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The Culture of Conflict Resolution and its Influence on Employee Retention.

Abstract

Purpose – The purpose of this paper is a pilot study of e-communications in three Russian firms to assess the culture of conflict resolution and the impact of strategies on employee retention at these firms.

Design/methodology/approach – Qualitative and quantitative research through a questionnaire and observation method to confirm the results. We use questionnaires by spontaneous sampling with quota elements; employees of the three selected firms have an equal chance of getting into an anonymous sample.

Findings – The culture of conflict in any organization should include professional mediation (fulfilled either by professional instructor or by a specially trained HR-specialist). All members of the organizational "family" should be informed that dealing with conflict and solving it is much better and productive than hiding and suppressing it.

Research limitations/implications – The paper shows the first results of the conflict study. It shows obvious drawbacks of contemporary empirical conflict solving. Further research should explore the effects of the recommendations we made and their fulfillment.

Originality/value – The article assesses the main conflict triggers in Russian organizations of various sizes. It also reveals the key assumptions that both workers and employers have that prevent them from effectively resolving conflicts. Based on empirical results, we have developed practical recommendations on conflicts that will be useful not only for managing the organizations we have studied but also for those who have ever encountered a conflict at work.

Keywords Organizational conflict, e-Communication, culture of conflicts, effectiveness of organization.

Paper type: Research paper

1. Introduction

This paper examines the culture of conflict resolution from case studies of three Russian firms of three sizes, small, medium and large, state or privately owned. We examine repeated conflict resolution strategies and measure outcomes by employee satisfaction, as gauged by staff turnover (take-up of other jobs at other firms at the same salary level).

We base it the organizational structures in the companies we researched are similar, they are linear or linear-functional. So, if the organizational structures are similar, the organizational culture (including methods of conflict solving) should be similar too.

Under the term "culture of conflicts" we understand regularly repeated effective social practice of conflict solving (the basic rules may be written or not written in the corresponding organizational documents), based on the assumption that each conflict can has its positive developing power and should be dealt accordingly.

Under "effectiveness of organization" we understand the level of employee satisfaction in each of three organization. The "level of employee satisfaction", in its turn, will be measured in potential staff turnover, which is, the readiness of the stuff to change the company they work in, for the company with more favorable conditions but with the same level of the salary. The term "e-commutation" stands for any official (through specially created official networks) as well as informal communication (through electronic channels as well as social media channels).

2. Literature Review

The sociologist Simmel (1903) and others, including Dahrendorf, have regarded social conflict as normal, a natural result of any management system, and strategies for resolving them include mediation of some kind (Dahrendorf, 1965). Wall et al (1995) have reviewed the substantial literature on the importance of resolving conflict for organizational productivity. To this we have added a contribution on methods of examining conflict management (Tjosvold, 2006, 2008; Rahim, 2010). It is important to note, for example, that culture influences both behavior and strategy (Zyl, 2019; Alon and Higgens, 2005; Du Plessis, 2012); also, the relevance of conflict within families to organizational conflict has been studied (Efeoglu and Sanal, 2019; Zhu and Li, 2015; Facer and Wadsworth, 2008); finally, gender has been considered as a factor in organizational conflict (Rahim and Katz, 2019; Yasim, 2019; Bakar and Salleh, 2015), with a

conclusion drawn by Baron, Neuman, and Geddes (1999) and Anderson and Bushman (2002) that men are more likely to show aggression at work, while women tend to prefer mediation.

What gives rise to conflict? Mikkelsen and Clegg (2019) observe that in order to manage a conflict in an organization it is necessary to understand the complex and dynamic nature of the conflict. For example, sometimes there are clear patterns, as in "organizational cynicism," which Dean, Brandes and Dharwadkar (1998) and Naus (2007) denotes when employees initially respond with negativity to rules, giving rise to conflict situations. For the most part, as Contu (2019) notes, conflict is still poorly understood, with scholars commenting on whether organizational conflict is a constructive or destructive process (Jehn, 1995; De Dreu and Weingart, 2003; Budacia, 2016). We follow the view that conflict has productive as well as destructive potential (Assael, 1969; Jehn, 1997; de Dreu and van de Vliert, 1997; Pelled, Eisenhardt, and Xin, 1999, Rahim, 2002; Coggburn, J., Battaglio, R. and Bradbury, M., 2017).

