

Conflict Management and Organizational Performance: A Case Study of Askari Bank Ltd.

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Abstract

In a society where people with a diverse interests, views, and values coexist, differences between such individuals and groups are to be expected. The objective of this research study is to look at conflict situations and its causes, as well as possible solution of improve working environment in an Organization. Our study shows that Conflict stems from incompatibility of goals and interest and if it continued it will destroy the Organization. Conflict affects the Organization in several ways such as decreased employee satisfaction, insubordination, decreased productivity, economic loss, fragmentation, and poor performance. A formal questionnaire was constructed and survey method was used to collect data from a target group of respondents. Descriptive analytical techniques such as frequency, percentage, mean, standard deviation & variance and factor analysis were applied to analyze and interpret the data. Ratio Analysis is used to analyze Askari Bank's performance. The major findings are that Education does not have any effect on the opinion of respondents on Conflict Management Strategies. Similarly, there is no significant difference between the opinion of male and female respondents regarding the causes of conflict. However, there is a significant effect of conflict on organizational performance. We suggest that Management must adopt Conflict Management strategies that improve the Performance of the Organization, besides ensuring a free flow of communication between the management and the employee as well as promote interpersonal relationships among co-workers to boost their morale.

Keywords: Conflict, causes, effects, conflict management, conflict management strategies, organizational performance

1. INTRODUCTION

Conflict among workers in an organization is inevitable. If it manages properly, it will bring catalyst for change and can have a positive impact on employee satisfaction and performance of the organization. Conversely, unmanaged conflict negatively impacts both employee satisfaction and job performance. When organizational leaders ignore workplace conflict, they send a message that unsatisfactory job performance and inappropriate behavior are acceptable.

Awan and Anjum (2015) says that properly managed conflict promotes open communication, collaborative decision making, regular feedback, and timely resolution of conflict. Open communication and collaboration enhance the flow of new ideas and strengthen work relationship, which can have a positive effect on employee morale. Regular feedback and timely resolution of conflict has the potential of improving employee satisfaction and job performance.

Awan and Anjum (2015) argue that a negative work environment that does not promote conflict resolution can result in poor employee behavior and job performance. Unmanaged conflict promotes dysfunctional communication and poor behavior among staff. Poor behavior on the part of one employee has the power to affect overall employee morale, which results in lower productivity. According to Dana (2000), "conflict is not just an annoyance. It costs money and those costs can be calculated, in terms of wasted time, bad decision, lost employees." In the health care industry, patients' health and even their lives can be affected by unmanaged conflict.

Awan and Ibrahim (2015) contend that if the individuals do not have the communication or interpersonal skills to resolve their disputes, the conflict can grow and spread to others, eventually affecting their job performance, which, in turn, affects the job satisfaction of others, as well in addition to the staff not having the communication skills to address their disputes, their leaders often lack the necessary skills to be effective in conflict resolution. Once human resources personnel are involved, the process becomes punitive and results in disciplinary action, which contributes to an even greater reduction in employee morale and employee satisfaction.

Within any organization, there are usually different positions and jobs. People occupying these positions have different perceptions, goals, thought and concerns. It is difficult to conceptualize society or an organization without inherent differences and contradictions and these leads to conflict. In organization a

serious problem can be conflicts that are very serious. This is the bad practice that will be impossible for the workers to at the same place for work.

Awan and Ahson (2015) say that conflict is a natural and inevitable part of people working together and should be kept at a manageable level where it will not disorganize the activities of the organization towards the attainment of its objectives.

Awan et al (2015) plead that conflict may also be beneficial to the organization where it brings about radical change in the organizational power structure, current interaction pattern and entrenched attitude and also can lead to increase in productivity. While some conflicts are functional others are not. It can also affect the organization negatively when it is associated with decreased employee satisfaction, insubordination, decreased productivity, leads to economic loss, fragmentation to mention but a few.

It is the management major responsibility to devise strategies in bringing down conflict as low as possible, which will enable the organization to still function to succeed (Robbins & Sanghi, 2006) against this background the study was being carried out on the negative effect of conflict.

1.1 Main Research Problem

Our main research problem is the following:

“Conflict Management and organizational performance: A case study of Askari Bank Ltd. in District Multan-Pakistan.”

1.2 Research Objectives

The main research objectives are given below:

1. To ascertain how conflict will be managed effectively.
2. To ascertain the major causes of conflict.
3. To assess the effect of organizational conflict on performance of employees..
4. To understand which leadership style is the most effective in addressing conflict.
5. To make recommendations for solution of problem of problem in the light of the findings of this study.

1.3 Significance of the Study

The study is considered relevant Askari Banks in territory of District Multan, Punjab Pakistan. Since the effect of conflict can hinder the performance of the Organization. The knowledge gained will also be vital the government in making the right policies that will positively affect the Banking industries; it is also relevant to business students in furthering their studies. The owners of banking industries will also benefit in this study, which will provide a model for an effective means of managing Conflict.

1.4 Scope of the Study

The study covered conflict management in Askari Banks in the territory of District Multan, Punjab Pakistan, as a financial services sector. Financial services sector is the largest sector in Pakistan. It has multiple departments offering service to their client and the effects of conflict must be managed and kept low.

