

# Impact of Conflict Management on Employees Performance: A Study of Nigerian Breweries Plc, Iganmu, Lagos State, Nigeria

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## Abstract

Most conflict in Nigerian Breweries Plc Iganmu Lagos plant, arises from the company not fulfilling its collective agreement with its employees and usually persist due to the approach in managing the conflict, resulting in employees embarking on industrial action which usually leads to employees low morale, decrease in productivity, *absenteeism*, increase in defective products due to lowered employees commitment to work. The study examined the impact of conflict management on employees performance of Nigerian Breweries Plc Iganmu, Lagos state. The following hypotheses were formulated, they are: there is no significant relationship between conflict management and employees' morale in Nigerian breweries Plc and there is no significant relationship between conflict management and employees' productivity in Nigerian breweries Plc. The survey research design was used in the study. Data was collected from primary source with the use of questionnaire. The duration of study was between 2005 to 2014, ordinary Least Square was adopted and findings revealed that there is a significant relationship between conflict management and employees performance in Nigerian Breweries Plc. The study recommends that the management of Nigerian Breweries Plc should improve in the area of conflict management approaches (bargaining, compromise and forcing) since it improves employees performance.

**Keywords:** conflict management, employees morale, forcing, compromise, bargaining

## 1. Introduction

Conflict management has received increasing attention in the organizational literature during the last two decades because of a shift in attitudes towards conflict in organizations (Prentice, 2006). Many benefits such as increasing of work time, ability to control one's behaviour in conflict situations, enhancing of interpersonal communication skills, reduction of suspensions, prevention of violence, reduction of detentions and improving the ability to respect the different perspectives or opinions of individuals at workplace are achieved as a result of conflict management programs. It is for this reason that managing conflict is more important than avoiding it.

Albert (2011), averred that there are productive and destructive conflicts in workplace, according to him, "conflict is said to be positive when it is constructively discussed by the parties and amicable terms for settlement reached". He emphasized that constructively managed conflict in workplace induces a positive employee performance while poorly managed conflict lowers employees morale, reduces employees productivity, increase employee absenteeism, increase the chances of losing skilled personnel, leads to loss of man and machine hours, and may lead to an increase in the number of defective products produced due to lack of employees commitment to work.

Most conflicts in Nigerian Breweries Plc Iganmu Lagos plant, arises from the company not fulfilling its collective agreement with its employees and usually persist due to the approach in managing the conflict. Thereby, resulting in employees embarking on industrial action which may be work-to-rule or total strike. Employees' industrial action usually leaves them with a low morale, decrease in productivity, loss of skilled personnel, loss of man and machine hours, absenteeism, increase in defective products due to lowered employees commitment to work, and health issues due to stress and depression. Therefore, since Nigerian Breweries Plc Iganmu Lagos has been experiencing incessant labour unrest, it becomes pertinent to examine its conflict management approaches on employees' performance.

Also, several researchers (Mba 2013, Obasan 2011 and Henry 2009) in the developed and developing countries have examined the impact of conflict management on employees' performance but only few studies have been carried out in the brewery companies, it is in this regard that the researcher intended to examine the impact of conflict management on employees' performance in Nigerian Breweries Plc Iganmu, Lagos State Nigeria.

The main objective of the study is to examine the impact of conflict management on employees' performance in Nigerian breweries Plc Iganmu Lagos State. The specific objective of the study is to examine the impact of conflict management on employees' morale in Nigerian breweries Plc. Focused on the above stated specify objective of this study, the hypothesis is formulated in null form:

H<sub>0</sub>: There is no significant relationship between conflict management and employees' morale in Nigerian breweries Plc.

## 2. Concept of Conflict Management

Hellriegel (2010), define conflict management as the interventions designed to reduce conflict, or in some instances, to increase insufficient conflict. It is a process whereby managers design plans, and implement policies and procedures to ensure that conflict situations are resolved effectively. Knippen, Yohan, and Ghalla (2011), asserted that conflict management broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making. Since there is a broader, stronger element of disagreement and discord within the conflict process, a considerable amount of mental and psychological energy is generated. The ability to divert this energy into productive achievement for both parties involved in the conflict can result in the conversion of conflict into a joint finding and problem solving solution (Prentice, 2006).

