

Uncovering the Hidden Costs of Interpersonal Conflicts: A Study of Selected Hotels in Kenya

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Abstract

Unresolved interpersonal conflict represents the largest reducible cost in many businesses, yet it remains largely unrecognized. Maintaining a good working environment devoid of interpersonal conflicts is critical for the survival of a company in a competitive environment like the hospitality sector as it can greatly influence its performance. The purpose of this study was to examine the costs of interpersonal conflicts in selected hotels in Kisii. The study employed descriptive survey design. A sample size comprising 194 employees were selected using stratified random sampling. Questionnaires were used to collect data. Results showed that annual efficiency losses for hotels as a result of interpersonal conflict could amount to kshs.1, 336,000(\$14,845). To improve the performance of hotels in Kisii, more emphasis should be placed on improving strategies to cope with costs of interpersonal conflict.

Keywords: Interpersonal conflict, Strategies, costs of interpersonal conflict, organisational performance, Organisational conflict, costs of conflict.

1.0 Introduction

Conflict is an inevitable part of a hospitality organizational life since the environment of hospitality industry has a number of distinctive features that may add to the development of conflict situations. These include the triadic relationship that exist between management, staff, and customer; the speed of operation, causing stress and pressure for the operatives of the participants. The level of interdependence between departments in many situations is necessarily high if the customer is to receive a satisfactory service, thus increasing the tendency of occurrence of conflict (Rajinder, 2002).

Interpersonal conflict can be regarded as a dispute that occurs when interests, goals or values of different individuals or groups are incompatible with each other (Henry, 2009). This results into a situation whereby they frustrate each other in an attempt to achieve their objectives. Conflict arises in groups because of the scarcity of freedom, position, and resources. People who value independence tend to resist the need for interdependence and, to some extent, conformity within a group. People who seek power therefore struggle with others for position or status within the group. Conflict is a part of organizational life and may occur between individuals, between the individual and the group, and between groups (Wehrich, 1992).

The traditional view of interpersonal conflict within hospitality organisations was relatively straightforward: conflict was a bad thing, as the organisation was viewed as an integrated and harmonious whole. Managers were tasked with eliminating or minimising conflict, since it interfered with the smooth and normal functioning. According to Mullins (2002) interpersonal conflict was seen as a dysfunction outcome and could be explained, for example, by poor communications, personality clashes or the work of agitators.

A more recent view of conflict is the interactionism perspective, which believes that conflict is a positive force and necessary for effective performance. This approach encourages a minimum level of conflict within the group in order to encourage self-criticism, change and innovation, and to help prevent apathy or too great a tolerance for harmony and the status quo. Townsend (2007) sees conflict as a sign of a healthy organisation – up to a point. Conflict, *per se*, is not necessarily good or bad but an inevitable feature of organisational life and should be judged in terms of its effects on performance (Mullins, 2002). According to Rajinder (2002), this is a realistic view of hospitality organizations because interdepartmental conflict is a common occurrence, particularly at the kitchen/restaurant interface. However, rather than being destructive, the conflict may actually be used to redesign more effective and efficient production and service systems. However, most evaluations suggest that negative effects are the more prevalent, and this explains why most organisations take steps to reduce internal conflict.

According to Hornsey (1986) the prevalence of interdepartmental conflict in hotels seems to be one of the distinctive features of their operation. Four possible reasons for the heightened interdepartmental interpersonal conflicts in the hospitality industry, either in isolation or collectively include; Interdependence, environment, rewards and Status and stigma consequently resulting into various types of interpersonal conflict such as task conflict (disagreements among group members about the content of tasks being performed,

including differences in viewpoints, ideas, and opinions” (Jehn, 1995), relationship conflict (interpersonal incompatibilities among group members and may include personality differences), horizontal conflict (between employees working at the same hierarchical level) and vertical conflict (between employees working at different hierarchical level).

According to Helmut (2009) success in businesses and other entities, like international organizations, depends on several issues, a key one being cost control. Yet most leaders and their senior managers seem unaware of the negative impact that interpersonal conflict in the workplace can have on their bottom line. Interpersonal conflict in the workplace is a well-known daily phenomenon and it is on an upward trend (Sandra, 2010). Increasingly insecure employment combined with continuous changes in the workplace to achieve efficiency gains have increased stress levels amongst employees and lowered morale. To make matters worse, the current global financial crisis is adding significantly to staff concerns over future employment and organizations’ concerns to maintain shareholder support, forcing them to step up efforts to reduce costs by using the right interpersonal conflict resolution strategies.