1.5 Research Gap and Rationale of the Study

We have found the research gap that there is little study has been conducted in Pakistan and those studies that has been conducted in banking sector in Pakistan was limited to the few variables and now I have conducted study on Askari Bank Ltd, “Conflict Management and organizational performance; a case study of Askari Bank Ltd”. The purpose of this study was to determine the relationship between performance of the firms and effective conflict management The research objectives of study are to ascertain how conflict will be managed effectively; to ascertain the major causes of conflict; to access the effect of organizational conflict on performance; to understand which leadership style is the most effective in addressing conflict and finally to make recommendations for the stated problem based on the finding’s from the study. Unfortunately, there appears to be a gap in the research identifying which leadership styles or skills are more effective in dealing with conflict between individuals before the dispute escalates to more extreme behavior requiring disciplinary action.

1.6 Distinction of the Study

We have used the variables which is divided into three section, firstly causes of conflicts in which factors characterizing poor communication/miscommunication, poor organizational structure, poor performance, repetitive negative behavior, strong negative misperceptions, perceived breach of faith & trust between individual, personality clashes/ego problem, differences in value, goal differences, unresolved disagreement that was escalated to an emotional level, issues of wages and salaries, unfavorable government policies, lack of cordial relationship between labor and management. Secondly effects of conflicts which including communication breakdown, low morale, low quality, low productivity, lack of direction, lack of new ideas, leads

to economic loss, competitive among conflicting parties, insubordination and fragmentation, And finally last section is conflicts management techniques which characterizing improvement in communication, constant dialogue, accommodating, compromising, avoidance, solving the problems, re-orientation and dominating by force on other party respectively. We have applied descriptive and factor analysis to conclude the results that there is a significant effect of Conflict on organizational performance.

We intend to find out the extent to which the impact of conflicts on organizational performance. The research findings will be useful for the banking industry in Pakistan. Local companies and other service sectors can improve their performances by adopting the techniques' of conflicts resolution. This study will be helpful for the banking sector as well as business community in Pakistan. The consequences would be useful for banking sector and other services industry to compete with multinational companies. The findings from this study will inspire managers in various organizations to develop best strategies on how to resolve conflicts in their organizations: specifically managers should be in the position to understand the causes of organization conflicts in their sphere of management and then develop appropriate strategies to resolve conflicts at the infancy stage. Earlier studies have used few variables to enumerate organizational performance. On the other hand, I improved the number of variables to judge and resolve the conflicts and that possible ways of handling conflict situation in an organization is by constant dialogue where as no organization can adopt one strategy under different situations. Strategy should be changed according to the demands of the situation and time.

1.6 Hypothesis of the Study

Hypothesis (i) – Education has no effect on the opinion of respondents on conflict management strategies.

Hypothesis (ii) – There is no significant difference between opinion of male and female respondents on the causes of conflict in an organization.

Hypothesis (iii) – There is no significant effect of conflict on an organizational performance.

2. RESEARCH METHODOLOGY

2.1 Data and Type

In this quantitative study, primary data have been used for more reliable and authentic sources. The data were collected through questionnaires that had experience with conflict management in a banking sector. Participants were asked the same set of questions and were allowed to explain their answers by sharing their experiences, perceptions, opinions, and ideas. The questionnaire includes three parts i.e. causes of conflicts, effects of conflicts and conflict management techniques in which five point likert scale has been used for acquiring responses where, 1 represent strong disagreement, 5 signifies the strong agreement by the respondent & 3 stands for neither agree nor disagree..

2.2 Sample of Research

The study was conducted on all the employees of of Askari banks in the district of Multan. A total sample of 201 participants was contacted and scheduled face-to-face questionnaires, who agreed to fill out the questionnaire. So, primary data have been used for more reliable and authentic sources.

2.3 Estimation Techniques

Descriptive analysis, ratio analysis and factor analysis were the method by which the data was analyzed and organized. SPSS software was used to calculated and analyzed data through the percentage, frequency, mean, and standard deviation and variance tables and to check the relation between dependent and independent variables. A factor analysis was also used to compare the overall variance explained by the two statistical techniques. Ratio analysis from annual report is used to analyze performance of Askari Bank This helped to give the standardized ratio which declared the study of research.

2.4 Proposed Model of Study

Proposed model of study was to investigate the major causes of conflict and access the effects of organizational conflict on performance and then how conflict will be managed effectively through conflict management strategies to make recommendations for the stated problem based on the finding's from the study and gathering results in useful outcomes otherwise conflicts will remain unresolved if appropriate techniques were not managed properly according to the situation and time and same conflicts might be there in organization which can adversely affect the organizational performance.



Proposed Model of Study

3. DATA ANALYSIS

The first section is on the preliminary presentation of data which involves the demographic characters. The second section is on research question while the last section is the test of hypothesis and ratio analysis of Askari Bank Ltd. Whole analysis were done using computer software called SPSS (statistical package for social science version 20).

3.1 Presentation of Data

This section presents the demographic characteristics of the respondents. Only four characteristics were treated, sex of respondents (gender), age distribution, marital status distribution and education / qualification. Percentages were used to further describe these features.