Blake and Mouton (2009), accept that the most important aspect of a successful conflict management is the attempt to shift the behavioral and attitudinal components of a relationship from a competitive to a cooperative orientation. They do, however, suggest that both the common enemy and the super ordinate goal approaches fall short of the need to achieve a genuine conflict resolution. This is because both can be seen as being mainly temporary in character, both are primarily defensive and both strategies may widen a conflict by externalizing it (Poole, 2009). Blake and Mouton (2009), offer an approach which emphasizes consultation-based interventions, openness of communication, greater participation in decision-making and problem-solving interactions. Conflict management strategies are important in every organization in order to generate creative thinking and to establish a problem-solving attitude (Sanda, 2008).

Moreover, effective conflict management is quite a major undertaking because there are not too many guideposts to indicate how to move towards conflict resolution. It is, therefore, a task which demands attention to attitudinal and behavioral elements, to outcome and emotional needs and to interpersonal as well as interdepartmental requirements. The institutionalization of interaction of information, skills, values and situation consists of four steps (Ekong, 2013). The first step is bringing in the consultant which represents an administrative response for effective conflict management. The second step is associated with various information-giving activities. The third step is aimed at attitudinal change through data-feedback, team-training, sensitivity and T-Group training or Grid development. The final step involves a structural change in the relationship between departments and a move towards integrative interactions and conflict resolution.

### 2.1 Compromise

Compromise strategy is another method of managing conflict. In compromise strategy, each party in the conflict situation surrenders certain value or interests in order to allow peace to reign. Just like the first method (domination), this method has its own shortcoming with the magnitude of the shortcomings depending on each conflict situation, environment and the extent of the compromise or values surrendered by each party in the conflict. However, conflict resolved through compromise method is not the best, despite it's widely acceptance since it may be suspended yet a greater magnitude of the problem might likely resurface in either the same form or in an entirely different manner (Fadipe, 2010). Often times people resist the temptations of reaching compromise due to ego clashes or stated positions.

A traditional way of coping with conflict is to compromise, agreeing in part with the other person's view or demand. This is the lose-lose scenario where neither person nor manager really achieves what they want. This requires a moderate level of assertiveness and cooperation. It may be appropriate for scenarios where you need a temporary solution or where both sides have equally important goals.

The compromising strategy typically calls for both sides of a conflict to give up elements of their position in order to establish an acceptable, if not agreeable, solution (Parker, 2012). This strategy prevails most often in conflicts where the parties hold approximately equivalent power. Business owners frequently employ compromise during contract negotiations with other businesses when each party stands to lose something valuable, such as a customer or necessary service.

### 2.2 Forcing

A third way according to Robinson, Tasili and Ubong (2013), is forcing, pushing one's own view on others; this, of course, will cause overt or covert resistance. This is the win-lose approach. A manager is acting in a very assertive way to achieve his or her own goals without seeking to cooperate with other employees, and it may be at the expense of those other employees. This approach may be appropriate for emergencies when time is of the essence. It emphasis is on self-interest, whereas in collaboration and bargaining the two sides come together to try to resolve their problems, when power is the dominant mode, the actions are unilateral or in coalitions acting unilaterally.

Parker (2012), forcing, a win-lose situation, involves using your authority or power to decide on the outcome of a conflict regardless of the opinion of the participants. In project management, forcing can lead to low morale and low ownership. However, forcing is very useful when you need to resolve a conflict in the

shortest possible time. Forcing, also known as competing. An individual firmly pursues his or her own concerns despite the resistance of the other person. This may involve pushing one viewpoint at the expense of another or maintaining firm resistance to another person's actions.

### **2.3 Bargaining**

Korbanik, Stephen and Titus (2012), bargaining assumes that neither party will emerge satisfied from the confrontation but that both, through negotiation, can get something they do not have at the start, or more of something they need, usually by giving up something of lesser importance. One party generally wins more than the other; by the skillful use of tactical trades, he can get the maximum possible from the other side. Bargaining is another form of dominant conflict style. In this case, both individuals are trying to create a win-win situation, but one individual wants to get more out of the bargain. For example, when buying a car, customers sometimes negotiate with the car salesman. The car salesman wants to sell the car for the highest price possible, while the customer wants to get the car for the lowest price possible.

