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"Development of conflict management strategies to increase the organizational effectiveness in Nordic companies"

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Abstract

This research project explores the nature of conflict, the conflict process, conflict resolution skills and conflict management techniques in the case of Icelandic companies. The most important values that determine the work in Icelandic organizations are: egalitarianism, which includes power distance, individualism, femininity and unrealistic optimism, the *"action-poet"* psyche and the *"fisherman mentality"*. Because of unique mentality of Icelanders and not typical corporate governance the author decided to explore how conflict management practices work in Iceland and identify the factors that managers can improve in their conflict resolution approach in order to increase the productivity of the organization. The theoretical chapter gives an overview of sources and discusses types of conflict, conflict resolution skills and conflict management techniques. Literature review provides the main theoretical base for the analysis. Findings of this research conclude that Icelandic managers are quite familiar with conflict resolution process and the majority of them apply conflict resolution techniques. However, they still have complaints about conflicts between employees. Interpersonal and Intragroup conflicts were identified as the main types of conflicts in Icelandic organizations. According to the conflict resolution model, which is presented in the research project, Icelandic organizations have some gaps in their approach of conflict resolution. The findings of the research should help managers of Icelandic companies to bridge those gaps. Improved conflict resolution approach it believed to have a positive impact on the whole organization by increasing work productivity.

Keywords: conflict management, conflict resolution skills, conflict resolution styles, conflict resolution techniques, conflict resolution model

Preface

This research project concludes my study for Master of Science in International Business at Reykjavik University. The process of writing the thesis was very exciting. It was interesting to learn many new facts about Conflict management in Iceland. However, I had some challenges on my way and I couldn't have overcome them without assistance.

I would like to express my gratitude to all Icelandic companies who could afford their time to participate in the research through answering to the questions of on-line survey designed for research purposes. I am very thankful to Ketill Berg Magnússon, who is a part-time teacher at Reykjavik University and a chairman of the Association of Icelandic HR Managers, for helping me in my search of potential respondents for the on-line survey.

Special thanks go to my supervisor Vlad Vaiman, Professor of International Management and Academic Director of School of Business in Reykjavik University, for providing me with useful comments on my work and keeping me on the right track. I greatly appreciate his patience and support. I want to thank him for the valuable knowledge that he has shared with me. His guidance, assistance and feedback were very helpful throughout the process of the research.

Furthermore, I would like to thank my friends for their help and patience during my studies. I would also like to express my appreciation to my sister and my parents. Although they live far from me, I always felt their support throughout my studies.

May 25, 2012

Bankovskaya Violetta

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1. Introduction

This chapter consists of background information about the research topic.

1.1. Background

"The real voyage of discovery

Consists not in seeking new lands

But in seeing with new eyes."

Marcel Proust

The conflict-free company has never existed and never will exist. Antagonisms, tensions, aggressions, stereotypes, negative attitudes and the frustrations will always be an integral part of any organization where men have to live and work together. Conflict is an inseparable part of people's life. There is a variety of views about conflict. Some people view conflict as a negative situation that must be avoided at any cost. Others have an opinion that conflict is a phenomenon which necessitates management. From this point of view, a conflict is seen as an opportunity for personal growth and individuals try to use it to his or her best advantage. In organizations potential conflict could be in practically every decision which the manager must make. Coping efficiently and effectively with potential conflicts is one of the most important aspects of the manager's position. Since conflict is seemingly unavoidable, it is obviously necessary for managers to be able to recognize the sources of conflict, to view its constructive as well as destructive potential, to learn how to manage conflict, and to implement conflict resolution techniques in a practical way (Fleetwood, 1987).

This research project is focused on the conflict management practice in Icelandic organizations. Icelandic people have a unique mentality and a very interesting organizational culture. The uncertainty avoidance is relatively low in Iceland which is why risky situations occur in Icelandic companies. Icelanders have adapted to such conditions of life and they always try to have an optimistic view on the things. Icelanders try to be more optimistic and practical as opposed to realistic; therefore Icelandic managers do not rely much on formal rules when they make decisions. Thus, they feel quite comfortable in ambiguous situations. It is argued that Icelanders have a lack of self-discipline and are often not punctual or pay attention to details. In the unorganized and individualistic nature of Icelandic society, managers are busy running

their own departments and often ignore what is happening in other parts of the company. There is a high degree of cooperation with colleagues from other departments and a low level of cooperation between bosses and their subordinates. Such a uniqueness of culture represents an interesting object for studying conflict management in Icelandic organizations. This research will be relevant for Icelandic managers as they may identify the gaps in their conflict resolution approach and work on the improvements. The result will be increased performance of the whole company (Eyjolfsdottir & Smith, 1997).

1.2. Purpose of the study

The purpose of this research project is to analyze conflict management practices in Icelandic companies. The research includes information about the possible sources of conflicts and the conflict resolution techniques applied. The focus of the research is identification of conflict resolution skills that managers consider to be the most important in the organization. The research structure is based on a comparison of the Icelandic approach to conflict resolution against the created conflict resolution model.

The author believes that research conclusions will provide Icelandic managers with practical and useful recommendations for increasing the level of employees' productivity and improving performance of organization as a whole. It is argued that workplace productivity depends on a number of other variables as well, but for the purpose of this research only impact of conflicts inside the organization on productivity will be analyzed. The research should help Icelandic organizations to have a better understanding of Conflict management techniques, their implementation in practice, and gives a new insight on conflict resolution approach applied in the researched companies.

1.3. Structure of the thesis

The research consists of eight chapters as shown in Figure 1. The first chapter presents the introduction to the research and the purpose of the research. The second chapter includes the literature review of the research topic. In the third chapter the conceptual framework is described. The fourth chapter covers the methodology that was used for the research. The fifth chapter provides the analysis of the results. The sixth chapter discusses the recommendations for managers. The seventh chapter describes the future research. And in the eighteenth chapter the author says the final words.

Figure 1: Research structure

Chapter 1. Introduction
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Chapter 2. Literature review
↓
Chapter 3. Conceptual framework
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Chapter 4. Methodology
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Chapter 5. Analysis of the results
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Chapter 6.Discussion and Recommendations
↓
Chapter 7. Future research
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Chapter 8. Final words
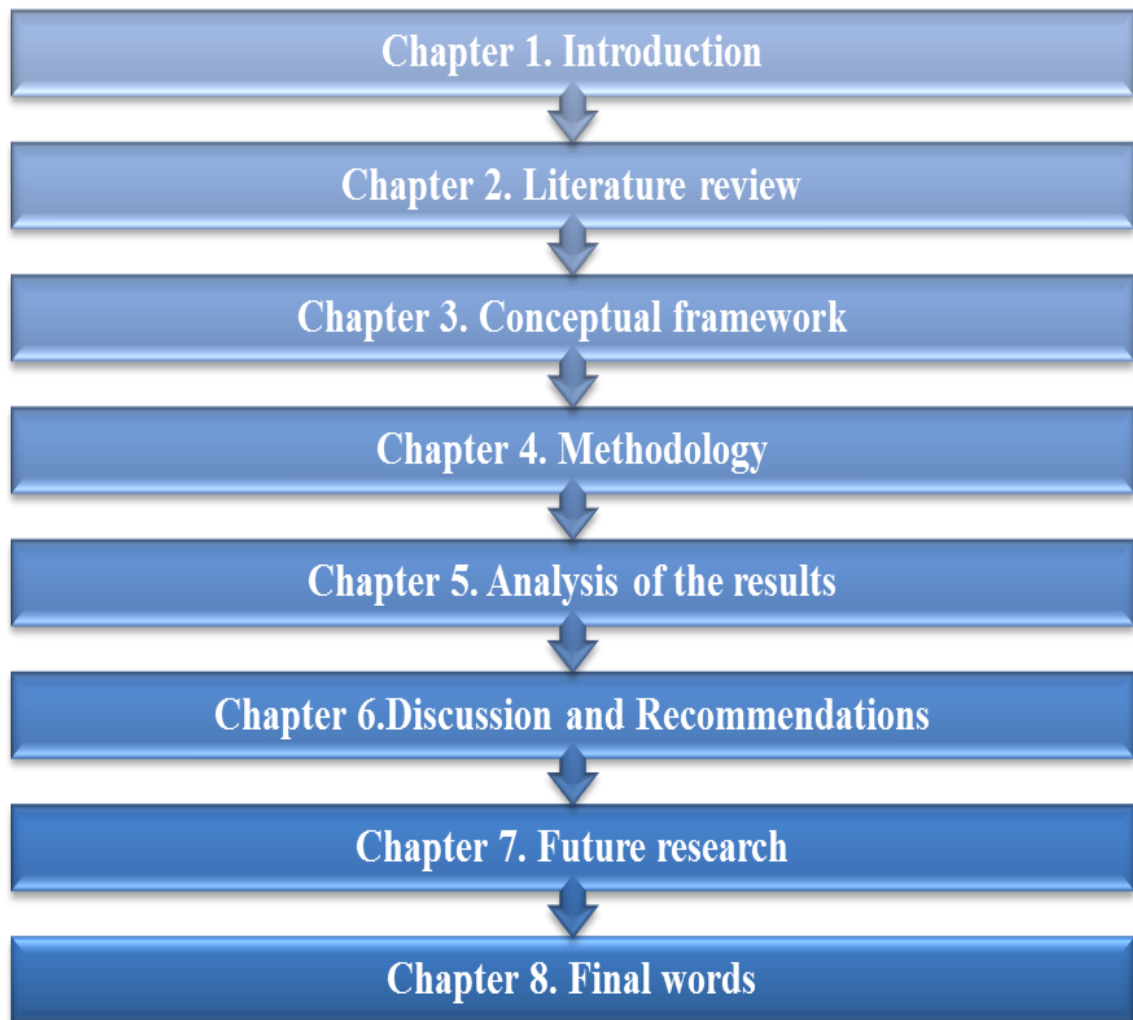
2. Literature Review

This chapter reviews the earlier studies concerning the topic of the research.

2.1. Conflict

2.2.1. Conflict defined

Conflict theory is very important for any manager. It is rooted primarily in the fields of business, sociology, and psychology, but not in communication or education. It is complicated to define conflict as it is difficult to come to a consensus concerning the definition of this term (Borisoff & Victor, 1998).

The easiest way to understand the term *"conflict"* is to divide theories of conflict in functional, situational, and interactive. The followers of functional approach think that a conflict serves a social function and those who view a conflict as situational, suggest that conflict as an expression under certain situations. The third theory views conflict as interactive. Functionalists usually ask the question: *"Why is there conflict? What purpose does it serve?"*, while situationalists ask: *"When do we have conflict? Under what circumstances does it occur?"* Interactionists' questions are: *"How is there conflict? What methods and mechanisms are used to express it?"*

One of the representatives of the functionalist school was Georg Simmel, the German sociologist. In 1955 he defined conflict as *"designed to resolve divergent dualisms; it is a way of achieving some kind of unity, even if it will be through the annihilation of one of the conflicting parties"*. According to Simmel, conflict served as a social purpose and reconciliation came even with the total destruction of one party. Conflict socializes members into a group and reduces the tension between group members. Furthermore, Simmel determines three possible ways to end a conflict. Firstly, conflict may end with a victory of one party over another; secondly, the conflict can be resolved through compromise and thirdly, through conciliation. However, not all conflicts may be ended as discussed. For instance, those conflicts that are characterized by high level of emotions involved cannot be resolved by compromising. Simmel made a huge contribution in the study of conflict resolution as he clearly determined a positive social function for conflict.

In 1967 Lewis Coser, an American sociologist and author of the Functions of Social Conflict gave a following definition to the conflict: *"The clash of values and interests, the tension between that is and what some groups feel ought to be"*.

According to Coser, conflict served the function of pushing society and was leading to new institutions, technology, economic systems. The most important contribution that Coser brought to the study of conflict resolution was determination of the functional and dysfunctional roles of conflict.

In 1984 representative of situationalist school, Bercovitch defined conflict as *"situation which generates incompatible goals or values among different parties"*. For Bercovitch, conflict depends on the situation. Conflict arises because of different conditions such as the influence of a person and external factors.

If speaking about the interactive view, Folger defined conflict as *"the interaction of interdependent people who perceive incompatible goals and interference from each other in achieving those goals."* This approach introduces two important concepts: Interdependence and Perception. Interdependence is connected to such situations where one party's future actions depend on another party's actions. Another concept was mentioned by Tillett in 1991: *"Conflict does not only come about when values or needs are actually, objectively incompatible, or when conflict is manifested in action; it exists when one of the parties perceives it to exist"*. Folger also sees conflict as coming from interdependent people (Tidwell, 1998).

By taking a look at the variety of definitions of conflict we can see such a picture:

In 1979 Cross, Names and Beck define conflict as *"differences between and among individuals"*. The differences are created by the conflict, for example values, goals, motives resources and ideas. In 1985 Hocker and Wilmont defined a conflict as *"an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce rewards, and interference from the other party in achieving their goals"* (Borisoff & Victor, 1998).

In 2005 Thomas defines a conflict as a *"disagreement in opinions between people or groups, due to differences in attitudes, beliefs, values or needs. In the business world, differences in such characteristics as work experience, personality, peer group, environment, and situation, all lead to differences in personal attitudes, beliefs, values or needs."*

From the above definitions it is obvious that there is no just one practical definition of conflict. Each person has an individual way of thinking and behaves differently from others in similar situations. It can be concluded that conflict can affect everyone to varying extent (Leung, 2010).

As there are many definitions of conflict, there are also different views about it.

2.2.2. The views on Conflict

It is argued that definitions of conflict vary so much because attitudes toward conflict vary widely as well. When Hocker and Wilmot (1985) conducted a survey in order to identify which associations people have with the word *"conflict",* the following responses were given: destruction, anger, disagreement, hostility, war, anxiety, tension, alienation, violence, competition, threat, heartache, pain, and hopelessness. Obviously, people viewed conflict as negative force. Until the early 1960s, even scientists portrayed conflict as an undesirable process that has to be avoided (Simons, 1972). For instance, Hocker and Wilmot (1985) offered a list of negative assumptions about conflict that are widely held:

1. Harmony is normal and conflict is abnormal.
2. Conflicts and disagreements are the same phenomena.
3. Conflict is pathological.
4. Conflict should be reduced or avoided, never escalated.
5. Conflict can be the result of clashes of personality.
6. Emotions are different from genuine conflict.

On the other hand, some researchers argue that conflict can be seen as positive. Deetz and Stevenson (1986) introduced three assumptions that indicate that conflict can be positive:

1. Conflict is natural.
2. Conflict is good and necessary.
3. Most conflicts are based on real differences.

Conflict is viewed as natural due to life's uncertainty. Conflict is good and necessary because conflict can stimulate innovative thinking when it is managed in the right way. Lacking conflict, thoughts and actions are performed because they are habitual. Conflict allows an examination of the necessity of these thoughts and actions. The third assumption points out that people find it easier to live with unresolved misunderstanding than facing the fact that fundamental differences do exist, they demand recognition and appropriate management (Deetz & Stevenson, 1986).

In 1977 another pair of researchers expressed the view that conflict is positive. Corwin and Edelfelt (1977) believe that conflict is acceptable due to the following factors: Firstly, conflict is *"inherent in the fact that authority is problematic"* and secondly, *"conflict is promoted by inconsistent goals, success criteria, and heterogeneity of the clientele"*. These researchers argue that conflict *"can improve organizations by forcing change and compromise. It challenges assumptions and creates discomfort with existing practices"* (Fleetwood, 1987).

Conflicts are an integral part of a human's life in all aspects. One can't avoid conflicts in families, at work or even when watching the news on television. Historically, the following views on conflict are identified:

- **Traditional view (1930-1940):** One school of thought says that conflict must be avoided and that it reflects malefaction within the group. Conflict is viewed negatively and is associated with violence and destruction. Conflict is a result of poor communication and, a lack of trust between people. Conflict can be eliminated or resolved only at high levels of management. According to this view on conflict, all conflicts should be avoided, thus there is a need to pay attention to the causes of conflict and to correct them in order to improve group and organizational performance (P. Robbins, 2005).

- **The Human Relations view or Contemporary view (1940-1970):** Conflict is a natural occurrence in all groups. The human relations school accepts conflict. They believe that conflict may benefit a group's performance (P. Robbins, 2005). Conflict is unavoidable as people have different attitudes toward daily issues. Disputes happen from time to time and it is not wise to put too much effort into avoiding or preventing the conflict. There is no need to resolve every conflict. People should not pay attention to minor conflicts or unimportant issues, rather focusing on the development of other more critical aspects of their daily activities. Concentrating only on large or critical conflicts allows people to resolve the conflict in a better and more effective way (Leung, 2010).

- **The Interactionist View:** The Interactionist School encourages conflict as it could lead to changes and innovations. Conflict is absolutely necessary for the group to perform effectively, but not all conflicts are good. Interactionist School has identified several types of conflict:

- Task conflict. It relates to the content and goals of the work.

- Relationship conflict. It focuses on interpersonal relationships.

- Process conflict. It relates to how the work gets done (P. Robbins, 2005)

The interactionists interpret conflict in a totally different way from traditionalists and people with a contemporary view. According to interactionists, conflict can be identified as either dysfunctional or functional. Conflict is a part of people's lives and a natural phenomenon in all organizations. A low level of conflict will not be harmful for daily operations but will help to create smooth functioning by better understanding of the existing issues. Conflict at the desired level can inspire creativity when handling the issue and resolving conflict. Thus conflict can be positive in work environments, but whenever a critical or major conflict occurs, it should be resolved as the undesired level of conflict can be harmful and dysfunctional for the company (Leung, 2010).

Using discussed earlier views on conflict, the actions of the manager can be decided by comparing the actual level of conflict **(a)** and desired levels of conflict **(d)**. When referring to the traditional view, the desired level of conflict is always zero. If (a) = 0 it means do nothing, but if (a) > 0 it should be resolved. The contemporary and interactionist views differ in a desired level of conflict; it could be equal to or above zero in the contemporary view and is always above zero in the interactionist view. If the desired level of conflict is above zero, then there are three possible options depending on whether (a) > (d) or (a) < (d). Table 1 shows the summary of the three views of conflict and the recommended actions for the manager.

Table 1: Comparison of Conflict views (Jeffrey & Pinto, 1998).

	Traditional View	Contemporary View	Interactionist View
Main Points	Caused by troublemakers Bad Should be avoided Should be suppressed	Inevitable between humans Not always bad Natural result of change Can be managed	Results from commitment to goals Often beneficial Should be stimulated Should aim to foster creativity
Effect on Performance	Performance declines as the level of conflict increases	Performance mainly depends on how effectively the conflict is handled. Generally performance increases to a certain level as conflict level increases, then declines if conflict is allowed to increase further or left unresolved	Certain level of conflict is necessary to increase performance. Performance increases with conflict up to a certain level, then declines if conflict increases further or remains unresolved
Recommended Actions	Do nothing if a = d Resolve conflict if a > d (Where d = 0)	Do nothing if a = d Resolve conflict if a > d (Where d ~ 0)	Do nothing if a = d Resolve conflict if a > d Stimulate conflict if a < d (Where d > 0)

Note: a = actual level of conflict among team members; d = desired level of conflict that team members are comfortable with.

2.2.3. The types of Conflict

Working in an organization means to be involved in a conflict, as people working together have various personalities and different views on life. Consequently, they can't avoid conflicts in the workplace. During the past 25 years, organizations have changed, so did their attitude to conflict management. Companies try to adopt a strategic approach to managing organizational conflicts (Aula & Siira, 2010). Generally, there are four types of organizational conflict:

1) **Interpersonal conflict -** conflict that can take an interpersonal form. The sources of this conflict may be personal dislikes or personality differences (Gareth & Jennifer, 2008). A California State University Sacramento report notes that people respond in different ways to disagreements, with personal feelings, attitudes and goals contributing to the conflict. The manager usually wants his employees to settle their differences without his personal intervention, but sometimes he needs to step in (Green, 2012). In 2010 a survey was conducted among 174 of the US managers. The purpose was to find the reason which makes them most uncomfortable in the workplace.

