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Chapter 2

Conflict in Organization: Indicator for Organizational Values

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Additional information is available at the end of the chapter

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Abstract

Through the last decades, values have been one of the hot topics for researchers. Hundreds of researches and articles describe and analyze values of different level based on different theories. At the same time, construct of values has still remained a little bit mysterious, because we still do not fully understand and agree how the values shape and develop. Fortunately, most of the researchers agree on that organizational values and success (no matter how we define the success) are connected and dependent on each other. Often in organizations, the values are described and an effort made to propagate them to the employees and integrate into everyday actions. A more complex question remains how to evaluate if the desired values have imprinted themselves in the organization. The main aim of the chapter is to show how the conflicts in the organization might be used as the indicators of organizational real values. The chapter is based on the former researches of the authors and others. Results show that conflicts describe organizational real values and therefore organizational conflicts can be used as a tool to assess the implementation of organizational values.

Keywords: organizational values, conflict management, organizational conflict

1. Introduction

Values are probably one of the most studied constructs. Through previous researches, we can be sure that values impact our behaviour—our decisions and choices. At the same time, only real and true values—values the person really believes in has this power. In the ideal world, propagated (values that we should believe in) and real values ought to coincide, but the results of our researches demonstrate that while propagated values in organizations are

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on higher levels of value systems, then the real values are usually placed on the lower level [1]. So, our values are not always so ethical and people-oriented as we like to think.

Previous conflict researches in Estonia and abroad have presented the most common causes of conflicts due to organizational issues (limited resources and their distribution, interdependency, differences in goals and in viewpoints, managerial mistakes, unclear status and communication problems). While analyzing conflicts, it is important to determine whether the conflict is solved or unsolved and then we discover which values have been used during the conflict solving and decision-making process. In addition to the main characteristics of conflict, three important aspects can also be brought out: conflict is always related to relationships, there are several parties in a conflict and there is a problem or main question that has caused the conflict.

Up to now, there have been many investigations about organizational values and from the other hand also investigations about conflict management. But there is a gap in connecting these two phenomena. The authors of the present chapter proceed from the hypothesis that the real (shared) values of an organization reveal themselves in the behaviour and decisions of the managers and in how they manage conflicts. Knowing the people's real values, the organization can also increase the threat of potential conflicts and through that make conclusions to increase organizational success. The latest management theories already speak about the values as one of the factors determining organisation's success and conflict culture plays an important role in achieving this target.

2. Organizational values

Organizational values are defined in many ways, as often the values are divided or classified into different levels, classes and categories. Although not all authors agree on one definition of organizational values, there are still some agreed criteria, which are most often found to describe the values. According to Woodward and Shaffakat [2], there are some general elements in different approaches of values, like values are understood as standards and guiding principles, values are abstract and connected to many other concepts, values are learned and remain relatively stable over time, values exist in hierarchy and values influence people's choices. Generalizing the different views, the values are interpreted as beliefs, standards, principles and preferences, but different authors mostly agree that values play an important role in behaviour and are influenced by the external environment [3].

The definition of organizational level values is generally rewording of an individual level definition, that is, values in an organization are deeply ingrained principles that guide the actions of the organization [3]. They are "enduring beliefs" that specify a mode of conduct; they specify what is and is not acceptable behaviour within an organization or workgroup [4]. Still more clearly, Bell [5] defines organizational values as a set of acceptable or expected norms or bounds of behaviour for the individual members of an organization. Dose [6] brings in the aspect of decision-making—values are estimated standards according to which members of an organization make decisions what is "right" or why one alternative is preferred to another. Values are often defined as beliefs or guiding principles that are core to the organization and help steer

the right actions [7]. Organizational values represent a form of consensus regarding the values that a social group or organization consider important for its aims and collective welfare [8].

