

Conflict Management Technique in Private Commercial Banks of Bangladesh: An Application of Thomas-Kilmann Conflict Handling Model

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Abstract

In the current business environment employees in the banking sector face multitude challenges and obstacles in their daily jobs. These threats offer unique challenges for the management to manage their organizations well. The challenges that take place in banking organization will affect the employees in one way or another. As such, employees might be faced with conflict due to challenges such as differing needs, beliefs, values and goals among group members in the organization. The purpose of this study is to determine the conflict management strategies adopted by private commercial banks in Bangladesh through the application of Thomas-Kilmann's conflict handling model. Conflict is a common occurrence in organizations. Conflict occurs for various reasons in banking sector. The managers must be able to understand why and when conflict arises and in what situation conflict frequently occurs. Employees have different perspective for choosing different conflict management strategies. Descriptive research design was used in the study. Data were collected from 50 respondents from 5 private commercial banks in Bangladesh. Questionnaire was used as main data collection instruments. The data collected from the field were analyzed using descriptive statistical techniques such as percentages and frequencies. The findings of the study suggested that the private commercial banks in Bangladesh use all the five conflict management strategies of Thomas-Kilmann model such as avoiding, competing, accommodating, compromising and collaborating. But the strategy that was most frequently used is collaborating strategy. Collaborating in conflict management means trying to find the best solution for all parties involved. When several parties collaborate to resolve a conflict, they openly express their concerns and work to find a mutually beneficial solution. Collaboration leads to creative problem-solving and respect amongst coworkers in an organization. This style finds the root of a problem, such as personal conflicts, and attends to the situation in the least confrontational manner of any conflict-management style. But in other hand collaborative efforts tend to take the most time compared to other conflict resolution styles as in this style both parties try to solve their problem. As banking sector of Bangladesh is highly competitive, the employees may focus on long term relationship while resolve conflict. Recommendation also made focusing on management as well as employee role for effective conflict handling. collaborative workplace culture and responsive management can play very crucial role in this regard.

Keywords: Conflict management, collaborating, compromising, avoiding, accommodating and competing.

JEL Codes: M10

1. Introduction

1.1 Background

Conflict is a perpetual given of life, although varying view of it may be held. Some may view conflict as being a negative situation which must be avoided at any cost. Others may see conflict as being a phenomenon which necessitates management as it generates new ideas. Still others may consider conflict as being an exciting opportunity for personal growth and so try to use it to his or her best advantage. Whoever may fall on this continuum of viewpoints concerning conflict, seldom would one expect to be in a continual state of conflict as for the basis for employment. Conflict free company has never existed and never will exist. Antagonisms, tensions, aggressions, stereotypes, negative attitudes and the frustrations of perceived conflicting need will always be present wherever men are forced to live and work together. However, conflict in organizations is a daily occurrence. Conflict is inevitable among humans. When two or more social entities (i.e., individuals, groups, organizations, and nations) come in contact with one another in attaining their objectives, their relationships may become incompatible or inconsistent. Relationships among such entities may become inconsistent when two or more of them desire a similar resource that is in short supply; when they have partially exclusive behavioral preferences regarding their joint action; or when they have different attitudes, values, beliefs, and skills. Conflict is the perception of differences of interests among people (Thompson, 1998). Conflict is generally regarded as a disagreement regarding interests or ideas (Esquivel and Kleiner, 1997). Organizational conflict is the discord that occurs when the goals, interests or values of different individuals or groups are incompatible and those individuals or groups block or tend to frustrate each other's attempt to achieve

their objectives. These actions and reactions make conflict an inevitable part of organizational life since the goals of different stakeholders such as managers and staff are often incompatible. Dealing with conflict is difficult because it arouses primitive emotions such as people feeling threatened, which creates a version of the age old stress responses: fight or flight. Conflict management enhance creative problem solving, enabling people to turn conflict situations into constructive learning opportunities, developing creative and more appropriate solutions, preserving relationships, saving time and money, empowering people to resolve their own disputes and creations of more durable outcomes. Managing Conflict in Organizations has been investigated by the sociologist; and the struggle for survival by species of differing genetic endowments has been studied by the biologist (Nightingale, 1974). Scholars in organization theory became interested in studying conflict only in recent times. In recent years, there have been renewed interest and significant changes in the study of conflict in social and organizational contexts.