73 % of managers said: *"Building relationships with people I dislike"*

25% said: *"Asking for a raise"*

24 % (the distant second and third responses) said: *"Speaking to large audiences"*

Usually personality conflicts begin from insignificant irritations. Kinicki and Kreitner (2008) are taking an illustrative example:

"When Adam Weissman arrives at his public relations job he starts his working day not by grabbing a cup of coffee with his co-workers, but instead the account executive with DBA Public Relations always goes to his office and turns on his iPod to listen to music through the speakers. To his mind the music helps him to be more focused. Weissman doesn't mind that he could irritate other people with his behavior. His colleagues admitted that it is annoying when Weissman drums on his desk or sings along. In such a way, Interpersonal Conflict was born between Weissman and his colleagues".

The scenarios like these are very common in workplaces. The incivility of people can end in violence creating an interpersonal conflict (Kinicki & Kreitner, 2008).

2) **Intragroup conflict -** is the conflict within an internal group, team or department. This type of conflict involves more than one person within a group (Gareth & Jennifer, 2008). The harmony within departments of the company is essential. It helps to maintain productivity and workplace morale, among other things. When two or more people do not get along together, that personal conflict can affect everyone around them. Intragroup conflict may be connected with ethnic, religious or gender prejudice, and also various personality differences. Depending on how strong the conflict is, a manager may need outside help to resolve the issues. At this stage, it could be useful for a manager to have a trusted or otherwise objective third party who has experience in conflict management and settling disputes.

3) **Intergroup conflict -** is the conflict between different groups, teams and departments. Battles between accounting and operations teams or between frontline workers and online customer service agents can be a big problem, especially if customers are involved. One group of employees can unite against other group. Such conflicts can arise from the differences in status and contradicting goals of the groups. Intergroup conflict usually leads to miscommunication or even to no communication, affecting an

organization's ability to function. The manager can try to resolve the problem through problem solving tactics or following an internal dispute resolution process. Sometimes a facilitator can be useful to help discuss issues of conflict and related concerns. Such types of conflicts should be solved quickly as if problem continues it can destroy the organization (Green, 2012).

Conflict between different groups or teams can become a threat to organizational competiveness. For example, when Michel Volkema became CEO of Herman Miller in the middle of 1990s, the company's divisions were fighting over budgets. The employees were focused on their struggle against each other instead of paying more attention to the customers. Volkema has managed this conflict by emphasizing collaboration and redirecting everyone's attention to clients. If the manager understands the mechanics of Intergroup Conflict he is better equipped to face the challenge.

One of the main seeds of Intergroup Conflict can be cohesiveness - a *"we feeling"*. A certain amount of it can make a smooth-running team, but too much of it could be harmful. The study of in-groups has revealed such changes connected with increased group cohesiveness:

- Members of in-groups view themselves as unique individuals but they stereotype members of other groups as *"all alike"*.
- In-group members see themselves positively, as people with high moral standards, as opposite to viewing members of other groups negatively, as immoral people.
- Outsiders are viewed as a threat to the group.
- In-group members exaggerate differences between their group and other groups.

In-group thinking is inseparable part of organizational life, which is why it guarantees a conflict. Managers cannot eliminate in-group thinking, but they shouldn't ignore it (Kinicki & Kreitner, 2008).

4) **Interorganizational conflict -** is the conflict between different organizations (Jones & George, 2008). There are three types of interorganizational conflict: substantive conflict, emotional conflict and cultural conflict.

- **Substantive conflict** appears when a basic disagreement arises between the two organizations at a fundamental level. As an example here conflict between Ethical Treatment of Animals organization and an organization that carries on experiments on laboratory animals.

- **Emotional conflict** takes place when people from different organizations react on an emotional level – out of fear, jealousy, envy or stubbornness.

- **Cultural conflict** is based on cultural needs and desires. These conflicts are often the result of misunderstanding and stereotyping.

Interorganizational conflict most often can be resolved through mediation and acknowledging cultural differences (Morgan, 2012).

Several possible ways exist for resolving each type of conflict. A manager needs to identify the orientation of the conflict he/she is dealing with have before coming up with a resolution strategy.

2.2.4. Orientations to Conflict: Constructive or Destructive

For many decades, managers had been taught to view conflict only as a negative force. Nowadays two different orientations to conflict have evolved: **functional** and **dysfunctional**.

Functional form of conflict, or constructive conflict, supports the goals of the organization and improves its performance. Functional conflict may actually encourage greater work effort and help task performance One of the main benefits of constructive conflict it is that it gives its members a chance to identify the problems and see the opportunities. Also it can inspire to new ideas, learning, and growth among individuals. When individuals engage in constructive conflict, they can learn more about themselves and others. In addition, it can help to improve relationships among members, because when two sides work on resolving a disagreement together, they feel that they have mutually accomplished something. Such orientation to conflict can mostly be found in US in interpersonal communication texts (Kinicki & Kreitner, 2008).

In 1992 David Augsburger, an American Anabaptist author, introduced four assumptions aligning with functional orientation:

1. Conflict is a normal, useful process.
2. All issues are subject to change through negotiation.

3. Direct confrontation and conciliation are valued.
4. Conflict is a necessary renegotiation of an implied contract – a redistribution of opportunity, release of tension, and renewal of relationships.

The first assumption means that although conflict is a complicated process, it can strengthen relationships. If the conflict is managed correctly, it will lead to stronger, healthier and more satisfying relationship. In this case conflict also increases cohesiveness of groups. With reference to the second and third assumptions the main idea is to recognize conflict as soon as possible and work through it in a productive way (Martin & Nakayama, 2007).

Referring to dysfunctional conflict, it is believed to be destructive. Such form of conflict usually hinders organizational performance and leads to decreased productivity. This conflict orientation is characterized by competing individual interests overriding the business's overall interests. Managers withhold information from one another. Employees sabotage others' work, either intentionally or through subtle, conflict-motivated disinterest in teamwork (Kinicki & Kreitner, 2008).

The differences between these two types of conflict are not in their sources but in the manner in which each of them is expressed. In constructive conflict, each party resists attacking the other. Instead, both sides take part in thoughtful discussion. They listen to each other's point of view, and try to find mutually beneficial solutions. By contrast, in dysfunctional conflict both parties are involved in confrontation which doesn't lead to any beneficial solution (Whetten & Cameron, 2012).

2.2.5. The Conflict process

Conflict is a process in which one party suggests that its interests are being opposed by another party. As a rule people see only the observable part of conflict – angry words, actions of opposition. But this is only a small part of conflict process (McShane & Glinow, 2008).

The conflict process consists of five stages: Potential opposition or Incompatibility; Cognition and personalization; Intentions; Behavior; Outcome. The process is illustrated in Figure 2.

Figure 2: The conflict process (Robbins, 2005)

Stage I. Potential opposition or incompatibility

Antecedent conditions

-Communication
-Structure
-Personal variables

Stage II. Cognition and Personalization

Perceived Conflict

Felt Conflict

Stage III. Intentions

Conflict –handling Intentions

Stage IV. Behavior

Overt Conflict
- Party's behavior
- Other's reaction

Stage V. Outcomes

Increased group performance

Decreased group performance

Stage I: Potential opposition or incompatibility: this stage includes conditions that can create opportunities for conflict to arise. The causes, or sources, of conflict have been divided into three categories:

1. **Communications**
2. **Structure**
3. **Personal Variables**

1. Communication. The term communication consists of different words connotations and jargon. Insufficient exchange of information and noise in communication channel can be the reasons for conflict. Thus, either too much or too little communication can be the foundation for conflict.

2. Structure. The term structure includes such variables as size, degree of specialization in the tasks assigned to group members, jurisdictional clarity, member-goal compatibility, leadership styles, reward systems and the degree of dependence between groups. Most of all specialization and size stimulate conflict. If a group is large, there is

greater possibility that activities will be more specialized, thus there are more chances that could lead to conflict. In addition, a high turnover and young members can formulate the basis for a new conflict.

3. Personal Variables. Personal variables include an individual value system that each person has. Certain personality types, such as authoritarian and dogmatic, can create a conflict. There is also another variable in the study of social conflict - difference in value systems. Value differences can explain diverse issues such as prejudice disagreements over one's contribution to the group and rewards one deserves.

Stage II: **Cognition and personalization.** In this step conflict issues should be defined. Parties decide what the conflict is about and emotions play a major role in creating perceptions.

Stage **III: Intentions**. Intentions mean decisions to act in a given way. Intentions can be described as intervening between people's perception and emotions and their overt behavior.

With the help of two dimensions - cooperativeness (the degree of willingness of one party to satisfy the other party's interests and assertiveness (the degree to which one party wants to satisfy its own interests) five conflict handling intentions were identified. They are illustrated in Figure 3:

Figure 3: Conflict handling intentions (Robbins, 2005)
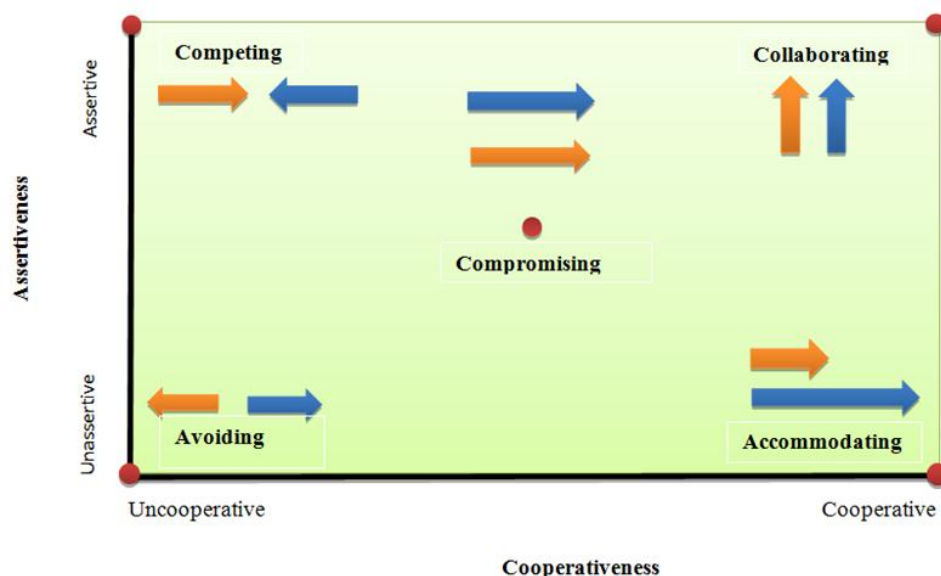
1) Competing (assertive and uncooperative): When one person wants to satisfy his or her own interests despite of the impact on the other parties involved in the conflict, this person is competing.

2) Collaborating (assertive and cooperative). The situation in which the parties of the conflict desire to satisfy fully the concerns of all the parties. In collaborating the parties try to solve the problem by clarifying differences rather than by accommodating various points of view. For instance, a win-win solution when both parties can reach their goals.

3) Avoiding (unassertive and uncooperative). Occurs when the person learns about a conflict but decides to withdraw from conflict process. An example can be ignoring a conflict and avoiding people with whom a person disagrees.

4) Accommodating (unassertive and cooperative). In order to maintain relationship one party is ready to place another party's interests above its own interests.

5) Compromising (midrange on both assertiveness and cooperativeness). The situation when each party is willing to give up something. In this case there is no winner or loser. Parties accept the solution where interests of both of them are satisfied.

Intentions define each party's purpose. Some people want to win, some want to find a mutually beneficial solution. People choose intension according to their attitude to the situation.

Stage IV: Behavior. In this step a conflict becomes visible, thus people usually tend to focus on this stage. During this phase conflicting parties make statements, actions and reactions. These conflict behaviors are applied by the parties to implement their intentions. There may be some miscalculations or an unskilled enactment at this point, which is why overt behaviors may differ from original intentions. The stage IV is a dynamic process of interaction. Figure 4 illustrates a way of visualizing conflict behavior. All conflicts are found along this continuum. The lowest level of continuum represents conflicts with highly controlled forms of intention that have indirect character. Then conflict moves upward along the continuum until they become highly destructive. As a rule, functional conflicts can be identified on the lower range of the continuum.

Figure 4: Conflict-intensity Continuum (Robbins, 2005)

Annihilatory conflict — Overt efforts to destroy the other party

Aggressive physical attacks

Threats and untimatums

Assertive verbal attacks

Overt questioning or challenging of others

Minor disagreements or misunderstandings
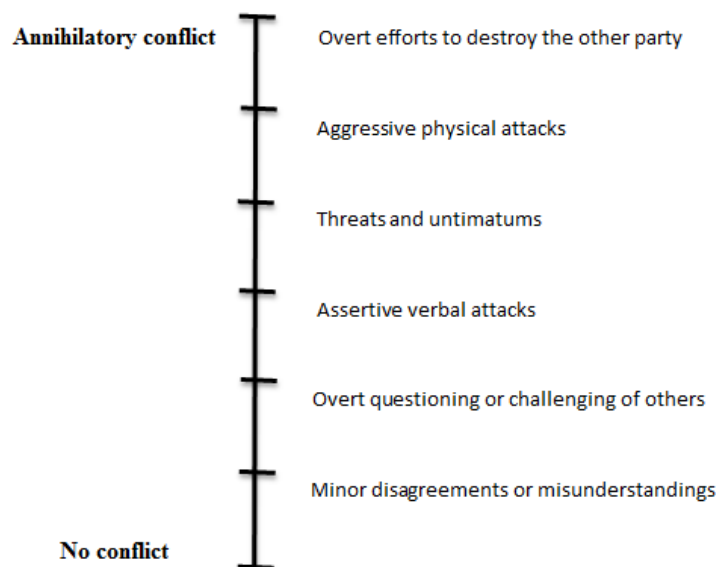
No conflict

Stage V: Outcomes. Each conflict has its consequences. There are two kinds of outcomes: functional and dysfunctional. Functional outcomes result in an improvement in the group's performance, dysfunctional usually hinder group performance. Conflict is constructive when its influence is positive. It improves and simulates creativity and innovations, encourages interest and curiosity, thus it improves the quality of decisions and the effectiveness of a group. Functional conflict is very helpful for groupthink as it challenges the status quo and therefore can influence on the creation of new ideas.

"Yahoo!" can be taken as an example of a company that suffered because of a lack of functional conflict. In 1999 the company had become the most popular brand name on the Internet. In 2001 the company's stock was down 92 percent from its peak. The problem was that company couldn't change and adapt. Managers and staff felt comfortable and didn't want to challenge the status quo. The source of this problem was Tim Koogle, who was the company's CEO at that time. His policy was non-confrontation. In 2001 Koogle was replaced with a new CEO who appreciated the company's conflict-free time but felt it was a time to change strategy. Since then *"Yahoo!"* gradually solved its problems.

Conflict is dysfunctional when uncontrolled opposition eventually leads to the destruction of the group. This type of conflict can reduce group effectiveness. Bad communication and lack of group cohesiveness are among the most undesirable consequences of dysfunctional conflict.

For instance, New York's well known law firm *"Shea & Gould"* was closed because its 80 partners couldn't get along. As one of the legal consultants familiar with this situation said: *"This was a firm that had basic and principled differences among partners that were basically irreconcilable".* During the final meeting with the firm's partners the same consultant pointed: *"You don't have an economic problem. You have a personality problem. You hate each other."*This example illustrates how dysfunctional conflict can destroy an organization (Robbins, 2005).

It is important to identify the nature of the conflict as it will help in the resolution of the current conflict and can prevent the appearance of similar conflicts again.

2.3. The nature of Conflict

2.3.1. Structural Factors

There are eight structural aspects of an organization that are recognized as the causes of conflict: specialization, common resources, goal differences, interdependence, authority relationships, status differences, jurisdictional ambiguities, and roles and expectations.

- **Specialization** Employees tend to become specialists in a particular job or to get a general knowledge of many tasks. If most employees in an organization are specialists, it can lead to conflicts because they have little knowledge of each other's job responsibilities. For instance, a receptionist at a camera repair store says that the camera can be repaired in an hour. In fact, the repair will take a week, the receptionist doesn't know much about technician's job and thus he can't give a realistic deadline when the camera will be ready. This situation can lead to a conflict between the receptionist and the technician.

- **Common Resource.** In many work situations, we have to share resources. The scarcer the resource in the organization, the greater the chance for a conflict situation. Resource scarcity leads to a conflict because each person that needs the same resource necessarily undermines others who pursue their own goals. Limited resources may include money, supplies, people, or information. For example, *"The Redmond",* Washington based Software Company, may dominate several markets, but its staff members still fright over limited resources (McShane & Glinow, 2008).

- **Goal Differences.** Very often the possibility of conflict increases substantially when departments in the organization have different or incompatible goals. For instance, the goal of a computer salesperson is to sell many computers as fast as possible. The manufacturing facility may however be unable to meet the sales person's promises. In this case conflict may occur as two persons have different goals.

- **Interdependence.** Possibility of conflict usually has a tendency to increase with the level of task interdependence. When a person has to depend on another one to complete his task, it becomes easier to blame a co-worker when something goes wrong. As a rule interdependence exists when team members must interact in the process of work and receive outcomes which depend on the performance of others.

- **Authority Relationships.** In many companies there is an underlying tension between managers and employees because most people do not like being told what they have to do. It is observed that very strict managers most often have conflicts with their employees. In many organizations managers have privileges (flexible hours, free personal long-distance calls, and longer breaks), which are denied to other employees. As one management consultant said: *"If you want to know who is really important in the organization, just observe the signs in the parking lot and watch for the distance between the parking and the office building; the bigger the sign and the closer to the building, the higher the status of the incumbent."* Sometimes people try to engage in conflict to increase their power or status in an organization.

- **Jurisdictional Ambiguities.** When the lines of responsibility in an organization are uncertain then jurisdictional ambiguities appear. Employees have a tendency to pass unwanted responsibilities to another person when responsibilities are not clearly stated. In this situation detailed job descriptions can help employees to eliminate jurisdictional ambiguities and as a result to avoid conflicts.

- **Roles and Expectations.** A role is a behavior that is expected from an employee. Every employee has one or more roles in the organization. These roles include such elements as job title, description of duties, and agreements between the employee and the organization. Manager-subordinate conflict can

result when the subordinate's role is not clearly determined and each party has a different understanding of that role (Whetten & Cameron, 2012).

2.3.2. Personal Factors

- **Personal Factors.** Personal factors that can lead to organizational conflict are skills and abilities, personality conflicts, perceptions, diversity, and personal problems.

- **Skills and Abilities.** The members of departments or work teams have different levels of skills and abilities. For instance, conflict can appear when an employee with good experience must work with a novice who doesn't have enough practical knowledge.

- **Personality Conflicts.** Personality conflicts occur very often in the workplace. One of the difficult personality traits is abrasiveness. This kind of person is often hardworking and achievement-oriented, but critical and insensitive toward feeling of others. Other personality traits that can encourage conflict are laziness and gossiping. A personality conflict can also be a consequence of differences in personality, attitudes and beliefs. Some people simply do not get along or do not view things similarly or just have different perceptions of situations (Whetten & Cameron, 2012).

There are five personality dimensions that affect work-related behavior and job performance:

- **Conscientiousness.** People are careful, dependable, self-disciplined. People with low conscientiousness are careless, more disorganized, and irresponsible. High-conscientiousness employees have a high level of organizational citizenship and as a rule provide good customer service

- **Agreeableness.** It includes such traits as courteous, good-natured, empathic, and caring. Employees with high level of agreeableness tend to handle customer relations and resolve conflict situations more effectively. The people with low agreeableness can be uncooperative, short-tempered, and irritable.

- **Neuroticism.** In this case people have a high level of anxiety, hostility, depression and self-consciousness. As for people with low neuroticism, they are poised, secure and calm.