Thomas and Kilmann (2008) developed a model that identifies five common styles for dealing with interpersonal conflict: competitive, collaborative, accommodating, compromising or avoiding. Thomas and Kilmann believe that people are capable of using all five interpersonal conflict styles. However, certain people use some styles better than others and therefore tend to rely on those more heavily. People’s interpersonal conflict behaviour in the workplace is therefore a result of both the respective personal predispositions and the requirements of a specific situation (Cloke & Goldsmith, 2005).

To understand the constructive or destructive nature of interpersonal conflict, it is important to consider social interdependence theory, which suggests that, Interpersonal conflicts are inherent in all social relationships, and are not inherently negative. Although conflicts are inherent in all social relationships, a conflict can have “destructive or constructive outcomes” depending on whether the conflict takes place within a cooperative or competitive environment (Johnson, 1989).

While it seems obvious that unmanaged or badly managed interpersonal conflict result in high direct and indirect costs for any organization, many leaders brush off incidents of low morale and unhealthy interpersonal conflict as the unavoidable result of “doing business” (Connie, 2008). The effects of interpersonal conflict in the workplace on the efficiency and performance of the organization does not seem to be a major concern in the hospitality sector, thus leaving a big gap that this study helped fill. Is it the discomfort, fear and negative associations surrounding interpersonal conflict that keep hospitality organizations from addressing costs of interpersonal conflict at work? Or are the costs just not visible enough to gain the attention they deserve?

1.1 Statement of the problem

Dana (2001) estimated that 65 percentage of performance problems result from interpersonal conflicts between employees, representing a huge expense for organizations. In addition, he opines that unresolved interpersonal conflict represents the largest reducible cost in many businesses, yet it remains largely unrecognized. The harsh economic conditions and high inflation rates being experienced in the country have greatly affected the profitability of various organisations including hotels, resulting in cost cutting measures.

Further studies carried out by various groups have also supported the increasing importance of interpersonal conflict management in organisations. A study conducted by the Centre for Effective Dispute Resolution (CEDR) reveals that 80 percentage of disputes have a significant impact on the smooth running of business and that British business conflict costs businesses £33 billion every year (CEDR, 2008). Productivity suffers when unhealthy interpersonal conflict persists, for instance a loss of productivity of 25 percentage reduces an average working week to fewer than 20 hours (Cram, 2008). Research findings show that as much as 30 percentage to 70 percentage of a manager’s time is spent simply dealing with employees in interpersonal conflict (Taylor, 2008; Watson, & Hoffman, 1996).

Left unresolved, interpersonal conflicts risk simmering with great potential to escalate. Emotionally, the work environment grows more toxic and financially, the toll can be catastrophic consequently affecting the performance of the organisation. Further there exists limited literature related to costs of interpersonal conflict in hotels and especially in the Kenyan context. This study will help fill this gap. Recommendations from this study will greatly help hotels to reduce the hidden costs brought about by interpersonal conflicts hence improving their profitability and performance.

2.0 Literature review

2.1 Nature of costs

Unresolved interpersonal conflict can create serious and quite varied consequences involving high financial and human costs. By way of example a study conducted by the Centre for Effective Dispute Resolution (CEDR) reveals that 80 percentage of disputes have a significant impact on the smooth running of business and that British business conflict costs business £33 billion every year (CEDR, 2008). For instance, employee

interpersonal conflicts can lead to frustration and low morale, which can result in missing deadlines, loss of confidence and trust levels, communication problems, withholding of information, withdrawal or absenteeism. Apart from performance-related consequences, disgruntled and aggrieved employees tend to take a more rights-based approach which can result in an increase in court cases and associated legal fees.

Cram and Williams distinguish between First-Order Effects (quantifiable), such as lost revenue or employee replacement cost, Second-Order Effects (harder to quantify), such as missed opportunities or increased supervision and management, and Third-Order Effects (impossible to truly quantify), such as passive-aggressive behaviours exhibited by disgruntled employees or the poor image of the company within the industry (Cram,2008). For Levine(Mediate,2008) costs of interpersonal conflict is composed of (a) direct cost, such as legal fees, (b) opportunity cost, such as the value of what could have otherwise been produced, (c) continuity cost, such as loss of on-going relationships and (d) emotional cost, such as the pain of being held prisoner by emotions.

