MANAGING ORGANIZATIONAL CONFLICT IN THE PROCESS OF INCREASING EFFECTIVE PERFORMANCE

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Received 27 February 2023; accepted 6 April 2023

Abstract. The purpose of the research is to determine the impact of organizational conflicts and the stressful environment created on the basis of it the productivity of employees. Based on the goal, 3 tasks were set: determining the level of employee satisfaction and engagement; revealing the frequency of conflict situations in the work environment; determination of mechanisms for overcoming conflict situations. In order to present this, appropriate applied methods are used: 520 employees of enterprises operating in Georgia were interviewed; the gathered information was grouped and processed in the statistical program. The main result is that the stressful environment created on the basis of conflicts at work has a rather negative impact on the work capacity of the staff.

Keywords: Covid-19 impact, organizational conflict, stress, performance, job satisfaction.

JEL Classification: E24, J23, J63, J64.

Introduction

Human resources have become the main force in the process of gaining a competitive advantage. The Covid-19 pandemic has once again convinced the management of the organization that human capital plays an important role in the viability of the organization. Therefore, creating a harmonious environment for them remains an important condition for achieving the effectiveness of the organization. That is why special attention is paid to the sciences related to human resources and conflict management among them. The attitude towards organizational conflicts, conflicts in general, has changed, and modern conflict management is not on avoiding conflicts, but on managing them constructively. The article discusses the literature and studies of different times, including the latest ones, factors causing conflict, ways to resolve them, the importance of performance management, and performance appraisal faults that may lead to conflict. To achieve the research objective, there are used different types of Methodology, specifically, quantitative and qualitative researches were conducted. 520 respondents employed in large production operating in Georgia participated in the research process. The questions were structured and mainly included clarification of such issues as what factors cause conflicts in organizations, how high is the involvement of managers in the conflict settlement process; The possibility of self-realization, how does a fair and tough governance system affect the process of formation and ongoing organizational conflicts in general. Based on the research we got some results: Frequent organizational conflicts affect the creation of a stressful environment, and all this affects the internal organizational environment on the productivity of employees in general. It should be taken into account that people with high emotional stability are resistant to stress, so stress does not have a negative impact on their productivity. But for most employees, stress takes a toll on them, which has a direct impact on their productivity. All this is confirmed by our research. Therefore, the management of organizational conflicts is of great importance both in terms of creating harmonious working environment conditions and, accordingly, in order to ensure the increase of their productivity.

Conflicts as an essential aspect of human social relations attracted attention among ancient and medieval thinkers. This is confirmed by the myths and folklore of various peoples since time immemorial. However,

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we also find conflicts and related issues in the achievements of social and humanitarian sciences. Over time, the theory of conflicts acquired additional concreteness, and more and more scientists became interested in the problems of conflictology.

Each individual aspires to socialize with not one group, but possibly with several groups. While people's views on justice, ideals of moral norms, ways of achieving goals, opportunities for obtaining resources, state arrangements and a number of issues are different, it is natural that there can be a place for tension between them. Therefore, the process of socialization implies the possibility of conflict from the beginning. That is why it is quite important to conduct the socialization process in organizations. This, in turn, ensures the establishment of a business relationship between employees. Organizations are the basic cell of the social structure of modern society. The social life of people flows inseparably within this or that organization.

In today's changing and volatile environment, it is quite difficult for organizations to maintain market share and keep pace with innovation. Increased business conduction speed has led companies to the conclusion that the labor market and capacity must be viewed from a broader perspective. Organizations have come to the conclusion that one of the main ways to gain competitive advantage and maintain market share is to properly manage human resources (Schuler & Jackson, 2005). In the article, Snell et al. (2001) discussed three eras of attitude toward human resources, the era of person-job fit, the era of systemic fit, and the era of competitive potential. In the era of competitive potential, human resource management is not the result of strategic planning, but the foundation. A systematic approach to human resources is key if we want to meet the demands of the modern market (Paresashvili et al., 2020). A properly developed human resources management strategy has a significant impact on the organization's activities and performance. Moreover, HR managers should be actively involved in strategic planning and their role should not be formal.

While discussing human resources, we should remember that humans are social beings who are influenced by other people and the environment. So, stress and conflict are inevitable parts of life.