Table 1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	111	55.2	55.2	55.2
	Female	90	44.8	44.8	100.0
	Total	201	100.0	100.0	

Source: Primary Data

In table 1, the sex distribution of the respondents is such that of the 201 responds, 111 representing 55.2% of the respondents are males. 90 of the respondents are females representing 44.8%. This shows that majority of the respondents are males.

Table 2 Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-34	158	78.6	78.6	78.6
	35-44	43	21.4	21.4	100.0
	Total	201	100.0	100.0	

Source: Primary Data

In table 2, out of total 201 respondents, there are 158 respondents who are aged between 25-34 years representing 78.6% of the total respondents. Those in the age bracket of 35-44 years are 43 in number, making about 21.4% of the total respondents. The above distribution shows that majority of the respondents are aged 24-35 years and above, they constituted about 78.6% of the respondents. Askari bank have young work force.

Table No. 3 Educational Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Matric	12	6.0	6.0	6.0
Bachelor	50	24.9	24.9	30.8
Master and above	139	69.2	69.2	100.0
Total	201	100.0	100.0	

Source: Primary Data

The distribution of the respondents (table 3) by educational qualification shows that 12 of the respondents have only matric education. This represents about 6.0% of the respondents while 50 that are about 24.9% have bachelor of education. (139) of the respondents has Masters, this represents 69.2% of total respondents. Majority of the respondents have master or it's above.

Table 4 Marital Status

Marital Status	Frequency	Percentage
Single	76	37.8
Married	114	56.71
Separated	5	2.40
Widowed	2	1.0
Divorced	4	1.9
Total	201	100

Source: Primary Data

In table 4, there are 76 single males and females among the 201 respondents. This group represents about 37.8% of the total respondents. Those that are married are about 56.71% of the respondents. The actual figure is 114 of the total respondents, about 5 of the respondents are separated representing 2.4% while 2 about 1.0% of the respondents are widows. Only 4 that is about 1.9% are divorced.

4. Analysis of Research Questions

4.1 What are the causes of organizational Conflict?

To answer this research question, about 13 variables were considered and the results of the analysis done are summarized in the table below.

The table no. 5 given below shows the major causes of conflict in an organization. They are ranked in order of the magnitude of their mean and standard deviation. Among the first top ranking causes are poor communication / miscommunication with a mean of 4.61, Poor Organizational Structure with a mean of 4.11, also Poor Performance has a standard deviation of 3.82, Repetitive negative behavior has a mean of 4.79 and standard deviation of .17, strong negative misperception is accepted with mean of 4.48, Breach of trust and faith between individuals, Personality clashes has standard deviation of .71 and .61 respectively.

Goal difference also has a standard deviation of .45 and mean of 3.95 is accepted a conflict. Unresolved disagreement that has escalated to an emotional level is accepted and so the issue of wages and salaries Mean (3.95), Unfavorable government policies has a mean of 3.05 and Lack of cordial relationship between labor and management has a mean of 4.16 is also accepted as conflicts in an organization. One good thing is to be noted that all the thirteen items presented are accepted as possible causes of Conflict in an organization.

Table 5 Responses to what are the causes of organizational Conflict?

Descriptive Statistics						
Sr. No	Causes of conflict	N	Mean	Std. Deviation	Variance	Remarks
1	Poor communication / miscommunication	201	4.61	0.49	0.24	Accepted
2	Poor organizational structure	201	4.11	0.32	0.1	Accepted
3	Poor performance	201	3.82	0.51	0.26	Accepted
4	Repetitive negative behavior	201	4.79	0.41	0.17	Accepted
5	Strong negative misperceptions	201	4.48	0.5	0.25	Accepted
6	Perceived breach of faith & trust between individual	201	4.00	0.71	0.5	Accepted
7	Personality clashes / ego problem	201	4.07	0.61	0.38	Accepted
8	Differences in values	201	3.47	0.87	0.75	Accepted
9	Goal differences	201	3.95	0.4	0.16	Accepted
10	Unresolved disagreement that was escalated to an emotional level	201	3.89	0.31	0.1	Accepted
11	Issues of wages and salaries	201	3.95	1.12	1.25	Accepted
12	Unfavorable government policies	201	3.05	0.53	0.28	Accepted
13	Lack of cordial relationship between labor and management	201	4.16	0.37	0.14	Accepted

Source: Primary Data

4.2 What are the effects of conflict on the organizational performance?

This research question was answered using ten variables extracted from the questionnaire; the summary is presented in this table below. Table no.6 shows the major effects of conflict. According to the opinion pool, communication breakdown with a mean of 4.77 is dominant factor that affecting the conflicts, low morale has a mean of 4.54; low qualities has a standard deviation of 0.49 and mean 4.41. Productivity, Lack of direction Lack of new ideas, Economic loss Competition among Conflicting parties and Insubordination, Fragmentation has mean score of 4.46, 4.52, 4.11, 4.25, 3.71, 3.96, and 4.11 respectively. Leads to economic loss have highest standard deviation within the factor effecting conflicts as 1.07. All the items asked in the questionnaire were accepted as effects of conflict in an organization and they singly and collectively contribute to organizational productivity with different intensity and variations.