As many managers do not consider cost of interpersonal conflict worth measuring it is assumed that this is partly due to their hidden nature, the difficulty to establish a causal link between certain cost and interpersonal conflict that may be at the origin of those cost and the difficulty to quantify the cost. For this research it was therefore suggested, as a first step, to identify negative consequences of interpersonal conflict and place them in a graph according to their visibility and “measurability” of the resulting cost. Once those categories have been identified, the analysis was oriented to the question of cost measuring. To highlight the immense human cost of interpersonal conflict the study also examined the visibility of negative consequences of interpersonal conflict and the quantifiability of the resulting cost in terms of (a) cost to the organization, (b) cost to the employees and (c) cost to the clients(s). In doing so it is recognized that cost can often be imputed to all of those categories at the same time. Dana,(2008) identifies the following eight “hidden cost” of interpersonal conflict that many employers overlook: (1) wasted time, (2) reduced quality of decisions, (3) loss of skilled employees, (4) restructuring inefficiencies, (5) lowered job motivation, (6) sabotage and theft, (7) absenteeism and (8) health cost.

2.1.1 Interpersonal conflict visibility and measurability matrix

The interpersonal conflict visibility and measurability matrix provides an easy overview of some of the more important negative consequences of interpersonal conflict while relating them also to the measurability of cost implications. The matrix clearly illustrates that easy visibility of negative consequences of interpersonal conflict cannot automatically be equated to easy measurability of the resulting cost (e.g. loss of motivation) and more “hidden” negative consequences of interpersonal conflict can be easily measurable (e.g. accidents at work) as shown in the figure.

2.1.2 Cost measurability

It is striking that most interpersonal conflict theory literature only states that unresolved interpersonal conflict leads to very high costs, without however providing methods to measure those costs. While their exist well developed analytical tools to monitor and analyse organizations’ income, expenditure and other financial data, most organizations lack systems monitoring cost of interpersonal conflict. There is however an increasing amount of research based on empirical data from surveys among different groups of employees in different industries which attempt to quantify cost of interpersonal conflict (Di Martino V., Hoel H. and Cooper, Cary L., 2008). Morale, productivity, stress, emotions, absenteeism and complaints are the attributes that are typically measured to determine the health of an interpersonal conflict management system.

2.1.3 Cost to the organization

Productivity suffers when unhealthy interpersonal conflict persists, for instance a loss of productivity of 25 percentage reduces an average working week to fewer than 20 hours (Cram, 2008). Research findings show that as much as 30 percentage to 70 percentage of a manager’s time is spent simply dealing with employees in interpersonal conflict (Taylor, 2008; Watson, & Hoffman, 1996; Thomas and Schmid, 1976). Those percentages are possibly inflated when compared to a survey conducted with 5,000 employees in various countries in Europe and the Americas by OPP, an international business psychology consultancy, jointly with the UK-based Chartered Institute of Personnel and Development (CIPD). The survey found that employees spend, depending on the country in which the survey was conducted, between 0.9 hours and 3.3 hours a week dealing with badly managed interpersonal conflict, amounting to respectively 2.3 percentage and 8.3 percentage of the weekly working hours (CIPD and OPP, 2008). Mediator P. Derfler (2008) found that employees waste 25 percentage in dealing with interpersonal conflict. Time spent in dealing with badly managed interpersonal conflict is time which is not valued and does not contribute to achieving operational targets. Productivity also suffers when a company redesigns workflow only to avoid people having to interact with each other (Dana, 2001). The resulting changed procedures or structures are rarely more efficient.