For managing conflict, the literature divides outcomes of conflict by functionality, for example, positive:

- Where it is clearly a result of management decisions that do not take employees' view into account, organizational decision-making can productively by reviewed (Rainey, 2014).
- Where it constitutes a minor aggravant, even stimulus, it can result in innovation and professional growth (De Dreu and Weingart, 2003; De Dreu and Beersma, 2005; Tjosvold, D. 2008), even organizational development (Eunson, 2017)
- Where it encourages individuals and groups to develop new approaches in their work (Herrmann, 2005), or new competencies in articulating and clarifying positions, compromising, negotiating, tolerating opposition and becoming flexible (Rahim, 2010), it can foster positive change.

And dysfunctional:

- Where it is not resolved and causes stress, burnout, and dissatisfaction (Kolb and Putnam, 1992; Chen, Zhao, Liu, and Wu, 2012; De Wit, Greer, and Jehn, 2012).
- Where it reduces communication between individuals and groups (Bergmann and Volkema, 1989; Kernberg, 2015), thus affecting performance.

- Where it affects the level of commitment and loyalty affecting staff turnover and damaging relationships (De Dreu, 2008, p. 9; Rainey, 2014, p. 398).

In this paper, we evaluate methods of conflict resolution in Russian firms.

3. Methods

We agreed with the statement (Jehn, 1995; Carpenter and Kennedy, 2001; Tjosvold, 2008, p. 19) that conflicts are inevitable part of the existence (in our case – company existence) and that they can, if managed properly, be the impulse of further development (Coggburn, J., Battaglio, R. and Bradbury, M., 2017). For us it is more important to evaluate the methods of conflict solving, establishing the most effective ones and cultivating them in the companies.

In our paper we select three firms (see Appendix No. 1). The sampling method is everywhere quota, representatives of all levels of the organization got into it according to the proportions presented in every organization. These firms were chosen because they are typical representatives of small, medium and large businesses in Russian big city like St. Petersburg.

We had an opportunity to conduct research in them, as the authors of the article participate in their management and are interested in its improvement based on verifyed empirical data.

To make the research in each of the three companies comparable and representative enough we undertook 41 questionnaires in "Folding" company, 30 questionnaires in "Geofarm" company and 20 in "Severstal" company. For more information on the companies participating in the study, see Appendix No. 1.presentatives of all level of management and other professionals were included into the sample research, and though we can call it a pilot study based on quota sample, main conclusions can be already made and decisions about optimal conflict solving tradition can be taken. After the pilot study the main study could take place in those companies with providing practical advice and specific solutions of culture of conflicts.

It should be also underlined that three companies we chose for the research, represent small size, medium size and big size businesses in contemporary Russia.

The respondents individually filled in the electronic questionnaires and sent them back to us. We specifically requested sincere answers pointing out the anonymity of research.

We use administrative reports, recorded informal social practice and reported approved traditions (source). We look for repeated responses to conflict. To assess conflict, we use the following questions:

- What conflicts are identified?
- What effect does conflict produce in firms?
- What traditions exist for conflict resolution?
- How do they differ from comparative country experience?
- How can the level of employee's satisfaction best be measured?
- Is there any correlation of used conflict solving methods with status in organization, duration of the work experience, gender, age?
- How common is mediation as conflict resolution?

The full questionnaire is presented in Appendix No. 2.

4. Results

Respondents from all three of them gave almost the same, statistically repeated answers, so that we can assume that we have found out a trend in attitude to conflicts and in dealing with conflicts in Russian companies. That is why conclusions and recommendations, made on the results of our research, will be applicable to all three investigated organizations.

Responses include the following:

Question № 1 was aimed to find out the basic attitude to the conflicts among the employee in all three investigated companies. And the results are the following:

How do you think conflicts influence effectiveness of your organization?

77% - Negatively

21% - Positively

2% - No influence

As we mentioned earlier, there was no specific difference in any of the three companies. So, we can conclude that unfortunately, basic negative attitude to the conflicts is occurred that hinders employees to see the positive effect of the conflict and use the energy of the stuff for further development.

Question № 2 was aimed to find out typical strategy when in conflict situation, verbal or non-verbal, conscious or unconscious traditions of dealing with conflict. The results are the following:

What is your typical behavior, when you deal with conflict, in case you are involved in it?

72% - I negotiate and try to find compromise that will partly satisfy each side of the conflict;

13% - I ask a professional mediator/third person to help and conduct conflict communication;

11% - I don't want to argue or fight, so that I agree with the conflicting side and give up my principles in order to remain in peace and don't waste working time and energy;

2 % - I hide conflict because I consider them destructive and try to keep it latent as long as possible, in the hope that the situation will be resolved by itself or out of fear of losing status quo;

2% – We argue with my opponent and I never give up my principles, neither does he, by the end of the conflict we both are pretty exhausted with an empty feeling inside us.