Table 6 What are the effects of conflict on the organizational performance?

Sr. No.	Effect of conflict	Descriptive Statistics				Remarks
		N	Mean	Std. Deviation	Variance	
1	Communication breakdown	201	4.77	0.42	0.18	Accepted
2	Low morale	201	4.54	0.50	0.25	Accepted
3	Low quality	201	4.41	0.49	0.24	Accepted
4	Low productivity	201	4.46	0.50	0.25	Accepted
5	Lack of direction	201	4.52	0.50	0.25	Accepted
6	Lack of new ideas	201	4.11	0.61	0.38	Accepted
7	Leads to economic loss	201	4.25	1.07	1.15	Accepted
8	Competitive among conflicting parties	201	3.71	0.84	0.71	Accepted
9	Insubordination	201	3.96	0.81	0.65	Accepted
10	Fragmentation	201	4.11	0.61	0.38	Accepted

Source: Primary Data

4.4 What technique do managers adopt in solving such Conflict?

In this research question, the techniques adopted by managers in solving organizational conflict are as presented in table no.7.

Table 7 What technique do managers adopt in solving such Conflict?

	Conflict Management Techniques	Descriptive Statistics				Remarks
		N	Mean	Std. Deviation	Variance	
1	Improvement in communication	201	4.89	0.31	0.10	Accepted
2	Constant dialogue	201	4.75	0.43	0.19	Accepted
3	Accommodating	201	4.04	0.51	0.26	Accepted
4	Compromising	201	4.18	0.61	0.37	Accepted
5	Avoidance	201	4.06	0.24	0.06	Accepted
6	Solving the problem	201	4.73	0.44	0.20	Accepted
7	Re-orientation	201	3.75	0.43	0.19	Accepted
8	Dominating by force on other party	201	2.31	0.91	0.84	Rejected

Source: Primary Data

From the table no. 7 above the whole items in the question are the possible ways or the Methods of handling conflict situations in an organization. They range from improvement in communication with a mean of 4.89 to constant dialogue with a standard deviation of .43, Accommodating is accepted and Compromising also, Avoidance has a standard deviation of .24, Solving the problem also of .44, Re-orientation has a mean of 3.75 and 2.31 is for Dominating by force on the other party. All the items are accepted as techniques used in solving the management conflicts except dominating by force on the third party. Improvement in communication ranked high with mean of 4.89. Respondents suggest this as the best technique to improve conflicts within the Askari bank.

5. Factor Analysis and Hypothesis Testing

A factor analysis was also made to compare the overall variance explained by the two statistical techniques. Factor analysis was employed to identify latent dimensions underlying indicators that measured respondent participation (Table no.9). This statistical approach involves finding a way to condense information about a number of original variables into a smaller set of dimensions (factors) with a minimum loss of information (Hair et al., 1998). Each factor is interpreted according to its loadings, that is, the strength of the correlations between the factor and the original variables (Tabachnick and Fidell, 1996).

Creating a small set of factors can reveal “latent” patterns of relationships among the variables. In this respect, a factor can be regarded as a single (unobserved) variable that reflects the variations in a set of variables with high loadings. Principal Component Analysis (PCA) was used to extract factors using Varimax rotation to ensure that the extracted factors were independent and unrelated to each other, and to maximize the loading on each variable and minimize the loading on other factors (Bryman and Cramer, 2005).

A principal Component analysis (PCA) was computed to determine underlying structures of 13 facilitators (n = 201). Factor analysis was conducted independently for the above one set of variables by using SPSS. Analysis of the constructs included two stages: factor extraction and factor rotation. Factor extraction was conducted through principal axis factoring. In the current research, PCA was chosen as the extraction method because it is easy to interpret and has accurate results (Tabachnick & Fidell, 2001). Hair, Black, Babin, Anderson, and Tatham (2005) and Tabachnick and Fidell both suggested the method for deciding on the number of factors is the screen test of eigenvalues plotted against factors by looking for the point where a line drawn through the points changes slope. As Gorsuch (cited in Tabachnick & Fidell) reported, results of the screen test are obvious and reliable. The Kaiser-Meyer-Olkin (KMO) test was also performed to test the factorability of the correlation matrices.

Table No. 8 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.737
Bartlett's Test of Sphericity	Approx. Chi-Square	521.712
	Df	210
	Sig.	.000

To test the relevance of factor analysis for the data set, the Bartlett Test of Sphericity and the Kaiser–Meyer–Olkin (Kaiser, 1974) measure of sampling adequacy were applied. Kaiser–Meyer–Olkin's overall measure of sampling adequacy for our dataset (0.642) was well above the recommended threshold value of ≥ 0.5 (Kaiser, 1974), indicating that patterns of correlation in the dataset are relatively compact and that factor analysis can be validly applied. The results of a Bartlett Test of Sphericity were also highly significant ($\chi^2 = 3124.420$, $df = 435$, $p < 0.000$), again suggesting that factor analysis can be validly applied to the dataset, and supporting the factorability of the correlation matrix. Causes of conflicts' Factor analysis was first conducted on the 13

facilitator items. The KMO value was equal to .737.