Many organizations declare that they have their own and unique values but just having values in strategy or webpage is not enough. Just described or propagated organizational values by management are not the sign of healthy and successful organization. These organizational values are only formally espoused and sanctioned by top managers [9]. Propagated values are the values that managers regard to be right; real values are those that the managers factually use in their managerial practice, decision-making and conflict management [1]. There are many "ifs" before it can be said that values really lead organization to success. Individual and organizational values must be incongruence. Values must express in the behaviour and every activity in the organization must be in coherence with the same core or real values. As important is that individual and organizational values are incoherence. Several authors have emphasized that not only having implemented organizational values but also those values must be supported and applied by the managers and employees. Hyman et al. [10] contends that a positive perception of the values and beliefs of the top management by employees will lead to higher performance outcomes. Bergeron [11] concludes that individuals perceiving high congruity between organizational values and their own will feel more motivated. Congruity between the values of an employee and their organization will positively influence the employee's performance [12]. When employees know what the company values, they are more likely to make decisions that will support those values [13]. Shared values assist in creating unity in a team and lead to consistent behaviour [14]. In addition, when values are shared, management knows what kind of work and behaviour to expect [15]. The process of establishing and verifying common values requires open, honest communication and sharing of what is important to each individual [16, 17].

A key metric of good management, then, is that whether clear and consistent values have permeated the organization [18]. According to Collins [19], organizational values cannot be "set"; they can only be "discovered" because the organizational values do not "appear" but "reveal" in behaviour. In addition to right and implemented values (values that lead toward success and sustainability) in an organization, another important facet is the stability and longevity of such values, since it takes time for values to firmly root themselves. There is a strong link between financial performance and the alignment of an organization's cultural values with employees' personal values [20]. Companies with strong adaptive cultures based on shared values outperform other companies by a significant margin [21]. Employees who feel that an organization values the same things that they do will be more likely to have attachment to their organization [22], they are more likely to have positive attitudes and less likely to leave the organization [23], they feel more loyal and committed and identify more strongly with the organization [24] and the performance is going to improve [11, 12]. All those factors, in turn, are in positive correlation with organizational success [25].

During the two decades, researchers have connected the organizational values with different phenomena. Through those relationships, the concept of organizational values has become even stronger and important, having a clearer impact also on organizational success and sustainability. Values have an impact on different processes and characteristics in the organization. For example, employees' satisfaction and persistent organizational values emphasize the managers'

job in shaping and enhancing values [26]; stronger internal culture and values create stronger company brand [20]; mismatch of personal and organizational values can be one of the key risk factors for the development of occupational burnout [27] and discrepancy between personal and organizational values can cause insecurity and disengagement, which may lead to job burnout with cynicism about the working environment as its core component [28]. A mismatch between organizational and individual values may lead an employee to leave an organization [29, 23].

Very often, the organizational values are defined by organizational culture and oppositely. One of the most influential researchers of organizational culture, Edgar Schein, brings out that organizational values are one of the key elements of organizational culture; according to them, we can understand and appreciate the culture of the organization itself, its specificity [30]. Organizational values determine organizational behaviour and culture [31]. Values are important in the organization because the resemblance in the perception of the same organizational values makes organizational culture effective and functioning [32]. Some researchers argue that only human can have values and organizations as such have no values, but because they are composed of people, their cultures are shaped by values that are shared in varying degrees [33]. Despite the wording, none doubts that values play an important role in the organizations. Bourne and Jenkins [9] conclude that "values have a long reach and a wide span of influence on critical processes and characteristics in organizations."

3. Organizational conflicts

One of the most traditional definitions of conflicts is the interaction of interdependent people who perceive opposition of goals, aims and values and who see the other party as potentially interfering with the realization of these goals [34]. No doubt that conflict is an evitable part of human existence, either in organizational life or in one's personal life. The conflict is a part of relationships within the organization, between two or more individuals and groups. Whenever people work collectively, conflict is likely to occur. Cooperation is one side of all human endeavors, and conflict is the other. Conflict has to be analyzed from both the micro and the macro perspectives, because conflict may occur at many levels, between two or more person, groups or even nations [35].

Based on a comprehensive review of the conflict literature [36], conflict can be defined as the process in which one party perceives that its interests are being opposed or negatively affected by another party. Thomas' definition supports this, whether he defines conflict as the process, which begins when one party perceives that another has frustrated, or is about to frustrate, some concern of his [37].

During the dealing with conflict, individual values affect everyone's expectations, interactions and outcomes. Conflict as a research tool can be an informative phenomenon for revealing an organization's general status real values. A conflict is the result of a closer leading to a contact stimulus and a reciprocal stimulus, which is perceived as a threat to the respective security or identity [38].

