

Effect of Conflict Management on Organizational Performance of Selected Deposit Money Banks in Asaba, Delta State, Nigeria

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Abstract

This study examined the effect of conflict management on organizational performance of some selected deposit money banks in Nigeria. The study adopted the survey research design and used a sample size of 112 staff. These staff were drawn from a population of 155 fulltime staff. Questionnaire was used to elicit responses from the respondents. Data were analyzed using ordinary least square regression. Collaboration, collective bargaining and compromising served as proxies for conflict management. The study found that collaboration and collective bargaining had significant effect on organizational performance while compromising had no significant effect on organizational performance. The study concludes that collaboration and collective bargaining are vital to organizational performance while compromising is detrimental, and, therefore, recommends that managers should embrace collaboration and collective bargaining and avoid compromising.

Keywords: Conflict Management, Collaboration, Collective Bargaining, and Compromising

Introduction

Conflict in organizations is known to be a key factor that can hinder the smooth and effective functioning of organizational activities and processes; and has become normal equation in organization workplace environment because employees contest for authority, position, recognition, and scarce resources. Issues in organizational conflict arise from the fact that employees believe that their interests are undermined or are being hindered by another person's activities. The manner in which conflicts are handled in most organizations certainly affects performance in the organizations.

Conflict is a part of everyday life of an individual or organization. It is an inevitable part of organization's life because the goals of different stakeholders such as managers and workers are often incompatible. One of the major challenges facing managers of industrial organizations is how to ensure organizational productivity through prevention and resolution of industrial conflicts and grievances in the nation's organizations, both public and private, using non-violent approaches or strategies. For management to be efficient, it must devote some part of its time to the management of conflicts, since it is unavoidable.

Based on the above, we can infer that conflict can be so serious that it can lead to parties involved engaging in serious disagreement that can even result into war and loss of lives. Conflict has been described as: a situation of competition in which the parties are aware of the incompatibility of potential future positions and in which each party wishes to occupy a position that is incompatible with the wishes of the other (Boulding, 1962). Ihejirika (2001) opines that what usually come to people's minds when they hear of conflict are war, fighting, misunderstanding, argument, anarchy, stress, crisis, adhesion, and many other negative actions between individuals, groups, communities, nation and state.

Furthermore, the Chinese see conflict in a positive direction, which is why in their own language conflict means 'an opportunity and danger'. Others see it as an evil mechanism that does no one any good. In another view, conflict argued to imply the relationship perceived by one or more concerned parties as unfair, unworkable or both. The feeling it engenders reflects both a state of mind and state of economic and political affairs characterized by disagreement, intense competition and mutual hostility (Muhammed, 1994). This definition

agrees with the previous ones that human relations cannot be without conflict, since in every society, there are diverse human interests and needs, competing individuals and groups, goals and different social beliefs that are largely incompatible. Conflict therefore is a normal social phenomenon in as much as it is not allowed to degenerate into incessant bloody or violent confrontation.

Conflict can be positive when it encourages creativity, new looks at old conditions, the clarification of points of view, and the development of human capabilities to handle interpersonal differences. Conflict can be negative when it creates resistance to change, establishes turmoil in organization or interpersonal relations, fosters distrust, builds a feeling of defeat, or widens the chasm of misunderstanding. (Adilo, 2019). According to Akanji (2005) a constructively managed conflict induces a positive performance, while destructively managed conflict heats up the work environment to bring about dislocation and polarization of the entire group with reduction in productivity and job performance.