Question № 3 was obviously aimed to find out esteemed, approved by top-management, behavior to resolve the conflicts in each of the three investigated organizations. And the answer "No" was almost unanimous.

Is there any esteemed tradition of solving the conflict in your organization?

75% - No

25% - Yes

Question № 4

Describe in brief the tradition of conflict resolution in your organization.

The responses can be divided into three categories:

Category 1 - "it is always possible to find positive decision, "we are used to live without quarrel";

Category 2 - "asking a top-management to mediate and help to solve the conflict"

Category 3 - "making each conflict side negotiating", "to consider situation from above"

We conclude, that the tradition is to avoid conflict and think positively. If conflict does occur, top management will negotiate. This finding seems to confirm that most (77 %) employees in all three organizations responded negatively to instances of conflict.

Question № 5 was aimed to discover how traditional means of conflict resolution were received:

How would you describe your attitude to the tradition of solving the conflict situation in your organization?

31,5% - Sometimes it works

31,5% - Completely satisfied

21% - Almost satisfied

15,7% - The tradition doesn't work anymore

Question № 6 was designed to update information about the firm's method of conflict resolution:

How did you resolve the last conflict that occurred in your organization?

Not all respondents answered this question, so it was not possible to calculate the percentage. However, all responses received were divided into 4 categories:

Category 1 - We tried to find a compromise;

Category 2 – We imposed a resolution (used by middle-level and top-management);

Category 3 – We ignored the conflict situation;

Category 4 - mediation was used.

Our assumption, as in Wall and Callister (1995, p.542) is that mediation works best: **question № 7** aimed to find out how wide spread this method is. 57% do not use mediation:

Did you ever use the method of mediation as an effective conflict solving?

57% - No

43% - Yes

Question № 8 asked only respondents who replied that they used mediation how professionally it was applied and how satisfied they were, and, as we see according to results, there is much space left for development of mediation as a method of conflict solving.

Please, evaluate the effectiveness of mediation as a conflict solving method:

38% - Good experience

27% - Mediocre experience

23% -Excellent experience

11,5% - Bad experience

So, as we were trying to investigate how professionally or amateurishly the mediation was implemented, we asked in **question № 9: "Who implemented mediation?"**

The results showed that the management initiates mediation predominantly - 48%. , but in such a situation mediators might be subjective because express the interests of the top manager often and management might use such methods for their own purposes. It is also common to ask a colleague to solve the conflict – 32% of respondents, and only 16 % of respondents mentioned a professional mediator's involvement.

We conclude that the culture of mediation is not developed sufficiently. The role of mediator is usually carried out by top-managers and colleagues.

Question №10 was aimed to find out the potential stuff turnover.

The goal of this question was to understand more closely "loyalty" to the organization, and we used situation modelling. Our situation was for another, more interesting and ambitious company, to make an offer at the same salary level.

As we can easily see below, almost half of the employees of each of three organizations are eager to change where they work for a new organization with a more developed organizational culture.

Imagine, you are offered a new job at a firm with with an interesting organizational culture at almost the same salary, would you take it?

51% - No

49% - Yes

This willingness to take a new job may signal dissatisfaction with traditions and corporate culture where they work (holding salary constant); the absence of a conflict solving culture might be one of the reasons.

We go further in **question №13** to ask about the future, say 5 years. We conclude, from the results below, that although 49 % of respondents are eager to change their jobs for a more

challenging position at the same salary (there is no distinction by size of firm) such an offer may seem unlikely, explaining that most employees see themselves working in the same organization within 5 years. This loyalty, we argue, can be diagnosed as superficial, artificial and forced by circumstances.

In the closest 5 years I will be working in…

89% - This organization

11% - Another organization

Further on, in **question №11** we investigated if there are any written rules of employee's behavior in case they meet conflict. We were trying to investigate how much is the culture of conflict solving is established in each organization documentarily.

Are there in your organization any written rules of employee's behavior in case they meet conflict communication with client/colleague/boss?

90% - No

10% - Yes

Question № 12 was addressed to those, who answered yes. More than half rejected the notion that the rules work. If we consider that rules do not exist **as** a separate document, fragments of them can be found in other documents.

Do you follow written rules of conflict management?

