

Effect of Conflict on Employees Performance: Evidence from Coca Cola Company Limited, Kumasi Branch.

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Abstract

Though there are a colossal number of studies on the effect of organizational conflict on the performance of employees in many parts of the world, little is known of this area of research in the Ghanaian setting. This study aims at exploring the effect of the three types of organizational conflict, namely the relationship, task and process conflict, on the output of employees in Ghana using Coca Cola Company Ghana Ltd as a case study. The study employed two estimation procedures; the Pearson correlation and the logit estimation method. The marginal effect extracted from the logit estimation exhibited that of the three types of conflict - only relationship conflict has a significant effect on the performance of employees. It confirmed the assertion by the existing body of literature that relationship conflict has a negative effect on output of workers. The Pearson correlation also revealed that whilst relationship conflict adversely affects performance, both task and process conflicts have a positive influence on output of workers. The association between process conflict and performance was however unanticipated. Lastly, the Pearson correlation method brought to view that there is a very weak linkage between all the three types of organizational conflict and the performance of workers in Coca Cola Company Limited.

Keywords: conflict; organizational performance; logit estimation; Pearson correlation; marginal effect.

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1. Introduction

In the process of achieving organizational objectives, disappointments, disputes and conflict will surely arise. This strongly suggests that the occurrence of bickering, backbiting, blame shifting, gossiping and undermining of others can never be completely eradicated from any human society. Consequently, companies for some time now are faced with the problem of unionized and non-unionized agitations from employees of all levels. They are experiencing strike actions of all kinds, unceremonious resignations, court actions and even the exchange of blows amongst co-workers. Co-worker's disputes, though common, are dangerous because they involve delicate interpersonal relations that can explode and disrupt an office and an entire company [1]. Conflict can have a devastating effect on the performance of an organization, especially if it consumes the energies of employees rather than focusing on other productive activities [2]. Moreover it can interfere with group process and create so much interpersonal hostility that group members may not be willing to cooperate together to achieve organizational goals [3,4]. Furthermore unsolved conflicts can generate into bigger contentions which has the potential of engendering more controversies.

However in spite of the grim picture painted about conflict as an organizational tremor, this social action can also foster posterity for business ventures. With constructive and a prudent approach, conflicts can revolutionize new ideas which can take business organizations to unprecedented heights in their endeavors. According to the authors in [5], conflicts in business organizations can enhance the quality of decisions and also catalyze participation in group discussion.

There is therefore the need to investigate whether this social variance is a bane or blessing to business organizations. This study aims at exploring whether conflicts have a positive or a damaging effect on the productivity of employees of Coca Cola Company Limited Ghana. The main objective of the study is to explore the effect of conflict on the performance of Coca Cola Company Ghana Limited. Specifically this paper seeks to:

- Investigate the effect of relationship conflict on the performance of employees.
- Probe into the effect of task conflict on performance of employees.
- Examine the effect of process conflict on the performance of employees.

It is priority for top management of all profit-making ventures to ensure that their organizations perform well in this competing business world. To achieve this, they explore the pros and cons of all the factors that are directly and indirectly linked to the productivity of their employees in particular and their firms at large.

The incidence of conflict, especially among employees and groups is inevitable in business organizations. If well managed, conflict can augment and enhance employees' performance. However, its effect can be devastating if it stirs hostilities among individuals or groups. Evidence from related literature is mixed with regards to the effect of conflict on the performance of business enterprises. This study will, however, make clear how the productivity of employees of the Coca Cola Company Limited and the firm at large is influenced by conflict. If it is found that the effect is negative, management would be cautioned to take appropriate strategies

to resolve tensions among their employees as quickly as possible if they want to see their businesses prospering. Nevertheless if it becomes evident from the study that conflict positively affect performance, then it would be advised that such contentions should be encouraged but with care.

2. Literature Review

According to [6], a conflict is a state of serious disagreement and argument about something perceived to be important by at least one of the parties. In consonance with the preceding definition, [7] defined the conflict as situations in which people, groups or countries are involved in a serious disagreement or argument. Furthermore, [8] posited that there are four (4) dimensions of conflict. These are: (a) Disagreement, fierce argument, a quarrel, (b) A clash between different aims, interesting ideas etc. (c) A struggle, fight or battle, usually on a lesser scale than war. (d) Psychol in an individual.

From the above, conflict can be categorized into three types — interpersonal, task, and process conflict.

2.1. Relationship conflict

This type of conflict can be defined as tensions, annoyances, disagreements and personal incompatibilities over matters such as beliefs, values, habits, and personalities [9]. This form of conflict involves personal issues such as dislike among group members and feelings such as annoyance, frustration, and irritation. This definition is consistent with past categorizations of conflict that distinguish between affective and cognitive conflict [4, 10]. Interpersonal conflict can antagonize productivity since it arouses hostility among group members.