The main objective of this study

This research examine the effect of conflict management on organizational performance of selected some selected deposit banks in Nigeria. The specific objectives include the following:

1. To investigate the effect of collaboration on the organizational performance in deposit money banks in Asaba
2. To ascertain the effect of collective bargaining on the organizational performance in deposit money banks in Asaba
3. To examine the effect of compromising on the organizational performance in deposit money banks in Asaba

In line with the above objectives, the study formulates the following hypotheses

1. **HO₁** collaboration has no significant effect on the organizational performance in deposit money banks in Asaba
2. **HO₂** collective bargaining has no significant effect on the organizational performance in deposit money banks in Asaba
3. **HO₃** compromising has no significant effect on the organizational performance in deposit money banks in Asaba

Concept of Conflict Management

Conflict management is the principle that all conflicts cannot necessarily be resolved, but learning how to manage conflicts can decrease the odds of nonproductive escalation. Conflict management involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills, and establishing a structure for management of conflict in your environment. Furthermore, Esbati, and Korunka, (2021) argued that when conflict is mismanaged, it can harm the relationship, but when handled in a respectful and positive way, conflict provides an opportunity for growth, intimately strengthening the bond between two people. By learning the skills you need for successful conflict resolution, you can keep your personal and professional relationship strong and growing.

Ihejirika (2001) observed that people with negative connotations of conflicts tend to handle them in a destructive manner, and this has in negative effects. He further suggested that having a positive mindset to conflicts could help manage them in constructive manner with positive results such as dialogue. Conflict might escalate and lead to non-productive results, or conflict can be beneficially resolved and lead to quality final products. Therefore, learning to manage conflict is integral to a high-performance team. Although very few people go looking for conflict, more often than not, conflict results because of miscommunication between people with regard to their needs, ideas, beliefs, goals, or values.

Types of Conflicts in Organizations

Doyles (2000) distinguishes between two types of conflict in organizations. These are individual conflicts (which can arise as a result of one employee feeling aggrieved) and collective conflict (which may originate from an individual employee or many result from a disagreement between the union and management). Accordingly, individual conflict arises when an employee considers that he has been maltreated or deprived something that he is legitimately entitled to or that some right of his has been breached. This may arise from unfair disciplinary measure taken against the individual, lack of promotion opportunities for him, deprivation of annual increment, among others. This conflict, unless properly investigated can have adverse effects on the employee concerned. On the other hand, collective conflict arises either from misinterpretation of collective agreement or non-implementation of the whole or parts of the agreement. It may also result from break down of collective bargaining. Doyles (2000) expresses that in some cases, a conflict that begins as an individual conflict can develop into a collective conflict.

Generally, conflicts involving an individual are ever having his rights i.e. what he thinks he is entitled to as a workman in his workplace. Collective conflicts are concerned mainly with economic matters except in cases where individual conflicts. The conflict may arise either because of a break down in collective agreement on misinterpretation of collective agreement on, in yet other cases, the non-implementation of the whole or parts of the agreement. While agreeing with this expression, Dunlop (2002) remarks that organizational conflicts that arise from collective grievances may also be the result of nonobservance of conditions of an individual or disciplinary measures. A large number of conflicts that occur in organizations may be those concerning situations not governed by rules. Such conflicts emanate essentially from individual workers and may be because of an alleged ill-treatment of the workers by his boss or the result of some claimed right. Chandan (2005) distinguishes between five types of conflicts which occur within an organization.

Concept of Organizational Performance

According to Daft (2000), organizational performance is defined as an organization's ability to attain its goals by using resources in an efficient and effective manner. Consequently, it is an evidence of the output of members of an organization measured in terms of revenue, profit, growth, development and expansion of the organization. In the same vein, organizational performance refers to the ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action. Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Accordingly, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization (Kehinde, Jegede, & Akinlabi, 2012). Different researchers have different ways to measure performance. The different type of measurement that has been applied has been classed as an objective or subjective. Tang and Zhang (2005) explained that an objective measure is measuring the financial records while subjective measures used the managers' perceptions regarding the organization performance. Nevertheless, many studies suggest using subjective measures due to the data for objective criteria could be inappropriate, misleading and difficult to obtain. If the data are available, the data may not genuinely represent the actual organization performance as the information may be manipulated.

