two companies)	70
J	Different remuneration packages and structures between the two groups	71

Please indicate your level of agreement or disagreement with the statements made below for question 4.2 to 4.6:

**4.2 There is a difference in lifestyle between the employees of the group (two companies) that leads to differences in the way situations are interpreted.**

A	Strongly Disagree	72
B	Disagree	73
C	Agree	74
D	Strongly Agree	75

**4.3. There is a difference in the social power between the two groups.**

A	Strongly Disagree	76
B	Disagree	77
C	Agree	78
D	Strongly Agree	79

**4.4 There is a prominent strive for power within the shared call centre setup between the two groups.**

A	Strongly Disagree	80
B	Disagree	81
C	Agree	82
D	Strongly Agree	83

**4.5 It is important for me to have a positive view of the group I belong to.**

A	Strongly Disagree	84
B	Disagree	85
C	Agree	86
D	Strongly Agree	87

**4.6 In my opinion it is important for the group I belong to be perceived as favourable when compared to the other group sharing the call centre.**

A	Strongly Disagree
B	Disagree
C	Agree
D	Strongly Agree

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### **5. Resulting action due to conflict**

**5.1. Have you ever stayed away from work in order to avoid conflict at work.**

A	Yes
B	No

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**5.2 Have you previously resigned from a position you held due to conflict at your place of work where you were either directly or indirectly affected.**

A	Yes
B	No

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**5.3 Have you ever sabotaged a system (such as a computer or telephone system) or process due to existing conflict within your organisation? If you answer "No" go straight to question 5.5.**

A	Yes
B	No

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**5.4 If you answered 'Yes' to question 5.3, what do you think was the estimated amount (in Rand) of the damage ?**

A	Less than 25% of my monthly salary
B	Between 25% and 50% of my monthly salary
C	Between 50% and 75% of my monthly salary
D	Between 75% and 100% of my monthly salary
E	More than 100% of my monthly salary

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**5.5 Has your productivity been influenced negatively due to conflict? If you answer "Yes" please also complete question 5.6**

A	Yes
B	No

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**5.6 If you have answered "Yes" to question 5.5 please indicate how you perceive your productivity is negatively influenced as a result of the conflict experienced.**

- |   |   |
|---|---|
| A | 10% loss in productivity per week                             |
| B | More than 10% but less than 25% loss in productivity per week |
| C | More than 25% but less than 50% loss in productivity per week |
| D | More than 50% but less than 75% loss in productivity per week |
| E | More than 75% loss in productivity per week                   |

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**5.7 Please indicate to what degree you perceive that conflict resolution in the workplace can increase your productivity**

- |   |   |
|---|---|
| A | Less than 10% increase in productivity per week       |
| B | Between 10% and 20% increase in productivity per week |
| C | Between 11% and 20% increase in productivity per week |
| D | Between 21% and 30% increase in productivity per week |
| E | Between 31% and 40% increase in productivity per week |
| F | Between 41% and 50% increase in productivity per week |
| G | More than 50% increase in productivity per week       |

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**Thank you for the time spent in answering this questionnaire.**