In table 9, the number of significant factors was determined by calculating the eigenvalue (variance accounted by each factor). Factors with eigenvalues exceeding 1.0 were considered significant following Kaiser's criterion.

In statistical analysis, when two or more predictors in the model are correlated and provide redundant information about the response, this situation or problem is known as multi-collinearity. Existence of high multi-collinearity increases the standard error (S.E.) of estimates of the betas. Hence, betas' reliability decreases. Ultimately, high multi-collinearity often induces confusing and misleading results. So, to detect the existence of multi-collinearity, Variance Inflation Factors (VIFs) of each predictor are calculated. If a predictor has VIF value greater than and equal to 10 then there is a problem with multi-collinearity. Multi-collinearity can be ignored if the interest is only in estimation and prediction, but if the wish is to establish association patterns between X and Y variables, then the analyst can eliminate some predictors from the model. Hence there is no problem of multi-collinearity.

The principal component factoring was then conducted, and factor rotation was performed through the varimax (orthogonal) rotation procedure. Factor analysis follows its own procedure or criteria to summarize the variables/indicators into the factors. In our case, the factor analysis summed up originally 13 variables in 6 factors (table no.9). These 6 factors explained those factors which are causes of organizational Conflicts. We are interested in all these factors. The reason of our interest is the existence of resemblance between these factors and the categories of factors we made.

Table No. 9 Component Matrix

Rotated Component Matrix		Component			
		Factor Loadings	Initial Eigen Values	*Variance Explained %	**Variance Explained %
Factor 1	Unresolved disagreement that was escalated to an emotional level	0.984	3.844	29.572	25.038
	Goal differences	0.851			
	Lack of cordial relationship between labor and management	-0.735			
	Differences in values	0.707			
Factor 2	Strong negative misperceptions	0.865	3.002	23.096	16.173
	Repetitive negative behavior	0.852			
Factor 3	Poor communication / miscommunication	0.945	2.086	16.047	16.15
	Poor performance	0.692			
Factor 4	Issues of wages and salaries	0.958	1.746	13.431	15.464
	Perceived breach of faith & trust between individual	0.836			
Factor 5	Unfavorable government policies	0.984	1.27	9.769	13.958
Factor 6	Poor organizational structure	0.911	1.051	8.085	13.217
	Personality clashes / ego problem	0.745			
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
*Extraction Sums of Squared Loadings					
**Rotation Sums of Squared Loadings					

Source: Primary Data

Explaining 25.038% variation, factor one is comprised of the variables more or less relating to the condition of unresolved disagreements, goal differences, lack of cordial relations etc. of among the employees at the banks. The constituents of factor 2 are related to the respondent's negative behavior and misperception in relation to the workplace issue and manager related matters. This factor explained 16.17% variation. Explaining 16.15% variation, factor 3 is carrying two variables related to poor communications and miscommunications. Factor 4 is about the issues related to the wages and salaries and breaches of trust etc. of respondents and explains 15.464%

variance. Factor 5 is about unfavorable government policies explaining 13.95% variation. Factor 6 contains two variables related to organizational culture and personality clashes/ego etc. Robbins and Sanghi (2005) have the same findings in their research and my finding is also supporting the factors that cause the organizational conflicts in the organizations.

This factor explains 13.21% variation. Comrey and Lee (1992) suggest that loadings in excess of .71(50% overlapping variance) are considered excellent, .63(40% overlapping variance) very good, .55(30% overlapping variance) good, .45(20% overlapping variance), fair. The factor loadings for the rotated solution can be found in Table no. 9. The results show that most of the variable loadings reached an acceptable standard.

Table No. 10

Rotated Component Matrix ^a		Component			
		Factor Loading	Initial Eigen Values	*Variance Explained %	**Variance Explained %
		1	2	3	4
Factor 1	Insubordination	.925	5.84	58.401	47.876
	Lack of direction	.895			
	Low productivity	.880			
	Competitive among conflicting parties	.870			
	Communication breakdown	.812			
	Low quality	.577			
Factor 2	Leads to economic loss	.935	2.571	25.706	36.231
	Low morale	.865			
	Fragmentation	.805			
	Lack of new ideas	.805			
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
*Extraction Sums of Squared Loadings					
**Rotation Sums of Squared Loadings					

Source: Primary Data

In this case, the factor analysis summed up originally 10 variables in 2 factors (table no.10). These two factors explained those factors which are effects of organizational Conflicts. We are interested in all these factors. The reason of our interest is the existence of resemblance between these factors and the categories of factors we made.

Explaining 47.87% variation, factor 1 is comprised of the variables more or less relating to the Lacking productivity, direction, & communication etc. among employees at the banks. The constituents of factor 2 are related to the respondent's Low morale, ideas, economic loss in relation to the workplace issue and manager related matters. This factor explained 36.231% variation. This is also consistent with the findings of the Onwuchekwa, (2007) indicating the effects of conflicts on the organizational employees and its effect on the productivity of the employees.