1.2 Conflict Management

Conflict management involves implementing certain strategies to eliminate the negative aspects of conflict, increase the positive aspects of conflict and to enhance performance and effectiveness in an organized setting. Rather than eliminating or avoiding disagreements, the purpose of conflict management is to teach groups conflict resolution skills, such as managing conflict, finding self-awareness about the types of conflict and effectively communicating while in conflict with a team member (Wangari, 2013). These skills assist teams in establishing a positive outcome from conflict. The practice of recognizing and dealing with disputes in a rational balanced and effective way, Conflict management implemented within a business environment usually involves effective communication, problem solving abilities and good negotiating skills to restore the focus to the company's overall goals. Conflict arises between individuals due to different styles of communication, cultural backgrounds and political and religious views. Conflict arises within groups due to disagreements between subgroups, and conflict arises between groups due to competition or rivalry. Every business that employs people regardless of size and industry experiences interpersonal and organizational conflict. This conflict is caused by multiple inter-related variables and circumstances.

1.3 Banking Industry of Bangladesh

The gradual improvement in the overall policy environment has enabled Bangladesh to improve its economic performance in recent years. The banking industry in Bangladesh is one characterized by strict regulations and monitoring from the central governing body, the Bangladesh Bank. This industry is guided under the Banking Company Act 1991 and regulated by the central bank of Bangladesh, Bangladesh Bank. All the banks must follow the rules and regulations of Bangladesh Bank. Bangladesh Bank Order 1972 and Banking Companies Act 1991 mainly guide the commercial banks of Bangladesh. The banking industry of Bangladesh is mainly divided into two sectors, such as Specialized Banks (SBs) and Commercial Banks (CBs). The Specialized Banks are those banks that deal with specific sectors or industry of an economy. For instance, Bangladesh Krishi Bank (BKB) only deals with the agricultural sector of the economy; Bangladesh Shilpa Bank (BSB) only deals with the industrial sector of the economy, etc. On the other hand, Commercial Banks are Scheduled Banks that are operating in the country under the rules and regulations of the Central Bank. Commercial banks in turn can be grouped as Nationalized Commercial Banks (NCBs); Foreign Commercial Banks (FCBs) and Private Commercial Banks (PCBs) with three different segments, such as 1st Generation Private Commercial Banks, 2nd Generation Private Commercial Banks, and 3rd Generation Private Commercial Banks. At present there are 56 scheduled banks 6 state owned bank, 2 specialized banks, 39 private commercial banks and 9 foreign commercial banks (Source: *Annual Report of Bangladesh Bank, 2016*). There are also 5 nonscheduled banks licensed only for specific functions and objectives and do not offer the same range of services as scheduled banks. There are also 37 Non-Bank Financial Institutions and also have specialized financial institution.

1.4 Commercial banks in Bangladesh

Commercial banks' performance in Bangladesh is increasing day by day. Now banks are increasing their product and customer services. Banking future in Bangladesh is bright because economic development of Bangladesh is growing upward. That's why the number of private commercial banks is also increasing. The functions of commercial banks can be divided into two major parts- receiving deposits and advancing loans. Banks normally receive three types of deposits such as- 1) current account 2) savings account and 3) fixed deposits. Under advancing loans, they have several classifications such as- 1) making loans 2) bank overdraft 3) cash credit and 4) discounting of bills. When making loans, there are three types of loan they provide such- 1) short term 2) medium term and 3) long term. Now a day the area of functions of commercial banks are increasing. They are extending their services to connect with more customers and give them better services. People can now get their desired services from banks and they can send and deposit their money from anywhere. All private commercial banks have some common services. Besides every banks have some specialized services through which they try

to attract customer and innovate new product to make everything easier for customers. The number of customers is also increasing day by day. People now want everything at their hand and they are ready to pay for these. So banks are taking this opportunity and make their profit by giving specialized services. But after doing all these things, banks should improve their services more to make everything easier for customers.

