

The Relationship between Conflicts and Employee Performance: Case of Sri Lanka

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Abstract

Banking sector in Sri Lanka is facing a tremendous growth in the last few years with post war economic growth in Sri Lanka. Numbers of new entrants both from the domestic and foreign origin increase the competition among the firms; volume of transaction is increasing and the range of services. As a result, working hours of banking sector has increased. Though there is a growth in banking sector in Sri Lanka, better employee individual performance has been a critical issue in both private and government banks in Sri Lanka. Consequently, conflicts are becoming a more common phenomenon in organizations. Employees have experienced more occupational stress due to workplace conflicts. Also conflicts are not supported to increase performance. Therefore the purpose of this study was to investigate relationship between conflicts and employee performance in banking sector in Sri Lanka. The independent variable is conflicts and the dependent variable was employee performance. This study has been completed with an empirical survey which was thoroughly conducted using a self administrated questionnaire and the sample consisted of employees in government banks. Questionnaires comprising three parts were sent directly to the target segment. This study was associated with hypothesis testing and it was co relational. Since the current study setting can be referred as a field study where the study has done in non-contrived setting with minimizing interference of the researcher.

Key words : Conflicts , Relationship Conflicts , Task Conflicts, Employee Performance

1 INTRODUCTION

In today's business context human resource is the most crucial and unique element of the organization. Also human resources differ from other resources which are used by organization to accomplish their strategic goals. Opatha (2009) differed human resources from other resources which are using by organizations in order to achieve their objectives. According to Opatha (2009) human resources are active and living, they have ability to think, feel and react. Its behavior is complex and may be unpredictable. As described above human resource or people who are working in different organizations consist with different personalities, different values and beliefs, different expectations and different abilities and also it is difficult to manage them.

Most organizations offer attractive incentive schemes for their employees, for jobs. Employers think that if they provide good remuneration package, good training and development programmes, and better work environment and better performance appraisal, employees are able to perform well. But in some cases, employees are unable to perform well though they have good remuneration packages, good training and development programmes and better working environment. The reason is sometimes employees may have personality clashes, attitudes problems and interpersonal conflicts with their superiors, colleagues and also with the management. Due to these conflicts employees may act or react in an unexpected way. They may sabotage the business plans. Also it well leads to business failure as well. In fact management of employees is more difficult than management of any other resources.

Though there are several types of workplace conflicts, every conflict is certainly a costly proposition for

organizations all over the world, whether it is profit making, nonprofit making, government, private or semi government organisation.

Organisational conflicts expensive to organizations in terms of wasted time, bad decisions, employee turnover, lowered job motivation, and health costs and legal expenses. Further Chartered Institute of Personnel and Development of UK (2007) found that on average organizations devote more than twelve days in HR and management time a year in managing disciplinary and grievance cases for every 100 employees. The survey also found that employers face average annual costs associated with employment tribunal and hearings of £ 20,000.

2 PROBLEM STATEMENT

As described above organizations consist with different individuals who have diversified experiences and backgrounds. Once focused is an organization's objective , it is natural that difference of opinion among individual in general and groups in particular is likely to surface. Under the circumstances, it is accentuated to establish how the conflict among the members would affect on the employee's performance and to what extent some of the conflict can be absorbed as a course of normal activity.

The researcher's primary interest is banking sector which always trying to improve their services and offer good products and innovations to the customers. Also employees in organizations are required to excel high performance and

achieve their individual targets. If organizations are unable to resolve conflicts or managed poorly employee's productivity and their job performance are affected from it.

Poor research evidence in Sri Lankan context is supported for the relationship between conflicts and employee performance. Therefore, the problem addressed in this study is to investigate the extent the relationship between conflicts and employee performance. Therefore, the researchers intend to carry out this research, while researching the relationship between conflicts and employee performance in government banks in Sri Lanka. Accordingly, the research question for this study would be, Is there any relationship between conflicts and employee performance?

3 RESEARCH OBJECTIVES

The primary objective of this study was to identify the relationship between conflicts and employee performance of government banks in Sri Lanka. This research was aimed to fulfill following research objectives.

1. To help employee to enhance their performance while facing various kinds of conflicts within organization.
2. To make the recommendations, solutions and suggestions to senior management to maintain optimum level of conflicts.
3. To identify the other factors which contribute to conflicts.

4 LITERATURE REVIEW

4.1 Conflicts

For any organizations in contemporary business context to perform effectively, interdependent individuals and groups must establish working relationships across organizational boundaries, between individuals and among groups. Individuals or groups or work teams in organization may depend on one another for information, assistance or coordinated actions. This interdependence of individuals or groups may lead either cooperation or conflict.