The ways in which social conflict has been theoretically conceptualized and operationally defined in psychological research have been different. Follett defined conflict simply as

"difference" [39]. Lewin had a wider view of conflict and he defined it as "a situation in which oppositely directed forces of about equal strength play upon a person simultaneously" [40]. Deutsch characterized conflict as existing whenever incompatible activities (opposing goals, claims, beliefs, values, wishes, actions, feelings, etc.) occur [41]. Psychologists and conflict scholars Pruitt and Kim developed the existing theories and described the conflict as arising from the perceived divergence of interest [42] (see also [43–46] for similar definitions). Coleman bases his views on the work of Follett, Lewin, Deutsch, and others [47]. He sees conflict not as a single event or situation occurring at a specific moment in time, but rather as a process unfolding in relationships over time [48, 49]. Accordingly, he defines the social conflict as a relational process influenced by the presence of incompatible activities [47].

Tjosvold emphasizes that conflict is a window to the drama of organisational life [50]. Organizational conflicts are always embedded in the prevailing organisational culture and depend on behavioral patterns and values that have been accepted and shared within the organization. For positive conflict culture, we need constructive communication patterns. Flink explored how various conflicts influence organizational performance and identified different dimensions of conflict—task versus relational, subjective versus objective and horizontal versus vertical [51].

According to the generally accepted opinion, conflict means misunderstanding and tension between parties. The terms "conflict management" and "conflict resolution" may have a negative undertone [52] and create an idea that conflict should be "wrestled into compliance or gotten rid of altogether." Interpretation of the term "conflict" affects the way a problem is solved [53] despite recognition that "the best time to handle people problems is before they become people problems" [54]. Usually, people do not believe that conflict might be a good thing. According to Lencioni, arguing and discussing issues (solving a conflict) tend to form stronger and healthier teams [55]. The conflict management is a major function of every organization [56]. Conflict solving style is directly linked to the microclimate of an organization [57].

From conflict theory, we know that according to their outcome, conflict can be constructive (where the solution of the conflict stimulates positive changes in the organization) or destructive (which have a detrimental effect, hindering organizational development and frequently resulting in a loss of control) [58, 59]. Similarly, conflicts can be divided into functional and dysfunctional conflicts [60].

In addition to the main characteristics of a conflict, three important aspects can be identified: conflict is always related to relationships, there are several parties in a conflict and there is a problem or main question that has caused the conflict [58, 61, 62].

Empirical evidence shows that conflict is connected with emotions [63, 64], and these emotions define an individual's interpretation and reaction to the conflict situation [65]. Therefore, conflict leads to an emotional reaction, which, in turn, drives an individual's perceptions, attitude and behaviour, particularly the individual's perception of trust.

The essential aspect is that each conflict, like most culturally based things, must be recognized, acknowledged and be managed. Resolving conflicts is beneficial to the company and makes a major contribution to a more positive environment at work, which significantly improves the employees' motivation and loyalty and the company's market position [58]. In addition,

a conflict can provide an opportunity to form and express people' needs, opinions and positions and expectation as well as to create trust between people [66].

The conflict as a research tool allows us to see the status of organisations in general, as well as the problems, which occur as a result of rapid development and variance between the people. According to a widespread opinion, all conflicts are bad and people dislike them because of their negative consequences. But avoiding and suppressing conflict is sometimes a mistake and not always in the best interests of the individuals and groups concerned [36].

The main activity for each organization and governmental authority is conflict management [56], which enables to reach the acceptance of common values. Management is faced with an enormous responsibility of ensuring optimum levels of growth and productivity in an environment that is full of conflicting situations [62]. The conflict has always been widespread in society, but it is only recently that it has generated a lot of interest and has been a focus of research and studies.

In order to change organizational culture and values, organizational learning involving conflict management and knowledge management can be used [36]. The analysis of conflict management reveals the real values in an organization. During a study, 2200 conflicts were researched (1997–2001) and the following questions were asked [1]: What are the reasons causing conflicts? How have conflicts been solved? How many conflicts are vertical? What are ethical principles violated most often? As a result of the research, it was found out that in all cases power was more important for managers than solving the conflict, and the win-win result was almost never achieved. No clear ethical principles seemed to exist. The analysis of all the conflict cases indicated that Estonian business leaders, as well as employees, lack emotional intelligence; especially, they seem to lack the competence to handle conflicts and empathy [1].