1.5 Objectives of the Study

- To determine conflict management strategies adopted by the employees of commercial banks in Bangladesh.
- To make recommendations for effective conflict resolution by explaining management role.
- To enlighten the effective employee behavior for practicing conflict resolution technique.

1.6 Research Gap and Rationale of the Study

There is little study has been conducted on commercial banks of Bangladesh regarding the issue of conflict management. Most of the study focused on the quality service which is the key weapon for survival in this cut throat competition in this sector, but ignored about the conflict among the employees and how they manage this conflict for smooth running of the organization. This study not only fill the gap but also showed the application of Thomas-Kilmann Conflict Handling Model in this regard. In final phase a frame of recommendation is also given for effective conflict handling in this sector.

1.7 Scope of the Study

Since this research work is focused only commercial banks operating in Dhaka city, Bangladesh, the scope is limited on that area. The finding and recommendation is not for all types of banks. It may not work for the banks operating outside Dhaka City.

1.8 limitations of the Study

This study was inevitably limited by some factors such as follows:

Finance:

Insufficiency of fund was a great constraint to the research. This forced the researchers to limit the scope of the study to only Dhaka city instead of studying outside the city.

Time:

Time also constitute a great constraint in this study, since the researchers were expected to finish this study within time limit. The range of time for investigation was not enough for detail exploration.

2. Literature Review

2.1 Review Literature on Thomas-Kilmann Conflict Handling Model

Many scholars provided many conflict resolution techniques and there are various models on conflict resolution. In this study Thomas Kilmann (1975) conflict handling model has been reviewed.

It is a two dimensional model and these dimensions are- **i)** Concern for self that is Assertiveness and **ii)** Concern for others that is Cooperativeness.

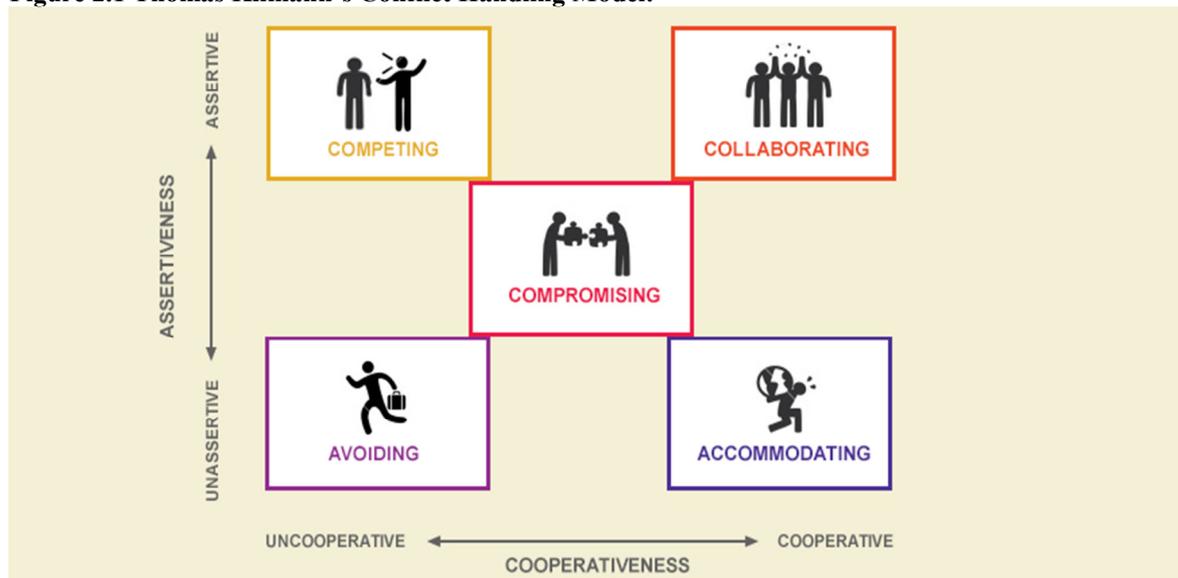
When anyone becomes engaged in a conflict, there are two major concerns have to be taken into account:

1. Achieving own goals – One is in conflict because he or she has a goal that conflicts with another person's goal. One's own goal may be highly important to him or her, or it may be of little importance.