Table No .11

Rotated Component Matrix ^a		Component			
		Factor Loading	Initial Eigen Values	*Variance Explained %	**Variance Explained %
Factor 1	Compromising	.986	3.783	47.28983	30.652468
	Accommodating	.864			
	Improvement in communication	.684			
Factor 2	Re- orientation	.978	1.644	20.54686	30.540727
	Constant dialogue	.978			
Factor 3	Dominating by force on other party	.844	1.460336	18.2542	24.897693
	Avoidance	.789			
	Solving the problem	-.759			
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
*Extraction Sums of Squared Loadings					
**Rotation Sums of Squared Loadings					

Source: Primary Data

In this case, the factor analysis summed up originally 8 variables in 3 factors (table 11). These three factors explained those factors which are techniques of management in resolving organizational Conflicts. We are interested in all these factors. The reason of our interest is the existence of resemblance between these factors and the categories of factors we made.

Explaining 30.65% variation, factor 1 is comprised of the variables more or less relating to the Communication & Compromising etc. among employees at the banks. The constituents of factor two are related to the respondent's reorientation and dialogue in relation to the workplace issue and manager related matters. This factor explained 36.231% variation. The third factor is related to the force on the third party and avoidance and solving the problems of banking employees. The dominating factors those may use as techniques to solve the organizational conflicts are compromising, accommodating related variables. The finding of Stoner et al., (1995) is also support the finding related to the conflicts management techniques.

6. Financial Performance of Askari Bank Ltd

In annual report 2014, that it gives immense pleasure to report a year of exceptional performance in the history of Askari Bank. Following the change of ownership and the reorganizational initiatives, the resulting turnaround of the Bank testifies that 'change creates opportunity'.

The Bank posted a healthy growth in revenues that enabled a strong bottom line for full year 2014 – profit after taxation reported at Rs.4.015 billion. Based on the financial results for 2014, the Board is pleased to announce a final cash dividend of Rs.1.0 per share (i.e. 10%) bringing the total cash dividend for the year to Rs.2.0 per share (i.e. 20%). These financial results are attributable to successful execution of business strategies effectively capitalizing on available opportunities.

6.1 Financial Indicators of Askari Banks Ltd

The financial indicators showing the performance of Askari Bank Limited during a period of 2009 and 2014 are given below:-

Table 12 Financial indicators, 2009-2014 (Rs.Million)

31-Dec	Rs. in million					
	2009	2010	2011	2012	2013	2014
Deposits	205,970	255,937	291,503	306,937	335,241	387,587
Advances-net	135,034	152,784	150,711	143,727	163,557	170,496
Total Assets	254,327	314,744	343,757	353,056	394,827	447,083
Share Capital	5,073	6,427	7,070	8,131	12,603	12,603
Reserves	8,070	8,393	9,439	9,456	4,030	6,686
Total Shareholder's funds	14,949	16,004	17,776	19,688	18,729	23,707
Profit/ (loss) before taxation	1,632	1,273	2,413	1,729	-8,441	5,781
Profit/ (loss) after taxation	1,098	943	1,628	1,255	-5,480	4,015
Earnings/ (loss) per share *(Rupees)	2.18	1.48	2.3	1.54	-5.9	3.19
*based on no. of weighted average shares outstanding at each year end						

According to annual report 2014, amongst the factors that contributed towards a successful 2014, the most significant is the association of the Askari brand with the Fauji Group, that enabled a strong governance culture, strategic direction and much needed capacity for growth and expansion.

During the year, the Bank posted a profit before and after tax of Rs. 5.78 billion and Rs.4.01 billion, respectively, compared to loss before and after tax of Rs. 8.44 billion and Rs.5.48 billion in 2013. Operating profit (profit before provisions against non-performing assets and taxation) increased by 129 percent, mainly due to an increase in net revenues; net interest / mark-up income increased by 38 percent, and non-fund income increased by 48 percent. Within non-fund income, business related revenues; income from dealing in foreign currencies and fee, commission and brokerage income increased by 76 percent and 23 percent, respectively. Return on core equity and return on assets remained in line with the peers, and are reported at 22.4 percent and 1.0 percent respectively.

We are pursuing an aggressive branch expansion plan and during the year under review, the branch network reached 321 – a total of 60 new branches have been added to the network since June 2013 i.e. post-acquisition by the Fauji Group. Further expansion for 2015 has been planned and work has already been initiated on some locations. . In addition to our wholesale banking branch in Bahrain, the Bank has also initiated opening a representative office in China during 2015. While we focus on expansion, we remain committed towards

bringing further efficiencies in our processes through the extended use of technology supported by a robust and effective governance and risk management framework.

6.3 Ratio Analysis of Askari Bank Ltd

We analyze the performance of Askari Bank Ltd by applying ratio analysis to different financial indicators of the bank. The results are shown in the Table 13.

