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## ORGANISATION MANAGEMENT: DEVELOPMENT AND EFFECTS OF CONFLICT SITUATIONS

**Abstract. Purpose.** The purpose of the article is the role of development and effects of conflict situations in management of the organisation. **Results.** The article underlines that one of the best management methods to prevent dysfunctional conflict is to explain what results are expected from each employee and unit. Reference should be made to parameters such as the level of results to be achieved, the persons who provide and receive different information, the system of powers and responsibility, and clearly defined policies, procedures and rules. Moreover, the leader is aware of all these issues primarily not for himself, but to ensure that his or her subordinates well understand what is expected of them in each situation. It is found that rewards can be used as a method of conflict management, influencing the behaviour of people to avoid dysfunctional effects. People who contribute to the achievement of the organisation's integrated goals, help other teams in the organisation and try to approach the issue holistically should be rewarded with gratitude, bonus, or promotion. Therefore, the systematic and coordinated use of the rewards system to provide with incentive those who contribute to the achievement of corporate goals helps people to understand how to deal with conflict situations to meet leadership's wishes. In complex situations, where diversity of approaches and accurate information are essential to decision-making, the emergence of conflicting opinions should even be encouraged and managed using problem-solving style. Furthermore, other styles may limit or prevent a conflict situation, but they will not lead to an optimal solution, because not all perspectives have been examined equally thoroughly. Studies have revealed that highly effective organisations in conflict situations use problem-solving style more often than ineffective organisations. In such organisations, managers openly discussed different views, without emphasising their differences, but without pretending that they did not exist. **Conclusions.** Leaders should be aware of the probable resistance to change and take effective measures to prevent it. For example, the primary reason for resistance is the fear that change will threaten existing social relations. In this case, the manager should be aware of the social system of the organisation, which may or may not survive through the very changes, as well as through the way they are implemented.

**Key words:** organisation, system, subordination, structural changes, power relations.

### 1. Introduction

Several effective ways to manage a conflict situation exist. They can be grouped into structural and interpersonal.

Managers should not consider differences in characters to be the cause of conflict situations. However, this difference may cause conflict in a particular case, but it is only one of the factors that can cause conflict. The manager should start with analysing the actual causes and then use the appropriate methodology. Conflict

reduction can be achieved by applying conflict resolution techniques.

**Structural methods.** There are four structural conflict resolution methods: the clarification of performance requirements, the use of coordination and integration mechanisms, the establishment of corporate integrated goals and the use of a rewards system.

**Clarification of performance requirements.** One of the best management practices to prevent dysfunctional conflict is to explain what

results are expected from each staff member and office. Reference should be made to parameters such as the level of results to be achieved, the persons who provide and receive different information, the system of powers and responsibility, and clearly defined policies, procedures and rules. Moreover, the leader is aware of all these issues primarily not by himself, but to ensure that his or her subordinates well understand what is expected of them in each situation.

*Coordination and integration mechanisms.* A coordination mechanism is a method to manage a conflict situation. One of the most common mechanisms is the chain of command. If two or more subordinates disagree on a particular issue, conflict can be avoided by contacting their joint manager, asking him or her to make a decision. The principle of unity of command facilitates to use hierarchy to manage a conflict situation, because a subordinate knows very well whose decision he should obey.

In conflict management, integration tools such as, guiding hierarchy, liaison services, cross-functional teams, task forces and inter-divisional meetings are useful. Research has revealed that organisations that have maintained the required level of integration have been more effective than those that have not.

## 2. Conflict management techniques

*Corporate Integrated Goals.* The establishment of corporate integrated goals is another structural way of conflict management. Achieving these goals requires the joint efforts of two or more staff members, teams or units. The idea behind the limit is to direct the efforts of all participants towards a common goal.

For example, if the two departments are in conflict, goals should be formulated for the entire department, not for each of them. Similarly, well-defined organisational goals will generally encourage department managers to make decisions aimed at achieving organisational success as well as a separate functional sector. The statement of the supreme principles (values) of the organisation reveals the content of integrated goals. The Organisation tries to reduce the likelihood of conflict by developing corporate integrated goals to achieve greater coherence among all staff.

*Structure of the rewards system.* Rewards can be used as a method of conflict management, influencing the behaviour of people to avoid dysfunctional effects. People who contribute to the achievement of the organisation's integrated goals, help other teams in the organisation and try to approach the issue holistically should be rewarded with gratitude, bonus, or promotion.

Therefore, the systematic and coordinated use of the rewards system to provide with incentive those who contribute to the achievement

of corporate goals helps people to understand how to deal with conflict situations to meet leadership's wishes.