1. Literature review

Everyone admits that social processes cannot exist without conflict. Perhaps this is also due to the fact that many researchers are interested in issues of increasing labor productivity in the conditions of organizational conflicts. Various scientific studies confirm the existence of positive links between cultural background and labor productivity. In the article “Culture and Labor productivity: An empirical investigation” the authors discuss the relationship between the cultural background of society and labor productivity (Bakas et al., 2020). The authors in the scientific paper during the empirical analysis prove the existence of close connections between culture and labor productivity.

The authors consider conflicts as a common occurrence (Mishra et al., 2018). Emphasis is placed on different workforce cultures and educational backgrounds that directly reflect the different parameters of performance requirements. Emphasis is placed on the relationship between the impact of organizational conflict management and employee health.

Martin Hyde, Paavo Jappinen, Tores Theorell, Gabriel Oxenstierna focus on the relationship between the impact of organizational conflict management and staff health (Hyde et al., 2006).

The article is important to the extent that it is conducted in a multinational company in Sweden and Finland. In the research, emphasis is placed on the use of effective mechanisms in the process of conflict and stress management, which have a positive effect on the overall health of employees. It is clear that the overload or fatigue of employees will have a negative impact on their work results.

The research (Nneka, 2019) is also noteworthy, where attention is focused on the form of negotiations between employees in the process of organizational conflicts, the alternative dispute resolution and style, and how it affects organizational performance.

It is quite an interesting study, which reflects the attitude of employees on factors affecting labor productivity. Social support systems have a positive impact on outcomes (Singh et al., 2022). Scientists Natalia Kharadze and Ekaterine Gulua (Kharadze & Gulua, 2018) conducted a rather interesting study on Ivane Javakhishvili Tbilisi State University master's students. They were interested in the working environment conditions of the master's students and how their work and learning outcomes were related to each other. According to their research, it is confirmed that the tense labor relations in the organizations cause not only the potential of the members of the organization but also the untargeted spending of their time budget.

It should be taken into account that the main criterion of labor productivity is professional competence, which is used in a targeted manner (Suliman & Mansor, 2018).

2. Stress and conflict management

Stress often becomes the subject of study and observation by researchers of various disciplines. Basically, stress is defined as the body's fight or flight reaction, caused by unwanted or unpleasant environmental factors (Masterinmind, 2021). High levels of stress have negative consequences for human health and may cause irreparable damage. Of course, the work environment is not stress-free either. Especially nowadays, when the environment is changing faster and it is necessary for any organization to adapt to new situations and respond in time, this of course increases stress. Stressful workplaces...
result in: staff delay; absenteeism; Low productivity; high employee turnover; unnecessary training investment; depression and aggression (Foy et al., 2019). Occupational stressors may have different effects on the person and the work environment. For example, they may cause a change in behavior, or reduce a person’s ability to manage and control their psychological and physical strains (Vashisht et al., 2018). What is more, it should be indicated that there are different types of discrimination at workplace according to gender, age, intellectual and metal characteristics (Paresashvili et al., 2021a). The Covid-19 pandemic has made the importance of employee health, well-being, and stress even more critical (Paresashvili et al., 2021b). Of course, social isolation, constant fear, caution, nervousness, changes in our daily lives, loneliness, job losses, and financial difficulty had an irreparable impact on people’s psychological health (Pietrabissa & Simpson, 2020).

Potential stressors at workplaces are relationships, bad management, organizational culture, lack of support, work environment, changes, conflicts, and so on. “Various events can cause work-related stress. For example, greater demands of their job requirements are better they can manage, conflicts with peers or managers, organizational changes, and threats to job stability (Better Health, 2021). One of the main stressors is work-family conflict, which involves the correct distribution of time between work and family obligations; this is a particularly noteworthy factor for women because according to research, they are the ones who most often face such a conflict. Work-Family conflict has direct proportional connection with stress (Imoksha, 2020). Another important factor causing stress in the organization is discrimination. An unfair environment and stereotypically distributed tasks and roles have a negative impact on employee satisfaction and performance. For a large number of employees, discrimination at work is a problem they face every day (Paresashvili et al., 2021c). Many organizations are actively trying to reduce discrimination in the workplace through various methods. Despite of this, many studies show that this is still one of the main challenges for today’s labour market. One of them is research conducted by the authors (Pirtskhalaisvili et al., 2021), which discussed gender discrimination in Georgia, concluded it was concluded that stereotypical opinions related to women are established in the labour market of Georgia, which prevent them from career activities and advancement (Abesadze et al., 2022). For gender balance, it is necessary to make fundamental changes in this regard. Needless to say that, all this creates an unhealthy environment in the workplace, which can cause stress and, in many cases, conflicts. Conflict can affect a person’s mental and psychological health, especially if the conflict continues for a long time. In order to avoid the negative consequences of conflict, organizations create strategies and approaches. Otherwise, the conflict may cause a disruption of the organization's functioning and a decrease in performance (Khan et al., 2016).