“Absenteeism” is an outcome which stands for the number of unscheduled personal days taken off work by individuals affected by badly managed interpersonal conflict. Research has shown that a high correlation exists between absenteeism, stress and needing a break from fighting with co-workers (Giebels and Janssen,

2005). It appears however that few organizations engage in pro-active health-productivity management to allow for early detection of workplace-related health problems (Pwc, 2008). Among the reasons for such lack of attention are; a silo mentality in managing health care of staff, the lack of insight into the link between workplace interpersonal conflict and health problems, or the absence of integrated data on staff health problems (Kessler and Stang, 2006). While absenteeism is the failure to report to work, “presenteeism” consists of showing up at work while ill or otherwise not completely fit for work and the productivity decline that can result from this condition. While the cost of absenteeism to employers is well researched, it is only recently that research in occupational medicine has begun to suggest that work lost due to absenteeism is only the visible tip of an iceberg and that the hidden cost of presenteeism may be much greater (John, 2009).

Researchers studying exit interview data on voluntary departures state that chronic unresolved interpersonal conflict is a decisive factor in at least 50 percentage of all such departures (Duxbury Higgins, 2003). A work-life interpersonal conflict study conducted in Canada found that it cost about 150 percentage of one trained employee’s salary to replace him or her (Philips, 1990; Duxbury&Higgins, 2003). Interpersonal conflict accounts for up to 90 percentage of involuntary departures, with the possible exception of staff reductions due to downsizing and restructuring (Dana, 2001). In the United Nations, however, unresolved interpersonal conflict seems to have less relevance in voluntary departure decisions (ICSC, 2009).The amount of theft and damage in a company has a direct correlation to the level of employee interpersonal conflict. Dana assessed the cost to be 2 percentage of staff cost (Dana, 2001).

Unmanaged or badly managed interpersonal conflict is stressful, reduces confidence levels, produces anxieties and frustration and leads to lowered job motivation, humiliation, and stress-induced psychological and physical illness, with often dramatic consequences for the employee, family and friends and long term career damage (McClure, 2000). People involved in interpersonal conflict experience a break in their interpersonal connections, and often feel alienated from each other and self-focused. They may avoid or attack each other in a number of different ways: withdrawing from each other, interrupting, not listening, or finding unnecessary fault with each other. This is detrimental not only to the working relationship, but also to those with whom they work, as energy is used in fuelling the interpersonal conflict rather than in furthering the performance of the individuals or of the team. Aggravating interpersonal conflict leads parties to avoid contact, relations are limited to the minimum, and communication is not open, information withheld or wrong information provided. Studies have shown that health care expenditures are nearly 50 percentage higher for workers who report high levels of stress. While differences in individual characteristics such as personality or coping style need to be taken into account, there are working conditions that are stressful to most people, a work environment characterized by unresolved interpersonal conflict being one of those conditions (Hart, 2004). Presenteeism is impacting negatively on employees in that it might worsen existing medical conditions, damage the quality of working life, and give impressions of ineffectiveness at work (John, 2009). In hotels, problem between employees can be especially visible and adversely affect operations, food quality, customer service and the overall performance of the organization. Owners and managers should be aware of the potential problems and strive to resolve them whenever possible to maintain a well-functioning operation.

2.1.5 Cost to the client

Hotel clients are rarely referred to in the literature describing cost implications of workplace interpersonal conflict, which is surprising as the implications of workplace interpersonal conflict on the quality of products or services seems to be evident. Particularly in highly competitive industries as in the hospitality sector, the negative implications on client satisfaction and a hotels reputation can be substantial and become a question of survival (Helmut, 2009). Most of these costs are hidden and difficult to quantify. However, there can be very visible consequences in cases of reduced motivation of staff leading to lower quality products or services or mistakes that can even threaten clients’ lives especially during food production and service.

2.1.6 Tools for measuring cost

A number of online tools offer tools to assist in measuring cost. Dana has developed a formula for organizations to calculate the soft financial cost of interpersonal conflict (Dana, 2001). Dana’s formula builds on data such as the number of individuals involved in a particular interpersonal conflict, average number of hours per week each individual spends involved in unproductive participation in interpersonal conflict, including time distracted from productive work by thinking about or worrying about interpersonal conflict, average annual salary of the employee involved in the interpersonal conflict and duration of the interpersonal conflict in weeks per year. Without assessing the use and precision of such assessment tools, they require data which is rarely readily available as hotels are seldom tracking this kind of data. Allocating exactly the contribution of badly managed interpersonal conflict to those costs is not possible. However, starting to collect and analyse a selected set of data on consequences of unmanaged interpersonal conflict and using initially a conservative approach in calculating the cost will assist the hotel to obtain more precise data on interpersonal conflict-related cost and allow taking targeted action to reduce those cost.