### **2.4 Employees Morale**

Nicole (2011), employee morale can be defined as the job satisfaction, outlook, and feelings of well-being an employee has within a workplace setting. Proven to have a direct effect on employees' performance, it is one of the corner stones of business (Greg, 2010). Recognized as one of the major factors affecting employees' performance and overall financial stability of any business, low morale may lead to reduced concentration, which in turn can cause mistakes, poor customer service and missed deadlines. It also can contribute to a high turnover rate and absenteeism.

Furthermore, employee morale proves to be detrimental to the business in these respects. Morale can drive an organization forward or can lead to employee discontent, poor job performance, and absenteeism (Ewton, 2007). With low morale comes a high price tag. The Gallup Organization estimates that there are 22 million actively disengaged employees costing the American economy as much as \$350 billion per year in lost productivity including absenteeism, illness, and other problems that result when employees are unhappy at work. Failing to address this issue lead to decreased performance, increased rates of absenteeism and associated costs, increased conflicts in the work environment, increased customer or consumer complaints, and increased employee turnover rates and costs associated with selection and training replacement staff (Nicole, 2011).

## **3. Empirical Review**

Obasan (2011), assessed the impact of conflict management on employees performance in the banking sector, using first bank plc Lagos branch as a case study and using a student t distribution to test the significance of response. Purposive sampling technique was used select the bank of choice and a self-design questionnaire was administered to 50 respondents cutting across all cadres of staff of First Bank of Nigeria Plc (Lagos Branch). The study revealed that the main sources of conflict in the organization relate to perception and value problems and also that high employees morale leads to improved employees performance if conflict is managed effectively. That is, there is a significant relationship between conflict management and employees performance.

Mba (2013), investigated conflict management and employees performance in Julius Berger Nigeria Plc, Bonny Island. A descriptive research design was used in executing the study using 50 purposively selected sample respondents consisting of 25 managerial employees and 25 non-managerial employees of Julius Berger Nigeria Plc. Bonny Island. The core aspect of the study is the use of cross sectional survey research design in generating the required primary data. Data collected were analyzed using descriptive and inferential statistics. Results from the data analysis indicated that significant relationship exists between conflict management strategies and employees' performance and no differences exist between managerial and non-managerial employees' perception of the effectiveness of conflict management strategies.

Henry (2009), investigated conflict management and its effects on employees performance using convenience sample of one hundred and thirty managers (130) selected from government departments, parastatals and private companies. The analysis of data was made by using quantitative approach. The data was analyzed using descriptive method, one hundred and thirty (130) questionnaire were distributed to managers in government departments, parastatals and private companies in Gaborone. Only 85 questionnaires were returned by the respondents which accounts to 65.4%. The remaining was not returned or was misplaced by the respondents and accounted to 34.67%. The tabular method was used to analyze the data. The findings indicate that the major cause of organizational conflict is limited resources and that there is no significant relationship between conflict management and employees' performance.

## **4. Methodology**

This research adopted survey research design, which attempts to describe and explain conditions of the present by using many subjects and questionnaire to fully describe a phenomenon. The reason for using survey research

design is to collect relevant data from respondents in the field and make analysis and interpretation easy.

The population of this study includes all the staff of Iganmu Lagos plant branch of Nigerian Breweries Plc and the entire population is 3,195(Nigerian breweries Plc annual report and accounts, 2014).

Stratified random sampling technique was used in selecting staff of the company, the respondents were grouped into different strata and sample was drawn from each stratum randomly and the reason for this is because it affords every member of the sample an equal opportunity to be selected and also to reduce bias to the barest minimum. Also, the sample size was determined using the Taro Yamane (1967) sample size determination technique, which is;

$$n = \frac{N}{1 + N(e)^2}$$

Where; N= Population size

n= Sample size

e= Error of Margin (0.05)

$$n = \frac{3195}{1 + 3195(0.05)^2} = 357$$

The study used primary sources as a means of data collection, the primary data used was questionnaire administered to the staff of Nigerian Breweries Plc plant, Iganmu Lagos State based on conflict management and its impact on the employees performance.