- **Openness to experience.** People tend to be sensitive, flexible, creative and curious. People with low level of openness to experience are usually resistant to change and, less open to new ideas.

- **Extroversion**. An extrovert person could be described as outgoing, not anxious, and sociable assertive. The opposite of extroversion is introversion, these people are shy, quit, and cautious, and they direct the interest to ideas than to social events (McShane & Glinow, 2008).

- **Diversity.** Diversity is a variety of individual differences and similarities which exist among people. This term applies to the set of individual differences that make people different from and similar to each other. Employees can be compared with seashells from the beach; they come in a variety of shapes, sizes, and colors. Lee Garden Swartz and Anita Rowe, the members of the diversity expert's team, identified four layers of diversity to determine in what ways people differ (Figure 5). Figure 5 shows that personality is in the center of the diversity circle as it represents stable characteristics, which are responsible for personal identity. The second layer includes internal dimensions which represent primary dimensions of diversity. The third layer of diversity consists of external influences. They represent the secondary dimensions of diversity. It includes individual differences that we can control. Also it can influence a person's perceptions, behavior and attitudes. The last layer of diversity consists of organizational dimensions, for instance seniority, job title, function and work location (Kinicki & Kreitner, 2008).

The source of conflict among employees can be differences in age, cultural background, ethics, and values. For instance, a long-serving employee who feels loyal to the organization may have conflict with a young newcomer who sees the organization as a stepping stone in his future career (Whetten & Cameron, 2012).

Figure 5: The four layers of Diversity (Kinicki & Kreitner, 2008)
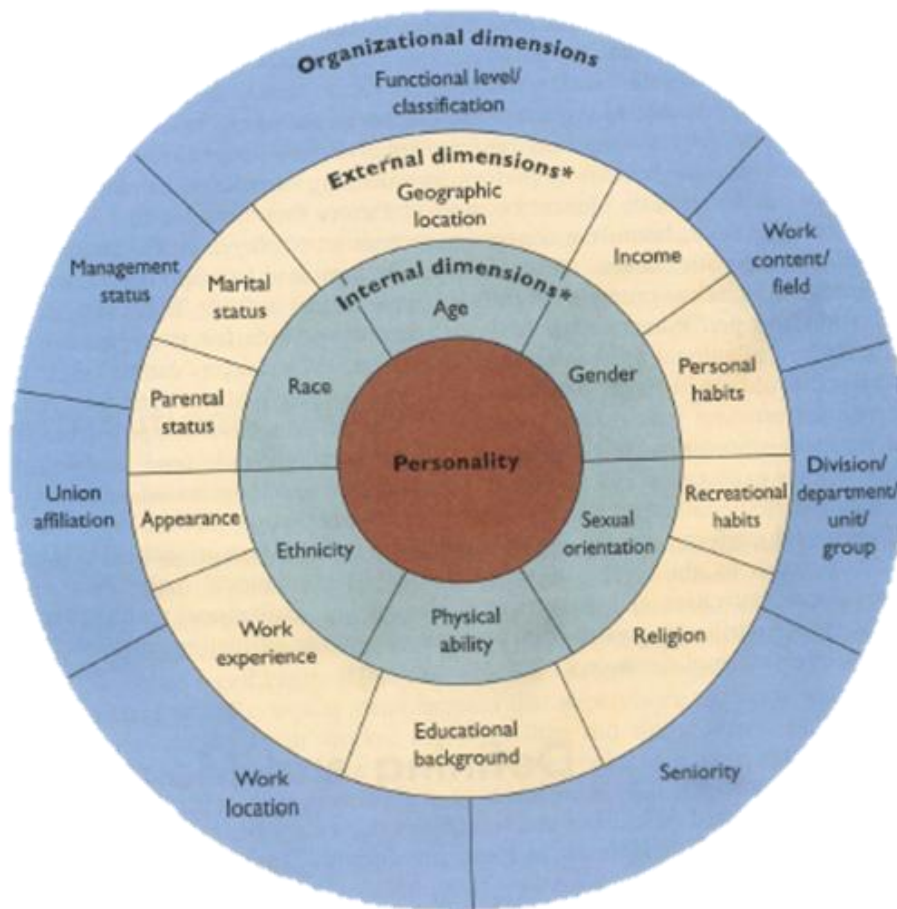
There are many conflicts in the organizations connected to discrimination. The term discrimination means *"minority"* groups, which include: ethnic minorities, people with disabilities, religious minorities, homosexuals, older people and women. All of these groups are affected by prejudice. These groups have discrimination in a daily life and at work. The term "prejudice" can be identified as an irrationally unfavorable attitude towards members of another group. Prejudice, which is pervasive in the organization, is expressed in discrimination. Discrimination reduces the chances of getting a job, to have equal earnings and to be promoted (Guirdham, 1999).

Types of discrimination

- *Direct discrimination* - is a situation when an employer treats an employee less favorably than someone else. For instance, if a driving job was only opened to male applicants.

- *Indirect discrimination* - happens when working conditions or rules disadvantage one group of people more than another.

- *Harassment.* Employees have the right not to be harassed or made fun of at work. Harassment can be identified as offensive or intimidating behavior, which aims to humiliate a person. For example, the distribution of sexually explicit material or giving someone an offensive nickname.

- *Victimization* - can occur when a person or group is treated less favorably than others because they were making a complaint about discrimination. An example could be the prevention of employees from going on training courses, taking unfair disciplinary action against them or excluding then from company social events (Discrimination in the workplace, 2012).

- **Personal Problems.** When people bring their personal problems to work, their level of performance decreases. It is observed that employees with a bad mood and problems can argue with co-workers more (Whetten & Cameron, 2012).

One of the main reasons of personal problems can be the issue of keeping a balance between job and life. The important trend was discussed in a unique 25-years study of values in the United States: *"employees have become less convinced that work should be an important part of one's life or that working hard makes one a better person".*

Pamela L. Perrewe and Wayne A. Hochwarter created the Model of Work-Family Conflict (Figure 6).

Figure 6: A value Model of Work-Family Conflict (Kinicki & Kreitner, 2008)
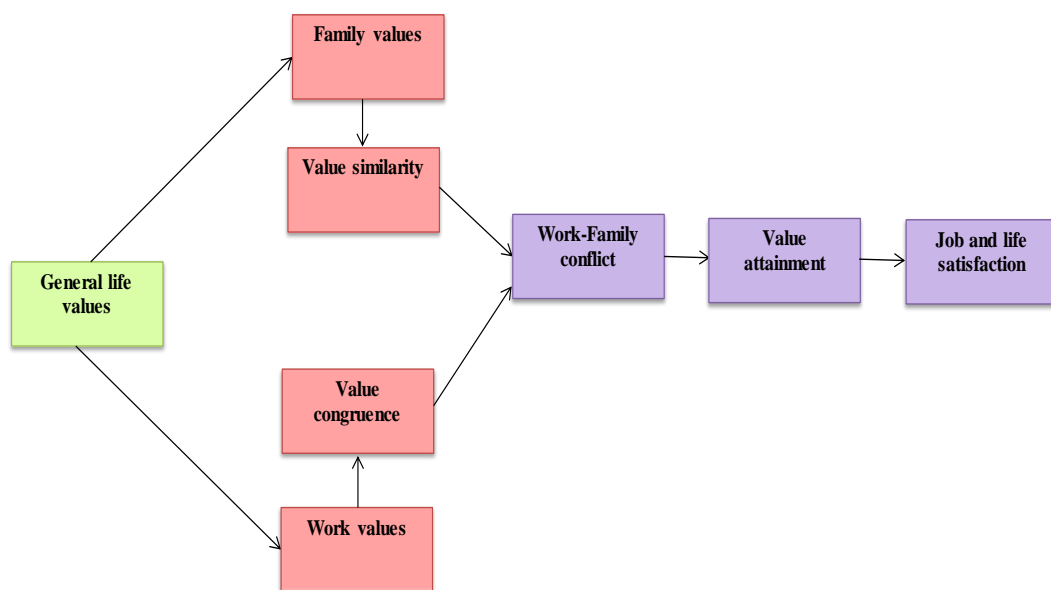
In this value model the general life values are forming family-related values and work-related values. Family values conclude beliefs about the importance of family. Work-related values are focused on the importance of work and, career goals. Value similarity occurs to the degree of consensus among family members about family values. Value congruence includes the value agreement between employee and employer. For instance, if the employee refused to go on a business trip because of the birthday of his child, it can be viewed as disloyalty to the company and the lack of value congruence leads to work-family conflict.

The last two boxes in the model are value attainment and job and life satisfaction. They can be viewed as a package deal. Satisfaction is higher for those employees who don't have to compromise their values (Kinicki & Kreitner, 2008).

2.3.3. Communication

Conflict is closely connected to communication. Hocker and Wilmot (1985) say that *"communication is the central element in all interpersonal conflict"*. According to those researchers, communication and conflict are related in three ways:

1. Communication behavior often creates conflict.

2. Communication behavior reflects conflict.

3. Communication is the vehicle for the productive or destructive management of conflict (Fleetwood, 1987).

Communication-based barriers may be the result of differences in speaking styles, writing styles, and nonverbal communication styles. Bad communication is based on misperceptions and misunderstandings among employees and as a result it can lead to long-standing conflict. Some of the barriers of productive communication can be the cross-gender and cross-cultural differences of employees. In this case people have differences in the ways of expressing themselves and how they are likely to interpret the communication with others (Victor, 2012).

The most important barriers to effective communication are:

- *Filtering.* It occurs in a situation when a sender purposely manipulates information to make appear more favorable to the receiver. An example can be the situation when a manager tells his boss the information he wants to hear. In

doing so, he, is filtering information that he communicates. This barrier is closely connected with status differences. If there are many levels in the organization's hierarchy, there are more opportunities for filtering. Very often employees want to please a boss, thus sometimes saying to him what they think he wants to hear and, in this way some employees distort upward communications. This can become a source of conflict.

- *Selective Perception.* The situation when a receiver selectively sees and hears during the communication process, perception of the information depends on their needs, motivations, experience, background and also their personal characteristics. The employer, who has an application for a job from a female, can expect the female job applicant to put her family ahead of the career. He is likely to see it in all female applicants even if the applicant doesn't feel this way.

- *Information Overloaded.* Sometimes an employee receives too much information and it exceeds his processing capacity. As a result there is information overload. For instance, employees receive many e-mails, phone calls, faxes and have meetings at the same time. In this case they ignore, pass over or forget important information. The result can be the loss of information and less effective communication, which can lead to conflict situation.

- *Emotions.* Interpretation of the received information depends on how the receiver feels at this time. For instance, the same message can be interpreted differently when an employee in a good mood, compared to when he is angry or depressed. Bad emotions are likely to decrease effectiveness of the information.

- *Language.* As a rule words can mean different things to different people. The interpretation of the words can depend on age, education and, cultural background. For example, in organizations employees have different backgrounds. Sometimes employees develop their own **"buzzwords"** or technical jargon. For employees from different departments it may be difficult to interpret coded words. It can decrease the effectiveness of communication and lead to the conflict between employees.

- *Communication apprehension.* Employees who suffer from communication apprehension have anxiety in oral or written communication or both of them. For instance, they may find it difficult to talk with people face-to-face and they

become extremely anxious when they have to talk on the phone and prefer to avoid these situations. These kinds of people prefer to use faxes and messages, even if a phone call would be not only faster but also more appropriate. In this case communication process suffers a lot and effectiveness of the organization decreases. Conflict situation may occur in this case (Robbins, 1996).

To identify the sources of the conflict and determine whether the character of the conflict is destructive or constructive, the managers should possess the resolution skills.

2.4. Conflict Resolution skills

2.4.1. Unhealthy and Healthy response to Conflict

Conflict is an inseparable part of healthy relationships. It is impossible for two people to agree on everything at all times. Thus, it is important to learn how to deal with conflict rather than avoiding it.

When conflict is not managed, it can be harmful for a relationship. But if it is handled in a respectful and positive way, conflict can be an opportunity for growth and development of the organization. Conflict is a situation where one or both parties perceive a threat. Conflicts continue to spoil an organization when they are ignored. Conflicts follow employees until they face and resolve them. People respond to conflicts based on their perceptions of the situation, and often they don't have the objective review of the facts. Perceptions depend on a person's life experience, culture, values, and beliefs.

Conflicts lead to strong emotions. If a person is not comfortable with his emotions, can't manage them in a stressful situation, he will not be able to resolve conflict successfully.

Conflicts are an opportunity for growth of the organization. Managing disagreements in the right way can build trust in relationships. On the other hand, conflict may be seen as a threat even when it is not. Because of early life experience a person may view conflict in relationships as demoralizing, humiliating, dangerous, and something to fear. In this case a person can feel a loss control and powerless. When a person in a conflict situation is threatened, it is necessary to deal with the problem at hand in a healthy way.

Table 2 shows healthy and unhealthy ways of managing and resolving conflicts.

Table 2: Healthy and unhealthy ways of managing and resolving conflict (Segal & Smith, 2011)

Healthy and unhealthy ways of managing and resolving conflict	
Unhealthy responses to conflict:	**Healthy responses to conflict**
■ An inability to recognize and respond to the things that matter to the other person ■ Explosive, angry, hurtful, and resentful reactions ■ The withdrawal of love, resulting in rejection, isolation, shaming, and fear of abandonment ■ An inability to compromise or see the other person's side ■ The fear and avoidance of conflict; the expectation of bad outcomes	■ The capacity to recognize and respond to the things that matter to the other person ■ Calm, non-defensive, and respectful reactions ■ A readiness to forgive and forget, and to move past the conflict without holding resentments or anger ■ The ability to seek compromise and avoid punishing ■ A belief that facing conflict head is the best thing for both sides

Successful conflict resolution depends on the ability to regulate stress and emotions. During conflict strong emotions appear which can hurt feelings. When conflict is handled in an unhealthy way, it can be the cause of irreparable rifts, resentments, and break-ups. When a person deals with a conflict in a healthy way, it increases the understanding among people, builds trust, and strengthens relationships.

If a person doesn't control his or her feelings or is so stressed that he or she cannot understand the real needs, it will be hard to communicate with others. An example can be a couple which often argues about minor differences rather than realizing that there might be a deeper problem between them.

It is believed that the ability to resolve conflicts successfully depends on the ability to:

- Manage stress quickly by staying calm. In this way a person can properly read and interpret verbal and nonverbal communication.
- Control emotions and behavior. When a person can control the emotions, it is simpler to communicate the needs without threatening, frightening, or punishing others.
- Pay attention to the feelings and words of other people.

- Be aware of and respectful of differences by avoiding disrespectful words. In this way problems can be resolved faster (Segal, & Smith, 2011).

Conflict resolution skills:

1. **Quick stress relief.** Stress is an individual's adaptive response to a situation which is challenging or threatening for a person. The researcher Hans Selye found out that people have a fairly consistent psychological response to stressful situations. This response was called *"general adaptation syndrome"*. It provides an autonomic defense system which helps to cope with environmental demands. Figure 7 shows the three stages of the general adaptation syndrome where the curve illustrates energy and ability to cope with the stressful situation.

Figure 7: Stages of Adaptation syndrome (McShane & Glinow, 2008)
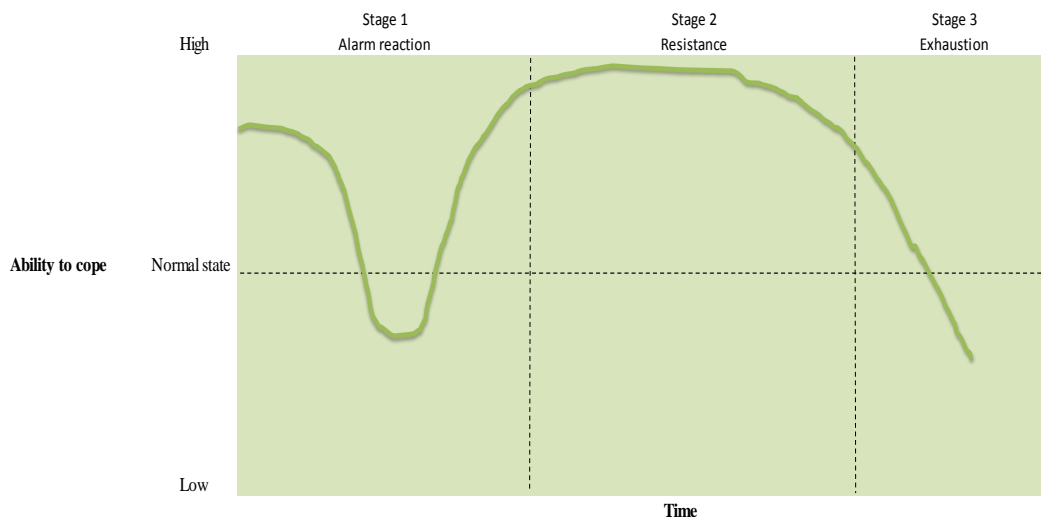
There can be identified three stages of general adaptation syndrome:

- **Alarm reaction**

During this stage threat or challenge activates the psychological stress responses (for example, blood pressure, and heartbeat). The individual's energy level decreases in response to the initial shock.

- **Resistance**

A person's ability to cope with environmental demand rises above the normal state and body activates such mechanisms as biochemical, psychological and behavioral.

- **Exhaustion**

If the source of stress persists, the exhaustion stage starts. In most situations in the workplace the adaptation syndrome process ends before total exhaustion. Employees resolve the stressful situations before the destructive consequences of stress appear (McShane & Glinow, 2008).

If a person is able to manage and relieve stress in the conflict situation he has the opportunity to stay balanced, focused, and in control, no matter what challenges he may face. Usually if an employee doesn't know how to stay centered and in control of himself, he can be overwhelmed in conflict situations in the workplace and unable to respond in healthy ways.

There are three most common ways in which people react when they are overwhelmed by stress. Psychologist Connie Lillas uses a driving analogy:

- *Foot on the gas.* An angry or agitated stress response. A person is heated, keyed up, overly emotional, and unable to sit still.
- *Foot on the brake.* A withdrawn or depressed stress response. A person shuts down, space out, and shows very little energy or emotion.
- *Foot on both gas and brake.* A tense and frozen stress response. A person *"freezes"* under pressure and can't do anything. He looks paralyzed, but under the surface is extremely agitated.

When being under stress a person can limit his ability to:

- Read another person's nonverbal communication in a right way.
- Hear what someone really wants to say.
- Be aware of his or her feelings.
- Understand one's deep-rooted needs.
- Communicate the needs clearly.

The best way to relieve stress is through the senses: sight, sound, touch, taste, and smell. But all people are different, thus they respond differently to sensory input that is why they need to find things that can calm down them.

2. **Emotional awareness.** Emotional awareness is very useful for understanding yourself and others. If a person doesn't know how he feels and why he feels in a certain way, he will not have effective and productive communication. Many people can ignore such strong emotions like anger,

sadness or fear. But the ability to deal with conflict depends on being in touch with these feelings. If people are afraid of strong emotions or if they try to find solutions that are strictly rational, their opportunity to face and resolve differences will be lost. It can be concluded that emotional awareness is the ability to manage all feelings appropriately which contributes to resolve a conflict.

Emotional awareness helps to:

- Understand what really bothers other people.
- Understand yourself, what really bothers you.
- Have motivation until the conflict is resolved.
- Communicate clearly and effectively.
- Have influence on others.
- Assessing one's ability to recognize and manage emotions.

3. Nonverbal communication. Nonverbal communication plays a big role in conflict resolution, as during conflict process the most important information is exchanged in a nonverbal way. The elements of nonverbal communication are emotionally-driven facial expressions, posture, gesture, pace, tone and intensity of voice.

The most important communication is wordless because sometimes the words can't reflect all the issues. In the middle of a conflict it is useful to pay close attention to the other person's nonverbal signals. It may help to figure out what the other party is really saying and to respond in right way to build trust, and get to the root of the problem.