Building on the above described nature of the cost and their potential relevance for interpersonal

conflict prevention or identification of efficiency gains, data which should be systematically collected and analysed include (a) cost of employment-related legal proceedings and judgments against the organization, (b) sick leave records including analysis to which extent unmanaged interpersonal conflict has contributed to the sickness or absence from work and related trends in specific sectors of an organization, (c) cost of bringing in temporary staff to cover for absentee staff, (d) systematic interviews with employees applying for relocation in the hotels or leaving the organization to establish to which extent the action could have been the result of unmanaged interpersonal conflict, (e) cost of recruitment and training of staff replacing colleagues who have left the organization as a result of badly managed interpersonal conflict, (f) monitoring of theft, sabotage, fraud cases including the monetary value involved and possible linkage with unmanaged interpersonal conflict and (g) monitoring of productivity in interpersonal conflict prone work environments, (h) periodic surveys on interpersonal conflict culture, sources of interpersonal conflict and assessment of impact of unmanaged interpersonal conflict on decision-making.

While some of the data collection can consist of using archival work measures such as counting the number of reported complaints of workplace harassment or days of absence from work due to interpersonal conflict situations, other data can be collected by surveys using self-reporting including the impact of interpersonal conflict on work productivity. Though it is impossible to calculate the exact cost of interpersonal conflict, some of the related cost are measurable or can be estimated, and the exercise of calculating an organization's cost of interpersonal conflict is still an instructive way to think about the cost of putting up with badly managed interpersonal conflict. Another reason for trying to "cost the interpersonal conflict" in a seemingly rational and number-driven business world is that no matter how compelling a case on cost of interpersonal conflict might be, people from accounting, finance and other quantitative backgrounds prefer to make decisions on the basis of financial estimates. According to Sutton (2007) awareness of cost and a better ability to measure cost does, however, not provide an answer to the question how to reduce cost of interpersonal conflict.

2.2 Strategies for managing interpersonal conflict

Thomas and Kilmann (2008) developed a model that identifies the following five common styles for dealing with interpersonal conflict: competitive, collaborative, accommodating, compromising or avoiding. Thomas and Kilmann believe that people are capable of using all five interpersonal conflict styles. However, certain people use some styles better than others and therefore tend to rely on those more heavily. The competitive style is about achieving one's goal. Weinstein (2001) argues that while a competitive style is indeed about winning and losing, competitive people are not necessarily aggressive or adversarial, often view competition as a sport and does not necessarily have the intention to harm others. The collaborative style employs and requires teamwork and cooperation to attain a mutually acceptable goal. Various perspectives are examined and the parties come together with a patchwork solution. Accommodating consists of capitulating in order to gain or maintain something else of value such as relationships. While accommodation can be a necessary step in resolving interpersonal conflicts, there is a risk that accommodation masks the problematic issues with a short-lived feel-good agreement. Compromising is very similar to accommodation but suggests that both parties make accommodations to reach mutual agreement. Compromise is an inherent part of any interpersonal conflict resolution. Avoidance is a natural response of many people to interpersonal conflict. The prospect of dealing with the complexity of interpersonal conflict is often overwhelming and leads to the natural response to do nothing. While some styles are particularly risky e.g. avoidance, each style has unique advantages and disadvantages depending on the circumstances. Each method has predictable costs: with collaborative resolution such as negotiation or mediation being the lowest-outcomes resolution, involving fewer people and fewer hours; and higher authority resolutions, namely litigation, involving the most people and the most hours. Costs being not the only variable, organizations prefer one method over the other, depending on their respective culture.

3.0 Research methodology

The study employed both descriptive survey design and explanatory research design. It targeted a population of 368 employees of purposively selected hotels. A sample size comprising 194 employees were selected using stratified random sampling techniques. Questionnaires were used to collect data which was validated through a pilot test while reliability was measured using the Cronbach's Alpha. The data was analysed using descriptive statistics.