In order to be productive, conflict management should be constructive and lie in problem solving rather than contending. Conflict management is contingent upon the type of conflict issue. Cognitive conflict involving disputes over scarce resources, over procedures or policies or over opinions enhances problem solving and reduces contending behaviors, whereas affective conflict involving one's personal or group identity, norms and values does the reverse [67].

Previous research into conflicts in Estonia [58, 61] and abroad [35, 51, 68] has identified organizational issues (limited resources and their distribution, interdependence, differences in goals and in viewpoints, managerial mistakes, unclear status and communication problems) to be the most common causes of conflicts. While analyzing conflicts, it is important to determine whether the conflict is solved or unsolved and then we can discover which values were used during the conflict resolution and decision-making process. Additionally, organizational learning can also happen during conflict management when both parties' arguments are being heard. According to researchers [67, 69], a well-managed conflict provides a forum for integrating ideas that originally are thought incompatible [36].

Lumineau and Handley have demonstrated that essential distinctions exist between inter-organizational conflicts and inter-personal conflict as well as many opportunities for cross-fertilization between micro (individual level) and macro (organizational level) research on conflict management [70]. Rahim emphasized that designing effective macro-level strategies is

involved for minimizing the dysfunctions of conflict and improving the constructive functions of conflict for the purpose of enhancing learning and effectiveness within an organization [69].

In addition to the main characteristics of a conflict, three important aspects can be brought out: conflict is always related to relationships, there are several parties in a conflict and there is a problem or main question that has caused the conflict [58, 61, 62]. Conflicts are a way of confronting reality and create new solutions through the problem solving; a conflict is necessary for true involvement, empowerment and democracy. Discussing different perspectives people voice their concerns and create solutions addressing several points of view. A conflict provides an opportunity to form and express our needs, opinions and positions. A well-directed and solved conflict is an investment for the future. People trust each other more, feel more efficient and believe that their joint efforts will pay off. The sensitivity to people's ability and coherence is higher, and people are more willing to commit to their teams and organizations [66]. If the people feel that they or their team have succeeded, then this success experience supports team relations and individuals.

The ability to use the crisis as a productive conflict and relying on true ideological business values in finding the solution would enable the organization to make the right changes as well as to be sustainable. To understand productive conflict, it is essential to consider conflict management strategies because they strongly influence subsequent interactions and outcomes and conflict issues since they impact on conflicts management strategies through thoughts and feelings [67]. Organizational learning can also happen during conflict management when both parties' arguments are being heard; each other's needs and limitations that arise during work are understood. According to researchers, a well-managed conflict provides a forum for integrating ideas that originally are thought incompatible [67, 69].

One of the important parts to be successful in managing people is the ability to use a mission and values in everyday activity, evaluate thinking and not being oriented to hierarchy and unchangeable processes. The environment is changing fast and traditional organizational behaviour to not help to survive in our very competitive world. Consequently, organizations need to invest in managers and standards that strengthen the expected behaviour and performance, support the mission and values and enable values to implement.

4. Conflicts and values in organisation

As the organization cannot exist without people and every person has individual values, it is easy to conclude that a basis of all the organizational values is a set of individual values of employees. Targeting, choice of alternatives and value of individual behavioral expressions are based on values, as they form the specific behavioral norms and direct employees for the general purposes [71, 72]. At the same time, the solving of the conflicts based also on individual beliefs, experiences and values. As the Mayer defines the conflict—it can be a feeling, a disagreement, a real or perceived incompatibility of interests, inconsistent worldviews or a set of behaviors [73]. Therefore, those two constructs, values and conflicts, are closely tied both to individual and organizational level. If we want to understand the ethology of conflict

between organizational culture and strategies, it requires examination of the existing organizational values [74]. Conflict and ambiguity may arise from situations in which beliefs and values work at cross-purposes with one another in groups and organizations [75].