The ability to understand another person depends on the own emotional awareness. The more aware a person of his own emotions, the easier it will be for him to understand what others are feeling.

Humor can be an effective instrument to decrease conflict. Many confrontations and disagreements can be avoided by communication in a playful or humorous way. When humor and play is used to reduce tension and anger, the conflict can become an opportunity for greater connection and intimacy and also strengthen the relationships.

Segal and Smith (2011) offer following advises for successful conflict resolution:

- It is important to listen for what is felt as well as said. With the help of listening people are getting in touch deeper to their own needs and emotions, and to those of other people.

- The main point should be conflict resolution not winning or *"being right"*. The main aim should be maintaining and strengthening the relationship. It is important to respect the viewpoint of other person.

- An individual should focus on the present. Rather than looking to the past and remembering old disagreements, people should focus on what can be done now to solve the problem.

- People should be willing to forgive. Resolving conflict is impossible if one of the parties doesn't want to forgive another.

- A person should know when to let something go. If conflict is going nowhere and agreement is not reached, it is advised to move on (Segal & Smith, 2011).

The most important aspect for any manager is to control his/her feeling and to take under control the feelings of other people as it helps to avoid conflicts and manage them in the right way. That is why managers should pay put efforts into acquiring Emotional Intelligence skills.

2.4.2. Emotional Intelligence as one of the most important skills to manage conflict

The concept of *"emotional intelligence"* was discovered by two psychologists, Peter Salovey and John D. Mayer, in 1990. They defined emotional intelligence as *"the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and action"*.

Goleman (1995) in his book *"Emotional Intelligence: Why It Can Matter More than IQ"* states that emotional intelligence should be referred as *"the abilities to recognize and regulate emotions in ourselves and in others"* (Mersino, 2007). People who have a high degree of emotional intelligence know themselves very well and are also able to sense the emotions of others. By developing the emotional intelligence individuals can increase the productivity of work and help others become more productive and successful. Emotional intelligence can reduce stress by moderating conflict, promoting understanding and relationships between employees (Serrat, 2009).

Emotional intelligence represents the list of competences that help to perceive, understand and regulate own emotions as well as other people. Table 3 shows the most recently developed Emotional Intelligence model.

Table 3: The Personal and Social Attributes of Emotional Intelligence (Serrat, 2009)

	Self (personal competence)	Other (social competence)
Recognition of emotions	**Self-Awareness** Emotional self-awareness Accurate self-assessment Self-confidence	**Social Awareness** Empathy Organizational awareness Service
Regulation of emotions	**Self-Management** Emotional self-control Transoarensy Adaptability Achievement Initiative Oprimism	**Relationship Managemnet** Inspirational leadership Influence Developing others Change catalyst Conflict managemnet Building bonds Teanwotk and collaboration

In general these dimensions of Emotional Intelligence can be described as:

1. **Self-awareness.** It is a deep understanding of one's own emotions, strengths, weaknesses, values and motives.

2. **Self-management.** It refers to the control of one's own impulses and resources. It is inner conversation that guides a person's behavior.

3. **Social awareness.** It means to have understanding and sensitivity to the feelings and thoughts of other people.

4. **Relationship management.** The ability to manage other people's emotions. For instance it includes influencing people's beliefs, feelings, resolving conflicts, supporting teamwork and collaboration.

Self-awareness is on the lowest level of Emotional Intelligence as it doesn't require the other dimensions. Self-management and social awareness are above self-

awareness because it is impossible to manage one's own emotions if a person is unable to define them. Relationship management is on the highest level as it requires all three dimensions. The main idea is that firstly it is required to have a high degree (high level of self-awareness, self-management and social awareness) of emotional intelligence to master relationship management (McShane & Glinow, 2008).

Researchers came to a conclusion that people with high emotional quotient are more confident, optimistic, creative, flexible and happier than the people with the low emotional quotient. They are more successful at solving problems in a flexible and creative way even in highly stressful situations and this reduces potential conflicts in the company.

Emotional intelligence can help to achieve a significant adaptability to problem solving. Adaptability encourages openness to others and cooperation. Adaptability can greatly reduce the misunderstanding between parties. The reduction of misunderstanding will reduce the possibility of potential conflict situations as they usually arise because of misunderstandings (Leung, 2009).

Emotional Intelligence is one of the most important skills for managers as it has a strong connection with Conflict Management.

2.4.3. Connection of Emotional Intelligence and Conflict management

In 1990 the scientist Pinkey carried out a research about the relationship between the emotional dimension of conflict resolution and intellectual behavior. He found out that the degree of negative emotionality that is connected with relationship and task conflict influences the group performance.

If two conflicting sides have relationship satisfaction they will follow more integrating and compromising behavior then people who are preoccupied, dismissive and fearful. This shows that emotional intelligence has a connection with the choice of conflict management style.

Emotion-related behavior and emotional intelligence skills directly affect the choice of conflict management strategy. It is important to determine the relationship between emotional intelligence and conflict management strategy in order to choose an appropriate conflict management strategy.

If there is an aggressive behavior of one of the conflicting parties or both of them, then the choice of conflict management strategies could be made according to this

situation. For example, competing or avoiding style can be chosen. Communication is one of the effective instruments of conflict management; aggression can destroy the communication and can lead to misunderstanding. If the misunderstanding increases, the effect of such management styles as collaboration, compromise, obliging, and accommodation will become ineffective. If parties have good relations and communication without aggression they usually choose a collaborating or compromising style which leads to better outcomes. The collaborating and compromising are more goal-oriented behaviors. Interpersonal relationships directly relate to emotional intelligence as people whose behavior is aggressive and who can´t control their emotions have bad relationships with their partners and in the conflict situation they have to follow conflict management style that can lead to bad outcomes. In this connection, emotional intelligence has an influence on the choice of conflict management strategy (Discrimination in the workplace, 2012).

Summarizing the facts, Emotional Intelligence helps to choose which kind of Conflict Management technique to apply.

2.5. Conflict Management techniques

Many scientists wrote about the management of conflict. In 1977 Huseman viewed conflict management as *"distinguishing between useful conflicts and conflicts that should be eliminated".* Huseman stated that conflict management should involve the ability to develop the abilities to work under stress and continue to be productive. In 1964 Kahn and Boulding identified the objective of conflict management as *"the objective of conflict management should be to see that conflict remains on the creative and useful side of an invisible but critically important line that separates the good or natural conflict from that which is bad or unnatural".* In 1971 Thomas gave a short and clear definition of conflict management: *"A process of cooperative confrontation"* (Fleetwood, 1987).

The most important element of conflict management strategy is the early recognition of the conflict and keeping attention to the conflicting parties. These elements are important when a manager deals with functional or dysfunctional conflicts[1]. It should be early identification of the conflict, early evaluation of the impact

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[1] More information about functional and dysfunctional conflicts is found in Chapter 2.2.4, p. 12

of it on performance of employees, and it is necessary to make a plan for encouraging functional conflict or managing dysfunctional conflict.

2.5.1. Stimulating Conflict

 Conflict traditionally has a negative meaning but in some situations it actually improves performance of the organization. Stimulating conflict is considered as an approach that requires up-front initiative aimed at minimizing the impact of potential negative conflict. In this case programmed conflict could be introduced. Managers should play devil's advocate and use dialectical inquiry to develop and clarify opposing points of view.

Devil's Advocacy gets its name from a traditional practice within the Roman Catholic Church. The main idea of such method is assigning someone the role of critic. It can be good training to develop analytical and communication skills and also Emotional Intelligence. The dialectic method calls for managers to make a structured debate of opposing viewpoints to make a decision. Figure 8 illustrates Devil's Advocacy and the Dialectic Method. Laboratory studies proved that the second approach is better for training employees and the first approach can produce more potential solutions. Both approaches are designed to program conflict into processes of planning, decision making, and risk analysis. In this case conflict becomes legitimate and acceptable (Kinicki & Kreitner, 2008).

Figure 8: Techniques for stimulating Functional Conflict: Devil's Advocacy and the Dialectic Method (Kinicki & Kreitner, 2008)

A Devil's Advocate Desigion Program

A proposed course of action is generated.

↓

A devil's advocate (individual or group) is assigned to criticize the proposal.

↓

The critique is presented to key decision makers.

↓

Any additional information relevant to the issues is gathered.

↓

The decision to adopt, modify, or discontinue the proposed course of action is taken.

↓

The decision is monitored.

The Dialectic Decision Method

A proposed course of action is generated.

↓

Assumptions undersying the proposal are identified.

↓

A conflicting counterproposal is generated based on different assumptions.

↓

Advocates of each position present and debate the merits of their

↓

The decision to adopt, modify, or discontinue the proposed course of action is taken.

↓

The decision is monitored.

2.5.2. Managing Dysfunctional conflict. Conflict management styles.

If a conflict is dysfunctional it should be handled by conflict management styles. Thomas and Kilmann identified five conflict management styles based on two dimensions: assertiveness and cooperativeness. Assertiveness is the motivation to achieve individual goals, objectives, and outcomes, while cooperativeness assesses the desire to help the other party to achieve its goals or outcomes.

1. **Avoiding Conflict Resolution Style.** It is also known as withdrawing style. In this style assertiveness and cooperativeness are low. People who fear conflict use the avoiding style to escape from conflict situations. When this style of conflict management is used, everyone loses. The biggest disadvantage is that the issue is never directly addressed or resolved. This style is appropriate to use

in the situation where there is no chance of winning or when disruption would be very costly (Victor, 2012).

Situations where avoiding conflict resolution style may be appropriate:

- When the issue is trivial, not worth the effort and costly.
- When it takes too much time to deal with it.
- When it is not the right time or place to discuss the issues.
- When time is needed to think and collect information in order to be prepared before dealing with the issue.
- When a person is unable to manage a conflict, because of his emotions or the other person can handle the conflict better.

Possible **advantages** of avoidance conflict style:

- When a partner is forcing aggression, a person may choose to postpone a response until he/she will be in a more favorable position to push back.
- Conflict avoidance is a low stress style; in this situation the conflict is short.
- Allows preparation time before acting.

Identified d**isadvantages** of conflict avoidance approach:

- A person can lose his/her position.
- If there is no any action it can be interpreted as an agreement.
- Avoidance of a conflict may negatively effect on relationships with a party that expects some actions (Conflict Management Techniques, 2012).

2. **Competing Conflict Resolution Style or Forcing style.** This style is also known as the *"win-lose"* approach. It can be determined as a conflict management style with high assertiveness and low cooperativeness. A person seeks to reach his/her own preferred outcomes at the expense of a partner. This approach may be appropriate when quick actions are needed, for example during emergencies. Also it can be useful when an unpopular solution must be applied and a deadline is near. This style is inappropriate in an open and participative climate. Its strength is speed and the weakness is that it creates offenses of one of the parties that didn't win anything (Victor, 2012).

Situations where competing style may be appropriate:

- In the case when less forceful methods don't work or are not effective.
- When a person needs to fight for his/her own rights.

- When a quick resolution is required. For example in the case of a life-threatening situation, or aggression.

- As a last attempt to resolve a long-lasting conflict.

Possible **advantages** of competing style:

- May help to resolve conflict in a quick way.

- The actions of the organization were a response to an aggression. In this situation self-esteem of the company is increasing.

Disadvantages of competing style:

- May negatively affect relationships with the opponent in the long term.

- The opponent can react in the same way, even if he used to be forceful originally.

- This approach takes a lot of energy, thus it can be exhausting to some individuals (Conflict Management Techniques, 2012).

3. **Accommodating Conflict Resolution Style or Obliging.** It is also called Smoothing style. This style has a high degree of cooperativeness. A manager using this style tries to get his/her own goals, objectives, and desired outcomes to allow partners to achieve their goals and outcomes. This conflict resolution style is important for saving future relations between the parties. Obliging can be a very useful conflict-handling strategy if it is possible to get something in return from the other party. This approach encourages cooperation. Accommodating strategy may actually help individuals to strengthen their future negotiating position. Accommodating behavior is appropriate when a person who knows that he/she was wrong or when the relationship is important (Victor, 2012).

Situation where accommodating may be appropriate:

- When it is necessary to have a temporary relief from the conflict or to have time until a person is in a better position and is prepared to respond.

- When the issue is more important for a partner.

- When a person accepts that he/she is wrong.

- When there is no choice or when continued competition would be harmful.

Possible **advantages** of accommodating style:

- In some cases accommodating can help to resolve more important issues while giving up on some less important ones.

- Gives an opportunity to assess the situation from another point of view.

Disadvantages of accommodating style:

- An opponent may constantly take advantage of Smoothing/Accommodating style thus it is a danger to be abused.
- The confidence in the ability to respond to an aggressive response can be decreased. It makes it more difficult to apply the same conflict management style in the future.
- Some of the supporters may not like the application of accommodating style.

Both accommodating and avoiding conflict resolution styles do not resolve a conflict but temporarily slow down its progress. Managers must remember that if the conflict is not handled and resolved in quickly, it can lead to more complicated conflict in the future (Conflict Management Techniques, 2012).

4. **Compromising Conflict Resolution Style.** This style can be determined as a *"give-and-take"* approach with moderate levels of both assertiveness and cooperativeness. Compromise can be identified as bargaining or trading. This approach can be applied when the goals and the power of both sides are of equal importance. And when it is necessary to find a temporary, timely solution (Victor, 2012).

Examples of when compromise may be appropriate:
- When the goals are moderately important and there is no need to use more assertive or more involving approaches, for example forcing or collaborating.
- To reach temporary agreement on complex issues.
- Can be the first step when parties do not know each other well or haven't yet developed a high level of mutual trust, so it can help to improve relationships between two sides.

Possible **advantages** of compromise:
- If time is one of the most important conditions Compromising can be very useful as it provides faster way of conflict resolution.
- Compromising decreases the levels of tension and stress which can be consequences of conflict.

Disadvantages of using compromise:

- As a result of using Compromising both parties may not be satisfied with the outcome (a *"lose-lose"* situation).
- This approach doesn't contribute to building trust in the long term.
- May be required close monitoring and control when parties want to be sure that their agreements are met (Conflict Management Techniques, 2012).

5. **Collaborating Conflict Resolution Style**. This style can be characterized by high levels of assertiveness and cooperativeness; it is often described as the *"win-win"* scenario. Both sides creatively work together to achieve the goals and desired outcomes benefitting all involved parties. It can be difficult to implement this style as the process of collaborating mandates sincere effort by all parties and it may take a lot of time to reach a consensus (Victor, 2012).

Situations where collaborating may be appropriate:

- In the case when consensus and commitment of other parties is important.
- When a conflict happened in a collaborative environment.
- When there is a high level of trust.
- When it is necessary to build long-term relationships.
- When an individual needs to work through hard feelings.
- When a person doesn't want to have full responsibility.

Possible **advantages** of collaborating:

- Collaborating style helps to reach a win-win outcome.
- Increases trust and respect.
- Can lead to the effective collaboration in the future.
- Gives a chance to the parties to share risks and responsibility of the outcome.

Some **disadvantages** of collaborating:

- Requires a contribution of all parties to find a mutually acceptable solution.
- It can take a lot of time and efforts than other. A win-win solution may not worth the efforts that were spent.
- It can be not practical approach; the time is an important factor.
- If the trust is lost, relationships can be spoiled and an individual should choose other method of conflict resolution (Conflict Management Techniques, 2012).

Table 4 illustrates a short characteristic of each style.

Table 4: Profile of Conflict Management styles (Whetten & Cameron, 2012)

Style	Principal Issues	Dominant Strategy	Conditions
Avoiding	Avoiding unpleasant situations	Flight; retreat; "Golden silence"	Outcomes are not very important; The chances of winning are slim; High risk is involved; Others can handle the situation better
Forcing	Satisfying personal interests; Winning at any cost; Dominating	Competing; Gaining power	Urgency; Unpopular decision is necessary; Vital for the organization; Must protect interest groups
Accommodating	Maintaining relationships with others; Opting for harmony	Avoiding conflict at almost any cost	The issue is vital to the other party; The other party is significantly better equipped; Harmony is more important than victory
Compromising	There is room for compromise; Middle ground exists; Partial satisfaction is attainable	Negotiation	Objectives are moderately important; The two parties are equal in powder; Solutions can be reached; Neither collaboration nor force works
Collaborating	Satisfying mutual interests	Confrontation; Problem solving	Individual interests are compatible; Synergy is possible; Interpersonal problems are solved

While all of these styles have their place among the styles available to the manager, in the collaborating conflict management style, conflict itself acts as a managerial tool. Employees use collaborative behavior by applying creative ideas to find innovative answers to old problems.

However, each of these five conflict resolution styles may be appropriate and effective in different situations. The implementation of the styles depends on personality styles, the desired outcomes, and the time available. To be prepared in deciding what method should be chosen, it is important to understand the advantages and disadvantages of each approach (Victor, 2012).

Managers must analyze the situation and select the appropriate style for managing conflict in the organization in order to achieve a constructive outcome. Table 5 shows how to choose the best resolution style for each case (Jeffrey, & Pinto, 1998).

Table 5: Choosing the best conflict resolution style (Jeffrey & Pinto, 1998)

High	Use Force: When you are sure that you are right. When an emergency situation exists (Do or die) When stakes are high and issues are important When you are stronger: never start a battle you can't win To gain status or demonstrate position power When the acceptance is unimportant		Use Collaboration (Confrontation) When you both get at least what you want and maybe more. To reduce overall project costs To gain commitment and create a common power base When there is enough time and skills are complementary When you want to preclude later use of other methods To maintain future relationships When there is mutual trust, respect and confidence
Concern for Oneself		Use Compromise ·For temporary solutions to ·For backup if collaboration fails When you can't win or don't have enough time ·when others are as strong as you are ·To maintain your relationship with your opponent ·When you're not sure you are right ·When you get nothing if don't When goals are moderately high	
	Use Avoidance (Withdrawal): • When you can't win or the stakes are low • When the stakes are high, but you aren't ready yet • To gain status or demonstrate position power ·To gain time • To discourage your opponent • To maintain neutrality or reputation • When you think the problem will go away by itself		Use Accommodation (Smoothing): ·To reach an overreaching goal. ·To create obligation for a trade-off at a later date ·When stakes are low and liability is limited ·To maintain harmony, peace, and goodwill ·When any solution will be adequate ·When you'll lose anyway ·To gain time
Low	Low	Concern for the Other	High

Source: Verma, V. K. (1996). *Human* resource *skills for the project* manager. Upper Darby, PA: Project Management Institute, p. 122.

2.5.3. Managing Dysfunctional conflict. Third-party Intervention techniques

Sometimes disputes in organizations can lead to costly court battles. Nowadays organizations more often use a less expensive approach. It is called alternative dispute resolution. This approach can be characterized as *"do-it-yourself justice"*. Alternative dispute resolution technique is defined as progression of steps third parties can take to resolve organizational conflicts. There are various combinations of techniques. They are ranked from easiest and least expensive to most complicated and very expensive:

- **Facilitation.** In the context of U.S. alternative dispute resolution (ADR) facilitation (or group facilitation) is generally considered to be a process in which a neutral person helps groups to deal directly with each other in a positive manner. Facilitators can work with small groups from one organization, or with representatives of different organizations who are working together in a collaborative process. The facilitator may be internal or external (from an outside organization). Facilitator usually leads the group process by helping employees to improve their communication, resolve the issues, and make decisions. There are many advantages of such approach such is helping groups stay on task, be more creative, efficient, and productive. According to Roger Schwartz, facilitation is based on three core values: valid information, free and informed choice, and internal commitment to those choices. Valid information means that everyone who takes part in the conflict situation shares all information that can be useful for the issue. Free and informed choice means that participants can determine their own goals and the methods to achieve them. A facilitator can help the parties to define their goals, and figure out if a particular option or decision meets those goals. However, the final decisions are up to the parties themselves. Internal commitment to the choice means that people feel their responsibility for the decisions they make.