The term conflict doesn't have any single clear meaning; also it may mean different things for different persons. A comprehensive review of the literature on conflicts is supported that there is an extreme diversity of the definitions of conflicts.

Robbins (2005) has defined conflict as a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about. Newstrom and Davis (1997) have defined conflict as any situation in which two or more parties feel them in opposition. It is an interpersonal process that arises from disagreement over the goals or the methods to accomplish those goals. Conflict is a behavior by organization members which is expended in opposition to other members (Kumar, 2009).

On the basis of definitions of conflicts, there are essential features of conflicts (Prasad, 2004).

Conflict arises because of incompatibility of two or more aspects of an element; it may be goals, interests, methods of working, or any other feature.

Conflict occurs when an individual is not able to choose among the available courses of action.

Conflict is a dynamic process as it indicates a series of events; each conflict is made up of series of interlocking conflict episode.

Conflict must be perceived and expressed by the parties into it.

In simple words, conflict is a process in which an effort of one person or unit is interfered by another person that results in frustrating the attainment of the other's goals.

Organizational conflict may be classified as intra-organizational (conflict within an organization) or inter-organizational (conflict between two or more organizations). Intra-organizational conflict may also be classified on the basis of levels (individual, group etc) at which it occurs. On this basis intra-organizational conflict may be classified as intrapersonal, interpersonal, intra-group and intergroup. These four types of conflict may be described as follows (Rahim, 2000).

Jehn (1995) stated two kinds of intragroup conflicts: task conflict and relationship conflict. Researcher selected two types of intergroup conflict in order to conduct this research.

4.2 Employee Performance

One of managers most important responsibility as a manager is to ensure that the member of their team or employees in their organization to achieve high level of performance, managers have to ensure that they understand what managers expect from them, that managers and employees work together to review performance against those expectations and jointly agree what needs to be done to develop knowledge and skills and where necessary, improve performance. Job performance or employee performance is poorly defined concept in industrial psychology and organizational psychology. Campbell (1990) cited in (Jehn, 2003) defined job performance as an individual level variable. That is, Performance is something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance. Those variables are in higher level than individual performance.

In simple words, employee performance means contributing to producing a high quality product or service. Understanding individual employee performance is a systematic approach to assigning work and expectations, supporting and enabling employee efforts, providing assessment and feedback. Also managers should understand employee performance is helping to reduce uncertainties of organization in terms of organizational productivity and its overall effectiveness.

Researcher selected two types of intra group conflicts; task conflicts and relationship conflicts. Task conflicts are associated with disagreements among group members about the content of task. Relationship conflicts are associated with interpersonal clashes between group members. Several studies of conflicts have investigated the relationship of task conflict and several outcomes, such as satisfaction, tension or group commitment. Many scholars have identified that task conflict can be productive for the team performance. Task conflicts helped people to identify and better understanding of the problems being faced because it provided an opportunity for the group members to share their views which was a positive aspect of decision making (Amason, 1996). Task conflicts provide opportunity to their members for solving their problems. In some situations it is creative and productive (Jehn , 1995 ; Amason, 1996) . Ayoko and Hartel (2006) observed that task conflict arise within a group despite having the same objectives and ambition about the task. Though some researchers found positive aspects of task conflict on performance and decision making, some researchers found the negative effects of task conflict on team members' satisfaction. Higher level of task conflict could produce relationship conflict within the groups ; they argued that disagreement among group members regarding some task could create negative emotions and it will help to generate relationship conflicts.

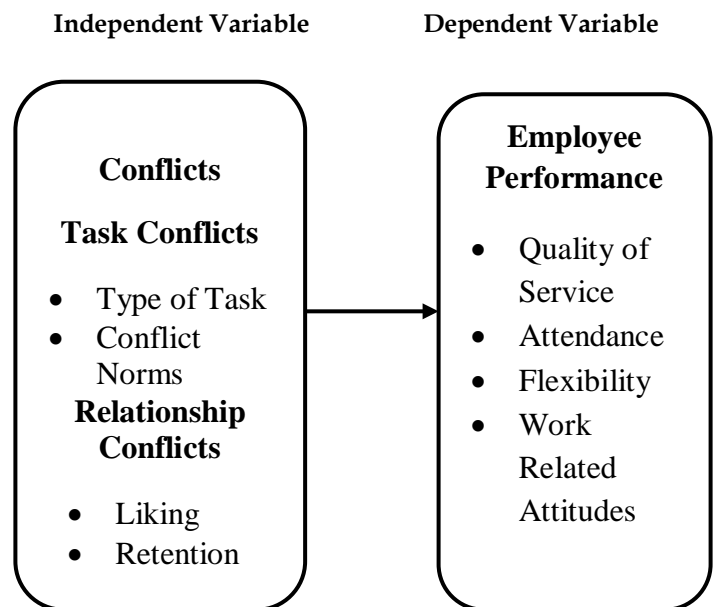
Many researchers have stated that relationship conflict is negatively associated with employees' affective reactions such as satisfaction and climate and it reduces team effectiveness and team performance. Also they have identified relationship conflict can reduce creativity, innovation, quality and performance of employees and as well as performance of organization. People who felt tension and conflict with the person they were dating were less satisfied in the relationship than those who did not. Pelled (1996) discussed three ways in which relationship conflict affects group performance. First, the limited cognitive processing resulting from relationship conflict reduces the ability of group members to assess new information provided by other members. Second, the interpersonal conflict makes members less receptive to the ideas of other group members, some of whom they may not like or who may not like them. Third, the time and energy that should be devoted to working on the task is used to discuss, resolve or ignore the conflicts.