2. Keeping good relationship with the other person – A person may need to be able to interact effectively with the other person in the future. The relationship may be very important to him or her, or it may be of little importance.

The importance of these two areas will affect the ways in which one act in any given conflict. From these two concerns it is possible to identify five styles of conflict management:

Figure 2.1 Thomas Kilmann's Conflict Handling Model:



Source: Thomas-Kilmann Conflict Mode Instrument (TKI®)

- **Accommodating** – This is when a person cooperates to a high-degree, and it may be at his/her own expense, and actually work against their own goals, objectives, and desired outcomes. This approach is effective when the other party is the expert or has a better solution. It can also be effective for preserving future relations with the other party.
- **Avoiding** – This is when a person simply avoids the issue. It isn't helping the other party reach their goals, and also isn't assertively pursuing own goal. This works when the issue is trivial or when there is no chance of winning. It can also be effective when the issue would be very costly. It's also very effective when the atmosphere is emotionally charged and you need to create some space. Sometimes issues will resolve themselves, but "hope is not a strategy", and, in general, avoiding is not a good long term strategy.
- **Collaborating** – This is where both parties in conflict seek to achieve both of their goals. This is how they break free of the "win-lose" paradigm and seek the "win-win." This can be effective for complex scenarios where it is needed to find a novel solution. This can also mean re-framing the challenge to create a bigger space and room for everybody's ideas. The downside is that it requires a high-degree of trust and reaching a consensus can require a lot of time and effort to get everybody on board and to synthesize all the ideas.
- **Competing** – This is the "win-lose" approach. A person acts in a very assertive way to achieve his/her goals, without seeking to cooperate with the other party, and it may be at the expense of the other party. This approach may be appropriate for emergencies when time is of the essence, or when quick, decisive action is needed, and people are aware of and support the approach.
- **Compromising** – This can be win-lose or lose-win situation. This requires a moderate level of assertiveness and cooperation. It may be appropriate for scenarios where a temporary solution is needed, or where both sides have equally important goals. The trap is to fall into compromising as an easy way out, when collaborating would produce a better solution.

2.2 Empirical Review

2.2.1 Global Context

Awan & Saeed, (2015) showed conflict arises from the incapability of goals and interest and it destroys the organization if not discontinued. It results employee dissatisfaction, insubordination, decreased productivity, economic loss, fragmentation, and poor performance. The study suggested that open communication can be considered as the conflict resolution technique. Spaho (2013) made a study on Organizational communication and conflict management. The researcher showed that it is not possible to imagine organizational communication without conflict. All managerial levels have the responsibility to manage conflict. The researcher also showed possible conflict handling techniques should be used in suitable situation. Kassim & Ibrahim (2014) studied on Malaysian banks to reveal the conflict resolution technique and showed that employees are more committed towards the organization through the use of integrating style in resolving conflict. On the other hand, employees perceived dominating and avoiding styles as lowering the sense of organizational commitment.

2.2.2 Bangladesh Context

Parvez and Rahman (2007) studied on Interpersonal conflict management strategies in private universities of Bangladesh. They found that emerging leaders and top management in private universities are managing the conflict successfully. Their research revealed that leaders and top management follow collaborative method to handle the conflict and their contingency approach of leadership helps them to gain trust of their follower and handle dynamic and unique situation.

Rahman and Hossain (2015) showed the causes, effects and strategies of conflict in private sector of Bangladesh. They found out downward communication, gender discrimination, job dissatisfaction, poor time management, nepotism is the main cause of conflict. As a result of that the organization has adverse effect of vulnerable performance, inadequate cooperation, wasteful resources and less productivity.