*Interpersonal conflict resolution styles.* There are five main interpersonal conflict resolution styles: avoidance, smoothing, coercion, compromise, and problem solving.

*Avoidance.* This style suggests that the person tries to avoid conflict. According to Robert Blake and Jane Mouton, one way to resolve a conflict is to avoid divisive situations and avoid engaging in divisive discussions. Then you will not have to worry, even solving the problem (Blake, Mouton, 1990, p. 43).

*Smoothing.* This style is characterised by the behaviour dictated by the belief: do not be angry because "we are all one happy team, and should not rock the boat", "Smoother" tries not to miss the signs of conflict, appealing to the need for solidarity. Blake and Mouton argue that it is possible to extinguish another person's desire for conflict by saying, "It doesn't really matter. Think of the good that has appeared here today". In the end, harmony may come, but the problem remains. There is no reason for emotion anymore, but they live inside and accumulate. There is a general concern that the result will be an explosion. (Blake, Mouton, 1990, p. 56).

*Coercion.* This style implies mostly attempts to force acceptance of one's point of view under any circumstances. Those who try to do so are not interested in the opinions of others. The person using this style usually behaves aggressively and uses power through coercion to influence others. According to Blake and Mouton, the conflict can be controlled by showing that you have strong power despite the opinion of your opponent, forcing him to act in a certain way as the leader. A coercion style can be effective in situations where a leader has considerable power over subordinates. The disadvantage of this style is that it suppresses the initiative of subordinates, making it more likely that not all factors of importance will be considered, as only one point of view is presented. It can cause resentment, especially among younger and more educated staff (Blake, Mouton, 1990, p. 73).

*Compromise.* This style is characterised by acceptance of the other party's point of view, but only to a certain extent. The ability to compromise is highly valued in leadership situations because it minimises ill will and often enables a quick resolution of the conflict to satisfy both parties. However, the use of compromise at an early stage of the conflict that has arisen in solving the problem can hinder diagnosis problems and reduce the time to search for alternatives. Such a compromise means agreement to avoid disputes, even if the parties have refused to act reasonably. Such a compromise is satis-

faction with what is obtainable, not a relentless search for what is logical in the light of the facts and data available.

*Problem-solving.* This style is an acknowledgement of differences of opinion and a willingness to look at other views in order to understand the causes of the conflict and find a course of action acceptable to all parties. Those who use this style do not try to achieve their goal at the expense of others, but rather find the best way to resolve a conflict situation.

In complex situations, where diversity of approaches and accurate information are essential to decision-making, the emergence of conflicting opinions should even be encouraged and managed using problem-solving style. Furthermore, other styles may limit or prevent a conflict situation, but they will not lead to an optimal solution, because not all perspectives have been examined equally thoroughly. Studies have revealed that highly effective organisations in conflict situations use problem-solving style more often than ineffective organisations. In such organisations, managers openly discussed different views, without emphasising their differences, but without pretending that they did not exist.

Alan Filley makes proposals to use this style of conflict resolution.

1. Identify the problem in terms of goals, not solutions.
2. Once the problem has been identified, generate a solution acceptable to both parties.
3. Focus on the problem rather than the personality of the other party.
4. Create an atmosphere of trust by increasing mutual influence and exchange of information.
5. When communicating, try to be friendly, showing sympathy and listening to the opinions of the other party, as well as minimising expressions of anger and threats.

### **3. Conflict resolution in the organisation**

Change is an issue that arises for all organisations. Changes within an organisation occur as a response to changes in the external environment. Since the early 1990s, the issue of performance management for Ukrainian organisations has become important, especially under the influence of foreign competitors.

Organisations operating in a changing environment are more affected by these changes than those operating in a more stable environment. This applies not only to the entire organisation, but also to individual units. For example, the Research and Development Department is trying to innovate, while other units want to operate in a relatively stable environment.

While managers at all levels should respond to changes, the effect of changes and the response to them vary from level to level.

The changes imply massive changes in the organisational structure. The need for successful implementation of such changes is obvious. According to Paul Lawrence, the need to successfully carry out, "very necessary "small" changes, which are constantly happening – changes in working methods, office procedures, appointments of managers and job titles" is less obvious. Such "small" changes may not be of great importance for the entire organisation, but they are extremely important for the individuals to whom they relate. Since individuals help to achieve the organisation's goals, leadership cannot ignore their potential response to change.

