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Conflict Resolution and Decision Making in Big-Size Organisations

Three Case Studies from Croatia

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Abstract—**Conflict management is a challenging activity for managers in almost all organisations in the world. After the theoretical background of the topic related to the conflict resolution area, this paper brings three case studies of big-size organisations from Croatia: two enterprises and one school. The primary research methodology was an interview. Interviews were conducted with responsible persons in organisations. Results of the research are compared to one study conducted in 2001 and they are similar.**

Keywords- conflicts, decision making, organisation, conflict management, conflict resolution

I. INTRODUCTION

Conflicts can be defined as natural consequences of the differences between individuals, groups, and organisations. Even though first thoughts regarding the conflicts are often still negative, experts in the fields of decision making, organisation management, and communication proved that lack of conflict could also have negative consequences in organisations. They define a concept of optimal level of conflicts in the organisation as a desired level of conflict appearance in the organisation. This is a theoretical concept and often not easily applicable in practice because it is hard to determine the level of conflict that is too high enough so that increases the efficiency of the organisation, and too low enough so that it is not destructive. The conflicts are everyday activities. They are present in both, personal life, as well as professional life of everyone. Of course, the primary focus of this paper is professional life – conflict management in business. A conflict is a natural and inevitable result of the differences between individuals [1].

The conflict process begins when one person realises that another individual has caused some frustration. Two people do not necessarily have to be in direct contact to make a conflict [1]. One person with words or certain nonverbal actions can show that the other caused a feeling of frustration and discomfort. Judging by one research: "... any situation where one person realises that the other person, with whom he or she is interdependent with, influences on her or his main success can be defined as a conflicting situation." [1].

The primary goal of this paper is to determine how conflicts are managed in three large organisations in Croatia. Also, the research results will be compared to study conducted in 2001 related to conflict management.

II. CAUSES OF CONFLICTS

Some conflicts will be caused by the nature of the organisation itself, its structure, while others will be conditioned by the human nature or personal characteristics of a person. Some of the causes of the conflicts are [2]:

- The personal style that an individual develops and his upbringing,
- Lack of resources, competition for rare resources,
- Interdependence of conflict participants,
- Diversity of goals and changes,
- Weak and insufficient communication between the participants, and other.

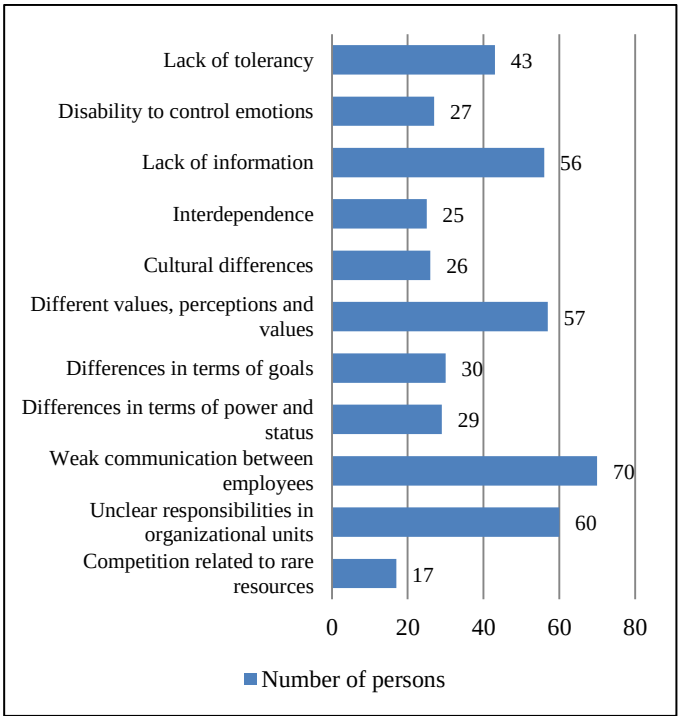

Figure 1. Results of research in paper [3], conflicts sources

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In his study, conducted in 2001, author of paper [3] identified the most often conflicts sources in Croatian companies. They are described in Figure 1. In our research, we will try to determine if this changed in 2016 in three cases, three companies. Also, in research [3] more than 75 % of participants found that conflicts are negative and undesirable.