3. Methodology

3.1 Population of the Study

In this study the population is all the private commercial banks of Bangladesh.

3.2 The Sample of the Study

The sample size of this study was 50 employees of five private commercial banks of Bangladesh. Data were collected from 10 employees of each bank and the employees were at various positions of the banks. Non probability convenient sampling technique has been used.

3.3 Sources of Data Collection

Questionnaire survey used to collect primary data from the research sample. Target respondents were the branch managers, operation managers, and front end officers as they have to deal with each other on day to day operation in banks. Data sources and their application is shown in the following table.

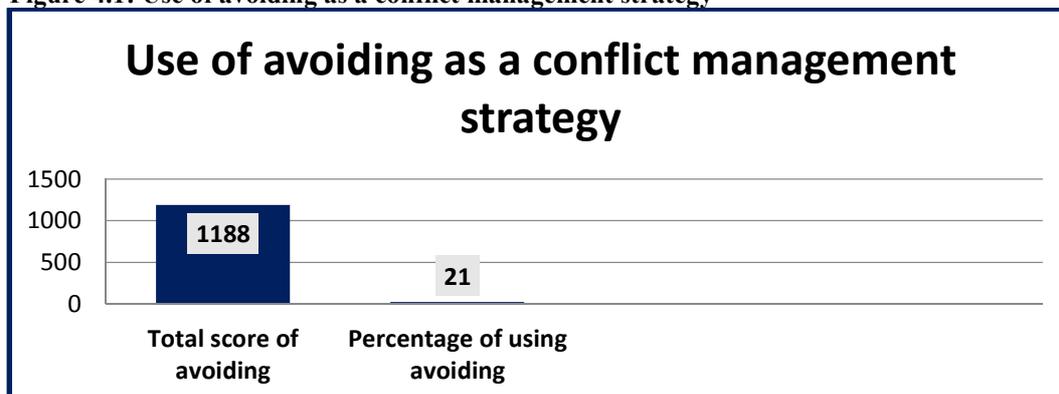
Types of Data	Specific Source	Instrument	Application
Primary Data	Interview	Questionnaire	Analysis & findings
Secondary Data	Paper based sources	books, journals, periodicals, abstracts, indexes, directories, research reports, conference papers, market reports, annual reports, internal records of organizations, newspapers and magazines	Literature Review & Instrument development
	Electronic sources	on-line databases, Internet, videos and broadcasts	Literature Review & Instrument development

3.4 Data Analysis Procedures

The questionnaire was framed by 35 proverbs regarding 5 strategies of conflict resolution technique and respondents were asked to score their answer. Then total up the score to find out individual score for each strategy. The higher the total score for each strategy, the more frequently respondent tends to use that approach. The total questionnaires were analyzed through pie charts and percentage basis so that the highest score can be drawn and the most adopted strategy practiced by the respondents can be found out.

4. Analysis

Figure 4.1: Use of avoiding as a conflict management strategy



Source: Field data, 2016

From the bar chart it is observed that 21% respondents use avoiding as a conflict management strategy in private commercial banks in Bangladesh.

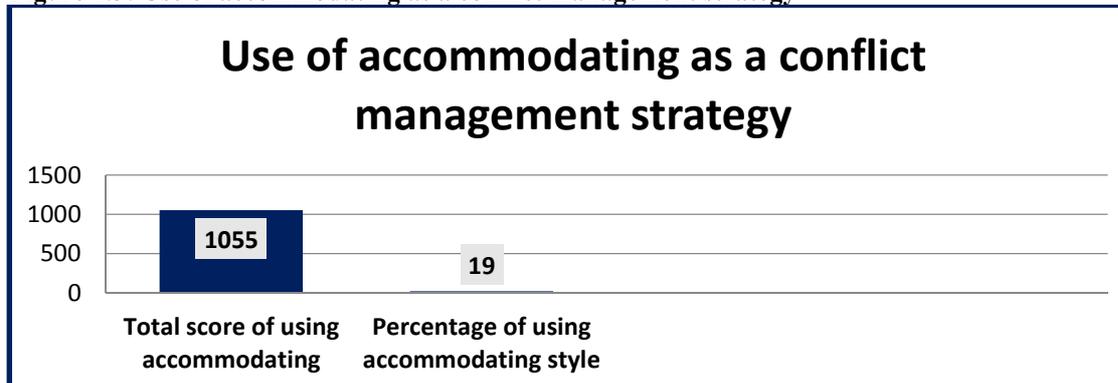
Figure 4.2: Use of competing as a conflict management strategy