Relationship conflicts also experience anxiety and at time quarrel among individuals due to emotional factors. Emotional approach could erupt due to divergence of belief, conviction, standards , experiences and disapproval by some of the people. Such like situation develops negative reaction and relations among the people associated with particular organization (De Dreu and Van de, 2001).

There is no research evidence to prove that there is a positive impact of relationship conflict on employee performance as well as organizational overall performance.

5 Conceptual Framework

The conceptual framework is logically developed, described, and elaborated network of associations among the variables deemed relevant to the problem situation. Two variables are undertaken for the study. As one of the objectives of the study to identify the relationship of conflicts on employee performance, employee performance is considered as the dependent variable.



6 HYPOTHESES

The following hypothesis could be suggested and at the end of the findings, it could be determined the validity of the suggestions

H1- Task conflict is positively associated with employee performance.

H2- Relationship conflict is negatively associated with employee performance.

7 RESEARCH METHODOLOGY

In the current study there are two hypotheses developed based on the relationship between independent and dependent variables. Therefore hypotheses testing can be introduced as the purpose of this study. Since the primary objective of the researcher is to find out a relationship among the variables rather than searching the answers whether the independent variable causes to dependent variable which is called as causal study, the current study can be called as a correlational study. The current study was correlational; study setting can be referred as a field study where the study has done in non-contrived setting with minimal interference of the researcher. The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage (Sekaran, 2009). Since the problem statement focuses on the identification of the relationship Conflicts and Employee Performance in staff level employees in banking sector with special reference to government banks in Sri Lanka. The researcher is interested in individual employees in the organizations. A study can be done in which data are gathered just once, perhaps over a period of days or weeks or months, in order to answer a research question. Such studies are called one shot or cross sectional studies (Sekaran, 2009). Data collection with respect to this particular research was targeted to be a one month (November 2013) period of time therefore this study was cross sectional in nature.

The objective of this study is to identify the relationship between conflicts and employee performance of public banks in Sri Lanka. The selected sample size for the study was 80 employees in government banks in Western Province in Sri Lanka. According to Sekaran (2009) the sample sizes larger than 30 and less than 500 are appropriate for most research and where samples are to be broken into sub samples; a minimum sample size of 30 for each category is necessary. Hence the researcher selected staff assistants as sample to collect data for the current investigation based on simple random sampling method. Simple random sampling means every element in the population has a known and equal chance of being selected as a subject. The reasons for selecting as simple random sampling are it has the least bias and offers the most generalizability.

Questionnaire method was selected as a research technique in this study to investigate and describe the relationship of conflicts on employee performance in banking sector in Sri Lanka. The likert type questions in this research ask respondents to indicate how much they agree or disagree with the statements. The responses options originally included Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. The questionnaire was distributed to 80 employees and the entire questionnaires were returned. The response rate was 100%. The collected data was

analyzed using Microsoft Office Excel package as well as the computer software known as Statistical Package for Service Solution (SPSS) version 15.0. The data analysis consists with univariate and bivariate analysis.

7.1 Reliability Testing

For testing the internal consistency of the instruments the Cronbach's coefficient alpha was used. The results of Cronbach's alpha test are shown in the table 1. All the alpha values are well above the rule of thumb of .7 for a reliable scale, which suggests that the internal reliability of each instrument and sub instrument is satisfactory.

Table 1 Cronbach's Alpha Coefficients

Variables	Cronbach's Alpha
Conflicts	.912
Employee Performance	.942

8 ANALYSIS

8.1 Univariate Analysis

The frequency distribution analysis was made for the variables individually.