2.2. Task conflict

It can be defined as differences in viewpoints and opinions pertaining to a group task. Similar to cognitive conflict, it pertains to conflict about ideas and differences of opinion about the task [11]. Task conflicts may coincide with animated discussions and personal excitement but, by definition, are void of the intense interpersonal negative emotions that are more commonly associated with relationship conflict. This form of conflict can enhance productivity by improving quality of thinking and decision making processes.

2.3. Process conflict

It is defined as controversies about aspects of *how* task accomplishment will proceed [9, 12]. More specifically, process conflict pertains to issues of duty and resource delegation, such as who should do what and how much responsibility different people should get. For example, when group members disagree about whose responsibility it is to complete a specific duty, they are experiencing process conflict. To the author in [2], this type of conflict normally occurs when the procedure(s) for the task is not clearly defined by the supervisor or the person in charge.

The author and his colleague in [13] opined that the level of conflict in an organization can have both a negative and positive effect on the performance of its employees. In details, they posited that too little or too much inter-group and/or intragroup conflict can adversely affect team performance. Nevertheless, they argued that there is a level of conflict that is ideal and essential for an organization to attain optimum performance and effective decision making as depicted in the figure below.

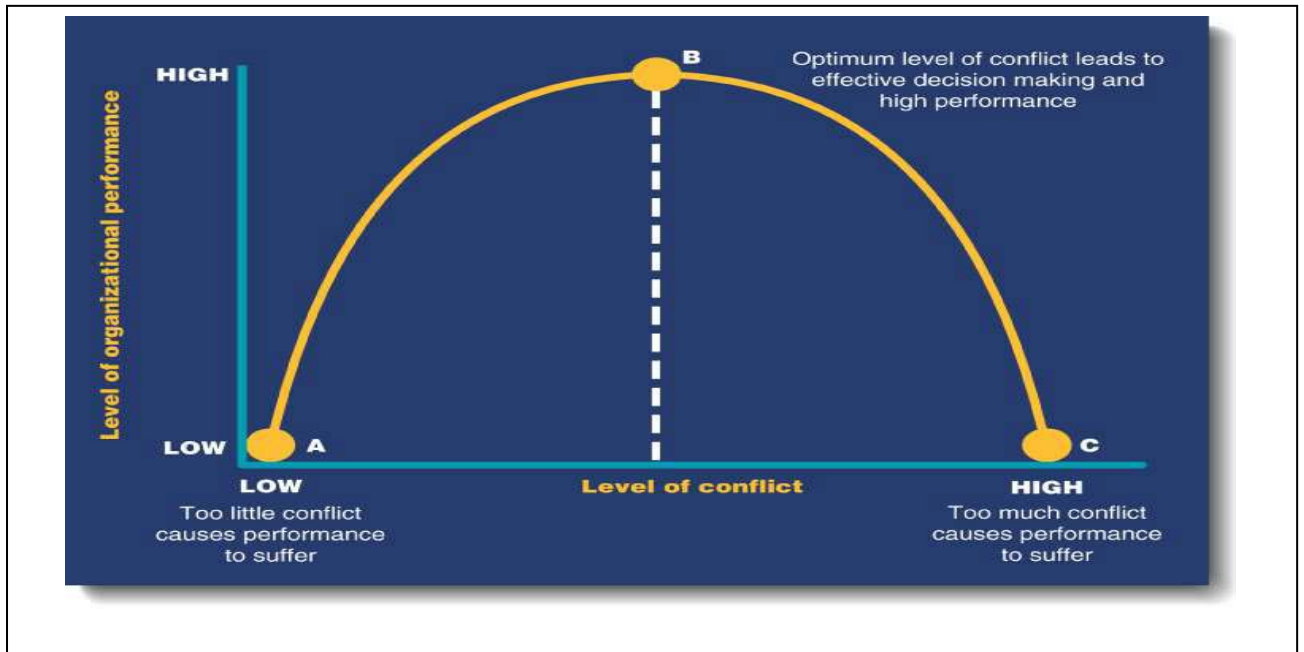


Figure 1: Effect of Conflict on Organizational Performance.

Source: The authors and his colleague in [13]

Using a longitudinal study, the authors in [14] found that certain forms of conflict resulted in higher group performance among 51 three-person functioning groups in the United States. It was realized that teams performing well were characterized by low but increasing levels of process conflict, lower levels of relationship conflict, with a rise near project deadlines, and moderate levels of task conflict at the midpoint of group interaction. The members of teams with this ideal conflict profile had similar pre-established value systems, high levels of trust and respect, and open discussion norms around conflict during the middle stages of their interaction.