The instrument used for collecting data for the purpose of this study is a well structured questionnaire. The questionnaire was administered to the staff of the company in Iganmu Lagos State through a staff of the company and respondents filled and returned the completed questionnaire.

The relationship between conflict management and employees performance of Nigerian breweries plc was tested using Ordinary Least Squares (O.L.S) method of regression. Proxies of conflict management as used in this study are bargaining, compromise and forcing because these are the major conflict management approaches employed by the company while performance proxy is employees morale and is expressed in this study as thus:

$$EM = \alpha + \beta_1 BR + \beta_2 CO + \beta_3 FO + \mu$$

Where

EM = Employees Morale

$\alpha$  = Intercept

$\beta_1$  = Independent variable

$\mu$  = Error term

Also where: (BR= Bargaining, CO= Compromise, FO=Forcing) are measures of conflict management. However, all the analyses are done using E view statistical software package which is used to analyze statistical test.

## 5. Data Presentation and Analysis

**Table 1:** Bargaining issues collectively has been the approach to conflict management adopted by the management of the company

Response	Frequency	Percentage (%)
Strongly Agree	38	11
Agree	54	15
Undecided	72	20
Disagree	107	30
Strongly Disagree	86	24
Total	357	100

**Source: Field Survey, 2016.**

Table 1 shows that a total of 92 respondents representing 26% agreed that bargaining issues collectively has been the approach to conflict management adopted by the management of the company, 72 of the respondents representing 20% were undecided, while 107 and 86 respondents representing 30% and 24% disagreed and strongly disagreed respectively. This indicates that majority of the respondents disagreed that bargaining issues collectively has been the approach to conflict management adopted by the management of the company, that means that the company does not really employ bargaining as an approach to conflict management.

**Table 2:** Compromising or seeking a better solution in the middle ground has been the approach to conflict management adopted by the management of the company

Response	Frequency	Percentage (%)
Strongly Agree	56	16
Agree	74	21
Undecided	53	14
Disagree	93	26
Strongly Disagree	81	23
<b>Total</b>	<b>357</b>	<b>100</b>

**Source: Field Survey, 2016.**

Table 2 shows that a total of 130 respondents representing 37% agreed that compromising or seeking a better solution in the middle ground has been the approach to conflict management adopted by the management of the company, 53 of the respondents representing 14% were undecided, while 93 and 81 respondents representing 26% and 23% disagreed and strongly disagreed respectively. This indicates that majority of the respondents disagreed that compromising or seeking a better solution in the middle ground has been the approach to conflict management adopted by the management of the company, that means that company does not really employ compromising as an approach to conflict management.

**Table 3:** Forcing employees to accept management stand has always been the approach to conflict management adopted by the management of the company

Response	Frequency	Percentage (%)
Strongly Agree	106	30
Agree	168	47
Undecided	12	3
Disagree	42	12
Strongly Disagree	29	8
<b>Total</b>	<b>357</b>	<b>100</b>

**Source: Field Survey, 2016.**

Table 3 shows that a total of 274 respondents representing 77% agreed that forcing employees to accept management stand has always been the approach to conflict management adopted by the management of the company, 12 of the respondents representing 3% were undecided, while 42 and 29 respondents representing 12% and 8% disagreed and strongly disagreed respectively. This indicates that majority of the respondents agreed that forcing employees to accept management stand has always been the approach to conflict management adopted by the management of the company, that means that the company forces employees to accept management stand even against their wish.

**Table 4:** Employees morale has improved considerably overtime

Response	Frequency	Percentage (%)
Strongly Agree	41	12
Agree	64	18
Undecided	72	20
Disagree	97	27
Strongly Disagree	83	23
<b>Total</b>	<b>357</b>	<b>100</b>

**Source: Field Survey, 2016.**

Table 4 shows that 41 and 64 respondents representing 12% and 18% strongly agreed and agreed respectively that employees morale has improved, 72 of the respondents representing 20% were undecided, while 97 and 83 respondents representing 27% and 23% disagreed and strongly disagreed respectively. This indicates that majority of the respondents disagreed that employees morale of the company has improved overtime, that means that employees morale may not have improved overtime.