These factors become especially important when many members of the organization are involved in the conflict. Stress increases especially if conflicts become frequent and long-lasting. If both factors occur at the same time, it is possible that the increased level of stress can have very serious consequences for both the organization and the health of each participant. Such a situation may lead to a massive flow of highly qualified personnel, and problems may arise in terms of finding new employees, which of course has a negative impact on the reputation of the organization as well as on productivity.

In order to discuss conflict management and its importance in an organization it must first be defined. Conflict management is a relatively young science, which has recently become particularly interesting for researchers. However, there are different definitions of conflict; it is described as an interpersonal disagreement or discord between two or more individuals, due to differences of views, competition, negative perceptions, unclear role expectations, or lack of communication (McKibben, 2017). Attitude towards conflicts have gone a long way of development. In the 1900s, organizational conflict was considered a uniquely negative phenomenon. Therefore, managers tried to avoid it, 1950s attitude changed from negative to neutral, and the positive attitude towards the conflict was formed in the 1970s and is still relevant today. This approach considers conflict as a necessary component of organizational development and human relations. As we mentioned, conflict can be caused by various reasons, therefore there are: role, task, interpersonal resource conflicts.” The outcome of conflict can be constructive, which leads to development, change, and creativity, or it can be destructive, which leads to negative consequences. In organizations that are trying to implement relevant changes, introduce innovations and gain competitive advantage, conflict management, and conflict management strategies are given special attention. This is one of the main factors in achieving organizational goals since destructive conflict affects employee performance, timely implementation of changes, and job satisfaction. As we mentioned above, one of the main stressors in the organization is conflict. But the relationship between conflict and stress is quite complex since stress causes conflict and conflict in the organization causes stress, which may have an effect on the functioning of the organization, especially if the conflict becomes destructive and is not managed in time. Mismanaged conflict can cause stress, resentment, mistrust, damage relationships, cause resistance, and reduce communication (McKibben, 2017).

Conflict and stress have become particularly salient in the context of the Covid-19 pandemic. Operating in an unstable environment is very difficult for organizations, especially when it comes to employee health. The pandemic increased the level of stress and uncertainty among employees, which had a corresponding impact on performance. Studies found that people which were isolated have various psychological problems, like...
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stress, fear and etc (Brooks et al., 2020). Since most of the employees worked remotely for several months, the family-work conflict became especially noticeable. The research conducted by Ghislieri et al. (2021) reveals that the role of family-work conflict has increased during the pandemic and can have various negative consequences for employees. The transition to remote work was also difficult for organizations due to inexperience and time constraints.

3. Impact on performance

As mentioned above, human resources are one of the most important parts of an organization. In order to evaluate and improve its role in the organization, it is of course important to measure, analyse and properly manage it to achieve organizational goals. Performance management is a system that organizations use to develop work standards and assign roles, evaluate work, and therefore identify development and training needs (Armstrong, 2018). The traditional performance management evaluation system is characterized by the annual formal performance evaluation, which is quite outdated and mainly focused on the financial part. A modern approach to performance appraisal examines performance and the organization through the eyes of stakeholders as well as focusing on the learning and needs of employees. The traditional performance appraisal method can be an uncomfortable process for employees because it compares the peers’ performance; this process is especially uncomfortable if the results are discussed in groups. David Rock (2009) identified factors that have an imperceptible but great influence on a person’s negative reaction. These are status; autonomy; relatedness; and fairness. This may lead to both open and hidden conflicts between employees. In addition, the reason for the conflict related to performance evaluation may be different views towards colleagues, the organization, and oneself. In this case, the conflict may be aggravated by the group discussion of the results, or by the wrong attitude of the manager. That is why organizations are trying to change the traditional methods of performance management, and focused performance measures through multiple dimensional frameworks (Bourne et al., 2003). As performance appraisal methods can cause employee dissatisfaction and conflicts, the organization should have a conflict management system that is consistent with the organization’s strategic goals and focuses on employee satisfaction.