Facilitation can be very useful if there are the meetings of large groups, because they can be very hard to organize and control when they are in progress. The most important goal of a facilitator is the help to members of a group to get to know each other and develop cooperation in the group. A skilled facilitator can lead a meeting by helping to focus the energy and thoughts of participants on the task at hand. Ideally, the

group facilitator should be someone who is not interested in the outcome of the meeting. In this way he/she can concentrate all the attention on how members of the group are working together and help them to work toward their goals. Facilitation is extremely useful in helping members of large groups to develop consensus on issues (Spangler, 2003).

- **Conciliation.** Over the last 100 years, the term *"conciliation"* has changed its meaning. In the 1890s there were not clear differences between collective bargaining, conciliation and arbitration as each of these techniques could produce "constructive reconciliation" between representatives of employers and workers. Today the term 'conciliation' is a process where a neutral third party informally acts as a communication conduit between disputing parties. In this way he/she helps them to reach a settlement. The main goals are to establish direct communication and find a constructive solution. The essential rules of conciliation are that a settlement can only be reached if both parties accept it and that the process should be private. Conciliation can be useful when conflicting parties refuse to meet face to face. Collective conciliation can be distinguished from individual conciliation. In the case of collective conciliation an individual maintains the right to have the complaint heard by an employment tribunal if conciliation is not successful (Corby, 2003).

- **Peer review.** Peer Review is an Alternative Dispute Resolution System which was provided by Caras & Associates, Inc. It can be used for resolving day-to-day workplace disagreements. A panel of selected trustworthy co-workers hears both parties of a dispute in informal and private way. Peer Review helps to develop trust, understanding, fairness, and consistency. One of the benefits of such approach is that individuals who have taken disputes to the Peer Review are satisfied with the process even when they lose. With the implementation of Peer Review Charges and lawsuits have been dramatically reduced (Peer Review, 2012).

- **Ombudsman.** The name *"ombudsman"* has its roots from Sweden; it literally means *"representative"*. Ombudsman is respected and trusted person who works for the organization. He/she hears complaints on a confidential basis and helps to reach a solution. This method is popular in Europe. It allows an individual to get help from above without following formal hierarchy rules

(Kinicki & Kreitner, 2008). Ombudsmen can work in all types of organizations. The organizational ombudsman can be defined as a person who is appointed or employed by an organization to lead the informal resolution process. One of the main functions of ombudsman is the work with individuals and groups in an organization to assist them in defining options and to help resolve conflicts. Ombudsman should focus on issues by staying neutral with respect to the facts. The aim of ombudsman is not to judge or to decide who is right or wrong. The ombudsman listens to both sides to understand the issue from the perspective of the third party as it helps to develop options for resolution. Then he helps the parties to evaluate these options. The ombudsman is helpful for early warning of new issue. Also he gives suggestions of systemic changes that can improve existing processes (Organizational ombudsman, 2012).

- **Mediation.** A mediator is a trained, neutral third-party, he helps disputing parties in search of innovative solutions to resolve the conflict. In this way mediator provides an opportunity for negotiation between two sides in conflict situation. The goal is to determine multiple possible alternative solutions and by selection to choose one that is acceptable to all involved parties and satisfies the interests of organization. Companies prefer to have in-house mediators in their organizations who have received Alternative Dispute Resolution training. However, many organizations hire external mediators (Kinicki & Kreitner, 2008). A mediator plays an active and powerful third party role in the organization. Mediators not only lead discussions, but they usually decide about structure and process of the discussion which is designed to help the parties to get mutual understanding and to reach win-win agreements. During the mediation process, conflicting parties usually sit down together and discuss with each other their views about the nature of the problem and in what ways the conflict should be resolved. The goal of mediation is to develop a common understanding of the conflict situation which leads to solution and satisfies the interests of all parties. Mediators can't impose a solution, but they can suggest a solution, which will be accepted or not by the parties who are involved in the conflict (Third Party Intervention, 2012).

- **Arbitration.** Disputing parties arrange the time to accept a decision of neutral arbitrator in a formal way. Arbitration can be described as court like sitting with evidence and witnesses. It is held in a confidential manner. Decisions are made

in a legal way according to the law. Arbitrators more often from outside agencies, for instance, American Arbitration Association (Kinicki & Kreitner, 2008). This strategy requires a manager to organize a discussion of disagreements of two parties in a safe and productive way. After careful attention and fully listening to each party and examination of written materials and other evidence relating to a case, an arbitrator makes a determination of who is right and who is wrong and how a conflict should be resolved. The arbitrator is the most powerful type of third-party intervention as his decision cannot be appealed. Arbitration is especially useful when the parties simply want a solution to resolve an issue, and they don't care about losing control of the process or the outcome (Third Party Intervention, 2012).

Third-party intervention is proved to be useful technique when there is a potential for violence.

2.5.4. Managing Dysfunctional conflict. The technique of Negotiation

Negotiation can be described as a process where parties with conflicting interests determine how they are going to distribute resources or work together in the future. Negotiators are interdependent, thus one person wants to influence what the other one can get and vice versa (Brett, 2007). In other words the negotiation technique can be defined as a *"give-and-take"* decision-making process which includes interdependent parties with different preferences. Possible reasons for negotiations on the workplace can be wages, working hours and conditions.

There are two types of negotiations:

- **Distributive negotiation.** This type represents a single issue – a *"fixed-pie",* where one person reaches its goal at the expense of the other. Distributive negotiation involves "win-lose" strategy.
- **Integrative negotiation.** In most conflicts there are several issues and each party can evaluate them differently. In this case fixed-pie is divided among all parties. The parties try to find agreement that can satisfy the interests of both parties. Integrative negotiation includes *"win-win"* strategy.

However, parties in the negotiations usually think that what is good for the other party is bad for them. In this case people don't find a beneficial solution for both of them. This situation is called a mythical *"fixed-pie"*.

Added-Value Negotiation (AVN). It is the practical application of the integrative approach. The negotiating parties develop multiple deal packages in a cooperative way. It helps to build a productive long-term relationship. AVN includes five steps:

1. **Clarify interests.** Each party determines its tangible and intangible needs. After this the parties have a meeting to discuss the needs and to find common ground for negotiations.
2. **Identify options.** A marketplace of value is developed when two sides discuss desired elements of value. For instance, property, money and behavior right, risk reduction.
3. **Design alternative deal packages.** While creating multiple deals, each party uses elements of value from both parties by mixing and matching them to make them in workable combinations.
4. **Select a deal.** The parties analyze each other's packages. With a spirit of creative agreement parties discuss and select suitable deal packages.
5. **Perfect the deal.** It is the final step where the parties have a discussion about unresolved problems; they make an agreement and build relationships for future negotiations (Kinicki & Kreitner, 2008).

Successfully dealing with conflict requires conflict management approach where a manager recognizes the conflicts in the early stage and carefully assesses the impact on the performance of the organization and actively addresses those impacts through encouragement of functional conflict and management of dysfunctional conflict Brown (Samuel, 2012).

During the implication of conflict resolution techniques a manager should pay attention to his actions and behavior. By making mistakes himself, he can lose the chance to resolve a conflict successfully.

2.5.5. Mistakes to avoid in Conflict resolution

Good communication can strengthen relationships and develop trust and support. Poor communication can create mistrust and misunderstanding. There are some examples of negative attitudes and communication patterns that can worsen the conflict situation in relationships.

1. Avoiding Conflict Altogether:

Rather than discussing disagreements in a calm, respectful way, some people just don't say anything to their partner until they are ready to explode, and then they are ready to speak in an angry, hurtful manner. This seems to be the less stressful to avoid the conflict situation but usually it causes more stress to both parties as tensions rise to a greater conflict. It is much healthier to address complaints and resolve conflict.

2. Being Defensive:

Rather than understanding the complaints of a partner and, his point of view, defensive people steadfastly deny their wrong behavior and work hard to avoid looking at the possibility that they could continue to contribute to a problem. It creates long-term problems when partners don't feel listened to and understood. In this case unresolved conflicts continue to grow.

3. Overgeneralizing:

While addressing complaints a person he shouldn't use generalizations. For instance, he should avoid starting sentences with: *"You always", "You never"* – *"You always come home late!"* or *"You never do what I want to do!"* It is irritating to the other person. Also, bringing up past conflicts can increase the level of current conflict.

4. Being Right:

Some people decide the *"right"* way to look at things and a *"wrong"* way to look at things, and they are sure that only their view on things is right. It is necessary not to demand that your partner see things the same way, and don't take it as a personal attack if there are some differences in opinion. It is important to find compromise and remember that two points of view can both be valid.

5. "Psychoanalyzing" / Mind-Reading:

Sometimes people are thinking negative about a partner because they gave faulty interpretations of their actions. They don't ask about thoughts and feelings of a partner and it creates hostility and misunderstandings. It is important to let the other person express his thoughts and feelings.

6. Forgetting to Listen:

Some people are not good listeners; they interrupt, roll their eyes, and rehearse what they're going to say next. It is harmful for good communication as people can't see their partner's point of view and expressing their thoughts. It is important to develop listening skills to strengthen the communication process.

7. Playing the Blame Game:

Some people in a conflict situation criticize the other person. They even try to shame the person for being at fault. Instead of blaming the other person for troubles it is necessary to view conflict as an opportunity to analyze the situation objectively and to understand the needs of both parties and come up with a solution that is helpful to both parties.

8. Trying to "Win" The Argument:

The people who are focused on *"winning"* the argument can lose the relationships. People should have mutual understanding and come to compromise and respect everyone's needs.

9. Making Character Attacks:

Sometimes negative actions from a person can be blown up into a personality flaw. This can lead to negative perceptions on both sides. It is important to respect the person, even if he has bad behavior.

10. Stonewalling:

When one partner wants to discuss some disagreements, the person can be like a *"stonewall"* by refusing to talk or listen to their partner. Stonewalling doesn't solve a problem, but it creates hard feelings and damages relationships. It's much better to talk about problems together with a partner and listen to and discuss things in a respectful manner (Scott, 2011).

The researcher would like to explore conflict management practice in the case of Iceland.

2.6. Iceland as an example of Management in Nordic countries

2.6.1. A short History of Iceland

Iceland is a small island. It is situated between Europe and North America. The living conditions for Icelanders were difficult as Iceland lost large parts of the population during the pneumonic plague during the 15th century and a smallpox epidemic, famine and a big volcanic eruption during the 18th century. During that time the standard of living was very low, poverty reached the highest level compared to other Nordic countries. Almost the entire population of Iceland was involved in farming.

Iceland was an isolated island with its poor state of society until the 17th century when the Danish strengthened their interest in Iceland. The contact with another culture helped Icelanders get a better self-understanding. Until the 19th century there were no towns and thus Icelanders didn't even have centers of culture. In the past Icelanders had a negative view on their nature, it seemed to be ugly for them. With the increase of foreign artists visiting the island, their paintings and photos of Icelandic nature, Icelanders started to change their view on their own country to the positive note and were inspired to develop their own culture.

In 1944 Iceland became a republic after a century of active struggle for independence. At the beginning of 20th century Iceland was one of the poorest regions in Europe. The economy of Iceland was developed with the help of mechanization of fishing ships. In 1940 and 1942 the occupation by foreign military forces, such as the British and US Army, on Iceland was one of the greatest changes for the Icelandic economy. One of the modernizations was the construction of airports and proper roads. By the 1960s Iceland was among the top ten richest nations in the word, which shows the incredible change compared to the start of the century (Rostrup, 2010).

2.6.2. Icelandic culture

The main values in Iceland are resourcefulness, independency, literacy, sense of history and being reserved. There are not many published studies on Iceland's culture such as Hofstede's study does not include Iceland in the research. In 1997, Eyólfsdóttir and Smith have made the study on Icelandic culture.

It was found out that low power distance is apparent in Iceland, because the Icelanders have never experienced any class difference in the history of their country. The largest social group is the *"middle class"*. The people in Icelandic society usually don't have a power struggle in their daily life or in organizations. There is a small population in Iceland, thus people more or less know each other, in this case superiors and bosses are less likely to be overbearing.

Icelandic culture has an individualistic character and is very strong in Icelandic mentality. Thus Icelanders view competition positively and believe in innovation and entrepreneurship.

Icelanders have low uncertainty avoidance. The reason can be the nature of the country: earthquakes, weather, and volcanic eruptions. All of these make it difficult to plan anything in a long-term. Thus it is natural for Icelanders to take risks, live in uncertainty and make quick changes. Also Icelanders are one of the happiest nations. Their attitude to life is generally positive and if they have problems, they generally believe that *"it will sort itself out"*. Because of this view on life Icelanders don't rely strictly on formal rules and structures.

Icelanders have a strong sense of optimism. It is prevalent in the society as it can be a good adaptation to high uncertainty (Rostrup, 2010).

2.6.3. Icelandic Business and Management culture

The most important charactetistics which determine corporate governance in Icelandic organizations are:

- Egalitarianism which inclides power distance, individualism, femininity.
- Reaction to adverse nature. Here we can talk about unrealistic optimism, the *"action-poet"* psyche and the *"fisherman mentality"*.

Table 6 shows scores of Icelandic managers from the comaparison with managers from arounf the world.

Table 6: Scores for Icelandic managers compared with samples from around the World (Eyjolfsdottir & Smith, 1997)

Scores for Icelandic managers compared with samples from around the world

	Rank
Role stress:	
Role conflict	26
Role ambiguity	14
Role overload	15
Reliance on:	
Formal rules and procedures	28
Informal rules	7
Specialists	22
Subordinates	15
Colleagues	2
Superior	12
Own experience and training	4
Beliefs that are widespread in my country about what is right	28

1 = Highest possible rank; 30 = Lowest possible rank. A high rank indicates high role stress or high reliance upon a particular way of handling events.

1. Egalitarianism. In Iceland egalitarianism is a preference to individual freedom. If Icelanders are asked to choose between individual freedom and equality, most of them prefer equality. Equality for them means that nobody suffers discrimination and class differences are not too wide. They prefer this rather then freedom where everybody can live free life without restrictions. Icelanders have a strong belief that equality can coexist with freedom within a society.

Low power distance. Throughout the history, Iceland has hardly known class differences. Most of Icelanders are middle-class people. People want to have higher education not because of power and materialistic reasons but in their minds they have old ideal of ancestors who appreciated knowledge, individual excellence and artistic ability. Thus there is no power struggle in the organizations. The formal rules are not strict and there are no clear differences between bosses and subordinates. With regards to communication, Icelandic managers can be regarded as informal, direct and even arrogant when doing business with non-Icelanders. They don't call each other by the surname. Employees don't like to add titles or status to their names as they don't want to be ridiculed when modesty is the norm. There is a flat hierarchy in the companies. Managers usually consult their superiors, perhaps because they see them more as colleagues rather then bosses. Icelanders are consensus seekers, that is why they do not have a big level of conflicts.

Individualism. Individualistic characteristics are very strong in the Icelandic society. Thus Icelandic people prefer jobs which encourage personal iniciatives more then jobs where everybody works together. Generally, Icelanders are very hardworking people. Many of them have two jobs because of the high cost of living. Because of increased individualism Icelanders prefer private enterprises to public ownership.

Femininity. Egalitarianism is reflected in the relationships between men and women. Iceland has very strong feminine values. Icelanders have a feminine concern for a quality of life. Iceland has a high standard of living, they have a social preasure to keep up with others even if it means to work hard or to borrow money. Also as a culturally feminine nation Icelandic people want to have more children then people from other Western countries.

2. Reaction to adverse nature. Icelandic people have low level of uncertainty avoidance because of their natural environment in the country. They have adapted to such conditions of life with an optimistic view on things. Icelanders try to be more optimistic and practical than realstic , thus Icelandic managers do not so much rely on formal rules when they make decisions. Thus they feel quite comfortable in ambiguous situations. Icelanders have a lack of self-discipline and are often not punctual or detailed. All of these make Icelanders flexible in service and very easy to cope within organizations and business. Because of a lack of self-discipline Icelandic employees have an innovation way which gives competitive advantage to the organizations.

The "action-poet". Icelandic people have intuitive or artistic inclination. They can be called people of action They have curiosity for what is new and they like to take risks. These characteristics helped Icelandic society to develop in such a short period. The poetic way of thinking ususally creates a world of illusion. It is argued that many enterpreneurs overestimated their abilities to manage a business on their own and they became bankrupt as a consequence.

The "fisherman mentality". Icelandic society and organizations can be understood with the definition of *"fisherman mentality"*. A fisherman doesn't plan how long he will fish as he is dependent on luck. He always hopes for a good result but if he doesn't catch anything, he can give up or try to find another location. He can go fishing with his colleagues but he doesn't care what is on their hooks and how many fish they caught.

The most necessary for him is how much fish he caught personally. He is not punctual and is very flexible, he doesn't adopt new techniques as he thinks that he knows his job very well. It explains why Icelanders are so slow to introduce new management techniques. Managemnet in Icelandic organizations lacking long-term goals; often there is low productivity despite long working hours.

In the unorganized and individualistic nature of Icelandic society managers are busy by running their own departments and often ignore what is happening in other parts of the company. There is a high degree of cooperation with colleagues in the departments and a low level of cooperation with bosses and subordinates (Eyjolfsdottir & Smith, 1997).

Icelanders have a reputation for using different methods of doing business than in other countries. There are some quotes about Icelander's way of doing business:

- *"Icelanders are intense and good at catching opportunities."*
- *"Icelanders are unafraid go-getters and want to conquer the world."*
- *"Icelandic managers are straight forward. It is also positive that they don't speak in clichés. It is easy to understand what they mean, it needs no interpretation."*

These quotes help us to understand how people from another countries view Icelandic business culture. Icelandic management culture and business methods in many ways differ from the way business is managed in the Scandinavian countries of Norway, Sweden and Denmark.

When comparing Icelandic managers with their Norwegian counterparts, it can be observed that Icelandic managers are younger than Norwegians. Here can be a quote by Tony Shearer, the former chief execute of the British bank, Singer & Friedlander, when he was describing the management in the Icelandic bank, Kaupþing: *"Extremely young, very inexperienced"*. It clearly shows the strong optimism in the Icelandic society and the positive view on things where anything is possible.

Norwegian managers think about Icelandic managers as *"humble and very willing to learn"*. One Danish Manager noticed that Icelandic managers could listen to other opinions but they always make their own decisions (Rostrup, 2010).

3. Conceptual Framework

The aim of this chapter is to develop a conceptual framework that is based on the theoretical framework. The conceptual Framework will then be used to analyze the results of the research.

3.1. Conflict resolution model

Summarizing the facts about managing conflict, a model for conflict resolution has been developed by the author of the research project. The model's is partly based on the conflict resolution model of Badler, taking into account the literature review which represents the conflict resolution approach of US managers. This model can be applied to respond to a conflict situation in an assertive manner. It consists of seven steps which will be described in Figure 9.

Figure 9*: Conflict resolution model*
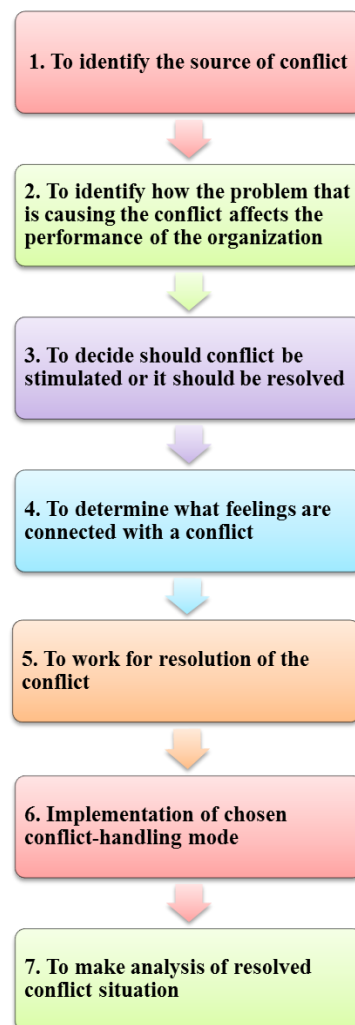
1. **To identify the source of conflict.**

In this stage it is necessary to collect appropriate information regarding the problem. It will be easier to deal with a conflict situation if more information is gathered about the source of conflict. The main sources of conflict in the organization are structural factors, personal factors and communication.[2]

In order to identify the source of conflict, the best course of action is to talk to each party involved in the conflict. A manager needs to find out what has triggered the problems and what is keeping them alive (Managing Conflict in the Workplace, 2012).