4.0 RESULTS AND DISCUSSION OF THE STUDY

4.1 Demographic profile of the respondents

The results indicate that 55.6% of the respondents were male while a sizeable percentage of 44.4% were female. Majority (78.7%) of the respondents were below 40 years while only 21.3% were above 40 years, which could mean that majority of the employees in the hotel industry are young which could be attributed to the heavy

physical workload in hotels requiring young and energetic people. With regard to level of education, majority (60%) of the respondents had attained college level education, followed by secondary level education (19.4%), 15.6 % had university level education while only 5% had primary level education. This could mean that most of them have the ability to undergo training on issues pertaining to interpersonal conflict management. With regard to the duration of employment, 93.8% of the respondents had worked in the establishment for a period of less than 5 years which implies that there could be a high rate of employee turnover in hotels maybe due to ineffective interpersonal conflict management leading to their destructive effects on employees, thus forcing employees to look for better work conditions elsewhere. 40% of the respondents worked in the Food and Beverage department, followed by 31.9 % in the Front office while the least (28.1%) worked in the Housekeeping department

4.2 Interpersonal conflict parties

Interpersonal conflict at work can relate to relationships among colleagues at different hierarchical levels (vertical interpersonal conflict) and at the same hierarchical level (horizontal interpersonal conflict). In reference to the question on whom employees have ever had interpersonal conflict(s) at work with, 17% indicated that they are always in conflict with their managers, 30% with their supervisors, 43% with their co-workers, 64% with workers from other departments, and 35% were always in conflict with workmates from a lower hierarchical level as shown in the table 1 below.

4.3 Outcomes of conflict

The study sought to establish the effect of interpersonal conflict outcomes on organisational performance. The Respondents were asked to indicate the extent to which they agreed that certain outcomes of interpersonal conflict were experienced in their organisations. The attributes were analysed on a 5-point Likert scale to establish the level of agreement, where Strongly agree was assigned 5 while strongly disagree was assigned 1, as shown in table 2 below.

A majority, 70% of the respondents were of the opinion that conflicts reduce understanding of others at work, a minority 20.7% were of a different opinion while 9.4% remained neutral. 54.4 % of the respondents were in agreement that poor solutions to problems and challenges are derived due to conflicts while 28.8% were in disagreement. In reference to whether poor working relationships are experienced as a result of interpersonal conflicts, a total of 65.7% of the respondents strongly agreed and agreed, 15% were neutral while 19.4% of the respondents strongly disagreed and disagreed. A cumulative percentage of 75.1% strongly agreed and agreed that there is low performance in teams, 14.4% strongly disagreed and disagreed while 10% took a neutral position.

74.4% of the respondents were of the opinion that bad ideas are produced as an outcome of interpersonal conflict, 3.8 % neither agreed nor disagreed while 21.9% disagreed. In reference to an increase in employee turnover, 46.3% strongly agreed, 31.3% agreed, 4.4% were neutral, 15% disagreed while 3.1% strongly disagreed. In addition, a cumulative percentage of 48.8% of the respondents were in agreement that Low efficiency at work was experienced as an outcome of interpersonal conflict while 51.3% were in disagreement.

4.4 Conflict frequency

According to Dana (2001) most people consider conflict as negative. If asked about conflict, they may simply consciously or unconsciously repress facing such situations. An organizational culture of conflict avoidance can add to such a reaction. In reference to the question on how frequently employees face interpersonal conflict at work, 12.5 % pointed out that they face interpersonal conflict 1-2 times a year, 15.6% indicated that they face interpersonal conflict every 2-3 months, while 17.5% face interpersonal conflict once a month. In addition, 6.3% of the respondents were in agreement that they face interpersonal conflict every week while 3.1% of the respondents, were of the opinion that they face interpersonal conflict several times a week. Summary of the responses are as shown on table 3 below.

5.0 Discussion

It can be inferred from the research findings that there is low vertical interpersonal conflict being experienced in the hotels. This could be due to the fact that poor leadership by their managers was not cited as a major cause of interpersonal conflict. This point is further illustrated by Brewer N, Mitchell P, and Weber N, (2002), who posit that in vertical conflict; apparently individuals in lower organizational level seek to avoid conflicts with higher hierarchical levels.