In addition, changes in the organisation imply the leadership's decision to change one or more internal variables. In making such decisions, the leadership is proactive or meets in some way the requirements of the situation. The change required to correct an error is a typical reactive action. The action resulting from the reaction to the environment, even if there is no actual problem, is practical.

When considering the change of a given variable, the manager should bear in mind that all variables are interconnected. Changing one variable will inevitably affect the others. Introduction of new equipment, for example, computers, can result in a change in the structure (i.e. the organisation's communication system and structure of powers), a change in human resources (their number, qualification level, relations and activities) and change in the execution and even in the definition of tasks, since some tasks can be really fulfilled for the first time only now. Research has revealed that innovation programs that focus on only one variable are not as effective as those that focus on multiple variables simultaneously.

*Goals.* For an organisation to survive, the leadership should periodically assess and modify its objectives in accordance with changes in the environment and organisation. Modifying goals is necessary even for the most successful organisations, if only because the current goals have already been achieved. The need to change goals is often manifested through a monitoring system that should inform the leadership of the relative effectiveness of the entire organisation and of each unit. Radical changes in goals will affect all other variables.

*Structure.* Structural changes – part of the organisational process – are changes in the system of allocation of powers and responsibility, in coordination and integration mechanisms, division into departments, managerial hierarchy, committees and degrees of centralisation. Structural changes are one of the more common visible forms of changes in an organisation. They are a real necessity when there is a sig-

nificant change in the goal or strategy, or when a large organisation opens a new line of business, requiring the establishment of a unit responsible for performance, and integrates managers in this area of the organisation management.

Structural changes have an obvious impact on the human component because new people can enter the organisation and the chain of command alters. The fear that structural change will undermine established social and power relations is often the reason for resistance to such changes. Less obvious is the impact on technology indirectly linked to the new structure. For example, the information managerial system should be changed to provide the information needed by both the new unit and its control system.

*Tasks.* Changes in closely related variables – tasks – refer to changes in the process and schedule of tasks, the introduction of new methods, changes in regulations and the nature of work itself. As structural changes, changes often destroy social stereotypes, traditionally generating a change in plans – a change can cause a change of the structure and workforce. When, for example, newspapers began to change the old way of typesetting to an electronic layout system, they needed more electronics experts and far fewer typesetters than before. When almost all the newspapers announced the transition to a new type of layout, they faced strong union resistance, fearing job cuts. The introduction of new methods of quality control requires many changes in the organisation's mission. Similarly, the use of computing often changes the functions of the organisation's staff.

*People.* Changes in people entail changes in the capabilities, attitudes or behaviours of the organisation's staff. This may include interpersonal or group preparation, motivation, leadership, performance assessment, managerial advanced training, team building, implementation of job satisfaction and quality of life programmes.

Changes in people, due to fear of unmet needs, are difficult to make effective. A leader can never rely on positive reaction by subordinates to objectively beneficial changes. Not everyone, for example, wants to have more responsibility or learn more. To successfully change people, these changes should be coordinated with other changes. For example, a supervisor is sent to a seminar on organisational policy development techniques, after which he or she is expected to assume additional responsibility. If this does not happen in practice, the money spent on training will be wasted, and the leader may feel dissatisfied. To take another example, managers who have been trained to work with people cannot apply new methods at work because their supervisor has not had the same training.

*Change management.* Due to the difficulties caused by the state of some variables due to innovation, and the changing interdependencies of these variables and the responses to innovation, effective change management is one of the most difficult and demanding tasks for managers. Next, we will reveal the content of several approaches and concepts of organisational change management, starting with the first steps of change.

*Measures for successful change in the organisation.* Larry Greiner developed a model for successful change management:

*Phase 1. Pressure and encouragement.* The first step is for leadership to understand the need for change. Leaders who are empowered to make and implement decisions should feel the need for change and prepare for change. This pressure can be caused by external factors such as competition, changes in the economy or the introduction of new legislation. The sense of need for change may stem from changes in internal factors, such as lower, prohibitive costs, staff turnover, dysfunctional conflict and a high number of staff complaints.

*Phase 2. Mediation and refocusing.* While leaders may feel the need for change, they should analyse problems accurately and make changes as appropriate. According to L. Greiner, it is possible that the top leadership, under intense pressure, may tend to reflect on their problems by shifting responsibility to someone else, such as a union or government. There may be a need for an external consultant to mediate an objective assessment of the situation. Staff could also be used as intermediaries, but if they did not take positions on either side, that would be unsatisfactory to the senior leadership. In any case, for this mediation to be effective, it should result in a change of orientation. Responsible leaders should understand the need for change and sincere reasons for this need. And this implies the emergence of new ideas (Boddi, Peiton, Greiner, 1999, p. 74).