Source: Field data, 2016

From the chart it is observed that only 10% respondents use competing strategy to manage their conflict in the private commercial banks in Bangladesh.

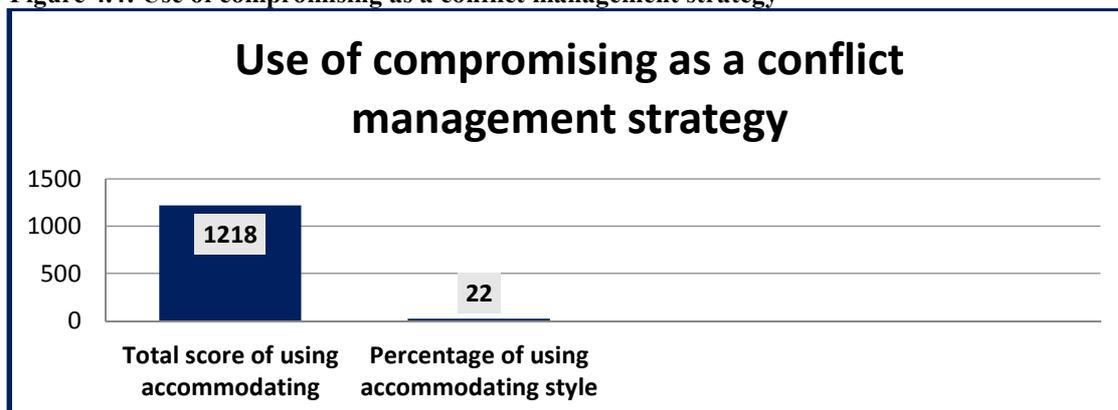
Figure 4.3: Use of accommodating as a conflict management strategy



Source: Field data, 2016

From the chart it is observed that from 19% of the respondents gave priority to others interest before thinking of their own interest.

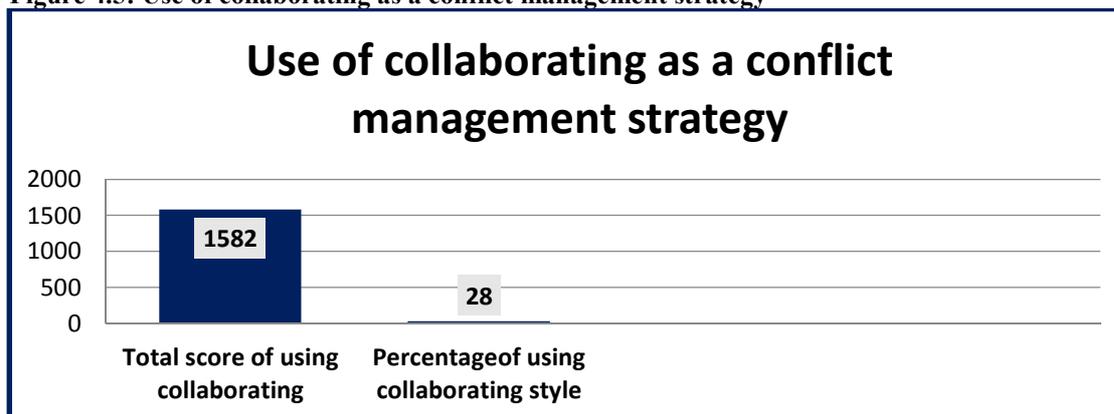
Figure 4.4: Use of compromising as a conflict management strategy



Source: Field data, 2016

From the chart it is observed that from 22% of the total respondents agreed on the matter that compromising style should be used to manage conflict.