Pondy (1992) observed that it is expected that the top management peers perceive more conflict internally between their groups than those of lower position. This happens because of various reasons: Firstly people in higher hierarchical level, rather than the lower ones, are engaged in non-routine activities and

development of politics, where orientation for the actions are less clear and chances for disagreement, bigger and; secondly, people in higher hierarchical level, rather than the lower ones, are probably less flexible in their points of view. Hence conflict resolution is more difficult, as a result negatively affecting organizational performance

On the objective of investigating how outcomes of conflict affects organizational performance of hotels, the findings from the study indicated that all the listed outcomes of Interpersonal conflict such as reduced understanding of others at work, poor solutions to problems and challenges, poor working relationships are experienced, low performance in teams, bad ideas are produced, increase in employee turnover, people are forced to search for new approaches to managing conflicts, distance between people increases, there is no clarification of individual views and long-standing problems are not brought to the surface to be resolved, negatively affected organizational performance. These findings also conform to the arguments of McClure, (2000) who opined that unmanaged or badly managed interpersonal conflict is detrimental not only to the working relationship, but also to those with whom they work, as energy is used in fuelling the interpersonal conflict rather than in furthering the performance of the individuals or of the team. Moreover, reduced motivation of staff can lead to lower quality products or services or mistakes that can threaten clients' lives.

Cost of interpersonal conflict as a percentage of staff salary costs

The main objective of the study was to obtain data which can assist to establish the effects of costs of interpersonal conflict on organisational performance. Due to the risk of subjectivity respondents were not requested to provide answers on hours or percentage of work time spent in dealing with conflict. However, building on the answers on frequency of conflict, some qualitative analysis assisted in interpreting the data on time spent in dealing with conflict in hours per week, which in turn allowed for determining costs of conflict as a percentage of staff salary costs (Dana, 2001). As illustrated in table below, the qualitative analysis is built on the assumption that work efficiency is seriously reduced for respondents who state that they face conflict several times per week. All of those respondents spend considerable time in dealing with the conflict situation and are distracted from assigned work. As a result, it is assumed that individuals in that group spend at least eight hours per week in dealing with conflict. This is a conservative assessment. The number of hours per week spent in dealing with conflict for that group is probably considerably higher, as persons in that group often risk becoming unable to focus on work and thus become quasi-dysfunctional.

Using Dana's instrument for measuring costs of conflict, work time spent on conflict has been set in hours per week ranging from eight hours for those who face conflict several times a week to half an hour (30 minutes) for those who stated that they either never or rarely face conflict situations. For the latter group the assumption is made that everyone spends some time in managing conflict, if not directly then at least indirectly in assisting the concerned colleagues in conflict situations.

The total number of hours per week is 282 divided by 88 respondents, resulting in 3.20 hours (or 192.3 minutes) per person per week, which amounts to 6.7% of weekly working hours and 1.67% monthly working hours.

(Hotel staff work for 8 hours a day, 6 days in a week, resulting in 48 hours a week and 192 hours a month. $3.2/48 \times 100 = 6.7\%$ $3.2/192 \times 100 = 1.67\%$)

Building on the above analysis, it is possible that annual efficiency losses for hotels could amount to some kshs. 1,336,000. ($1.67\% \times 800,000 = 1,336,000$). This calculation is based on the assumption that the time wasted in conflict would have otherwise been used productively and that the amount of money spent on staff salaries per month is between kshs. 800,000 to kshs. 1 million. When compared with the results of similar surveys referred to in the theoretic part of this thesis, the total of 3.2 hours per week per person spent in dealing with badly managed conflict fall within the range assessed elsewhere.

Conclusion

This study examined the cost of conflict in the workplace and its impact on the organization performance. Whenever people work together conflict is inevitable and occurs even in excellent working relationships. But how conflict is addressed can either add to or take away from an organization's productivity, staff well-being and total costs. Conflict frequency is not outside the 'norm' but has potential to be reduced and can thus not be considered as the 'cost of doing business'. A reduction of conflict frequency could have the potential to result in substantial efficiency gains. Conflict takes a high toll on staff efficiency and well-being. Staff generally tries to avoid conflict or find a compromise. While the strong avoidance culture poses an obstacle to addressing conflict early and thus contributes to the risk of conflict escalation. Recognizing the costs and underlying cost drivers, will motivate change. If the underlying dynamics of badly managed conflict are understood and their related high financial and human costs established in a measurable way through qualitative and quantitative data as opposed to anecdotes, senior management will not only have to address the problem but will also be in a position to reduce such costs by devising organization specific and efficient conflict management systems and styles.