55% - No

45% - Yes

So the age distribution of the respondents is the following:

63% - 30-40 years

14% - 41-50 years

12% - 21-29 years

9% - 51-60 years

2% - 61 years and more

Trends in all three size organizations are roughly the same in regard to age: we deal mostly with young people 30-40 years old (63%). This means, that they are in such an age of being flexible and open-minded that they will very eagerly meet positive changes in their organization. The

recommendations we will develop in our work will assume that they will be applied on people of predominantly young generation.

The gender of the respondents is also significant to mention:

76% - Male

24% - Female

The sector of these firms leads to such a gender distribution. Proportionality was preserved in the representative samples.

Your status in the organization you are working in:

68% - Specialists

21% - Middle-level

11% - Owners, top-management

5. Conclusions, recommendations and implications

1. One hypothesis, that there is a respected culture of conflict resolution in Russian organizations, was empirically disapproved.

2. Another, is that companies do not largely differ in traditions of conflict resolution; this was confirmed, attitudes toward conflict remains negative, and the predominate method of resolution is negotiations.

In general, comparing our results with those in other publications:

1. In Russian firms, potential staff turnover was much higher. Employees are eager to change their jobs for another. A majority (77%) considers conflicts to have a negative effect on the organization and when they occur, either negotiations are automatic, the management conducta negotiations, or employees in conflict give up their principles to remain in peace (Shein, 2002).

2. Methods of conflict resolution do not correlate directly with gender. But they do correlate with respondent's position in the organization. Thus, among those who gave answers such as "my point of view is right, the opposite one is wrong," or "we argue till we die," are mainly top-management and owners.

3. Comparing results for FOLDING, GEROFARM and SEVERSTAL, we found out no difference in methods of conflict resolution and attitude toward conflicts and thus conclude that there may be a national tradition and rules established in Russia.

4. According to potential stuff turnover, which is 49 % in our organizations, we conclude that conflict solving methods are not actually "working well." We suggest introducing mediation in the course of negotiation (which is widely spread in all three organizations – 72%). We can consider mediation as an advanced method of negotiating that could effectively applied and developed (Besemer, 2004; Haynes, Haynes and Fong,2004; Kerntke, 2012; Eunson, 2017).

5. The results of our work have a practical application for start-ups in the field of business consulting.

6. Results of our research have helped us formulate the following innovative model:

- If the conflict is not resolved, then it cannot be managed;

- If the conflict cannot be managed, then HR processes in the company are out of control;

- If HR processes are out of control then the unexpected results are more likely to occur;

- Unexpected results might make the future difficult to predict and goals difficult to set;

- The company continue to suffer internal conflicts.
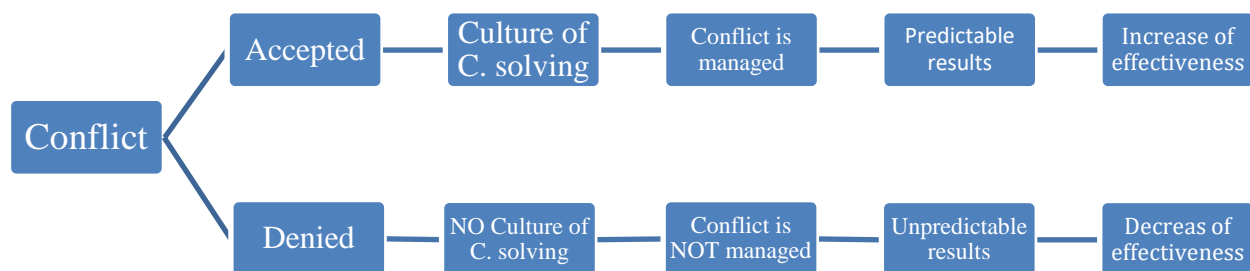
Schematically, this can be represented as a continuous cycle, developing in a spiral (Fig.1)
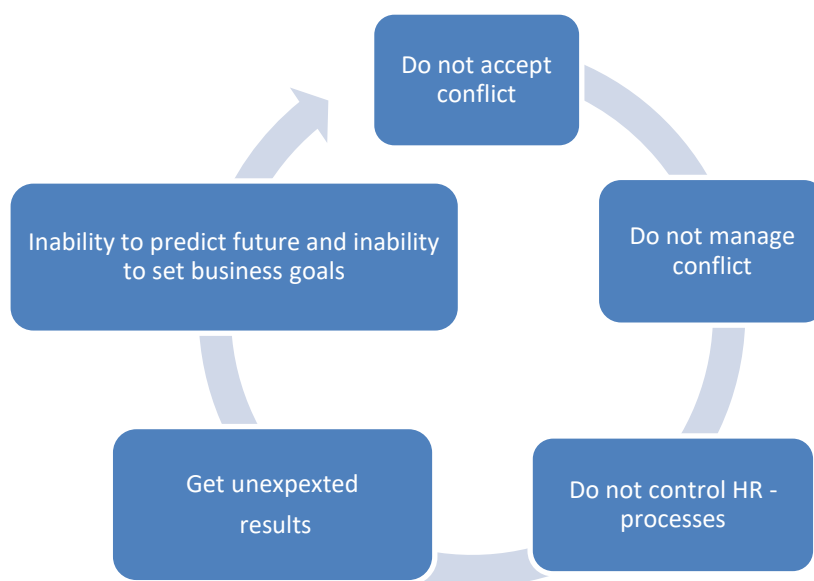
Fig.1. What happens if we don't accept conflict.