As the former researches show (e.g. [36]), the organizational conflicts often start from the mismatch of different and different levels of values. If the organization is filled with a multiplicity of views, then there might be no consensus on individual values and beliefs [76]. Individual values are already a part of every person and no one from outside can say that those are good or bad [36]. It is the organization's responsibility to set the standards of behaviour based on the organization's statement of values [77] to prevent possible conflicts. Behavioral norms are rooted in core values, and leaders and followers are able to reach agreement even with diverse points of view [78]. Values are often unreflected and unconscious until conflicts occur and the conflicting parties realize that their conflict derives from differences in patterns of thought and action [79]. Contradictory or competing values can cause intra- and interpersonal conflicts [46, 80] that are context and situation bound. To enhance that the tie between values and conflict may be really crucial, the research of Greenwood, Suddaby and Hinings, must be named [81]. They indicated that not only different values is an issue but also the level of values and conflicting values can cause organizational conflicts—in highly professionalized institutional fields, such as health and education, members of organizations may be influenced by conflicting institutional values [81].

However, social conflict is part of our everyday lives. It can be a major factor in human development, motivator of social change, innovation and cultural progress, but it can also lead to controversy, revenge and violent behaviour. Studies conducted over the decades have provided a significant overview of the essence of social conflicts and methods of conflict solution [41, 42, 46, 49]. Conflict analysis can also be considered as a new instrument for evaluating an organization's ethics level. Conflict as the research tool has been chosen because it is a very informative phenomenon for revealing an organization's general status. Researches show that in analyzing the management cases that power was more important for managers than solving the conflict and the win-win results were almost never achieved [1]. No clear ethical principles seemed to exist. Since the conflicts were approached driven by personal interest and power, the interests of companies were almost fully forgotten.

There are many other constructs, which seem to base on organizational values and in turn impact the occurrence of organizational conflicts. Organizational conflict often takes place between different divisions and departments in multi-divisional organizations. It has been argued, "power is, first of all, a structural phenomenon, created by the division of labour and departmentation that characterizes the specific organization … being investigated" [82]. Similarly, Scharfstein and Stein argue that divisionalisation causes organizational conflict [83]. Power and conflict are ubiquitous in organizational life [84].

Over the past few decades, conflict researchers have distinguished three types of conflicts: task, relationship [65] and process conflict [85]. Additional literature suggests that relationship conflict pertains to disagreements or frictions over personal values and mannerisms between individuals [86] and is negatively associated with performance and decision-making [87, 88].

There is a reciprocal interdependence between conflicts and relationships—relations have an impact on the results of the conflicts and that, in turn, manifest themselves in the values

that arise in resolving conflicts. This approach is in line with the comprehension that values have an impact on conflict results through interaction [89]. Therefore, values influence success through relationships [89].

Another interesting construct, which definitely matches values and conflicts and helps us to show one more important aspect of this field, is management and teamwork. It is the proven correlation that managers who value both people and productivity are also supported by efficient teams. These leaders help team members achieve innovation-friendly goals through strategy development and coordination [90]. Productivity-oriented managers identify and find ways to work effectively. Team-oriented managers value their team members, value people and thereby improve coordination through well-developed procedures [91]. If the organizational (or unit) culture and leader behaviour are clearly dependent on each other, also leaders' conflict management behaviour is related to the culture of resolving the conflicts of the units. The conflict culture is a part of the organizational culture; therefore, conflict culture influence the results of the macro level, including the viability of the organization (i.e. cohesion, potential and burnout) and the performance of the organization (i.e. creativity and customer service). The perspective of conflict culture goes beyond the individual level and gives a new insight into the dynamics of conflict management in the context of an organization [92].

McQuigan and McMehan believe that a quadrant approach offers a richer and deeper understanding of conflict in organizations, thus increasing the possibilities of a successful intervention [93]. Teamwork is based on the organization's formal rules and includes informal norms that affect relationships and behaviour within the group. Organizational norms and rules are usually described in policies and procedures. Formal rules describe explicitly the behavioral expectations concerning the various processes and activities, daily procedures and routines, explaining the behavioral principles within the organization. Organizational norms and rules are usually easy to detect because they are explicit. Besides the formal norms and rules, there are also informal or so-called unwritten norms and rules, which have an even bigger impact on work organization. These are silent, informal rules and agreements that govern the behaviour of the teams. These norms are not stored in a visible place, but they have a strong impact on the behaviour and communication of team members. Team members are usually aware of the implicit standards, they need to follow in their work and, if necessary, can describe the existing standards within an organization or team [94–96].