III. Types of Conflicts

There are several types of conflicts in the organisation. The most well-known classification of conflicts is based on the perspective of participants. We differ intrapersonal conflict, interpersonal conflict (intragroup) and intergroup conflicts [4]:

- Intrapersonal conflict - this is the conflict "between a person and himself". Although it sounds somewhat confusing, it must be emphasised that man is "complex" being with various feelings and emotions in which different "things are happening". In this conflict, it is important to develop the capacity for good management of such a conflict, and then this conflict is within the limits of control and does not harm the person.
- Interpersonal conflict - it is created by several individuals who are in some interaction. The most common are the conflicts between people within the same organisation, and it comes as a result of the differences between them. This type of conflicts is especially interesting from a position of decision making. The interpersonal conflict between managers represents the situation when two or more persons have different reasoning and thinking about the problem in the decision-making process. This is a typical situation in both, small and large organisations.
- Intergroup conflicts – this is a type of conflict in an organisation which is consist of several groups (ex. departments), and groups see each other as a threat. In fact, it was found that clashes between groups are more commonly caused by group leaders. The groups are facing their own goals and norms as well as mutual competition. The distinction between groups can affect productivity. When a competition causes groups to subvert the activities of rivals, they become negative for the organisation as a whole.

One of the methods that can be used in sociology and psychology in terms of studying conflicts in the certain organisation is called social network analysis. By using this method we can identify the most important persons in the network (they have high centrality measures values), but also substructures in the network which are called cliques, clans, *n*-clans, *k*-plexus, etc. [5]–[7].

The second classification of conflicts differs *open* and *concealed* conflict. Two sides in open conflicts disseminate very openly that they are in conflict (e.x. political parties). Two sides in concealed conflict pretend that everything is correct in their relationships – when they collaborate, but act contrary when other side is not present ("talking behind the back") [8]. Finally, the third classification is related to effects and outcomes of conflicts. We differ functional and dysfunctional conflicts. Functional conflicts have positive effects on organisation and participants, and dysfunctional have negative effects on organisation and participants [9].

Related to this last classification, we can say that people often consider each conflict like dysfunctional. Somehow, still, the words "conflict" and "positive" does not fit together.

IV. Effects of Conflicts

Conflict is a natural process that can be negative or positive, depending on how it is used. There is an opinion that some people are trying to avoid conflict at all costs, which is a habit that is desirable, but also very unattainable and rare. There are few people who can always avoid any conflict [1].

Conflicts can be useful because they can allow communication and problem analysis from the different points of view. This can lead to important positive changes, especially in the organisation. If people share the same view of direction or procedure, the organisation they belong to may not change or grow.

Conversely, if a person has a different opinion, a new, better idea for solving a particular problem, then, to expose his idea, he must come into conflict with all the others who do not share his/her opinion and thereby present their own opinion. In that case, the conflict was positive. Why? Because it has led to better results, a better solution to the problem.

Possible positive sides of conflicts:

- New problems identification
- Deeper problem analysis
- Finding better solutions to problems
- Prevent stagnation of organisation
- Encourage curiosity of employees
- Encouraging positive changes
- Individual/personal and group development

As conflict can be useful, it can also be useless (harmful). Negative sides of conflicts:

- People feel bad in general,
- People fall in depression,
- Interpersonal conflicts can develop new intrapersonal conflicts,
- Conflict resolution is not always positive or fair,
- Conflict can affect appearance of negative organisational climate

This two sides of the conflict are connected with previously mentioned functional and dysfunctional conflicts [10]. Functional conflict, therefore, improves the quality of decisions, stimulates creativity and innovation, encourages interest and curiosity among members of the group, reduces tension, etc. The dysfunctional conflict caused by uncontrolled opposition raises the dissatisfaction that affects the dissolution of common bonds between people and ultimately, the

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dissolution of the group. Conflicts are often related to the employee engagement which is discussed in [11].