Another way to find a source of conflict is to use questionnaires for staff and, interviews with employees. Nowadays focus groups are an increasingly popular technique among managers. For instance, a manager meets approximately 20 representative staff from each department to discuss strengths and weaknesses of the organization and what they would like to improve (Torrington, Hall, & Taylor, 2005).

2. **To identify how the problem that is causing the conflict affects the performance of the organization.**

A manager should investigate the correlation of conflict to the level of performance. Performance appraisal can be identified as the assessment of a person's contribution to an organization. Job performance can be assessed in terms of behavior and outcomes.

It is useful to know which goals and employee has. It can identify performance deficiencies by determining how well an individual does his/her work. For example, if an employee had a goal to reduce expenses by ten percent but he reduced it by only five percent. In this case the performance level has decreased. Also the performance of individual or departments can be compared with one another. Gaps in the performance can be identified by comparisons over time. For example a manager sold one thousand DVDs last month and only seven hundred this month. It is clearly that there is a performance gap in the organization (Schuler & Huber, 1993).

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[2] See more about conflict sources in Chapter 2.3.1, p. 18

3. To decide should conflict be stimulated or it should be resolved.

It is believed that this decision depends on the type of the conflict. As discussed earlier, there are two types of conflicts: **functional** and **dysfunctional**[3].

Functional form of conflict or constructive conflict supports the goals of the organization and improves its performance; it encourages greater work effort and stimulates task performance. Dysfunctional conflict or a destructive one leads to decreased productivity. This type of conflict usually hinders organizational performance. Conflict here has a destructive affect. It should be managed before it destroys the organization.

Thus, during this stage, the type of conflict should be identified. If the conflict is functional the decision should be to stimulate conflict, in contrast if conflict is dysfunctional, it should be resolved as soon as possible.

4. To determine what feelings are connected with a conflict.

Conflicts are usually associated with strong emotions. If a person who is involved in the conflict doesn't control his/her feelings and cannot understand his/her real needs, it will be hard to communicate with others.

In this situation it is very important to possess **emotional awareness**[4]**.** Emotional awareness is very useful for understanding yourself and others. Many people can ignore such strong emotions like anger, sadness or fear. But the ability to deal with conflict depends on being in touch with these feelings. If people are afraid of strong emotions and they try to find solutions that are strictly rational, their opportunity to face and resolve differences will be lost. Emotional awareness is closely connected to **emotional intelligence**.

Emotion-related behavior and emotional intelligence skills directly affect the choice of conflict management strategy. It is important to identify a relationship between the emotional intelligence and conflict management strategy in order to choose an appropriate conflict management strategy.

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[3] See more on this topic in Chapter 2.2.4, p .12

[4] See more about emotional awareness and intelligence in Chapter 2.4.2, p.31

5. To work for resolution of the conflict.

When the conflict is determined as destructive or constructive and further stimulating or resolving approached have been chosen further work should be done on finding ways for resolution of conflicts. In doing so, appropriate conflict management style must be applied, depending on stimulating or resolving approach.

If conflict is determined as constructive as it improves performance of the organization, it is needed to be stimulated. Stimulating conflict is considered as an approach that requires an up-front initiative aimed at minimizing the impact of potential negative conflict.

If the conflict is defined as destructive a conflict management technique should be chosen to resolve it. There are five conflict management styles: avoiding conflict resolution, competing style or forcing style, accommodating conflict resolution style, compromising conflict resolution style and collaborating conflict resolution style. This style is often described as the win-win scenario. Both sides creatively work together to achieve the goals and desired outcomes of all parties.

However, each of these five conflict resolution styles may be appropriate and effective in certain situations. The implementation of the styles depends on personality of parties involved in the conflict, the desired outcomes, and the time available.

6. Implementation of chosen conflict-handling mode.

This step can be characterized as an action step where the chosen conflict-handling mode is actively implemented. During the resolution of conflict the actions towards resolving the issue should be completed in an acceptable timeframe.

During this step the people who are involved into the conflict should evaluate the behavior of the other parties to predict where a potential issue might arise and look for productive decision. Also each individual must pay attention at his or her own general behavior (Victor, 2012).

7. To make analysis of resolved conflict situation.

When conflict has been resolved, it should be analyzed to identify what caused the conflict situation to begin with and what measures should be made to prevent the reoccurrence of the conflict. It is often observed that companies make the same mistake; they don't have the post conflict management analysis, which is crucial for conflict management (Badler, 2008).

During this stage, participants summarize and review what they have agreed upon. When the decisions have been reviewed it is important to find out if:

1. The interests and needs of all parties have been met as adequately as possible.

2. The decisions can be applied effectively.

3. The solution has the short- or long-term effect.

4. The relationships between the parties who were involved in the conflict, has been improved (Borisoff & Victor, 1998).

The aim of the created conflict resolution model is become a point of reference when comparing the approach based on current scientific knowledge of conflict resolution with the conflict resolution approach used by Icelandic organizations. In order to get insight into conflict management practices used in Icelandic companies, the survey was conducted, which will be discussed further in the Methodology chapter.

4. Methodology

In this chapter the research methodology will be discussed and justified. The research methodology will give guidelines as to how the needed information should be gathered and processed.

4.1. Research purpose

As was mentioned in Chapter 1, the purpose of this research project is to analyze conflict management practices in Icelandic companies. The research includes information about the possible sources of conflicts and the conflict resolution techniques applied. The focus of the research is identification of conflict resolution skills that managers consider to be the most important in the organization. Analysis should provide useful recommendations for increasing performance of employees.

The following research questions have been identified:

1. **Are managers satisfied with work productivity in their Organizations?**

2. **What are the sources of conflict in Icelandic companies?**

3. **What conflict resolution techniques do the managers implement in the workplace?**

4. **What skills do managers think are the important to resolve conflict in the organization?**

4.2. Research design and setting

The most applicable method was used to analyze responses from participants - Descriptive research. Descriptive design is a fact-finding procedure. It includes analysis and interpretation of data. Descriptive design is useful to describe answers to questions of who, what, where, and how (Burns, Alvin, & Bush, 2009). It was adopted because it is the applicable design in order to find out what conflicts Icelandic companies have and what strategies managers use to resolve them. The data was obtained through the use of an online survey using the platform SurveyGizmo.com. The survey was sent to the Icelandic companies who were interested to take part in the research.

4.3. Sampling procedures

Original plan was to send questionnaires to not only Icelandic companies, but also to Norwegian ones as the idea was to compare the ways of managing conflicts in these countries. The requests to participate in the survey were sent to 130 of the biggest companies in Norway, but only negative answers were received. Some of the companies were not interested; others didn't have the time or resources.

As a result, it was decided to focus only on Icelandic companies. Some of the participants were found on the Career day at Reykjavik University. The researcher was asking the Companies if they were interested in participating in the research and the organizations who wanted to take part in the survey gave their e-mails addresses. To find more participants the researcher sent an e-mail to the Board member of Flóra - Icelandic Association of HR managers, Ketill B. Magnusson, and asked him if he could help to get in touch with the companies. The requests were sent to 60 companies and 34 of them responded (two of the responses were partially completed). It is important to note that seven people went through the on-line survey (surveygizmo.com) without answering the survey questions. It was difficult to find participants as not many of the companies wanted outsiders to know that they have conflicts as they think it could damage the image and reputation of the company. Also some of the companies didn't want to officially give their names when they were filling in the questionnaire. It is believed that conflict management is a very sensitive topic for the majority of Icelandic companies.

4.4. Participants

Most companies that participated didn't want to give their official names. The companies who allowed using their name in the research were CCP games, Síminn, Fiskistofa, Icepharma, Nova, Reiknistofa bankanna, Snyrtistofa Grafarvogs, TrackWell, Icelandic Civil Aviation administration, local government, an Importer and a wholesaler for the woodworking Industry. Other companies preferred to stay anonymous. Figure 10 shows companies participated in the survey and Table 7 shows the number of managers from each Company.

Below is a brief description of the research participants:

- **CCP.** CCP Games is a privately held company. It specializes in the creation, development, and distribution of Massively Multiplayer Online Games

(MMOGs). It was founded in 1997. CCP is recognized internationally as a pioneer in the single-server persistent universe concept of the MMOG genre. The headquarters of the company are situated in Reykjavik and there is an office in Shanghai, China. CCP's mission is to attract customers by providing top quality online entertainment. CCP appreciate respect, dialog, interaction and cooperation between its employees and customers (CCP Company, 2011).

- **Síminn.** Síminn is one of the country's most reliable companies; it has its influence on the life of Icelandic people. Síminn offers the latest telephone, mobile and data transmission solutions for companies and for individuals. The objective of the company is to enrich the lives of its customers (Síminn, 2012).

- **Fiskistofa.** The Directorate of Fisheries is an Icelandic Government institution under the ultimate responsibility of the Minister of Fisheries. The responsibility of The Directorate is implementation of government policy on fisheries management, also monitoring of fishing activities and imposition of penalties for illegal catches. Collection, processing and publication of fisheries data is also the responsibility of the Directorate of Fisheries in collaboration with Statistics Iceland (The Directorate of Fisheries, 2012).

- **Icepharma**. Icepharma is a leading company in the Icelandic health care market. The roots of the company go back to 1919, when pharmacist Stefán Thorarensen founded his pharmacy, Laugavegsapótek. The aim of Icepharma is the support of general public health. The company is quite big. There 80 employees who mainly work in sales and marketing. Icepharma employees are specialists. They have good knowledge and experience with regards to medicinal products and medical equipment, nursing, rehabilitation and health-related consumer products. Also Icepharma is the local distributor for Nike Sport Company. Icepharma is focused on strong financial operations, honesty and responsibility in everything the company makes (Icepharma, 2012).

- **Nova.** Nova is a provider of telecommunication services to 98.500 Icelandic customers. Nova has 24% of the mobile market. One of the key elements of the success is the quality of the customer service (Nova Iceland, 2012).

- **Reiknistofa Bankanna.** Reiknistofa bankanna (RB, the Icelandic Banks Data Centre), is an IT service provider for Icelandic financial institutions. RB has created a clearing and settlement system in Iceland and a number of core banking solutions. RB operates an e-invoicing and e-payment system for

corporations and private consumers. The company is jointly owned by the three main Icelandic banks, two saving banks, the Icelandic Savings Bank Association and the three main payment card processors in Iceland. The main clients are the Central Bank of Iceland, financial institutions and the government and public entities (Reiknistofa bankanna, 2012).

- **Snyrtistofa Grafarvogs**. Snyrtistofa Grafarvogs, the cosmetic saloon, was founded in 1994 by Berglind Ólafsdóttir. It is located in the oldest part of Grafarvogur. The company put emphasize on warmness, comfort and beauty. It offers different services to take care of skin and the whole body. The company meets the needs of the customers by providing a personal assistance in determining the right cosmetic products and services to take care of problematic skin (Snyrtistofa Grafarvogs, 2012).

- **TrackWell**. TrackWell Ltd was founded in 1996. It is the Icelandic company which develops solutions for wireless communication networks. The company is established as a leading provider of Mobile Resource Management (MRM) solutions delivered as software as a service (SaaS) for enterprises. The aim of TrackWell MRM is to provide companies with tools to manage their resources: employees, vehicles, vessels and other mobile assets including functionality like time-, task-, and fleet management (TrackWell, 2012).

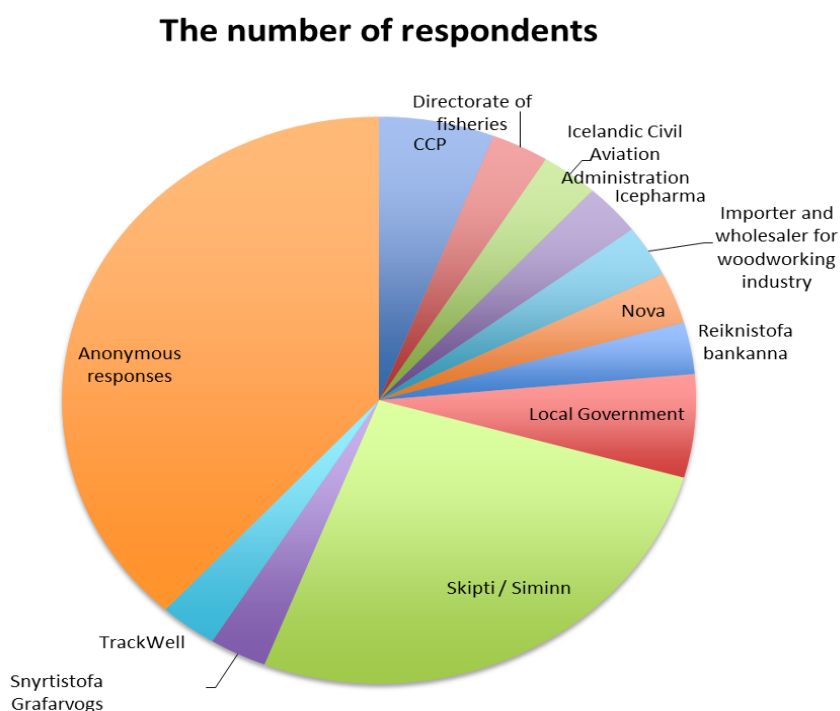*Figure 10: The companies which took part in the survey*

Table 7: The number of managers from each Company

The name of the Company	The number of respondents
CCP	2
Directorate of fisheries	1
Icelandic Civil Aviation Administration	1
Icepharma	1
Importer and wholesaler for woodworking industry	1
Nova	1
Reiknistofa bankanna	1
Local Government	2
Skipti / Siminn	9
Snyrtistofa Grafarvogs	1
TrackWell	1
Anonymous responses	13
Total	34

The managers who participated in the survey were between ages 23 and 58 years (the mean age was 43.13 years). All the participants were Icelandic, except four, who refused to answer. Among the participants were 20 male and 12 female and 2 people didn't answer. Participants are enrolled in the following programs:

- Two people completed High school.
- Three people had started the Bachelor degree but didn't complete it.
- Six people completed Bachelor degree.
- Four people started Master degree but didn't complete it.
- Thirteen people completed the Master degree.
- No one had PhD.
- Four participants have other education.

The level of participants' education is illustrated in Figure 11.

Figure 11: The level of participants' education
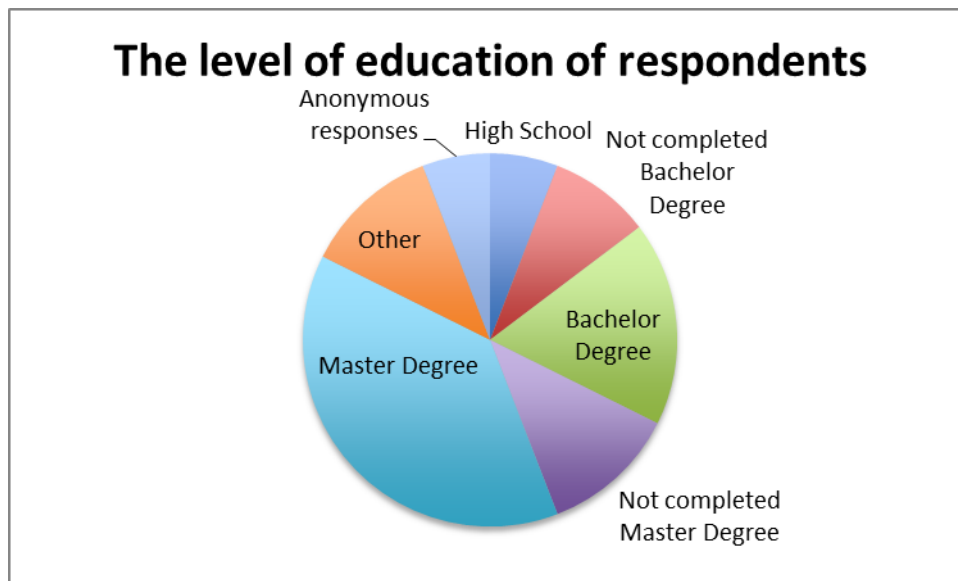
It is clear that most of respondents have completed master degree. The job title of participants is consisted of:

- Ten people are CEO/director.
- Five employees are HR managers.
- One person is an owner /manager.
- One person is a Vice president.
- Ten others are different kinds of managers.
- Seven participants refused to answer.

On Figure 12 is demonstrated the Job title of the respondents and Table 8 shows the number of respondents for each Job title.

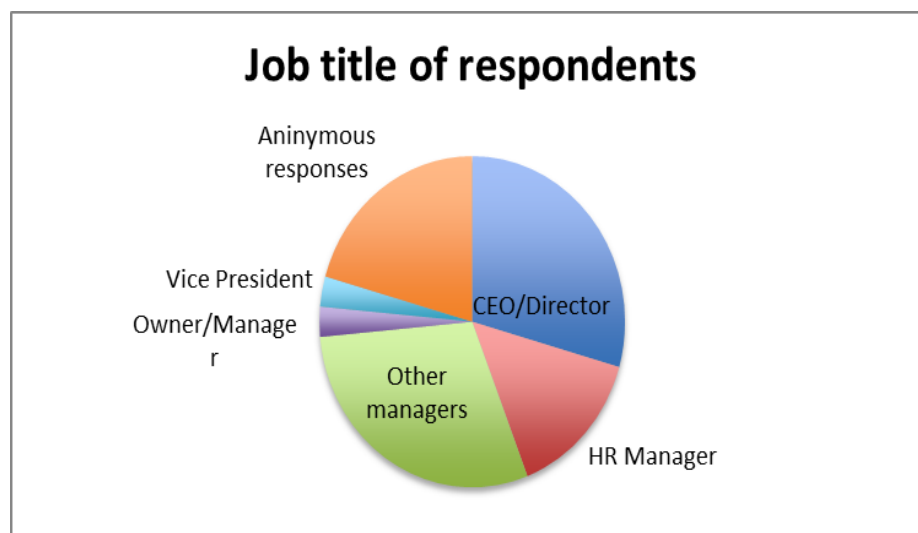*Figure 12: Job title of the respondents*

Table 8: The number of respondents for each Job title

Job title	The number of respondents
CEO/Director	10
HR Manager	5
Other managers	10
Owner/Manager	1
Vice President	1
Aninymous responses	7
Total	34

4.5. Research instruments and measurement

For the purpose of the research, the questionnaire focusing on the way of dealing with workplace conflicts was designed. Further, the on-line survey (surveygizmo.com) was conducted.

The first five questions in the questionnaire were designed with the purpose to find out if a company has conflicts and what kind of conflicts it has. The sixth question is very important as it helps to understand what conditions in the workplace can lead to potential conflict. Here a participant has a chance to determine what sources of conflict his company has. Questions eight to ten until the tenth are developed to identify what techniques managers usually apply to deal with conflict. The eleventh and twelfth questions determine how a manager evaluates his problem-solving skills and what skills to his opinion a manager should have to deal with a conflict. The thirteenth to sixteenth questions required the information about age, gender, education, nationality. And final questions are created to find out job title of the participant and for what company he is working for.

The researcher used various question types in creating the questionnaire, tailoring each question to the preferable type:

- Multiple choice radio buttons with one answer possibility.
- Multiple choice checkbox questions with multiple answer possibilities.
- Drop-down menu question.
- Open-ended textbox question.

Nominal, ordinal and interval scales (5-point Likert scale) were used when designing questions. Sample of the the questionnaire is provided in Appendix A.