Table 13 Ratio analysis of key financial indicators of Askari Bank Ltd

31-Dec	Percentage					
	2009	2010	2011	2012	2013	2014
Profitability Ratios						
Profit / (loss) before tax	7.23	4.66	7.36	5.34	-30.19	16.71
Gross Yield on Earning Assets	11.48	11.42	11.55	10.74	8.67	10.15
Return on average assets (RoA)	0.48	0.33	0.49	0.36	-1.47	0.95
Gross Spread	39.99	34.37	30.72	29.10	30.75	34.37
Cost to income (CIR)	60.73	64.42	67.28	67.39	78.17	64.54
Return on average shareholders' funds (RoE)	7.94	6.09	9.64	6.70	-28.53	18.92
Return on Capital employed	1.43	1.00	1.06	0.59	-2.39	1.51
Liquidity Ratios						
Advance to deposits (CDR)	65.56	59.70	51.70	46.83	48.79	43.99
Current	1.22	0.97	1.84	1.99	1.91	1.77
Cash to Current Liabilities	0.17	0.13	0.24	0.26	0.23	0.17
Investment/Market Ratios						
Price Earning (PE)	12.52	11.95	4.35	11.18	-2.37	7.23
Price to Book	0.16	0.4	0.02	0.04	0.04	0.07
Dividend yield						0.09
Dividend payout						2.72
Interim cash dividend						10.00
Final cash dividend *						10.00
Stock dividend *	20.00	10.00	15.00			
Earnings per share (EPS)** - Rupees	2.18	1.48	2.30	1.54	-5.9	3.19
Market value per share - year end - Rupees	27.30	17.69	10.03	17.22	14.00	23.07
Market value per share - high - Rupees	28.69	31.14	19.25	17.75	19.69	23.14
Market value per share - low - Rupees	12.15	12.70	8.50	9.89	10.76	13.37
Capital Structure Ratios						
Income / Expense	1.07	1.04	1.07	1.05	0.79	1.17
Capital Adequacy (CAR)	11.75	10.3	11.35	11.81	10.03	13.03
Earning assets to total assets	85.71	86.34	86.05	86.90	84.07	90.32
Weighted average cost of deposits	6.19	6.51	6.87	6.77	5.62	5.90
Net assets per share	29.47	24.90	25.14	24.21	14.86	18.81
Operating fixed assets to average shareholders' funds	66.35	64.54	55.35	47.20	44.60	39.12
Other Information						
Number of employees (Regular)	4,393	4,473	4470	4,272	4,411	5,581
Number of branches	226	235	245	261	281	321
*post balance sheet event						
**based on number of weighted average shares outstanding at each year end						

According to the financial review in annual report 2014, operating profit of the Bank registered a healthy increase of 129 percent over last year. This increase is attributable to 38.3 percent rise in net interest income, 47.8 percent jump in non-interest income, while the rise in operating expenses was contained at 16.5 percent. These results were achieved on the back of improvement in net spread and business volumes, and also prudently capitalizing on the available market opportunities while implementing austerity and cost control measures. Profit

before and after tax for the year 2014 remained at Rs.5.78 billion and Rs.4.01 billion respectively compared with the loss before and after tax of Rs.8.44 billion and Rs.5.48 billion in 2013. The aggregate increase in operating expenses contained at 16.51 percent despite additional cost of 40 new branches added to the existing network during 2014 and general inflationary upsurge. This was achieved by inculcating a more cost conscious culture across the Bank and also by eliminating structural redundancies and controlling leakages. As a result, the cost to income ratio for the year 2014 of 64.54 percent, showed a significant improvement over last year, which was 78.17 percent.

The shareholders' funds registered an increase of 26.58 percent over last year reflecting the accumulation of profit after taxation for the year 2014 of Rs.4, 015 million and the effects of increase of 110.82 percent in surplus on revaluation of assets, which stood at Rs.4.4 billion as on December 31, 2014 against Rs.2.1 billion at the end of 2013. The increase in surplus on revelation of assets was primarily due to improved mark-to-market position of available-for-sale securities, PIB's, on the back of improvement in the trend of benchmark rates. Consequently, the net book value per share of the Bank increased to Rs.18.81 as on December 31, 2014 from Rs.14.86 at end 2013.

The ROA of the Bank for the year 2014 increased mainly due to increase posting highest ever after tax profit of Rs.4.01 billion, partly offset by increase in average assets of 12.6 percent. Customer deposits as on December 31, 2014, registered a growth of around 15.6 percent over last year. The major increase was in current and saving accounts (CASA), which climbed by 17.26 percent. The average deposit size almost maintained its level. EPS reflects profit after taxation generated per share. The EPS of the Bank for the year 2014 was recorded at Rs.3.19 against loss per share of Rs.5.90 of the corresponding period, last year. This was mainly due to high provisions / impairment against non-performing assets of Rs.11.1 billion booked during 2013.

6.4 Change Management and its effect on the profitability of Bank

2014 was the first full year for Askari Bank under the new Sponsors, the Fauji Group. (Fauji Group comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited collectively acquired 71.91 percent w.e.f. June 21, 2013). Askari bank earned a highest-ever profit after tax amounting to Rs.4,015 million during the year ended December 31,2014 comparing to a loss after tax of Rs.5,480 million in the previous year. The overall balance sheet size grew by 13 percent, from Rs. 395 billion at end 2013 to 447 billion at the close of December 31, 2014. Earnings per share for 2014 were recorded at Rs.3.19 per share compared to a loss per share of Rs.5.90 per share for the full year 2013. The return on average assets and return on average core equity remained strong and comparable with industry averages at 1.0 percent and 22.4 percent, respectively for the year 2014. In addition to the above, the Board has recommended a final cash dividend of 10 percent for the year ended December 31, 2014.