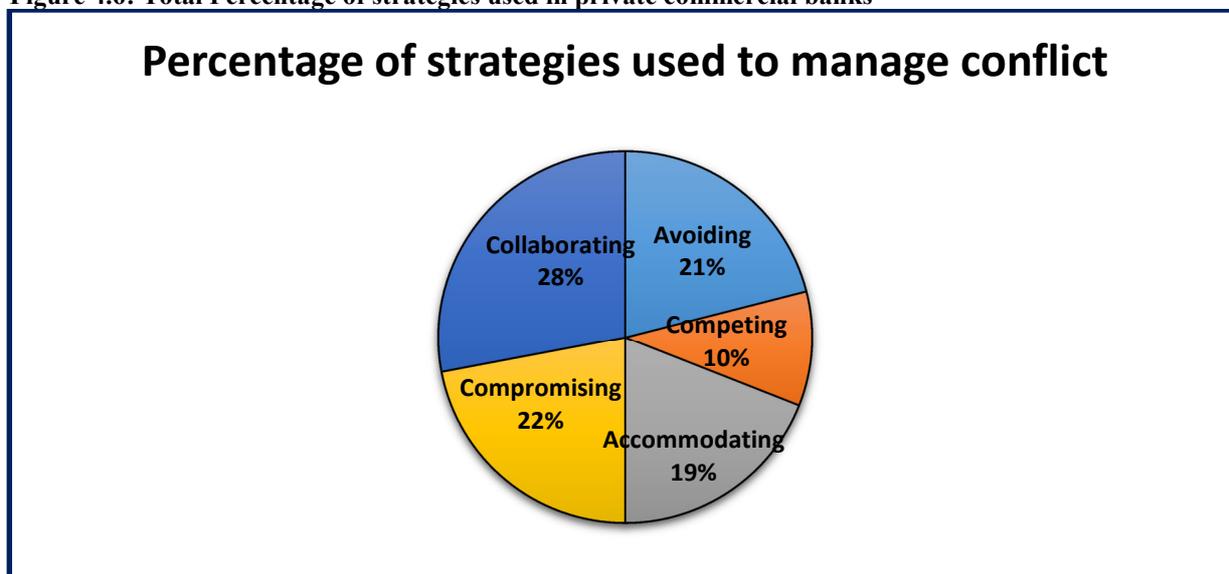
Figure 4.5: Use of collaborating as a conflict management strategy



Source: Field data, 2016

From the chart it is observed 28% of the total respondents gave their opinion that any kind of conflict they resolve by using collaborating strategy.

Figure 4.6: Total Percentage of strategies used in private commercial banks



Source: Field data, 2016

The pie chart above shows the percentage of five strategies used to manage conflict in private commercial banks of Bangladesh. Here it can be seen that the first avoiding strategy is used by 21% respondents, and then competing strategy is used by 10% respondents. Then accommodating strategy is used by 19% respondents, compromising strategy is used by 22% respondents and collaborating strategy is used by 28% respondents and that's how all the five strategies covered 100% respondents.

5. Findings & Interpretation

The study result showed that the majority of the respondents use collaborating strategy for resolving conflict in commercial banks in Bangladesh. Collaborating in conflict management means trying to find the best solution for all parties involved. When several parties collaborate to resolve a conflict, they openly express their concerns and work to find a mutually beneficial solution. Collaboration leads to creative problem-solving and respect amongst coworkers in an organization. This style finds the root of a problem, such as personal conflicts, and attends to the situation in the least confrontational manner of any conflict-management style. But in other hand collaborative efforts tend to take the most time compared to other conflict resolution styles as in this style both parties try to solve their problem. The next majority respondents provided their opinion on compromising style of conflict resolution technique. In this style the party is ready to give up something for the sake of resolve the conflict. This is useful only when both the party practice this. Otherwise if one party give up, other not, then first party may be regret and get frustrated. 21% employees of private commercial banks of Bangladesh prefer to avoid conflict. By delaying or ignoring the conflict, the avoiders hope the problem resolves itself without a confrontation. Those who actively avoid conflict frequently have low esteem or hold a position of low power. In some circumstances, avoiding can serve as a profitable conflict management strategy, such as after the dismissal

of a popular but unproductive employee. The hiring of a more productive replacement for the position soothes much of the conflict. Some respondents prefer accommodating strategy that reflects sacrifice, selflessness and low assertiveness mentality. As banking is a highly competitive sector, they may think internal conflict will hamper their daily activities and it will backward them in the competition.