The survey questionnaire was formulated based on the review of related scientific literature, reports and articles; all the references can be found at the end of the document.

4.6. Data collection

To collect the data on-line survey Gizmo (www.Sgizmo.com) was used to send the questionnaire to the participants. The data was collecting over a period of 31 days. The survey was started on the 27th of March and the last day was 27th of April. In general near 130 e-mails were sent to Norwegian companies and near 60 e-mails to Icelandic companies.

Each e-mail contained information about the topic, instructions, the length of the survey and the privacy conditions.

The researcher encouraged the managers to respond by offering an incentive of providing them with a copy of the finished report.

4.7. Data analysis

While the analysis of the data the focus was put on:

- **Frequencies.** Frequencies were used to determine how many answered each answer possibility for each question.

- **Means.** Means were used to find out the average score for some questions.

The SPSS statistical software was used to analyze the data.

5. Analysis of the results

This chapter will present the findings of the research. It will also give an interpretation of the results that will be discussed in more detail in the next chapter "Discussion and Recommendations".

5.1. Presentation of the results

Satisfaction level of managers

Satisfaction level of managers reflects the kind of working environment the organization has. If there are many conflicts and most of them have destructive character, it is then argued that the level of productivity of employees suffers a lot and it decreases the performance of the whole organization.

The survey results show satisfaction level of Icelandic managers regarding job productivity of its employees is quite high (Table 9):

Table 9: Satisfaction level of Icelandic managers regarding job productivity of its employees.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Very Dissatisfied	1	2,9	2,9	2,9
	2 Dissatisfied	3	8,8	8,8	11,8
	3 Neutral	5	14,7	14,7	26,5
	4 Satisfied	22	64,7	64,7	91,2
	5 Very Satisfied	3	8,8	8,8	100,0
	Total	34	100,0	100,0	

The frequencies show that most of the managers are satisfied with the level of work productivity of their employees. The number of managers who are *"satisfied"* is 22 from 34 respondents. It makes 64.7 % out of the total amount of responds. Only 3 mangers were very satisfied. There were three *"dissatisfied"* respondents and only one *"very dissatisfied"*. It is demonstrated in Figure 13.

Figure 13: Satisfaction level of managers with the productivity of the employees' work
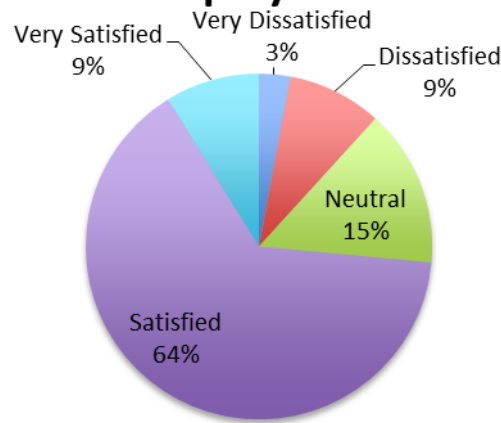
Stress and conflicts at work

Stress at work usually can be a result of conflict. When people are involved in the conflict situation they have strong feelings associated with it. If they cannot control their feelings, it has a negative influence on their work performance. In addition, stress at work can be a reason, for instance, of work overload. In this case the stress can lead to potential conflict.

Table 10: The frequency of complaints at work

Do the employees often complain about stress at work?				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 They always complain	2	5,9	5,9	5,9
	2 They often complain	6	17,6	17,6	23,5
	3 They sometimes complain	25	73,5	73,5	97,1
	4 They never complain	1	2,9	2,9	100,0
	Total	34	100,0	100,0	

The results show that in most organizations employees have stressful situations on the workplace. The frequency shows that 25 managers responded that the employees *"sometimes complain"* about stress at work. Which means that 73. 5 % of respondents have problems connected with complaints about the stress in the workplace. In addition 2 respondents answered that their employees *"always complain"* about stress and 6 of

the managers have often complaints from the staff. Only one person responded that he never receives complaints regarding stress from the employees. Figure 14 shows the percentage of managers concerning the complaints about stress that they receive from the respondents.

Figure 14: Percent of managers concerning the complaints about stress that they receive from the respondents

Do the employees often complain about stress at work?

They never complain 3%
They always complain 6%
They often complain 18%
They sometimes complain 73%

Very often stress can be a reason of potential conflict. The research led to such results (Table 11):

Table 11: The frequency of conflicts among employees

Do you often have conflicts among employees?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 Sometimes	28	82,4	82,4	82,4
	3 Never	6	17,6	17,6	100,0
	Total	34	100,0	100,0	

As frequencies show – most managers have conflicts among employees. The number of managers who have these kinds of conflicts *"sometimes"* is 28, which makes 82.4 % of the total amount of responses. And only 6 employers *"never"* have conflict among the staff. Figure 15 demonstrates the percent of managers regarding the conflicts among employees.

Figure 15: Percent of managers regarding the conflicts among employees

Do you often have conflicts among employees?
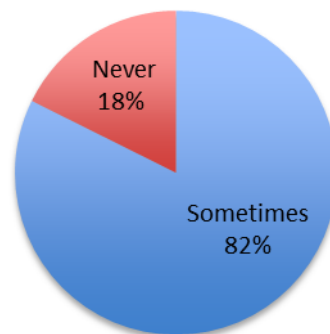
The survey showed that usually employees have the following kinds of conflict (Table 12):

Table 12: The types of conflicts the employees usually have

		Responses		Percent of Cases
		N	Percent	
What kind of conflicts do employees have?	Interpersonal conflict (The sources of this conflict can be personal dislikes or personality differences)	22	40,7%	68,8%
	Intragroup conflict (Intragroup conflict is the conflict within an internal group, team or department This type of conflict involves more than one person within a group)	9	16,7%	28,1%
	Intergroup conflict (Intergroup conflict is the conflict between different groups, teams and departments	16	29,6%	50,0%
	Interorganizational conflict (Interorganizational conflict is the conflict between different organizations If different businesses are competing against one another it is called Interorganizational conflict)	6	11,1%	18,8%
	Other	1	1,9%	3,1%
	Total	54	100,0%	168,8%

The biggest part of responses refers to Interpersonal conflict, 20 managers (40% of all responses) have responded in this way. The second most observed conflict that employees have in the workplace is Intergroup conflict – 16 responses (29.6% of all responses). Only 9 people have Intragroup conflict and 6 of the responses are connected

with Interorganizational conflict. One person preferred not to answer this question. The statistics can be clearly seen on Figure 16:

Figure 16: The types of conflicts that employees usually have in the workplace
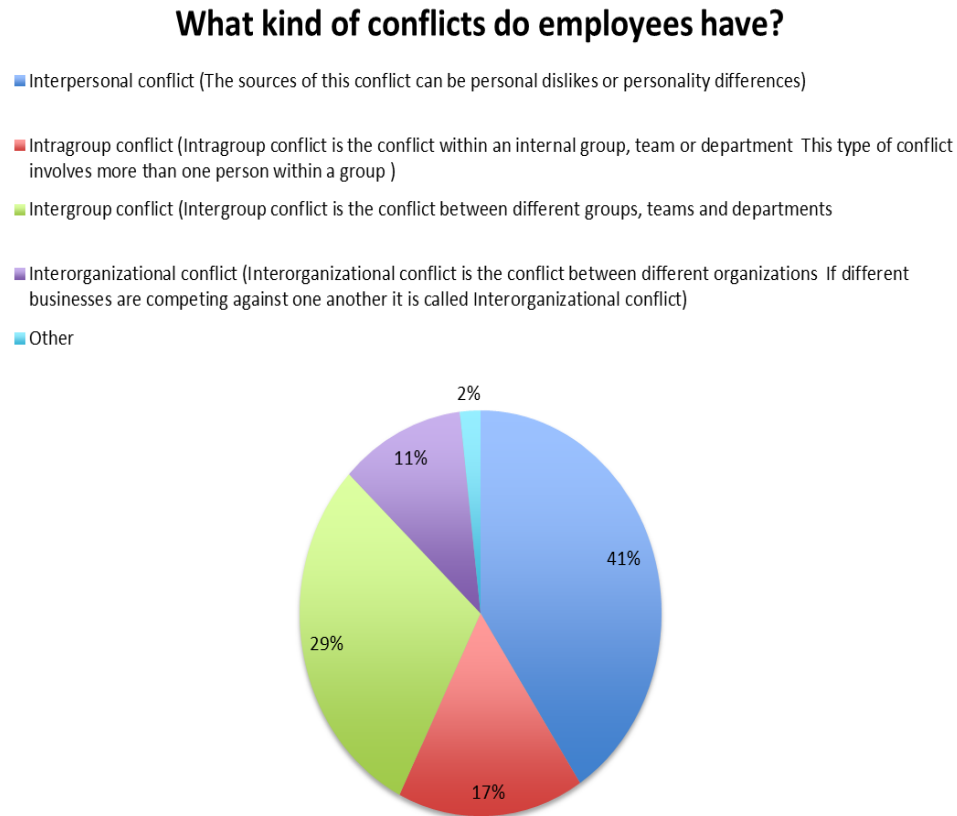
It is not enough to know the types of conflict that companies have, but is also even more important to identify if the conflict usually has a destructive or constructive character. The knowledge about the character of the conflict helps to determine whether it should be resolved (destructive conflict) or managed (constructive conflict). Table 13 shows types of conflict that employees face in the workplace.

Table 13: The character of conflicts in Icelandic organizations

The conflicts at the workplace are usually		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Functional (Constructive) constructive	15	44,1	48,4	48,4
	2 Destructive (Dysfunctional)	16	47,1	51,6	100,0
	People who didn´t respond	3	8,8		
	Total	34,0	100,0		

The survey led to interesting results. In Table 17 it can be noticed that 15 (44.1%) managers suppose that they usually have to deal with functional conflict and 16 (47.1%) managers think that they usually deal with dysfunctional conflict. It shows clearly that the managers are divided by their responses into two almost equal groups. It can be seen on Figure 17.

Figure 17: The character of the conflicts on the workplace in Icelandic organizations
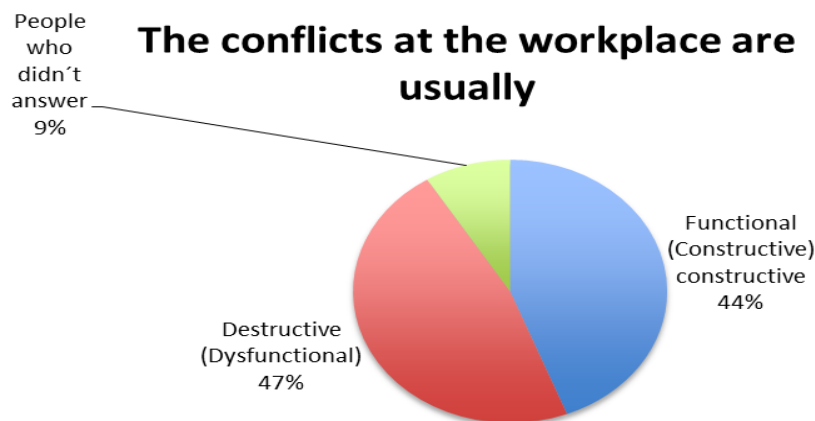
For managing the conflict in the right way and to prevent its appearance again, it is important to have information about the most common sources of conflicts in the organizations.

According to the research there are such courses of conflicts in Icelandic organizations (Table 14):

Table 14: Most common sources of conflicts in Icelandic organizations

		Responses		Percent of Cases
		N	**Percent**	
Most common source of conflict	**Specialization**	11	9.2%	35.5%
	Common Resources	4	3.4%	12.9%
	Goal Differences	15	12.6%	48.4%
	Interdependence	11	9.2%	35.5%

	Authority Relationships	8	6.7%	25.8%
	Status Differences	7	5.9%	22.6%
	Jurisdictional Ambiguities	8	6.7%	25.8%
	Roles and Expectations	11	9.2%	35.5%
	Skills and Abilities	1	.8%	3.2%
	Personality Conflicts	19	16.0%	61.3%
	Perceptions	7	5.9%	22.6%
	Diversity	5	4.2%	16.1%
	Personal Problems	4	3.4%	12.9%
	Communication Breakdown	8	6.7%	25.8%
	Total	119	100.0%	383.9 %

According to these results the most common reasons for conflicts in Icelandic organizations are personality conflicts and goal differences

The conflict resolution techniques

The research findings outline the techniques that Icelandic companies use to manage the conflicts in the workplace.

The results of the survey are presented in Table 15:

*Table 15: The techniques managers use to resolve the conflicts*

What technique do you use to resolve the conflict?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Withdrawing (Avoiding) (It involves avoiding, denying, givin	1	2.9	3.2	3.2
	2 Smoothing (Obliging) (It is an appeasing approach of emphasi	3	8.8	9.7	12.9
	4 Compromising (It involves considering various issues, bargai	4	11.8	12.9	25.8
	5 Collaborating (Problem-solving) (It includes identifying the	21	61.8	67.7	93.5
	6 I dont use any of these techniques	1	2.9	3.2	96.8
	7 Other	1	2.9	3.2	100.0
	People didn't respond	3	8.8		
	Total	**34**	**100.0**		

The most popular strategy in this case is Collaborating (Problem-solving) (61. 8%) and the most unpopular is Withdrawing (Avoiding), only one person uses this conflict management style. Most of the managers have knowledge about the conflict management styles, only one of them doesn't use any of these strategies. Figure 18 shows the use of conflict management styles among managers:

Figure 18: The techniques managers use to resolve the conflicts

What technique do you use to resolve the conflict?

■ 1 Withdrawing (Avoiding) ■ 2 Smoothing (Obliging)
■ 4 Compromising ■ 5 Collaborating (Problem-solving)
■ 6 I dont use any of these techniques ■ 7 Other
■ 8 The people didn't respond
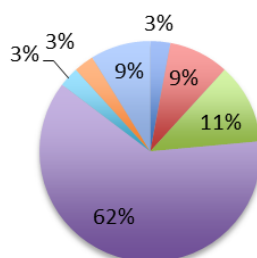
The next method that Icelandic managers use for resolving the conflict is the Third-party intervention technique. The received results regarding this kind of conflict management strategy are the following (Table 16 and Table 17):

Table 16: The number of managers who use Third-Party Intervention technique

Do you use Third-Party Intervention technique (Third-Party Intervention technique is any attempt by a relatively		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Yes, I use it	12	35.3	41.4	41.4
	2 I dont use it	13	38.2	44.8	86.2
	3 I dont know such technique	4	11.8	13.8	100.0
	4 People didn't respond	5	14.7		
	Total	**34**	**100.0**		

Table 17: Types of Third-party intervention technique that managers use

		Responses		Percent of Cases
		N	Percent	
Third party intervention technique	Conciliation	3	18.8%	25.0%
	Peer review	3	18.8%	25.0%
	Ombudsman	4	25.0%	33.3%
	Mediation	6	37.5%	50.0%
	Total	**16**	**100.0%**	**133.3%**

The results show that only 12 out of 34 respondents use such a conflict resolution method. The rest of the managers answered this way:

- "I don't use it" - 13 responses

- "I don't know such a technique" – 4 responses

- "Didn't respond" – 5 responses

The people who use the Third-party intervention method, also use the following type of technique:

- Mediation (6 responses)

- Ombudsman (4 responses)

- Conciliation and Peer review have a3 responses each

Mediation is the most popular technique among managers and Conciliation and Peer review are the most unpopular techniques.

When looking into negotiation technique, the following picture is presented in Icelandic companies (Table 18):

Table 18: The number of managers who use technique of negotiation

Do you use the technique of negotiation to resolve conflicts at work?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Yes, I use it	20	58.8	64.5	64.5
	2 No, I dont use	7	20.6	22.6	87.1
	3 I dont know about such a technique	4	11.8	12.9	100.0
	4 People didn't respond	3	8.8		
	Total	34	100.0		

The frequencies show that most of the managers use negotiation technique. About 58.8 % of the total amount of responses, which is 20 responses, responded that they use such a method.

Conflict resolution skills

It is very important to develop the skills to deal with conflict. Sometimes managers get confused, even if they not in a complicated conflict situation.

The survey assessed if the managers are satisfied with their conflict resolution skills or not. The results are showed in Table 19.

Table 19: Problem-solving skills of managers

| How would you rate your problem solving skills?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3 Average	9	26.5	28.1	28.1
	4 Good	21	61.8	65.6	93.8
	5 Very good	2	5.9	6.3	100.0
	6 People didn't respond	2	5.9		
	Total	34	100.0		

It is clearly seen that most of the managers assess their problem solving skills as *"good",* it represents 61.8 % of all responses. But 9 people responded that they have an *"average"* level of problem solving skills.

The research highlighted conflict resolution skills that managers in Icelandic companies appreciate (Figure 19).

Figure 19*: The skills that manager should appreciate at work*
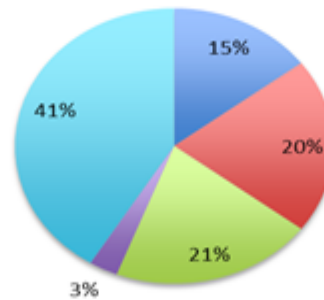
The results show that managers in Icelandic companies put more emphasis on Interpersonal and Third party intervention skills. Each of these responses represents 20 percent of the whole amount of responses from managers. Negotiation skills are less important for Icelandic managers – 15 % of people responded in this way. Only 3 % of people remembered about conflict resolution styles. Nearly the half of the respondents preferred not to answer to the question or they don't pay much attention on developing the necessary skills for conflict resolution.

5.3. Conclusion

The purpose of the survey was fulfilled as the results of the research showed the attitude of Icelandic managers towards conflicts. After summarizing the results the following conclusion can be drawn:

Most managers are satisfied with the level of work performance of their employees, but still they have some conflicts. Personality conflicts are the most common source for the conflict situations in Icelandic organizations. The managers are not particularly familiar with the Conflict resolution techniques some of them preferred to skip the questions. Almost half of the respondents refused to answer what conflict resolution skills they think are important for the managers. In the next chapter the results will be discussed more in details and the recommendations will be developed.

6. Discussion and Recommendations

The aim of this chapter is to discuss the findings of the research, which are based on the analysis conducted in the chapter 5. This chapter is divided into three main sections. The first section is the discussion of the results; the second section represents the comparison of the approach based on the scientific knowledge of conflict resolution and Icelandic approach to resolve conflicts in organizations. Then the third section discusses recommendations of the researcher and the forth section is about future research.

6.1. Discussion of the results

The research findings show that in spite of managers' satisfaction by the level of productivity of their employees, they still have a lot of complaints from their employees about stress at work. If the managers ignore these kinds of complaints it could lead to potential conflict. Although 64.7% of managers are satisfied and 8.8% are very satisfied by the performance of their staff, 82% of their employers sometimes have conflicts among employees. The conflicts often decrease the level of performance. According to this fact the organizations may increase their performance if they manage the conflict in beneficial way. Otherwise if they do not pay attention to the employees' complaints about conflicts, the conflict situations will reduce the current high productive level of work in the future. The conflicts should be managed in time or they can destroy the organization.

Most of the organizations have Interpersonal (the sources of this conflict can be personal dislikes or personality differences) and Intergroup conflict (the conflict within a group, team or department). Interpersonal conflicts totaled 41% of managers' responses and Intergroup conflict is the main type of conflict for 29, 6% of managers. It can be explained by the most common sources of conflict that Icelandic organizations have: personality conflicts (it happens when two people simply do not get along or do not view things similarly) and goal differences (groups or departments in the organization have differences in goals).

Personality conflict is the main reason for conflict situations as noted by16% of managers. As the research results showed, 12% of managers think that Goal difference is the biggest issue, which can be explained by individualistic characteristics of the Icelandic society. Thus Icelandic people prefer jobs that encourage personal initiatives rather than jobs where employees work in groups. According to these facts the

suggestion could be made that personal sources of conflict lead to Interpersonal conflicts and goal differences can be the reason for Intergroup conflicts. By looking at the conflict resolution skills which are the most important for the responded managers, interpersonal skills represent 21% of responses. It means that the managers understand that developing these kind of skills is very important as most of them have complains regarding Interpersonal conflicts.