## 5.1 Hypothesis Testing

### Hypothesis 1

#### E-view OLS Regression Result

$$EM = \alpha + \beta_1 BR + \beta_2 CO + \beta_3 FO + \mu$$

Dependent Variable: EM

Method: Least Squares

Date: 02/19/16 Time: 02:34

Sample: 1 5

Included observations: 5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BR	1.063118	0.430207	2.471175	0.2448
CO	0.287130	0.520773	0.551355	0.6792
FO	-0.102346	0.118325	-0.864958	0.5460
R-squared	0.981995	Mean dependent var		71.40000
Adjusted R-squared	0.927982	S.D. dependent var		21.03093
S.E. of regression	5.643908	Akaike info criterion		6.289593
Sum squared resid	31.85370	Schwarz criterion		5.977143
Log likelihood	-11.72398	Hannan-Quinn criter.		5.451009
F-statistic	18.18048	Durbin-Watson stat		2.435211
Prob(F-statistic)	0.170331			

Source: data output using e-view, 2016

The analysis indicates that the coefficients for bargaining (BR) and forcing (FO) by Nigerian Breweries Plc Iganmu, Lagos State in managing conflict are positive and significant in improving employees morale. This implies that the act of managing conflict in the form of bargaining (BR) and compromise (CO) leads to employees' performance in terms of high employee morale. And the coefficient for forcing (FO) by Nigerian Breweries Plc in managing conflict is negative and insignificant in improving employees' morale.

The t-statistic value of 2.47 which is greater than standard error value of 0.43 and the p-statistic value of 0.24 for Bargaining (BR) as a measure of conflict management and compromise (CO) had t-statistic value of 0.55 which is greater than the standard error value of 0.52 and p-statistic value of 0.67, while forcing (FO) had t-statistic value of (0.86) which is less than the standard error value of (0.10) and less than p-statistic value of 0.54.

The f-statistic value of 18.18 is significant at  $P = 0.17$  which provides evidence of existence of linear relationship between conflict management (compromise, bargaining and forcing) and employees performance proxy which is employees morale. The  $R^2 = 0.98$  indicates that only 98% conflict management approaches (compromise, bargaining and forcing) by the company contributes immensely to the improvement of employees morale but 2% can be explained by other factors not noted in the regression model which is refer to as error term. Therefore, we accept the alternative hypothesis that there is a significant relationship between conflict management and employees morale.

## 5.2 Discussion of Findings

Based on the analysis carried out, the results indicates that conflict management proxies such as bargaining, compromise and forcing contributes positively to employees performance in terms of improvement in employees morale in Nigerian Breweries Plc. The data from the copies of questionnaire administered to the respondents shows that there is positive relationship between conflict management and the employees' performance.

The analysis in the hypothesis revealed that there is a significant relationship between conflict management (bargaining, compromise and forcing) and employees morale and the findings was in conformity with the work of Obasan, (2011) and Mbu (2013) who found that there is a significant relationship between conflict management and employees performance but it was not in line with the findings of Muhammad and Maria (2013) and Henry (2009) who found insignificant relationship between conflict management and employees performance. The study is also in line with the contemporary theory of conflict management which states that conflicts between human beings at work place are unavoidable. They emerge as a natural result of change and can be beneficial to the organization, if managed efficiently (Kirchoff & Adams, 2001). However, they consider innovation as a mechanism for bringing together various ideas and viewpoints into a new and different fusion. An atmosphere of tension, and hence conflict, is thus essential in any organization committed to developing or working with new idea and to them conflict can bring new ideas to the organization.

## 6. Conclusion

The following conclusions were obtained from the result analysed: There is a significant relationship between conflict management (bargaining, compromise and forcing) and employees morale. This indicates that conflict management approaches such as bargaining, compromise and forcing statistically contributes to improving employees' morale in Nigerian Breweries Plc. That is, through managing conflict, Nigerian Breweries Plc has improved employees morale.

## 7. Recommendation

The following recommendations are considered below:

The management of Nigerian Breweries Plc should continue to improve in its approach to conflict management (bargaining, compromise and forcing) since its leads to improvement in of employees' morale.

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