Some studies empirically link conflict management and efficacy research with the literature on inter-organizational teams in general. Empowered organizational teams can be effective, but they have a great many issues and conflicts to manage [97, 98]. The team members' ability to manage their conflicts can affect overall team performance. A managing conflict for mutual benefit was found to predict how much the team members believed they could handle various conflicts and also their supervisor's conclusions about their team's effectiveness [99].

Relationships are proposed to mediate between positive conflict values and constructive outcomes [100, 101]. There is the impact of conflict values on relationships in terms of competitive interaction and resource interdependence [89]. As values express in behaviour and so do relations, those two constructs are strongly connected and both impact effectiveness of the activities—if the values are matching and relationships are positive, success can be expected. Whether the conflict is behavioral activity, therefore values and relationships reflect

on conflict behaviour. So, if the conflict is effectively solved, positive results are more likely. However, the relationships have an impact on the outcomes affecting the values of the conflicts. The approach used here is in line with the notion that values have an effect through interaction [102]. Hewlin explained conflicts that arise due to differences in personal and organizational values may cause organizational members to suppress their own values and pretend to embrace organizational values [103].

5. Conclusions

Values are defined as our preferences and priorities that reflect what is important to us [104–106]. Value is the abstract concept, but it is important for everybody—values allow us to show our belief how to live our lives. Collins and Chippendale believe that we get an overview of people's worldviews, knowing what values are important to them and which values drive their behaviour [107]. Different authors agree that values drive our behaviour regardless of whether or not we are aware of them [105, 108, 109]. It is believed that creating common values helps build a cohesive culture built on trust and a sense of community [110, 111].

Conflict exists when people are different, they have different ideas about what is important, as well as different answers to something that requires resolution. Conflict can be constructive or destructive, depending on how it is managed. Constructive conflicts are connected to organization's development. Failure tolerance and giving the employee an opportunity to learn from mistakes has been found to be a building block of organizational innovativeness [112]. Also, constructive conflict handling and free expression of opinions are positively related to innovation [113–115]. Perkins suggested the components necessary for collaboration create productive conflict, and the absence of the components contribute to unproductive conflict [116]. Other authors agreed that effective conflict management occurs when interactions occur, which produce productive conflict [53, 54]. Every well-managed conflict will bring gain in the future—trust between people will grow, people's growth mindset is going to improve, they believe in their potential and they see the potential also in their team and organization and they are more ready to invest into their work and organization. The sense of humankind's ability and unity will support people being more willing to contribute to the activities of their groups and organizations. Success unites the group and the individuals [66] and therefore creates conditions for recognition of organizational and shared values. Conflict management strategies show vividly how employees are treated in the organization, and thereby, it is possible to demonstrate the values that the organization exploits [36].

Whether values guide our decisions and behavioral choices, therefore our values have a clear effect on conflicts we deal with. If we determine in advance what are our shared values on what we base, the conflicts possibility can be diminished. It may also be possible that differences in perception are influenced by what values people have and what values they consider important [54]. To achieve a state of increasing progression and constant evolution, several authors claim that people must create alignment where values are shared, people work together toward common outcomes and they have a deep desire to contribute to the organization—values alignment fosters collaboration and can be considered a proactive strategy for conflict management [54].

Although values and conflicts are quite popular research topics, there is still plenty of work to do for linking those two phenomena. We do not have now enough evidence to confirm how exactly the different forms and levels of organizational values are connected or how they impact different forms and levels of organizational conflicts and oppositely. According to trends in economy and workplaces, a one more important phenomenon needs to be researched from the view of organizational conflicts and values—it is organizational diversity. Workplace diversity is increasing trend and it includes value diversity [117], which can be distinguished into different kinds of values, such as business, individual, corporate or organizational values [118].

In the case of constructive conflicts, it can be seen that while solving the conflict all parties' interests, needs and values have been taken into consideration. Conflicts are an important source for a new solution and they should not be suppressed, even though they are emotionally difficult. Bringing conflicts upfront assumes trust, and trust is also at the core of employee participation [114]. According to Schein, a "set of values that become embodied in an organizational philosophy can serve as a guiding principle toward managing conflicts or difficult events" [119]. It has been established that parties are generally more willing to move further from their initial position and become more cooperative when they have talked about value orientations before job negotiations [120].

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