The authors of the literature unit [9] suggest two hypotheses related to functional and dysfunctional conflicts:

- The fierce levels of conflict (the level when there is no conflict and the level of open struggle or violence) are seldom, or almost never functional.
- The type of aggregate activity (performance of a unit) must be a second factor in determining the functionality of a conflict.

We can visually describe that two hypothesis by using Figure 2. Points "A" and "C" are a situation in which there is no conflict (A), or where the presence of conflict is very high (C). Organisational efficiency in those points is very low.

On the other hand, point "B" means the solid and desirable presence of conflicts in the organisation. This is an optimal level of conflict in the organisation. Conflicts in this point have a positive impact on organisational efficiency. Point "B" is the only theoretical value of the level of conflict presence, and it is hard to achieve it or quantify it. This is why the managerial job is very challenging in terms of conflict resolution [12]:

- Sometimes, conflict level is too low – it means that managers have to stimulate production of new conflicts
- On the other hand, when conflict level is too high – it means that managers have to resolve (at least some of) them

Investigation of the relationship between emotional intelligence and constructive conflict management and the moderational role of leadership position and age is available in [13]. In paper [14] a new perspective for research on the conflict that considers the particular resolution process to be a key component in the attainment of goals is presented. Relationships between conflicts in the organisational unit, the employee's conflict management style and workplace bullying are presented in [15].

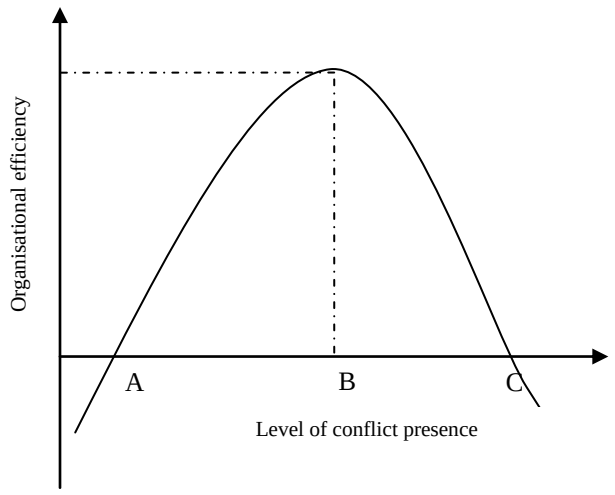

Figure 2. Relation between level of conflict presence and organisational efficiency in company (adapted from [10])

A. Conflict stimulation (simulation)

Having looked on Figure 2., conflict stimulation is a situation in which managers want to achieve point "B" starting from point "A". There are several possible strategies [8]:

- Communication – trying to simulate new conflicts by using simple communication,
- Involving new persons in the team – those persons have the assignment to do activities that will produce some conflicts, ex. The person will ask different questions, make some comments, do some work in a different way than usual, etc.,
- Changing organisational structure – managers can change roles and positions of people in organisational structure which possibly causes conflicts (until yesterday some employee was superior to other, but maybe today the other become superior to him),
- Stimulating of competition – managers can introduce some awards or variability of wage depending on the produced results.

B. Conflict resolution

There are several ways of how to act in conflict situations. Negotiation is a communication process which enables conflict resolutions. During the negotiation, we can decide between several negotiation styles, strategies, and techniques.

The consequences that conflict can have in general can be divided into three groups [1]:

- Win-win outcome,
- Win-lose outcome and
- Lose-lose outcome.

Some of the main styles of solving intergroup conflicts that appear in the literature are [1], [8]:

- Competition
- Avoiding
- Adaptation
- Compromise
- Cooperation/Integration

Those five styles can be positioned in the graph (Figure 3) with two dimensions: assertiveness (willingness to cooperate with opposite side in conflict) and aggressiveness (determination to fight for our own goals).

Avoiding means ignoring problems. This is a good style in a situation when conflict is small, and without any significant consequences for us, so we do not want to spend our time and energy to deal with it. Adaption is a situation in which we adopt to other party in conflict and don't fight for our own goals. This is almost always a bad strategy, but it can be used in some special situations (ex. if someone's health is in question). Competition is a strategy in which we want to achieve win situation for us, and we want that other side loses. In integration, we equally take care on our own goals as well as

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on goals of other party. This strategy is rarely possible to be implemented in practice. Finally, most used strategy in negotiation and conflict resolution is compromised strategy [16]. We are ready to "relax" in terms of our goals, and we expect the same from other party.