The recommendations to the organizations we researched are the following:

1. The basic attitude to the conflicts should be changed in private and state organizations. Conflict is seen as a symptom of social "illness" without effect on a firm's development. This attitude should be adjusted to recognize that conflict resolution has positive power and, when professionally managed, can trigger positive changes and further development in companies. This is also confirmed in a number of publications we researched Rainey (2014), De Dreu and Beersma (2005), De Dreu, and Weingart (2003), Tjosvold (2006), Tjosvold (2008), et al. This can be graphically shown in our scheme of conflict resolution to improve firm performance (Fig.2):

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                 ┌──────────┐   ┌──────────┐   ┌──────────┐   ┌──────────┐   ┌──────────┐
                 │ Accepted │───│ Culture of│───│Conflict is│──│Predictable│──│Increase of│
                 │          │   │ C. solving│   │ managed   │  │ results   │  │effectiveness│
  ┌─────────┐    └──────────┘   └──────────┘   └──────────┘   └──────────┘   └──────────┘
  │ Conflict│◄
  └─────────┘    ┌──────────┐   ┌──────────┐   ┌──────────┐   ┌──────────┐   ┌──────────┐
                 │  Denied  │───│NO Culture │───│Conflict is│──│Unpredictable│─│Decreas of│
                 │          │   │of C.solving│  │NOT managed│ │ results    │ │effectiveness│
                 └──────────┘   └──────────┘   └──────────┘   └──────────┘   └──────────┘
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Fig.2. Conflict Resolution Culture and Organization Efficiency

A culture of conflict resolution should be written and widely accepted for a conflict situation. This recommendation is for private and public companies. The rules should be explained to the employees on all levels and they should be monitored, with regular feedback for a successful maintenance of the new conflict management traditions. These rules can be a part of written corporative culture and should be implemented by managers.

3. The culture of conflict in any public or private organization should include professional mediation (fulfilled either by professional instructor or by a specially trained HR-specialist) so that conflict resolution brings about positive change in working processes and professional competences of employees.

4. Depending on the size of the organization, we recommend either a special permanent position of a professional mediator (for such company as SEVERSTAL, for example), or a specially educated HR-manager, who will implement functions of mediator when needed. The mediator forms an early hypothesis about the competing goals of each partner, verifies it, and

begins to explore the implications. Special courses on mediation should be included for prospective employees in public organizations.

Skills of mediating can be referred to as *soft skills*. That means that:

- While technical knowledge you currently have may be … obsolete in five years' time, the soft skills will be relevant in twenty- or thirty-years' time.
- The transferable nature of soft skills will help employees progress in their organization and add competencies or even change jobs.

When employees know how to manage a conflict, potential stuff turnover will fall, we show, by 49%. This means that top-management will be able to rely on employee loyalty. This will make internal HR-policy more constant and profound for public as well as private organizations.

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Appendix № 1.

Overview of the companies involved into research

FOLDING Company Ltd https://www.foldin.ru began its business activity from 2003 year as an importer of sliding walls and partitions, produced in Sweden and in Finland to the market of the North-West region of Russia. The company began to grow and develop rapidly: to expand the range of products, to go to other regions and cities, to attract and train new specialists, to target new segments of the customers, to provide different services. In 2014, the company launched a sliding partition production line using Swedish technology. This is the first and only line in Russia. In 2016, the second sliding wall production line was launched.

Now the company has 42 employees and provides not only project management and quality installation of folding partitions and movable walls, but also flexible modern production of high-quality products. FOLDING company represents small business in Russia.