Table 2 Descriptive Statistics for Task Conflict

N	Valid	80
	Missing	0
Mean		3.9200
Std. Error of Mean		.11725
Median		4.0000
Mode		4.00
Std. Deviation		.82906
Variance		.687
Skewness		-.294
Std. Error of Skewness		.337
Kurtosis		-.547
Std. Error of Kurtosis		.662
Range		3.00
Minimum		2.00

Maximum	5.00
Sum	196.00

According to the table 2, around 70% of participants obtained above average level of task conflict while around 26% of participants experienced moderate level of task conflict.

Table 3 Descriptive Statistics for Relationship Conflict

N	Valid	80
	Missing	0
Mean		3.86
Std. Error of Mean		.11432
Median		4.0000
Mode		4.00
Std. Deviation		.80837
Variance		.653
Skewness		-.459
Std. Error of Skewness		.337
Kurtosis		-.015
Std. Error of Kurtosis		.662
Range		3.00
Minimum		2.00
Maximum		5.00
Sum		193.00

Having obtained a mean score of 3.86, individuals in the study report to have high score on the relationship conflict. The values of Skewness and Kurtosis -.459 and -.547 respectively. Table 3 present in detail the statistics.

Table 4 : Statistical Distribution of Employee Performance

N	Valid	80
	Missing	0
Mean		4.1000
Std. Error of Mean		.12857
Median		4.0000
Mode		5.00

Std. Deviation	.90914
Variance	.827
Skewness	-.373
Std. Error of Skewness	.337
Kurtosis	-1.307
Std. Error of Kurtosis	.662
Range	3.00
Minimum	2.00
Maximum	5.00
Sum	205.00

Having obtained a mean score of 4.1, individuals in the study report to have high score on the employee performance. The values of Skewness and Kurtosis -.347 and -1.307 respectively .Table 4 represents in detail the statistics.

8.2 Bivariate analysis

The Bivariate analysis involved simultaneously analysis of data measured on two variables. This analysis was made to determine the nature, direction and significance of the bivariate variables. The correlation analysis & the simple regression analysis statistical techniques were selected to do the above bivariate analysis.

Table 5 Correlation between Task Conflict and Employee Performance

		TASK SCALE	PERFORMANCE SCALE
TASK SCALE	Pearson Correlation	1	.769(**)
	Sig. (1-tailed)		.000
	N	80	80
PERFORMANCE SCALE	Pearson Correlation	.769(**)	1
	Sig. (1-tailed)	.000	

** Correlation is significant at the 0.01 level (1-tailed).

For this analysis the task conflict is correlated against the employee performance scores. According to the table 4.14 the correlation coefficient is .769 at significance level of 0.01 (1tailed test). This is a positive value and the value is significant at 0.05 (p=0.000). So there is a very strong and positive relationship between task conflict and employee performance. Thus, there is statistical evidence to claim that task conflict and employee performance are positively related. Therefore hypothesis one (H1) is accepted.

Table 6: Correlation between Relationship Conflict and Employee Performance

		RELATIONSHIP SCALE	PERFORMANCE SCALE
RELATIONSHIP SCALE	Pearson Correlation Sig. (1-tailed)	1	.741(**)
	N	80	80
PERFORMANCE SCALE	Pearson Correlation Sig. (1-tailed)	.741(**)	1
	N	80	80

** Correlation is significant at the 0.01 level (1-tailed).

For this analysis the relationship conflict is correlated against the employee performance scores. According to the table 6 the correlation coefficient is .741 at significance level of 0.01 (1tailed test). This is a positive value and the value is significant at 0.05 (p=0.000). So there is a strong and positive relationship between relationship conflict and employee performance. Thus, there is statistical evidence to claim that relationship and employee performance are positively related. Therefore hypothesis two (H2) is rejected.

Table 7 : Simple Regression Analysis of Task Conflict & Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.	Standardized Beta
1	.769a	.591	.583	.58723	69.446	.000a	.769

R - R is the square root of R-Squared and is the correlation between the observed and predicted values of dependent variable. And according to the table the R value is .769, which shows the correlation coefficient between task conflict and employee performance.

R-Square - This is the proportion of variance in the employee performance, which can be explained by the conflicts .This is an overall measure of the strength of association. And it is .591 in the study analysis. This indicates that the task conflicts are responsible for 59% of the employee performance

Adjusted R-square - The adjusted R gives .583.

Table 8 : Simple Regression Analysis of Relationship Conflict and Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.	Standardized Beta
1	.741a	.550	.540	.58723	69.446	.000a	.741

R - R is the square root of R-Squared and is the correlation between the observed and predicted values of dependent variable. And according to the table the R value is .741, which shows the correlation coefficient between task conflict and employee performance.