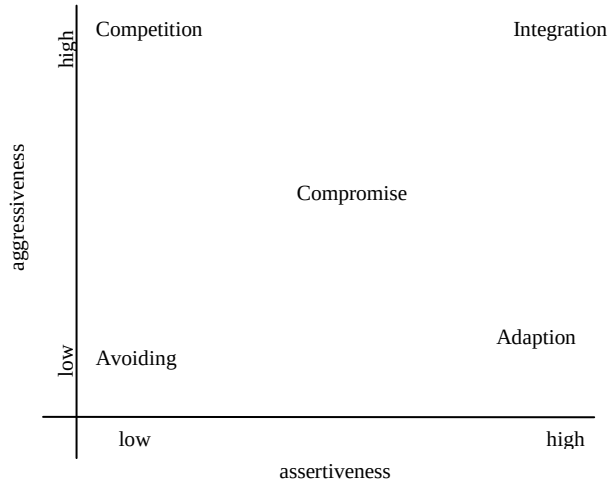

Figure 3. Basic styles in conflict resolution

V. Conflict resolution Case studies

In Croatia, big-size entrepreneurs, according to the Accounting Act [17], are determined according to three criteria:

- If the total assets exceed 150,000,000.00 kunas,
- If the income exceeds 300,000,000.00 kunas, and
- If the average number of employees during a business year is greater than 250.

With the goal of generating new insight into the causes and ways of conflict resolution in big-size enterprises in the Republic of Croatia, research was conducted on two big-size private enterprises: Y (active in the field of the food industry) and X (telecom operator) and one public elementary school Z. Even though Z does not satisfy conditions in terms of Croatian Accounting Act for private enterprises, this is a big organisation in terms of public institutions.

From the position of research type [18], the research was qualitative, and the main method of conducting research was an interview with open questions, and they were conducted with respondents from different job positions in the companies. In companies, respondents were selected by asking via e-mail in which they agreed to participate in the research.

Interviews were held in the informal environment because the respondents chose that way. Each interview lasted about an hour.

A. *Case study 1: Big-size company X*

X is the leading telecommunications company in Croatia that provides mobile telephony services, data transmission, etc. People from the company that were interviewed: an agent in the call centre and team leader at a call centre.

Some of the main characteristics of conflict management and decision making in X:

- Telecom is organised in several organisational units, and each organisational units is consist of several teams. There are more conflicts within teams themselves, and sometimes between other teams. Conflicts within teams take place several times a week, and between team teams once a month,
- Conflicts in company are mainly open, but there are some concealed conflicts (mainly interpersonal),
- Interviewer consider that the level of conflict in Telecom is higher than in other companies,
- The activities in which it comes to conflict situations are a discussion about weekly assignments and task division between employees. There is always someone unsatisfied,
- The most common are conflicts with superiors or people on the same level, usually with colleagues who do not support each other and do not want to accept differences in attitudes and to work in the same team,
- Conflict are mainly resolved by using compromise strategy.
- Besides by using compromise strategy, other strategies that are used are cooperation and sometimes domination. Domination is mainly used by a person who is higher in the organisational structure. It is used when superiors do not see another way of solving conflicts. This strategy solves conflict, but both, superior and inferior do not feel satisfied,
- The main sources of conflicts are poor communication, ambiguous business goals, differences in perceived value, lack of tolerance for employees and lack of information between employees,
- In terms of conflict consequences, in most cases, conflicts were functional that only motivated the whole team to have even greater efforts to daily and weekly goals,
- The role of manager and his/her timely reaction are key of successful conflict resolution.

According to interviewed employees at X, conflict situations occur very often, even on a weekly basis. As the cause of conflict situations, they point out poor communication, a misunderstanding for the needs of employees, etc. which is characteristic for large enterprises who are divided info departments. Departments act as smaller entities, and together they must be harmonious. Because of that pressure to work as smaller entities that must be harmonious comes to conflict situations where employee needs are often neglected. On the other side, it can, that there is a certain approach to resolving conflicts where respondents point out that conflict situations have been solved by compromise and

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cooperation. This is a good indicator that the management is aware of conflict resolution issues and tend to draw positive outcomes from conflict situations.