Capital adequacy ratio under the Base-III guidelines, implemented by the State Bank of Pakistan w.e.f. December 31, 2013, stood at 13.03 percent at the close of 2014 compared to 10.39 percent as at end 2013. The Bank was able to grow customer deposits to Rs.388 billion at December 31, 2014 from Rs. 355 billion at the close of previous year, a healthy increase of 16 percent despite a targeted reduction in cost of deposits. The deposits growth was made possible by effective market communication and a series of regional activities penetrating in the savings space. During the year under review, savings deposits grew by 13.6 percent followed by fixed deposits which increased by 10.6 percent. Deposits in foreign currencies declined by 9 percent compared to last year, reflecting the impact of strengthening of Pak Rupee during 2014.

7 FINDINGS AND RESULTS

Research methodology and analysis applied on the data to access the impact of organizational conflict on performance. The results show that organizational performance is more influenced by the conflict management techniques. This research work was conducted against the backdrop of conflict situations that have disrupted many peaceful and profitable organizations, with its consequences, and effects as the case may be the findings as follows:

1. That Education does not have any effect on the opinion of respondents on Conflict Management Strategies.
2. That there is no Significant different between the opinion of male and female respondents on the causes of Conflict.
3. That there is a significant effect of Conflict on Organizational performance
4. That there are different causes of Conflict and the top ranked was poor Communication.
5. That based on the responses the effect of Conflict is that of low morale.
6. That having constant dialogue is one of the techniques for handling conflict situations.

Therefore, the collected data indicates that conflict is inevitable in the said organizations. Mostly, the conflicts arise between management and employees in these organizations. There are many factors responsible for arising conflicts. Findings suggest that the most common reasons of conflicts are lack of communication,

personal beliefs, miscommunication, sudden change in a policy, difference of opinions and misunderstanding. The results reveal that miscommunication or communication gap is one of the main reasons of conflict between employees and management.

8 CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

From the findings the study concluded that the conflict management strategies are crucial for the attainment and achievement of organizational goals and objectives. In other words, if the management is not knowledgeable in conflict resolution strategies, it will affect the performance of organizations negatively but if conflict is constructively managed, it will enhance organizational performance.

From the data gathered and analyzed by the researcher and following the major research finding above, the researcher drew the following conclusions:

1. That management strategies adopted in handling Conflict will not be affected by differences in Educational Qualification of the respondents
2. That the causes of Conflict in an Organization will not have any difference whether it came from the male or female respondents.
3. That Conflict has an adverse effect on Organizational Performance.
4. That Poor Communication is a major cause of Conflict.
5. That low Morale is amongst the most ranked in the effects of Conflict.
6. That possible ways of handling Conflict situation in an Organization is by Constant dialogue.

8.2 Recommendations

Although conflicts have both negative and positive effects, the management and the employees should work towards achieving the positive effects rather than the negative. According to Adomi and Anie (2005), managers should develop appropriate strategies to resolve conflicts as they arise in their organizations. In the light of the research findings and conclusions above, the researcher hereby recommends the following suggestions:

1. That Management must adopt Conflict Management strategies that will improve on the Performance of the Organization.
2. That management should ensure a free flow of communication between the management and the employee.
3. Management should encourage and promote interpersonal relationships among co-workers to improve on their morale
4. There is need for constant dialogue between management and the employees to clarify issues and exchange ideas.
5. Management should re-orient employees on the effect of conflict on organizational performance.
6. Group interaction and activities should be followed up so as to ensure a degree of functionality compatible to conflicts. Positive conflicts will only be possible if particularities of the organization are analyzed.
7. Efforts should be made by the management to organize 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.
8. Finally, good leadership on the part of management and employee representatives can be a strategy for preventing conflicts.

9.3 Limitations of Study

The limitations of this research should be addressed in the light of findings that research conducted on conflict management might be applied to the banking sector rather than other industries and cultures for that it must be investigated according to need in future. As my study was limited to only Askari Bank, using the different samples may produce different results in future. The collected data may be biased and could affect the accuracy of these results. Future research may need to take the longitudinal approach or use other samples to limit the amount of bias in the results. Finally, this study was conducted under strict time constraints: within a five to six month period in 2014-15 and research was carried out only on Askari banks in Mutan District, data collection is difficult from the employees of banking sector because of their busy routine. Many other areas were remaining untouched due to limited resources and as a female constraint at some time face problems regarding data collection. The longitudinal approach in a different time period might provide another perception of the conflict management strategies under different situation and time. The major weakness of study is that it focus on sample size which does not give a comprehensive view on conflicts due to constraint of time and so that research was carried out only on Askari banks. Therefore there is a need to conduct a comprehensive study with focus groups discussion to make concrete conclusions on organization conflicts and develop appropriate interventions to

manage it effectively.

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