Empirical Literature

M'mbwanga, Maore and Were (2021) focused on Conflict management strategies and organizational performance: A survey of microfinance institutions in Nairobi. The purpose of the study was to assess how conflict management strategies influence performance of micro-finance institutions in Nairobi. The study was guided by the following specific objectives: to explore the influence of accommodating strategy on performance of microfinance institutions; to assess how dominating strategy affects performance of microfinance institutions; to determine the influence of compromise strategy on performance of microfinance institutions, and; to examine the influence of collaborating strategy on performance of microfinance. The research study looked at the

contingency theory, stakeholder theory and human relations management theory. The study employed descriptive survey research design. The study targeted 90 managers of MFIs operating within the city of Nairobi. A census method was adopted by the study. Questionnaires were used as the research instrument. The researcher confirmed validity of the instrument by discussing the questionnaire with research project supervisors who are experts in research. So as to confirm reliability of the instrument, the researcher did a pilot test. The questionnaires were administered using the method of drop and pick later. The gathered data information was coded and then analyzed by use of SPSS. In summary, the regression model showed: a significant inverse relationship between accommodating strategy and performance of MFIs in Nairobi; A significant positive relationship between dominating strategy and performance of MFIs in Nairobi; A significant negative relationship between compromise strategy and performance of MFIs in Nairobi, and; a significant direct relationship between collaborating strategy and performance of MFIs in Nairobi. The research concludes that: there existed an inverse relationship between accommodating strategy and performance of MFIs in Nairobi shown by coefficient value of -0.293 and significance value of 0.008; there exists a significant positive relationship between dominating strategy and performance of MFIs in Nairobi shown by coefficient of 0.694 and significance value of 0.000; There existed a negative correlation between compromise strategy and performance of MFIs in Nairobi shown by coefficient of -0.530 and significance value of 0.003, and; there was a direct relationship between collaborating strategy and performance of MFIs in Nairobi shown by coefficient of 1.121 and significance value of 0.000.

Agbo (2020) examined the effect of conflict management on organizational performance with reference to the Broadcasting Corporation of Abia State. Descriptive survey research design was adopted while random sampling technique was used to the sample for the study. Questionnaire was administered to eighty-five (85) respondents and their responses were analyzed with the help of SPSS (2016). Findings indicated that conflict management had a positive and significant relationship with organizational performance. Motivational packages adopted by the organization had the potential to positively influence the organization's workforce when given the adequate attention it deserves. The study concluded that organizational performance was enhanced when the organization maintained an acceptable level of conflict resolution in the work environment that helps to coordinate and control the activities of the organization.

John-Eke and Akintokunbo (2020) focused on conflict management as a tool for increasing organizational effectiveness: a review of literature. The emphasis was on identifying the nature and significance of conflicts in an organization as well as recognizing levels or types of conflict; then asserting the appropriate strategy to be applied to achieve positive outcomes that will lead to organizational effectiveness. Related journals, textbooks and other online publications in management, organizational behaviour, and other relevant fields were reviewed. The findings revealed that conflicts do not always put the organization in a bad light, but constructively managed conflict brings about healthy competition, strengthens team participation, and bridges the communication gap. They recommend that organizations should reeducate their employees on conflict management construct; dispelling the trendy but untrue notion that conflict is bad, destructive and should be avoided at all costs. Managers should adopt strategy or strategies based on the nature and type of conflict.

Adilo (2019) focused on conflict management and organizational performance with particular reference to selected breweries in the South East, Nigeria. The objectives aimed to determine the relationship between conflict management strategies (negotiation, joint consultation, collective bargaining and alternative dispute resolution) and organizational performance. The study reviewed relevant theoretical and empirical literatures. This study was anchored on unitarism, pluralist and radical theory. Survey research technique was adopted as the design of the study. The data used were sourced from primary sources. A total of five brewery companies were sampled. The data generated were analyzed using frequency tables and percentage analysis. Regression analysis was employed to test the hypotheses formulated. The study revealed that all the conflict management strategies studied namely negotiation, collective bargaining, joint consultation and alternative dispute resolution

were found to have significant positive relationship with organizational performance. The study concludes that conflict management has significant positive relationship with organizational performance in selected brewery companies in South East Nigeria.