*Stage 3. Diagnosis and awareness.* At this stage, leadership collects the relevant information, identifies the causes of problems that require changes in the current state of affairs. According to L. Greiner, this process begins at the top and then gradually descends to the lower level of the organisational hierarchy. However, if leadership attempts to identify the problem before obtaining information from lower levels of the hierarchy, it risks making its decisions on inadequate or incorrect information. The definition of the essence of the problem leads to an awareness of specific problems.

*Step 4. The invention of a new solution and the commitment to implement it.* Once the problem is recognised, leadership is look-

ing for a way to remedy it. In most cases, leadership should also obtain the approval of those responsible for the new course. L. Greiner states that there is always a temptation, especially for power structures, to apply old solutions to new problems. Therefore, there is a need for a fourth stage – the invention of new and unique solutions that would support the entire structure of power (Boddi, Peiton, Greiner, 1999, p. 114).

*Step 5. Experiment and detection.* An organisation rarely takes the risk of making big changes simultaneously. It is more likely to anticipate the impact of planned changes and identify hidden difficulties before implementing innovations on a large scale. Through control mechanisms, the leadership determines how and to what extent planned changes help to address the unsatisfactory state of affairs, how they are perceived and how their implementation can be improved. By experimenting and identifying negative impacts, the leadership will be able to adjust its plans to achieve greater efficiency.

*Stage 6. Reinforcement and consent.* At the last stage it is necessary to motivate people to accept these changes. This can be achieved by convincing employees that changes are beneficial both for the organisation and for them. According to L. Greiner, when everyone is encouraged to make changes successfully, it can be expected that most people at all levels of management use the methods contributing to these changes (Boddi, Peiton, Greiner, 1999, p. 122). There are different ways to encourage employees to innovate – praise, recognition, promotion, higher pay for better quality, as well as permission to participate in changes in the discussion of how the process goes, what problems arise, which corrections should be made.

*Distribution of powers.* The power-sharing approach to change management implies a high degree of employee involvement in decision-making. Leaders and subordinates jointly identify necessary changes, develop alternative approaches and recommendations for their implementation. In some situations, senior managers could identify the problem and lower-level staff could participate in discussions on what changes were needed to solve the problem.

Separation of powers should be effective in situations similar to those in which workers are involved in decision-making: research, development, policy-making and new strategies development.

*Unilateral actions.* Such an approach involves the use of legitimate power to implement changes. Organisational changes are implemented on the basis of the positional powers of the organisational hierarchy. Moreover, the identification of the problem and its solutions are usually carried out by the leadership

and are directed according to formal and impersonal control mechanisms.

*Distribution of powers for change management.* Unilateral actions will be more effective in situations where subordinates comply with statutory requirements (for example, internal affairs bodies), and the need for pluralism of opinions is minimal.

*Delegation of powers.* The approach to organisational change from this perspective is generally consistent with liberal leadership. Senior management provides information to subordinates on necessary changes and then delegates powers to assess and implement corrective actions.

The advantage of delegation of powers is that it reduces the possibility of future resistance to change and creates a wide range of views on the issue. Disadvantages of this approach: possible retardation, decision quality may be influenced by group thinking, subordinates may lack the necessary experience to weigh all alternatives in the context of the organisation's overall goals.

*Overcoming resistance to changes.* Resistance to changes may be inevitable. However, once the leadership has decided to introduce changes, resistance should be overcome. According to some authors, any change in traditional methods generates resistance among all the people to whom these changes apply, both managers and subordinates. To solve this problem, the leadership should first understand why people do not want changes.

*Reasons for resisting changes.* People oppose changes for three reasons: uncertainty, a sense of loss, and conviction. The concept of uncertainty does not require explanation. A person can overreact to change because he or she does not know what the consequences will be. When a person feels threatened, he or she responds consciously or unconsciously, expressing his or her negative attitude towards change or dysfunctional behaviour during its implementation.

Another reason for resistance is the belief that changes are not necessary or desirable for the organisation. Some believe that the planned changes will not solve the problems but will only increase their number. For example, a leader may feel that changes will complicate the work of subordinates and assume that the problem is related not only to his or her area of operation but also to another, and therefore considers that these changes should be carried out elsewhere.

*Overcoming resistance.* Leaders should be aware of the probable resistance to change and take effective measures to prevent it. For example, the primary reason for resistance is the fear that change will threaten existing social relations. In this case, the manager should be aware

of the social system of the organisation, which may or may not survive through the very changes, as well as through the way they are implemented.