After investigating the effect of conflict on managers in government departments, parastatals and private companies in Gaborone in Botswana, [2] established that conflict has both positive and adverse effects on those organizations. The study showed that conflict reduced employees' productivity to up to 5% in some of the businesses involved. This is so because conflict in those ventures led to lack of cooperation and waste of resources. Nevertheless, the paper also found out that through improving quality decisions and organizational innovativeness, conflict catapulted productivity in some of the organization to almost 22%.

Another study by [15] used data from questionnaires from a sample of about 450 individuals who were

employees of different commercial banks in Pakistan. Evidences from the paper portrayed that relationship conflict has significant impact on employees' performance. Their performance nosedived ranging between 28 percent and 46 percent depending on the magnitude of the conflict. It further indicated that due to the viciousness of relationship conflict for organization's top hierarchy strives to get rid of relationship conflict rather than relegating its resolution.

To evaluate the effect of conflict on organizations, the authors in [16] probed 96 managers in some selected airlines, road transport and insurance companies in Lagos Metropolis. The research revealed that the effect of conflicts on the organization can either be positive or negative, but when managed properly, the positive effects can be used to encourage organizational innovativeness and build cooperation among the employees.

3. Methods And Materials

3.1. Conceptual Framework

This section of the paper discusses a theoretical model that hypothetically links organizational conflict to the employee's performance. The study adopted the Input-Output model used in the work of the author in [17] as depicted in figure 2 below.

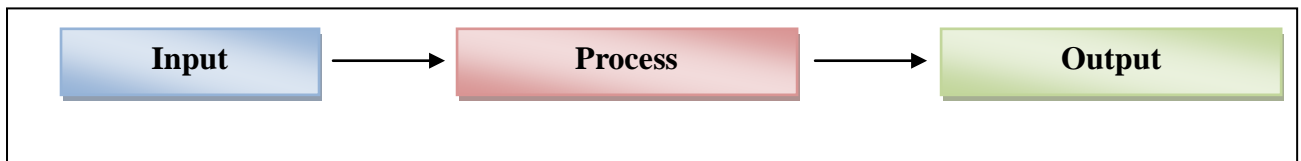
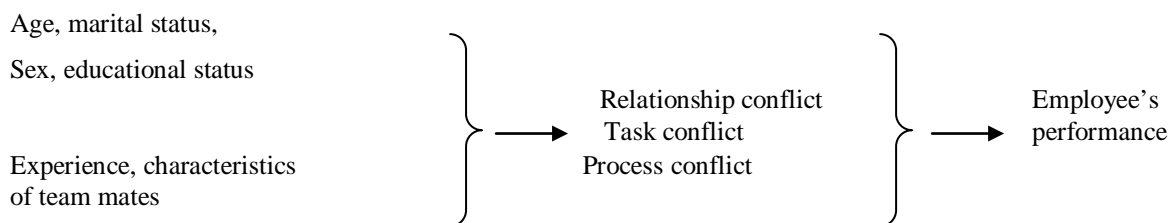


Figure 2: Input-Output Model.

Source: The author in [17]

The framework in figure 2, given the above explanation, can be restated as:



Input, in this model, encompassed both personal and working environment characteristics that influence the performance of the employee. Personal attributes in this case include age, marital status, sex and educational background of workers. Job characteristics also comprise of an employee's experience as well as information on teammates. Process, on the other hand, refers to conflict among teammates. In this study, it is classified as relationship, task and process conflict. Lastly output in the model equates to the employee's performance.

3.2. Empirical Model and Procedure

This part of the research transformed the Input - Output model in the theoretical framework to a model that can be estimated empirically. From the model, the performance of employees is affected by personal and job characteristics as well as the various types of organizational conflicts. The empirical model can, therefore, be stated as:

$$EP_i = \alpha_1 + \alpha_2 Age + \alpha_3 Sex + \alpha_4 Marstat + \alpha_5 Exper + \alpha_6 Educ + \alpha_7 Teammates + \alpha_8 Gendiversity + \alpha_9 RConflict + \alpha_{10} TConflict + \alpha_{11} PConflict + e_i$$

The dependent variable, EP_i , in the empirical model depicts the performance of employees. The respondents' responses regarding their performance can be categorized into 2 values, i.e. 0 for employees who exhibited low performance and 1 for those who excelled in their performance. The study used logit approach to estimate the model. Age, Experience, Education status, number of Team mates and Gender diversity are all continuous variables. The rest of the explanatory variables are binary variables. 0 stands for male while 1 represents female in the case of sex. In the scenario of marital status, 1 shows married whilst 0 stand for otherwise. In the case of the three types of conflict, 0 represents when there is no incidence of conflict while 1 exhibits otherwise.

4. Discussion of Results

4.1. Reliability Test of Instruments

Before estimating the model, the study employed Cronbach alpha to detect the reliability of the items used to measure employee's performance and the various types of conflicts in an organizational setting. Cronbach alpha was chosen because it does not only measure the internal consistency of the items used but also substantiates whether or not the items are actually one-dimensional. Internal consistency gauges the level of the interrelatedness of the sampled items whilst undimensionality explores the extent to which the items measure a single trait or construct [18].