Anyakie (2018) examined the link between conflict management and organizational effectiveness. Data were collected from 98 managers and HOD in 16 micro-finance banks in Port Harcourt. The purposive sampling technique was employed in this study. The Spearman's rank order correlation coefficient statistical analysis was used in testing the stated hypothesis through the use of Statistical Package for Social Science (SPSS). The analysis showed a significant relationship between conflict management (collaboration and compromising) and organizational effectiveness (client/customer satisfaction and quality of work-life) are significantly related. Conclusion was drawn that effective conflict management will enhance proper learning which in turn influences organizational effectiveness.

Theoretical framework

Stakeholder Theory

This model pays attention to the needs of shareholders/investors, suppliers, customers and employers. With regards to the above scenario, stakeholder theory postulates that the parties involved should include political groups, governmental bodies, trade associations, trade unions, associated corporations, prospective employees, communities and the general public. This theory has gained prominence because researchers and scholars have realized the actions taken by a company have an impact on its external environment. These actions need accountability of the whole company to a more sophisticated and wider and audience than just the shareholders (Coleman, 2008). This theory is relevant to the study because it explains about stakeholders who include both employees and management of an organization. Organizations will, therefore, choose strategies of managing conflict that will result to the best effect on the performance. This means that both managers and employees, as stakeholders, will favour the best strategy in a given situation.

Human Relation Management Theory

The human relation theory was postulated by Mayo, (1933), it analyses the how social relations, employee motivation and satisfaction affect productivity in the factory. Mayo stressed on the natural groups' power, where social aspects take priority over functional firm structures, the requirement for reciprocal communication, where communication is two-way, from bottom to top as well, and the setting up of high quality leadership so as to communicate goals and objectives and to make sure of decision making that is coherent and effective. Organizations require that their employees be in a position to communicate and convey information successfully, to be in a position to interpret colleagues' emotions, to be open to colleagues' feelings, and to be in a position to solve conflicts and arrive at resolutions as this theory does not recognize conflict as a creative force.

Methodology

This study utilized the survey research design method to carry out this research. This research design was used in order to observe and describe the behaviour of branch management and staff without influencing them in any way. The population of the study consists of 155 fulltime staff of the selected deposit money banks in Asaba town, Delta state. The banks include United Bank for Africa (UBA), Zenith Bank, Access Bank, First Bank, First City Monument Bank (FCMB), Keystone Bank and Unity Bank, these banks were chosen because they have operated in Asaba for over ten years.

Taro Yamane (1967) formula was used to obtain the sample size from the population. The formula is given as follows

$$n = \frac{N}{1 + Ne^2}$$

Where:

N	=	Population size
1	=	Constant
e	=	Margin of error (5%)

$$n = \frac{N}{1 + Ne^2}$$

Substituting into the formula we have:

$$n = \frac{155}{1 + 155(0.05)^2}$$

$$n = \frac{155}{1 + 155(0.0025)}$$

$$n = \frac{155}{1.3875}$$

$$n = 112$$

In collection of data for this study, the researcher used structured questionnaire that was randomly administered to the targeted simple size. The questionnaire was designed following the 5-point Likert scale format where respondents were asked to indicate their degree of agreement or disagreement ranging from strongly agree (5) to strongly disagree (1). The data collected were analysed using the ordinary least square regression (OLS) method with the aid of SPSS version 26.

The model specified for the research is stated as follows:

$$PERF = \beta_0 + \beta_1CLB + \beta_2CBG + \beta_3CMP + \varepsilon_t$$

Where:

PERF	=	Organizational performance
CLB	=	Collaboration
CBG	=	Collective bargaining
CMP	=	Compromise

$\beta_1 - \beta_3$ = coefficients of collaboration, collective bargaining and compromise respectively.

β_0 = Intercept

ε_t = Disturbance term

The ordinary least square regression method was used for the analysis because it allows us to estimate the strength of the relationship between the independent variables and dependent variable and also has the ability to show the extent to which changes in the independent variables affect the dependent variable.

Results and Discussion

The hypotheses formulated for the study were tested. The study adopted 95% confidence interval that is 5 % level of significance and conclusions were drawn based on the probability values (p-values). We reject the null hypotheses if p-value is less than 0.05., and where the p-value is greater than 5%, we accept the null hypotheses.