A little percentage of respondents use competing strategy for resolving conflict. The competitive strategy works best in a limited number of conflicts, such as emergency situations.

6. Conclusion of the Study

Banks nowadays are operating in a turbulent environment where they are searching for measures that will allow them to improve their performance and competitiveness. Economic challenges and political issues may occupy the center stage, but internal conflict among employees also impact greatly on organizational performance. In the face of these challenges now it is high time for the banks to focus on the resolving techniques of conflict. In this paper, Thomas-kilmann conflict handling model is applied and found all the five technique is practice by the employees of private commercial banks in Bangladesh. Collaborating and compromising strategy used mostly that indicate that try to make a balance while resolve conflict. They not only focus goal but also look on the relationship. As this sector is highly competitive, teamwork is highly required for successful survival in this cut throat competition. So conflict is inevitable in this regard. Collaborating and compromising strategy might be the perfect tool. But the percentage of avoiding is also very high. It might take place for diplomatically sidestepping an issue or postponing an issue until a better time. Whatever it is avoiding should not take place as it deepens the problem.

7. Recommendation

Recommendations are made from management and employees perspective.

Role of Management

- The management of private commercial banks should provide training to employees on conflict management so that they can understand the situations and can handle any kind of conflict.
- They should provide training on different kinds of strategies of conflict management and train them which kind of strategy is appropriate for which situations so that they can choose the appropriate techniques and manage the conflict properly.
- Management should organize negotiation training to resolve conflict.
- The banks should have specialized conflict management committee who will deal all the conflicting issue and provide suggestions and guidelines to properly manage conflict.
- The management should create a congenial working environment for the employees so that they can work freely without any hazard and help them to build up strong relationship with all the stakeholders so that any conflict can't be created.
- There must have Feedback System which collects on-going information about what has been done as well as what has been learned.
- Management should ensure a free flow of communication between the management and the employee.
- Management should encourage and promote interpersonal relationships among co-workers to improve on their morale.
- Management should re-orient employees on the effect of conflict on organizational performance.

Role of Employees

- Employees should comply with all the rules and regulations of the banks. They should behave well to all the stakeholders so that any conflict situation can't be created.
- They should attend in all the training on conflict management arranged by the management of the banks so that they can gather knowledge about conflict, reasons behind conflict, ways to solve conflict.
- When employees face any conflict, at first they should try to solve the problem with the opposite party by using any conflict management strategy so that organization's reputation can't be damaged but if they are unable to solve the conflict, they should consult with the top management and take their suggestion to solve the conflict.
- Not all the strategies are appropriate for all the situation. Employees should use an appropriate strategy to manage conflict so that they can maintain both their relationship and also achieve their target.
- Employees should try to build up strong relationship with all the stakeholders so that conflict situation can't be created.

Recommendations through Prioritization Matrix

This matrix put some of the recommendations on the basis of importance and urgency.

Important activities have an outcome that leads to the achievement of goals.

Urgent activities demand immediate attention.

<i>Important/ Urgent</i>	<i>Low</i>	<i>High</i>
<i>High</i>	<ul style="list-style-type: none"> ➤ Conflict management training ➤ Negotiation training ➤ Congenial working environment ➤ Comply rules & regulations 	<ul style="list-style-type: none"> ➤ Feedback system ➤ Specialized conflict management committee ➤ Free flow of communication
<i>Low</i>		<ul style="list-style-type: none"> ➤ Building strong relationship with stakeholder

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