The Cronbach's alpha coefficient obtained for the items used to represent the performance of employees is 0.83. On the other hand, the corresponding coefficients of relationship, task and process conflict are 0.75, 0.73 and 0.76 respectively. This implies that the sample items used as instruments to indeed measure the concepts they represented. The results of the Cronbach alpha can be summarized in Table 1 below.

4.2. Results from Pearson Correlation Coefficient

The study, first of all, employs the Pearson correlation coefficient to explore the direction and intensity of relationship that exist between each of the types of organizational conflict and performance of workers. The evidence obtained using Stata in summarized in Table 2.

The results, as shown in Table 2, indicates that there exists a weak negative link between relationship conflict and performance of workers. Furthermore, the intensity of the relationship between task as well as process conflict and output of workers is not different from what exists between the latter (output of workers) and

relationship conflict. The evidence shows that like relationship conflict, there exist a weak correlation between both task and process conflict and performance of employees. Nevertheless the direction is not the same. Unlike relationship conflict, the results reveal that there is a positive correlation between task and process conflict and employee's performance. The latter findings are in conflict with the conclusion of the authors in [19].

Table 1: Results of Cronbach alpha.

Variables	Coefficient of Cronbach Alpha
Performance of employees	0.83
Relationship conflict	0.75
Task conflict	0.73
Process conflict	0.76

Table 2: Pearson Correlation between Employee's Performance and Organizational Conflict.

Type of Organizational Conflict	Employee's Performance
Relationship	-0.23
Task	0.25
Process	0.4

4.3. Marginal Effect Results from the Logit Estimation

The study further used margin effect extracted from the logit estimation to investigate the association between conflict and performance of employees. The marginal effect indicates the probability change in the dependent variable that accrues to a unit variation of an explanatory variable holding all the other independent variables constant [20].

Table 3, below shows that the probability of the F value is less than 0 implying that the explanatory variables used in the estimation are jointly statistically significant. Thus the results reveal that performance of employees is influenced by the explanatory variables included in the model.

An insight characteristic of the table is the detrimental nature of relationship conflict on performance. It is clear from the table that a unit increase in disagreements championed by personal hatred other than the task depletes employees' output by 45.70%. This conclusion unites with a number of similar findings in the field of research [15, 19, 21]. Although not statistically significant, the results exhibit that disagreements underpinned by the clash of idea, that is tasked conflict, increase the performance of workers by 8.87%. This result refutes the evidence of the author and his colleague in [22]. In the same vein as task conflict, Table 3 revealed that process conflict swells output of workers by 2.03%, though the effect is not statistically significant. Even though the

positive effect of this variable was unanticipated, it fortifies the conclusion of the authors in [14].

Table 3: Marginal Effect Estimates of Employee's Performance Model.

Regressors	Marginal Effect
Relationship Conflict	-0.4570***
Task Conflict	0.0887
Process Conflict	0.0203
No. of Obs	128
Y	0.5538
Prob> F	0.0000

5. Conclusion and Recommendation

A feature of the results is the undermining effect of relationship conflict on performance. The evidence made it apparent that a unit rise in relationship conflict eats up employees' output by 45.70%. Additionally, it is exhibited from the results that disagreements championed by a clash of idea, that is task conflict, spring the performance of workers up by 8.87%. This confirms the positive relationship between task conflict and output of workers as stipulated in the literature. Like task conflict, the results indicated that process conflict pushes output of workers up by 2.03%, though the effect is not statistically significant though the positive effect of this variable was unanticipated.

The findings in terms of direction of association obtained from the Pearson correlation coefficient are not different from the above evidence. Like the margin effect, the latter estimation procedure indicated that relationship conflict is negatively linked to performance. In the same vein, this correlation method disclosed that both task and process conflicts have positive correlations with the dependent variable. Additionally, the Pearson correlation procedure divulged that the association between all the three types of organizational conflict and performance of employees is weak. In other words, it was found that not only relationship conflict but also task and process conflict are weakly linked to output of workers. The revelation of a negative association between relationship conflict and performance of workers can serve as a guide to improve the latter. This result brings to light that policymakers and organizational management should set up efficient and effective conflict resolution schemes or strategies if they want to achieve rapid growth in the business ventures.

Another characteristic of the findings is the positive correlation between task conflict and output of workers. This implies that diversity of idea among groups or teammates are vital for organizational progress and should therefore be encouraged.

The last and unanticipated conclusion is the positive association between progress conflict and performance of employees. Since the discovery contradicts the literature, the study urges policymakers and management to make further enquiries as to why this is the case before they can make policies based on it.

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