Table 1: Regression Model Result

Dependent Variable: Organizational Performance			
Method: Ordinary Least Squares			
Variable	Coefficient	t-value	Prob.(p)
C	7.34251	3.64236	0.01423
Collaboration	0.73424	2.13246	0.02432
Collective bargaining	0.87564	2.43257	0.03756
Compromising	0.51232	2.32453	0.35342
Summary Statistics			
R-squared	0.7132	F-statistic	5.6435
Adjusted R-squared	0.6845	Prob(F-statistic)	0.0312
Durbin Watson	1.9546		

Author's Computation Using SPSS-26 (2022)

The Model's Goodness of Fit Indicators

The overall fit and significance of the organizational performance model showed that the model has a good fit, as shown by the value of the F-statistic of 5.6435 which is significant at the 5.0 per cent level as the F-statistic p-value of 0.0312 is less than 0.05 probability levels. The coefficient of determination as measured by the R-square 0.7126 shows that collaboration, collective bargaining and compromising explain 71.32% of total variation in organizational performance while the disturbance or error term (ϵ) covers 28.68%.

Test of Hypotheses One:

The regression result in Table 1 shows that the calculated t-value for the relationship collaboration and organizational performance is 2.13246 and the p-value is 0.02432 at 5% level of significance. Since the p-value is less than 0.05 level of significance, we reject the null hypothesis (H_{01}) and conclude that collaboration has a significant effect on organizational performance of deposit money banks.

Test of Hypotheses Two:

From Table 1, it can also be seen from the regression result that the calculated t-value for the relationship between collective bargaining and organizational performance is 2.43257 and the p-value of 0.03756 at 5% level of significance. Since the p-value is less than 0.05 level of significance, the study rejects the null hypothesis (H_{02}) and conclude that collective bargaining has a significant effect on organizational performance of deposit money banks.

Test of Hypotheses Three:

Finally, the regression result in Table 1 shows that the t-value obtained for the relationship between compromising and organizational performance is 2.32453 with p-value of 0.35342 at 5% level of significance. Since the p-value is greater than 0.05 level of significance, the study accepts the third null hypothesis (H_{03}) and concludes compromising has no significant effect on organizational performance of deposit banks.

Discussion of Findings

The findings from this study show that collaboration has a significant effect on organizational performance of deposit money banks. This means that where there is collaboration between managers and staff of the banks, conflict is reduced and this enhances organizational performance. This finding is in line with the findings of Maore et al (2021)

We further found that collective bargaining has a significant effect on organizational performance of deposit money banks. This by implication highlights the fact that when staff are engaged in collective bargaining with

managers, the chances of conflict is minimized and thereby enhance organizational performance. The result is in agreement with the study of Maore et al (2021).

This study finally found that compromising has no significant effect on organizational performance of deposit money banks in Asaba town. This shows that compromising can engender conflict in an organization thereby affecting organizational performance adversely. This is in line with the findings of Adilo (2019).

Conclusion and Recommendations

Conflict is a part of everyday life of an individual or organization. It is an inevitable part of organization's life because the goals different stakeholders such as managers and workers are often incompatible. Every organization strives is to create a very conducive environment for employees to carry out their duties effectively without any negative influence that could hinder the achievement of personal and organizational goals. This calls for the adoption of suitable conflict management strategies that will go a long way in fostering harmony in an organization. Based on the findings of this study, we conclude that collaboration and collective bargaining are vital to organizational performance while compromising is detrimental.

Based on the findings of this study, we offer the following recommendations;

- i. As collaboration has shown to foster industrial harmony and better understanding between managers and staff, which ultimately enhances organizational performance, it is recommended that deposit money banks in Asaba should continually strive to explore and embrace areas of collaboration at all times.
- ii. The management of deposit money banks should always embrace collective bargaining as this gives the staff a sense of belonging in the organization and gets them more committed to the achievement of its goals.
- iii. Finally, compromising in all its ramifications should be avoided. This could come in form of behavioral or relationship and standard of operations compromise. This has the capacity to promote conflict and jeopardize organizational performance.

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