R-Square - This is the proportion of variance in the employee performance, which can be explained by the conflicts .This is an overall measure of the strength of association. And it is .550 in the study analysis. This indicates that the task conflicts are responsible for 55% of the employee performance

Adjusted R-square - The adjusted R gives .540

9. DISCUSSION AND CONCLUSION

The aim of this study is to identify the relationship of conflicts and employee performance outcomes of employees in banking sector in Sri Lanka. The findings of this study suggest that task conflicts and relationship conflicts are positively associated with the employee performance. The findings have some important practical implications for managers. In competitive era, effective managers have to leverage the benefits of conflicts while

limiting its interpersonal costs. The findings of study suggest that task conflict can force employees to be innovative and share their knowledge with others, which is pivotal to employee performance and organizational learning. According to the results relationship conflicts are also positively associated with employee performance which is the contradictory of past researches. Past theory suggests that when group members have interpersonal problems and are angry with one another, feel friction with each other, or experience personality clashes, they work less effectively and produce suboptimal products. But employees in selected sample are able to minimize the negative impact of relationship conflict on employee performance. There are several reasons for that sometimes reward system and career development is able to amplify the negative association between relationship conflicts and employee performance. Many organizations promote good working relationships among coworkers by providing rewards to employee who maintain a positive relationship with others. Past studies suggest that this type of firm has to be vigilant in containing the negative effects of relationship conflict in event that it becomes prevalent despite the availability of rewards for good relationships.

10 RECOMMENDATIONS

This study is carried out to measure the relationship of task conflicts and relationship conflicts on employees' performance. Attempt is made to find out the importance and relation of each type of conflict to employee performance. From the results it can be concluded that task and relationship conflicts have positive impact on employees' performance. The results of this study can be useful for the banking sector in Sri Lanka which has been facing a tremendous growth in the last few years with the economic growth in Sri Lanka. Numbers of new entrants both from the domestic and foreign origin increase the competition among the firms; volume of transaction is increasing and the range of services. As a result, working hours of banking sector has also increased. Consequently, intra group conflict is becoming a more common phenomenon. Employees are experiencing more occupational stress and banking firms are facing more turnover. These results can be beneficial for the employers, top management and are also useful for regulatory institutions.

Since we have found that employees consider both task conflicts and relationship conflicts as important factors that can increase employee performance. But these results of relationship conflicts are contradictory from past studies. According to past researches that high level of task conflict and relationship conflicts can decrease employee performance. So, it is recommended that managers should encourage low to moderate level of task conflicts and relationship conflicts. Employees in banking sector can give their suggestions and take part in the decision making process, which in turn helps to resolve task conflict.

Otherwise, task conflict can lead towards relationship conflict and high level of intra group conflict not only reduces the employees' performance, it is also dangerous and dysfunctional for whole organization. According to the results of the study, government banks are able to manage their conflicts successfully. But, they should manage conflicts continuously, because any kind of disagreement can lead to higher task and relationship conflict. Also manager's capabilities to handle the situation also became prominent in certain cases therefore, grooming of employees along with the management could bring about better work conditions: hence, conflict management is considered essential to maintain healthy work environment. Also it is important to be noted though selected organization has implemented better conflict management strategies, some of banks in Sri Lanka is unable to manage their intra group conflict successfully. A better conflict management can be done by assigning clear responsibilities and authorities, by allocating appropriate resources and an adequate mechanism of resource utilization with transparent system of accountability. Also if some organization is unable to manage their conflict successfully, that organization can provide counseling to employees to resolve their work related issues and problems by paying special attention to the nature and the level of conflict in a view to improve conflict management. Open discussion on task related issues can be helpful to restrain task conflict and to curb relationship conflict.

11 LIMITATIONS OF THE STUDY

Several limitations of this study should be noted, with the aim to provide suggestions for future studies. One possible concern is researcher has selected two types of intra group conflicts, though there are several types of conflicts. Future researches can examine other types of conflicts and their impact on employees' performance. For example the relationship of role conflict and employee performance in banking sector in Sri Lanka.

It limits the final result of the study, because this research study had been conducted within one semi-government bank. The future researchers can expand the sample to study about the impact of conflict on employee performance, to get a broader idea about the impact and/or relationship as well as to protect the generality of the findings. Also, it might provide a better outlook about the relationship between conflict and employee individual performance, in the Sri Lankan context since a fewer researches might have done in related with this topic. In addition, the research was conducted in Sri Lanka and it is possible that cultural factors unique to Sri Lanka have influenced the results. In collectivist cultures such as Asian countries tend to favor cooperation and avoid conflict.

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