As it was aforementioned, in an organization, as well as in society, conflict is an inevitable phenomenon that affects various aspects, including performance. If conflict is not managed in time, it can become destructive and negatively affect performance, and on the contrary, properly managed conflict improves performance and employee satisfaction. It should be noted that correctly managed task conflicts increase performance and creativity more than relationship conflicts. At lower levels, conflicts in the organization may lead to increase creativity and performance, but when the conflict takes a systematic form, people feel tension, stress, uncertainty, and find it difficult to make decisions (Coggburn et al., 2014). Moreover, without conflict, changes and innovation cannot be stimulated. At this time, people experience stagnation and do not try to improve their performance (Verma, 1998). Organizations that view conflict positively often stimulate conflict to improve performance and processes.

Due to the urgency of the issue, there is a great deal of research that examines the relationship between performance and conflict management. Most studies conclude that the relationship between performance and conflict management is directly proportional, and destructive conflict reduces employee performance. A study by Song et al. (2006) which conducted on 290 R&D and marketing department managers, once again reveals a positive relationship between constructive conflict and performance and vice versa. Also, the results, perceived from the research by Coggburn et al. (2014) show that the properly managed organizational conflict has a positive impact on organizational performance (Coggburn et al., 2014). Another study about this issue was conducted by the authors (Pirtskhalashvili et al., 2021) and it shows that conflict is characteristic of all organizations, and its proper management ensures growth of performance and outcomes.

As discussed earlier, stress is both a cause and effect of conflict, which has become particularly salient during the Covid-19 pandemic. In general, Stressful situations have a negative impact on both employees and the performance of the organization in general. Managing the relationship between these two variables requires strategic decisions (Ogohi, 2019). A study, conducted by Okeke et al. (2016) found that Stress has the greatest impact on the performance of employees. An employee under stress is not focused on development, improvement of skills. He fulfills the minimum requirements and tries to deal with the stress.

The pandemic may result in role overload, role ambiguity, and role conflicts, which will certainly increase stress and reduce performance (Saleem et al., 2021). Another feature related to both conflict and performance that the Covid-19 pandemic has made more important is burnout. A psychological condition caused by prolonged response to interpersonal stressors is burnout (Maslach & Leiter, 2016). A study by Saleem et al. (2021) also reveals that stress and burnout caused by the Covid-19 pandemic negatively affect employee performance. Both stress and burnout can lead to various types of conflicts, which of course have an effect on organizational performance.

There are many methods of conflict management, and the use of each depends on the organization’s views, goals, strategy and the type of conflict itself. Follett advised three styles to deal with the conflicts and are: compromise, integration and domination. Furthermore, she also introduced some other styles as well including...
suppressions and avoidance. In (1964) Blake and Mouton discovered these five dominating styles such as domination, obligatory, compromise and integration were considered as a pioneer to establish the concept of conflict management styles (Khan et al., 2016).

4. Results

In order to determine the importance of organizational conflict in the process of increasing performance, a quantitative study was conducted in enterprises operating in Georgia. A total of 520 employees were interviewed. Based on the analysis of the obtained results, the relationship between conflict and performance, as well as between stress and performance was determined. Also, the research results confirmed that job satisfaction is quite important for the majority of employees. It depends on many circumstances. However, if the main issues of organizational behavior are taken into account by the organization’s management, then it will be easier to achieve job satisfaction of employees, which provides a pleasant and positive emotional environment in the organization. The latter is directly proportional to the increase of organizational performance. It is necessary for the management of the company to constantly consider the factors that lead to job satisfaction. But, if we take into account the fact that individual differences of employees will have different effects on the process of getting job satisfaction, it’s certain that it will not be easy for managers to achieve the goal. Considering the results, we can state that almost half of the respondents are satisfied with their jobs (48%) (See Figure 1). If we take into account the present reality of Georgia, where unemployment remains an insurmountable problem and it stands on 17.3%, then we can assume that the main task of people in such a case is employment, that is, in many cases, income. In such conditions, it is difficult to talk about the job satisfaction of the workers. But it should be taken into account that one does not exclude the other; it provides an increase in performance. However, it should be noted that personal recognition is very important for employees, which strengthens their sense of being a full-fledged member of the organization.