GEROFARM http://geropharm.ru is pharmaceutical company that deals with production and distribution of drugs in Russia. Modern biotechnological production of the full cycle. The company is certified by Russian and international GMP standards. The company is 17 years on the market, has been working successfully since 2001. Revenue growth in 2017 was 18% compared to 2016. Has first place in the market of genetically engineered insulin by sales in 2017. The volume of investments in technological innovation and R and D in 2013-2017 is more than 6 billion rubles.

The company has more than 850 highly qualified employees. GEROFARM is engaged in the production of medicines, invests in technological development and the creation of modern pharmaceutical infrastructures. GEROFARM company is middle size business in Russia.

PAO SEVERSTAL https://www.severstal.com is a vertically integrated mining and steal production company with the main assets in Russia and a small number of enterprises abroad. Its revenue is 7,8 billion USD for 2017 and employees' amount – 50 000 people. SEVERSTALs strategy is to increase the value of the company through the creation of a sustainable high-quality business that consistently brings more profit than the industry average.

Although SEVERSTAL accounts for less than 1% of the world's metallurgical production, the Company maintains a convincing global leadership in terms of profitability of production. In particular, in 2015, SEVERSTAL set another record, achieving the highest EBITDA margin since

listing on the London Stock Exchange in 2006. This is obviously good example of big business in Russia.

Appendix № 2.

Questionnaire

Dear friend!

We kindly ask you to fulfill the Questionnaire that was written in a frame of conducting a research on the theme "The Culture of Conflicts and their influence on the effectiveness of organizations". The research is anonym, so please, be frank in answering the questions, the results will be used only in statistic generalization.

Thanks in advance!

1. How do you think conflicts influence effectiveness of your organization?

01 – Positively, they stimulate innovation development and progress in the organization I work in.

02 – Negatively, they require a lot of time and energy, exhausting each side of the conflict.

03 – No influence

2. What is your typical behavior, when you deal with conflict, in case you are involved in it:

01 – I negotiate and try to find compromise that will partly satisfy each side of the conflict;

02 – I hide conflict because I consider them destructive and try to keep it latent as long as possible, in the hope that the situation will be resolved by itself or out of fear of losing status quo;

03 – We argue with my opponent and I never give up my principles, neither does he, by the end of the conflict we both are pretty exhausted with an empty feeling inside us.

04 – I don't want to argue or fight, so that I agree with the conflicting side and give up my principles in order to remain in peace and don't waste working time and energy.

05 – I ask a professional mediator/third person to help and conduct conflict communication.

3. Is there any esteemed tradition of solving the conflict in your organization?

01 – yes

02 – no (please, skip the next questions №4 and 5 and go to question N6)

4. Please, describe shortly the tradition of conflict solving in the organization you are working in?

_____

5. How would you describe your attitude to the tradition of solving the conflict situation in your organization:

01 – completely satisfied

02 – almost satisfied

03 – sometimes it's ok

04 – the tradition doesn't work anymore

6. How did you solve the latest conflict that occurred with you in your organization?

_____

7. Did you ever use the method of mediation as an effective conflict solving?

01 - Yes

02 - No (please, skip the next two questions and go to №10)

8. Please, evaluate the effectiveness of mediation as a conflict solving method

on a scale, where 1 is the poor and 5 is excellent.

1- 2 - 3 - 4 - 5

9. Who implemented the mediation:

01 – my boss

02 – my collegue

03 – specially hired professional mediator

04 – your variant _____

10. Imagine, you have a suggestion to change the job, moving into the new company with strong ambitions on the market, great potential and interesting organizational culture, but almost the same salary, would you agree?

01 – Yes

02 – No

11. Are there in your organization any written rules of employee's behavior in case they meet conflict communication with client/colleague/boss?

01 - Yes

02 - No (please skip the next question and go to question №13)

12. Do you follow this written rules of managing the conflict?

01 – Yes

02 – No

13. In the closest 5 years you consider yourself working in..

01 – this organization

02 – Another organization

14. Your age:

01 – 21-29 years

02 – 30-40 years

03 – 41-50 years

04 – 51-60 years

05 - 61 – 70 years

06 – more than 71 years

15. Your gender:

01 - Male

02 - Female

16. Your status in the organization you are working in:

01 – owner

02 – top-management

03 – middle-level management

04 – specialist

17. How long have you been working in the organization?

01 – less than a year

02 – 1-5 years

03 – more than 5 years