The conflicts in Icelandic organizations have both destructive and constructive characteristics. The responses were spread in such way: Destructive conflict – 47% of responses, constructive conflict – 44% of responses. It seems that Icelandic managers should know the approaches to both types of conflicts. The right management of these kinds of conflicts gives an opportunity for the manager to increase the productivity of their employees and accordingly of the whole organization.

The survey has shown that in general Icelandic managers are familiar with Conflict resolution techniques. They have a good knowledge of conflict resolution styles and they use it in practice. Most of the managers use Collaborating (62% of responses) and Compromising (11% of responses) styles. Only 3% of respondents were not aware of any of the conflict resolution styles. Also the negotiation method is very popular among managers, 58% of them use it in practice and 15% of employers think that negotiation skills are the most important for dealing with a conflict.

But as for the Third-party intervention technique, the results are not satisfied. Only 35.3% of Icelandic managers use it in practice. Other people don´t use such a technique (38.2%), don´t know about it (11.8%) or just didn´t respond at all (14.7%). In spite of unpopularity of this kind of conflict resolution technique, 20% of managers think that third-party intervention skills are the most important for resolving conflict. The suggestion can be made that the managers believe that this technique is very useful but they don´t have enough knowledge to apply it.

After the results have been analyzed and discussed, the model that was created in the Conceptual framework can be compared with the approach of Icelandic companies to conflict resolution.

6.2. Comparison of the scientific knowledge of conflict resolution to the Icelandic approach

As was mentioned earlier in Chapter 3, conceptual framework, the model based on the literature review and conflict resolution model of Badler, was created for research purposes (Figure 9).

When the research was conducted and the analysis of the results was made, it was possible to compare the Icelandic approach to conflict resolution with the created model of conflict resolution.

To assess the Icelandic approach to the conflict situation, it is important to keep in mind that Icelanders have a low uncertainty avoidance, which means that they have many uncertainty situations that can lead to stress. As was discussed earlier in the research project, the reason can be the nature of the country: earthquakes, weather, and volcanic eruptions. All of these make it difficult to plan anything in the long-term. Thus it is natural for Icelanders to take risks, live in uncertainty and make quick changes. Their attitude to life is generally positive and if they have problems, they generally believe that *"it will sort itself out".* Because of this view on life Icelanders don't rely strictly on formal rules and structures. That is why it could be difficult for them to follow strictly any model. However, they can improve the performance of the companies by correcting and improving some elements of their approach according to this model.

The comparison can be started from the first step of conflict resolution model:

1. To identify the source of conflict

The research showed that all respondents could identify the source of the conflicts although on other questions many of them couldn't respond. It means that the companies in general realize what kind of sources of conflicts they have in their organizations. As was discussed above, the sources of conflict were identified: personality conflicts and goal differences. As a result of these causes of conflicts the companies have Interpersonal and Intergroup conflict. One of the possible issues that can lead to these potential sources of conflict is down to poor training of the employees.

Then the next step is followed:

2. To identify how the problem that is causing the conflict affects the performance of the organization

According to the analysis of the results almost all managers determined the character of the conflict. Icelandic managers have both destructive and constructive conflicts. It means they usually assess if the conflict improves the performance (in the case of constructive conflict) or it decreases the level of productivity of the employees (in the case of destructive conflict) and accordingly affects unhealthy on the performance of the whole organization. As was mentioned before, 47% of respondents have destructive conflicts and 44% have constructive character of conflicts.

The third step in the conflict resolution model is:

3. To decide should conflict be stimulated or it should be resolved

Most of the managers understand what character of the conflict they have, constructive or destructive. Thus they usually decide either to stimulate it or resolve the conflict, which means in general that they follow the third step of the model.

On the next step the manager should:

4. To determine what feelings are connected with a conflict

The results of the survey identified that most of the organizations have Interpersonal conflicts. It means that it is difficult for them to understand their feeling and to control them. Thus such an important skill as Emotional Intelligence is developed on a low level. The manager should take into account this kind of problem as without an understanding of the feelings associated with the conflict situation; it is very difficult to make a correct in order to resolve the conflict. In the case of Icelandic organizations, it can be said that the managers and employees usually don't follow this step appropriately.

The fifth step in the conflict resolution model is:

5. To work for resolution of the conflict

During this stage managers should determine the conflict resolution technique to resolve the conflict. According to the results of the research, Icelandic managers are familiar with conflict resolution methods, although the results for Third-party intervention technique are not satisfied. As was mentioned before, only 35.3% of Icelandic managers use it in practice while 38.2% don't use it, don't know about it (11.8%) or just didn't respond at all (14.7%). But in spite of this, the managers think that it is important to have conflict resolution skills to implement Third-party intervention technique. As can be seen above, 20 percent of managers responded in this way. It means that managers would like to have conflict resolution skills to implement such a conflict resolution method.

6. Implementation of chosen conflict resolution mode

If Icelandic companies are familiar with the conflict resolution techniques, it is obvious that they implement some of them in practice. During this step companies should not forget that the people who are involved in the conflict should evaluate the behavior of the other parties to predict where potential issues might arise and look for productive decisions. Each individual must pay attention at his or her own general behavior.

The final step is:

7. To make analysis of resolved conflict situation

Icelandic managers were able to identify the most common sources of the conflicts that they have. According to the results, it can be suggested that periodically the companies suffer from the same sources of conflicts. The reason is that many of the organizations don't analyze the causes of the conflict situations and don't take measures to prevent the reoccurrence of the conflict. It seems that Icelandic companies very often ignore this step of conflict resolution.

The comparison of the conflict resolution model and Icelandic approach showed that Icelandic organizations follow almost all the steps of the conflict resolution model. It means that Icelandic approach to resolve the conflicts does not have significant differences from the developed conflict resolution model. However, they have some gaps in their approach; if the companies overcome them they have an opportunity to increase the performance of the organization. In the next chapter, recommendations for improvement of Icelandic conflict management practice will be given.

6.3. Recommendations

Based on research results and analysis followed by comparison of the Icelandic approach with the created model, several recommendations for Icelandic managers are outlined below.

Recommendation 1. The research results showed that the most common sources of conflict are Interpersonal and Intergroup conflicts. It is recommended to have two kinds of training: for interpersonal skills and for team development.

In order to develop **interpersonal skills**, role-playing and sensitivity training can be used. These kinds of training develop interpersonal insights – an awareness of self and of others.

1) **Role-playing training** puts the emphasis on emotional issues in the relations. Role-play is a simulation. The managers create the realistic situations and give the roles to play to the participant. Trainees usually have some information about their role including concerns, objectives, responsibilities, emotions and a description of the situation. Once the participants read their role descriptions, they start to interact with one another by acting their roles.

Role-playing training helps:

- Developing interpersonal skills and communication skills
- Conflict resolution
- Group decision making
- Developing insight into one's own behavior and its impact on others (Role-Play Training Method, 2012)

2) The purpose of the **sensitivity training** is to make people understand themselves and others reasonably. This kind of method helps to develop social sensitivity and behavioral flexibility (Sensitivity Training, 2012).

The process of Sensitivity Training:

An unstructured group of 10-15 people without any objective looks to the trainer for its guidance. But the trainer refuses to provide guidance and the trainees are motivated to resolve the uncertainty. Then, people try to form some hierarchy and assume leadership role. Then, they start to understand that what they desire to do and they develop the alternative ways of dealing with the situation

Procedure of Sensitivity Training:

- o Development of new values. With the support of trainer, trainees start to examine their interpersonal behavior and giving each other feedback.
- o The feedbacks are discussed and trainees are motivated to experiment with range of new behaviors and values. This process can be determined as the second step in the change process of the development of the values.
- o Refreezing the new values is the step that depends on how much opportunity the trainees will have to implement their new behaviors and values at their work place (Sensitivity Training, 2012).

Intergroup conflict - is the conflict within an internal group, team or department. As the research showed the goal difference could be the source of such type of conflict. Intergroup conflict requires training for **team development** to increase the performance of the group.

1) Team or group can be developed in many ways. One of them is through the task. For instance when the whole team describes their purpose, goals, and develops the rules and procedures they will use and so on. If the managers notice that the team needs some support to do this it can be obviously to him that the group can't understand the way of working things out together. While the manager is watching the team he can understand why it is so difficult for them to work together and then he can develop another type of training according to the problems he noticed during the training.

2) Another training that could be applied is working through stimulated exercises as a team. For instance, the employees can have one goal - to build a tower out of pieces of paper. In this way the team learns how to work together by orienting on the same goal and how they could improve their performance.

3) In some cases outdoor training can be useful for the development of the team where teams have different kinds of activities. Some of the activities can involve tasks that

could increase trust and cooperation among the people in the organization. The learning from such kind of activities can be transferred to the work environment.

The training of the team is very important as team effectiveness depends on agreement about the common goals and methods of working. The organization should create the climate where team members can be open and honest with each other and use the conflict in a constructive way (Torrington, Hall, & Taylor, 2005).

Recommendation 2. Another recommendation for managers of Icelandic companies is to develop Emotional Intelligence. Research results showed that companies are not following appropriately the fourth step where the people should determine what feelings are connected with a conflict. Enhancing Emotional Intelligence is possible with the help of coaching.

The main goal of coaching for Emotional Intelligence is to improve self-awareness. Coaching can be described like a mirror that allows people to see themselves more clearly. This kind of method helps the people to understand how their behavior affects others. Developing the emotional intelligence is a never-ending journey as people improve it throughout the course of their lives and careers.

Emotional Intelligence takes its roots from self-awareness. It teaches people to manage themselves and focus their emotional energy on doing their job effectively and working productively with other people on the workplace.

There are four steps in couching Emotional Intelligence:

- Feedback is provided to raise self-awareness. People displaying self-defeating behaviors often don't realize their own ineptness.

- The help to the people to *"own"* their behavior. People will be unmotivated to change until they realize the fact that their current strategy is ineffective.

- During this step coaching should help people to create a change strategy to improve targeted behaviors.

- Managers who lead the coaching should provide support for changing efforts. Continually the coacher usually observes people and provides coaching to support change efforts. The next coaching should be provided as quickly as possible after the coaching conversation. A manager should show to employees

that he is paying attention and is an active supporter of their personal change efforts (Wall, 2007).

Recommendation 3. Icelandic managers don't have enough problem-solving skills to apply a Third-party intervention technique. According to this fact training should be provided to improve their problem-solving skills.

Development of decision-making skills helps the manager to reach a more rational conclusion in the conflict situation and to make contribution to the firm´s profitability. The first step of the training can be the use of lecture and discussion methods. Their aim is to provide a general understanding of conflict resolution techniques and the problem-solving process. The participants in the training need to work together on a simulated conflict situation taken from the business world. During the discussion, conversations should be recorded. The final step is the feedback process. In this case the recordings are played back and the approaches at problem-solving are criticized. The manager clearly sees where he was wrong and learns new approaches to resolve the conflicts (Miner, 1969).

Recommendation 4. Icelandic companies don't pay much attention to the final step of conflict resolution: analysis of resolved conflict situation. It is recommended to them not to ignore the post conflict management analysis. When the managers make analysis of the resolved conflict situation they should keep in mind the following steps:

- The participants summarize and review what they have agreed upon.
- When the decisions have been reviewed it is important to find out if:
  - The interests and needs of all parties have been met as adequately as possible.
  - The decisions can be applied effectively.
  - The solution has the short- or long-term effect.
  - The relationships between the parties who were involved in the conflict have been improved.

The author of the research believes that if Icelandic managers follow provided recommendations, or at least slightly adapt their conflict management practices, they would gain many benefits.

6.4. Future research

There are several things that the researcher found interesting for future research. Firstly, it could be interesting to know how the organizational performance of the Icelandic companies has been changed with the implementation of the recommendations made in this research. Secondly, because of changes of External and Internal Environments it would be interesting to see how conflict resolution approaches have been changing through the years in the Icelandic companies.

Despite of a slowly recovering economy, the number of foreigners moving to Iceland is about equal to the number leaving (Fontaine, 2011). According to these facts there are more and more foreigners who are starting to work in the Icelandic companies. It could be interesting to conduct a future research in the companies in Iceland which have a high diversity among employees. In this case the Icelandic organizations will have another conflict situation connected with the diversity and the managers need to have another approach to resolve the conflicts.

7. Final words

The research has been an exciting journey. The researcher has made a long way to reach the purpose of the study: to develop the recommendations for the Icelandic companies concerning conflict resolution approach and to increase the level of performance of the organization. The research has started with the collection of the useful secondary information connected with the topic of the study. On the basis of the literature review and Badler's conflict resolution model the model for conflict resolution was created. Comparing the model with the Icelandic approach to resolve conflict created the descriptive research. The survey helped to identify the attitude of the Icelandic managers to the conflict resolution process. The comparison of the results of the study with the created model showed that the Icelandic employers are quite familiar with conflict resolution process and the managers use in practice many of the conflict resolution techniques. It means that they don't have significant differences with the confict resolution practice that exists in US.

Icelandic managers have complaints about conflicts from the employees. The main types of conflict in Icelandic organizations are Interpersonal and Intergroup conflicts. According to the conflict resolution model Icelandic organizations have some gaps in the approach of conflict resolution. They don't follow appropriately some steps of the model, such as determining what feelings are connected with the conflict and analysis of the resolved conflict situation. The researcher has made useful recommendations to the companies about improving the performance of the employees and how to overcome the gaps in the Icelandic managers' approach towards conflict resolution.

The researcher hopes that the thesis will be useful for Icelandic companies as it helps them to identify the weaknesses in their conflict resolution approach and provides recommendations for improvements. If Icelandic companies will have a new insight into their conflict resolution approach after reading this report, then the aim of the author has been reached.

The research project can also be helpful for other researchers who wish to make further investigations in this field of study.

Appendix A: Questionnaire

Conflict

Page One

Good day!

I am a student at Reykjavik University studying International Business, researching Conflict Management for my Master's thesis.

Thank you for taking the time to participate in my survey. The survey takes approximately 5-10 minutes to complete.

The survey is completely anonymous and answers will not be linked to individual respondents.

Thank you for your participation,

Violetta Bankovskaya

Conflict

Page Two

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1. Are you satisfied or dissatisfied with the level of work productivity of your employees?

Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
◯	◯	◯	◯	◯

---

2. Do the employees often complain about stress at work?

◯ They always complain

◯ They often complain

◯ They sometimes complain

◯ They never complain

---

3. Do you often have conflicts among employees?

◯ Often

◯ Sometimes

◯ Never

4. What kind of conflicts do employees have at work? (You can choose more than one answer)

☐ Interpersonal conflict (The sources of this conflict can be personal dislikes or personality differences)

☐ Intragroup conflict (Intragroup conflict is the conflict within an internal group, team or department. This type of conflict involves more than one person within a group.)

☐ Intergroup conflict (Intergroup conflict is the conflict between different groups, teams and departments.

☐ Interorganizational conflict (Interorganizational conflict is the conflict between different organizations. If different businesses are competing against one another it is called Interorganizational conflict)

☐ Other (Please specify)

[   ]

5. The conflicts at the workplace are usually …

◯ Functional (Constructive) constructive (it helps the group to identify itself, its strengths and weaknesses)

◯ Destructive (Dysfunctional) conflict (It often destroys the group. It is driven by fear and, quite often, the desire for power. It cares nothing for the group, only for the individual and its aggressive tendencies)

Back   Next

17%

6. What are the most common sources of the conflict? (You can choose more than one answer)

☐ Specialization (When the majority of employees in an organization are specialists, conflicts may arise because workers have little knowledge of one another's job responsibilities)

☐ Common Resources (The scarcer the resource the greater the potential for conflict)

☐ Goal Differences (Sometimes groups or departments in the organization have different and incompatible goals, increasing the chances of employees experiencing conflict)

☐ Interdependence (When workers are in an interdependent situation, it is easy to blame a co-worker when something goes wrong)

☐ Authority Relationships (Often, there is underlying tension between managers and employees. This is because most people do not like being told what to do)

☐ Status Differences (Status conflict may occur when one individual has questionable influence over another. People might engage in conflict to increase their power or status in an organization)

☐ Jurisdictional Ambiguities (Conflicts may also surface when job boundaries and task responsibilities are unclear. Individuals may disagree about who has the responsibility for tasks and resources)

☐ Roles and Expectations (Manager– subordinate conflict can result when the subordinate's role is not clearly defined and each party has a different understanding of that role)

☐ Skills and Abilities (Conflict can result when an experienced employee must work with a novice who has good theoretical knowledge but few practical skills)

☐ Personality Conflicts (A personality conflict emerges when two people simply do not get along or do not view things similarly. Personality tensions are caused by differences in personality, attitudes, values, and beliefs)

☐ Perceptions (employees and managers have different perceptions of situations)

☐ Diversity (Differences in age, cultural background, ethics, and values can be a source of conflict among employees)

☐ Personal Problems (When we bring our personal problems to work, our performance tends to suffer)

☐ Communication Breakdown (Communication-based barriers may be derived from differences in speaking styles, writing styles, and nonverbal communication styles)

7. What technique do you use to resolve the conflict?

○ Withdrawing (Avoiding) (It involves avoiding, denying, giving up, pulling out, or retreating and as such constitutes a refusal to deal with the conflict by ignoring it as much as possible)

○ Smoothing (Obliging) (It is an appeasing approach of emphasizing areas of agreement while avoiding points of disagreement)

○ Forcing (Dominating) (Forcing implies the use of position power and dominance to resolve the conflict)

○ Compromising (It involves considering various issues, bargaining, using trade-off negotiations, and searching for solutions that bring some degree of satisfaction to both parties)

○ Collaborating (Problem-solving) (It includes identifying the underlying concerns of the opponents and finding an alternative which meets each party's concerns)

○ I don't use any of these techniques

○ Other (Please specify)

[   ]

8. Do you use Third-Party Intervention technique (Third-Party Intervention technique is any attempt by a relatively neutral person to help the parties resolve their differences)?

○ Yes, I use it.

○ I don't use it

○ I don't know such technique

9. If you use Third-Party Intervention technique, what kind of it do you use? (You can choose more than one answer)

☐ Conciliation (A neutral third party informally acts as a communication conduit between disputing parties)

☐ Peer review (A panel of trustworthy co-workers, selected for their ability to remain objective, hears both sides of a dispute in an informal and confidential meeting)

☐ Ombudsman (Someone who works for the organization, and is widely respected and trusted by his co-workers, hears grievances on a confidential basis and attempts to arrange a solution)

☐ Mediation (The mediator – a trained, third-party neutral-actively guides the disputing parties in exploring innovative solutions to the conflict)

☐ Arbitration (Disputing parties agree ahead of time to accept the decision of a neutral arbiter in a formal courtlike setting, often complete with evidence and witnesses)

10. Do you use the technique of negotiation to resolve conflicts at work?

○ Yes, I use it

○ No, I don't use

○ I don't know about such a technique

11. How would you rate your problem solving skills?

Very bad	Bad	Average	Good	Very good
○	○	○	○	○

12. What skills, in your opinion, should a manager possess in order to manage conflicts at workplace?

13. What is your age?

[   ]

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14. What is your gender?

○ Male

○ Female

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15. What is the highest level of education you have completed?

○ High School

○ Not completed Bachelor Degree

○ Bachelor Degree

○ Not completed Master Degree

○ Master Degree

○ Not completed PhD

○ PhD

○ Other (Please specify) [   ]
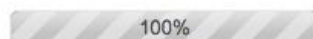
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16. What is your nationality?

[-- Please Select --   ▼]

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17. What is your job title?

[   ]

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18. What company do you work for?

[   ]

Conflict

Thank You!

Thank you for taking my survey. Your response is very important to me.

100%

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