#### 4. Conclusions

Below there are some proven methods that can facilitate reducing or eliminating resistance:

- Formation and communication of information. It implies an open discussion of ideas and measures, which will help staff to make sure changes are needed before they are made. Different ways of communicating information can be used, such as face-to-face interviews, panel presentations, memorandums and reports;

- Involving subordinates in decision-making enables some staff members who may resist freely expressing their views on these innovations, potential problems and changes;

- Relief and support facilitate employees to adapt to the new environment. For example, a leader can provide emotional support, that is, listen carefully to staff or give them time to rest after a stressful period. Additional training may also be needed to upgrade the skills of staff to cope with the new demands;

- Negotiations ensuring approval for innovation imply that the consent of the resisters is bought with material incentives. For example, the leadership could offer the union a higher

pay or obligation not to dismiss employees; or the leader could get an interesting job if he or she recognises the need for change;

- Co-optation means empowering a person capable of resisting change with a leading role in decision-making on innovation and its implementation;

- Manoeuvring to reduce resistance to changes means the selective use of information or the establishment of a clear schedule of activities and measures to influence subordinates in a proper manner. For example, one manager may ask another to consider the proposal, since he or she has already received “approval” from the leadership. Although the first manager did not receive this approval from the leadership of the organisation, he or she hopes that the consent of managers of his or her level will further lead to the consent of senior management;

- Coercion threatens to be dismissed, to be deprived of promotion, of improvement of professional qualifications, of increase in wages or of an appointment to a new position for the purpose of obtaining consent to changes.

Therefore, any tactic has its own special advantages and shortcomings. Managers should develop the skills to accurately assess the situation and choose the best method.

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## МЕНЕДЖМЕНТ ОРГАНІЗАЦІЇ: РОЗВИТОК ТА НАСЛІДКИ КОНФЛІКТНИХ СИТУАЦІЙ

**Анотація. Мета.** Метою статті є роль розвитку та наслідків конфліктних ситуацій у менеджменті організації. **Результати.** У статті наголошено, що одним із кращих методів керування, що запобігають дисфункціональному конфліктові, є роз'яснення того, які результати очікуються від кожного співробітника та підрозділу. Тут повинні бути згадані такі параметри, як рівень результатів, яких слід досягнути, особи, які надають і одержують різну інформацію, система повноважень і відповідальності, а також чітко визначена політика, процедури та правила. Причому керівник усвідомлює всі ці питання насамперед не для себе, а для того, щоб його підлеглі добре зрозуміли, чого чекають від них у кожній ситуації. З'ясовано, що винагороди можна використовувати як

метод керування конфліктною ситуацією, впливаючи на поведінку людей, з метою уникнення дисфункціональних наслідків. Люди, які роблять свій внесок у досягнення загальноорганізаційних комплексних цілей, допомагають іншим групам організації і намагаються підійти до вирішення проблеми комплексно, повинні заохочуватися подякою, премією, визнанням або підвищенням по службі. Отже, систематичне скоординоване використання системи винагород для заохочення тих, хто сприяє здійсненню загальноорганізаційних цілей, допомагає людям зрозуміти, як їм треба діяти у конфліктній ситуації, щоб це відповідало бажанням керівництва. У складних ситуаціях, в яких різноманітність підходів і точна інформація є істотними для ухвалення рішення, появу протилежних думок треба навіть заохочувати, і керувати ситуацією, використовуючи стиль вирішення проблеми. Інші стилі теж можуть обмежувати або запобігати виникненню конфліктної ситуації, але вони не приведуть до оптимального вирішення питання, тому що не всі точки зору були вивчені однаково ретельно. Дослідження довели, що високоефективні організації в конфліктних ситуаціях використовують стиль розв'язання проблем частіше, ніж малоефективні організації. У таких організаціях керівники відкрито обговорювали різні погляди, не підкреслюючи їх розбіжності, але і не вдаючи, що таких не існує. **Висновки.** Керівництво повинне усвідомлювати велику ймовірність опору змінам і вжити дієвих заходів щодо його запобігання. Наприклад, первинною причиною опору є страх того, що зміни будуть загрожувати наявним соціальним взаєминам. У цьому випадку керівник повинен усвідомлювати наявну в організації систему соціальних відносин, яка може зберегтися або не зберегтися як через самі зміни, так і через спосіб їх здійснення.

**Ключові слова:** організація, система, підпорядкованість, структурні зміни, владні відносини.

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