Our research also proves that close social ties in organizations have a significant impact on the psycho-emotional state of employees, which in itself creates a positive environment for the work process. Employees have good relations with managers (73%) and colleagues (80%). Also, employees believe that they have sufficient skills and competence to perform tasks (78%), rarely take on the tasks of others (49%), and generally roles are properly distributed. At the same time, they participate in the decision-making process (see Figure 2). Employees recognize that it is quite important for them to have a management style based on fair, democratic principles, which will necessarily be demanding and which ensures the participation of employees in the process of common strategic decision-making.

As well as in other studies, our research has confirmed that in the conditions of close social contacts, during which there is a higher mutual support and joint pursuit of the employees towards the organizational goal, the probability of the emergence of long-term organizational conflicts is lower. When asked how often conflict occurs in the organization, most people answer that it is rare (see Figure 3). This means that roles and goals are properly managed, or that employees avoid conflict situations, or that the organization experiences stagnation. As we mentioned, without conflict, the development of the organization is impossible.

The majority of respondents note that stress and conflict directly affect performance and consequently, reduce it. The mentioned results were expected, as long as the research conducted in connection with this issue also revealed the same outcome. When asked if their productivity decreases in a stressful situation, the majority of respondents answered positively (70%) (see Figure 4).
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We received same results for the question related to the relationship between conflict and performance. Majority of the respondents, 63%, believe that they receive enough support from their managers (see Figure 5). Positive incentives from managers are quite important, which are a powerful tool for shaping positive behaviour. Managers must recognize and reward a job which was performed well. All this ensures a high probability of repetition of positive behaviour from the side of employees. Ultimately, all of this helps managers to increase the effectiveness of organizational conflict management.

**Conclusions**

Organizations are the basic cell of the social structure of modern society. The social life of people flows inseparably within this or that organization. The multicultural environment in organizations and the complex system of relationships make it quite possible for various conflicts to arise. Therefore, organizational conflicts require complex investigation.

As the conducted research showed us, observation of conflict situations and first of all determining and identifying their causes should be the constant focus of the management of the organization. Prevention of destructive conflicts is very important. An important role is assigned to the management style of both top managers and heads of individual subdivision management services. They should be focused on the development and constant monitoring of organizational issues that can be considered as methods of preventing organizational conflicts. Managers must consider employees' goals and recognize their contribution to the overall organizational goal. All this increases the responsibility of each employee in the process of performing assigned tasks and at the same time promotes their self-development.

Therefore, the management apparatus of the organization should create a management system promoting the realization of staff goals, a policy that will be focused on: receiving adequate remuneration for the labor effort spent; on the establishment of a harmonious relationship between the members of the collective; on ensuring reliable social status and legal protection; on creating a pleasant psychological climate in the team; To promote professional growth and career advancement opportunities for staff.

Based on the results, it is clear that conflict and stress have a negative effect on performance, which is confirmed by other studies discussed in the article as well. As we have already mentioned, conflict is an inevitable in human life, and since an organization is a union of people, organizational conflict is also a common event. In most organizations, conflict management is part of the organization's strategy and receives special attention. Conflict helps the organization to identify weaknesses, needs and views of employees, which are necessary for further development. Of course, there are various causes of conflict, but among them stress is worth noting, the interest in which has increased under the conditions of the Covid-19 pandemic.

The impact of conflict on performance is non-homogeneous. Destructive conflict reduces performance, while constructive conflict increases it. Without conflict, organizational performance cannot be developed, and harmonious teams and groups become static over time and no longer have progress or innovative ideas. That is why organizations sometimes resort to stimulating conflict. It is important for an organization to have a predetermined conflict management strategy that is consistent with the organization's goals. In addition, managers must have the necessary skills to identify and manage conflict so that it does not become destructive. Every organizational conflict is different, which is a challenge for managers with a lack of knowledge and skills. For conflict management, the causes of conflict and the type of conflict must first be identified. A good leader will encourage negotiations and a level of compromise, and when particular team members are central to the conflict, they should be encouraged to admit accountability (McKibben, 2017). Organizational performance is affected by stress and burnout, which have been particularly noteworthy recently. As the pandemic and world events have changed people's work environment and life in general, it has significantly affected people's psyche. In turn, stress is related to conflict management, so effective conflict management can reduce stress and change the work environment for the better.

Of course, the presented discussion in the article is not enough to draw conclusions, and these issues require further research.
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