B. Case study 2: Big-size company Y

Y is one of the leading enterprises in Southeast, Central, and Eastern Europe and operates in two business segments. Some of the main characteristics of conflict management and decision making in Y:

- The conflict between employees mainly results from differences in personal income. This is the topic in which all are the most vulnerable. Whenever employees find out that someone got a raise or points for a bigger salary – this is base for conflict,
- The most of the conflicts are those between people at different positions in organisational structures, but there are also conflicts between people from same organisational level
- Conflicts are mainly negatively perceived,
- Conflicts in are trying to be resolved by the conversation and using compromise strategy,
- Conflicts are open when talking about group level, but there are also concealed conflicts at interpersonal level in groups,
- To deal with conflicts, besides compromise strategy, adaptation and cooperation are also used,
- Conflicts usually occur due to the assignment of new jobs, or due to a large number of work tasks, and a lack of human factor,
- Lack of tolerance among employees, lack of information, unclearly defined business goals are the main conflict sources.

Systematic conflict resolution in this example does not exist because two opposite cases are expressed: one is the solution to the conflict was shifting employee to another job position, and in the second solution was achieved through conversation and co-operation. It can be concluded that management of this company is not aware of the role played by the systematic approach to resolving conflicts, although employees point out the necessity of the existence of such an approach.

C. Case study 3: Elementary School Z

Z has over 900 students and is the largest in the area. It numbers 90 employees who do not necessarily categorise as large enterprise but has a complex organisational structure and is, therefore, adequate for comparison. Interviews were lead with representatives of class teachers and non-teaching employees. State enterprises are constantly at risk of depriving the budget of the Republic of Croatia and are facing with the fact that education suffers too many expectations with too little resources available.

Some of the main characteristics of conflict management and decision making in Z:

- There is often conflict in the collective, somehow most often between colleagues - teachers. Most often, there are conflicts about using limited resources,
- Conflicts are present at daily level,
- There are groups formed in school that have been formed long ago, and there are conflicts between generations, there is a disapproval of younger generations and their ideas
- There is a clear difference between the levels in organisational structure, and people on higher positions use their positions which cause conflicts,
- Conflicts are usually solved with a conversation with a superior, so (s)he makes a decision that must be respected. Employees do not find this kind of conflict resolution a good practice,
- There is a lot of concealed conflicts,
- Mostly, the consequences of conflicts have negative outcomes, if not for both, then at least for one side
- There is no attempt at all to resolve the conflict so that both sides would be satisfied. Only the interests of the enterprise (school) are to be seen.

Conflicts appear several times a week, and the causes are different. In classroom teacher's case, the cause is intergenerational, which is the most common occurrence. In the education system, The Republic of Croatia has introduced e-learning system for which additional education needs to be introduced, and older school staff are not ready to embrace the change. Besides that, conflicts arise with the lack of information and the consequences are visible in the lack of resources to perform certain affairs. There is no systematic approach to conflict resolution, employees are left alone and not confident enough to begin solving a conflict. A hierarchical structure that is respected in Z is disabling reactions and causes negative consequences of conflict.

VI. Conclusion

The topic of this paper is related to the conflict resolution in decision making in three Croatian large-scale organisations. Firstly, we gave a theoretical background on the topic: conflicts are defined; causes, types and effects of conflict are presented. Also, results of one research from 2001 related to conflict and conflict management are presented.

Research conducted in this paper was implemented by using an interview with responsible persons in the organisations. We concluded that situation did not significantly change when comparing to study from 2001. Conflicts still have a mainly negative connotation. Sometimes, and not very often, they are considered as the way how to generate new ideas and solve problems. Sources of the conflicts in three cases very are similar to dominant sources in 2001, and those are: weak communication between employees, different attitudes and lack of tolerance. The most often conflicts are interpersonal, they appear almost on a daily basis. Compromise is the most used strategy for conflict resolution.

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