Recommendations

Based on the findings from this study, the researcher recommends the following:

1. Costs of interpersonal conflict should not be overlooked by managers and accounted for as part of the normal outcomes of doing business but should be minimized by clarifying to staff at large where to go for advice in case of conflict and build peer-support structure of conflict advisors.
2. Managers should develop diverse but appropriate strategies to resolve and manage conflicts as they arise before escalating to unmanageable level.
3. Proper communication procedures should be put in place to resolve conflict. For instance, when any disagreements arise among the employees, it should be reported to the management and then management should get statements from the parties involved, brainstorm the issue and make recommendation on how to resolve the conflict.
4. Efforts should be made by the management to organize in house training/ seminars/workshops on organizational conflict management from time to time for the employees .This will enable employees learn about conflict and how it can be effectively managed for individual and organization effectiveness.

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Table 1: Interpersonal conflict visibility and measurability matrix

Easy ↑	Accidents •Sabotage/ stealing •Absenteeism	•Image •Branding	•Missed opportunities •Loss of commitment •Loss of trust
	Loss of sleep •Departure of staff •Sickness •Compensation claims •Legal fees	•Harassment cases •Aggressive behaviour •Productivity loss •Stress •Underperformance •Waste of time	•Difficulty to attract talent •Avoidance culture •Miscommunication •Presenteeism •Loss of motivation •Unpleasant work environment
Easy ↓	Measurability (cost)		Difficult

Table 1: Levels of Interpersonal Conflict

Variables of conflict parties	Always 5		Often 4		Sometimes 3		Rarely 2		Never 1		M	SD
	FQ	%	FQ	%	FQ	%	FQ	%	FQ	%		
My manager	27	17	1	1	29	18	50	31	53	33	3.631	1.3901
My supervisor	48	30	25	16	18	11	20	13	49	31	2.981	1.6501
Co-workers	68	43	50	31	0	0	7	4	35	22	2.319	1.5757
Workmates from a lower hierarchical level.	56	35	5	3	28	18	46	29	25	16	2.869	1.5301
Worker from other department	103	64	16	10	20	13	0	0	21	13	2.931	1.4280
AVERAGE		37.8%		12.2%		12%		15.4%		23%		

Source: Survey Data, (2013)

Table 2: Outcomes of Conflict Experienced In The Hotel.

Outcomes	Strongly disagree 5		Disagree 4		Neutral 3		Agree 2		Strongly Agree 1		M	SD
	FQ	%	FQ	%	FQ	%	FQ	%	FQ	%		
Reduces understanding of others at work	10	6.3	23	14.4	15	9.4	55	34.4	57	35.6	2.213	1.246
Poor solutions to problems and challenges are derived	36	22.5	10	6.3	27	16.9	64	40.0	23	14.4	2.825	1.385
Poor working relationships are experienced	14	8.8	17	10.6	24	15.0	30	18.8	75	46.9	2.156	1.348
There is low performance in teams	8	5.0	15	9.4	16	10.0	39	24.4	82	51.3	1.925	1.200
Bad ideas are produced	27	16.9	8	5.0	6	3.8	31	19.4	88	55	2.09	1.521
Employee turnover is common	5	3.1	24	15.0	7	4.4	50	31.3	74	46.3	1.9750	1.181
Low efficiency at work	46	28.8	36	22.5	0	0	35	21.9	43	26.9	3.0438	1.638

Source: Survey Data, (2013)

Table 3: Frequency of Interpersonal Conflict

Frequency of conflict situation	NO		YES	
	FQ	%	FQ	%
1-2 times a year	25	15.6	20	12.5
Every 2-3 months	15	9.4	25	15.6
Once a month	10	6.3	28	17.5
Every week	17	10.6	10	6.3
Several times a week	5	3.1	5	3.1
TOTAL	72		88	

Source: Survey Data, (2013)

Table 4: Wasted Times in Badly Managed Conflict

Frequency of conflict situation	Response count (YES)		Hours/Week/ per person	Hours/ week (total)	Hours/ month (4weeks)
	%	FQ			
1-2 times a year	22.7	20	1	20	20
Every 2-3 months	28.4	25	2	50	100
Once a month	31.8	28	4	112	448
Every week	11.4	10	6	60	360
Several times a week	5.7	5	8	40	160
TOTALS	100%	88		282	1088

Source: Survey Data, (2013)