Role of Organizational Culture in Resolving Organizational Conflict and its Impact on Employees Performance – A Critical Overview

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ABSTRACT*: Culture is essential for organizations to function effectively and efficiently. Organizational culture is the consciously or subconsciously accepted and followed way of life / manner of performing day to day activities in an organization. It determines and control employee's behavior at work place. Research studies indicate that organizations that have a performance oriented culture tend to out-perform companies that are lacking such a culture. Conflict is a part of everyday life of an individual or of an organization. Conflict has considerable influence on employee behavior, performance and job satisfaction. It also affects an organization'seffectiveness. The study reveals that there is a close relationship between conflict and organizational performance. Organizational performanceis low when conflict is extremely high or extremely low. A moderate or optimum level of conflict contributes to high organizational performance. A strong organizational culture plays an important role in reducing/ resolving conflicts in IT companies. It creates a sense of identity and uniqueness within every organization. The study concludes that there is a direct, positive and significant relationship between organizational culture and conflict resolution, which in turn contributes to enhance employee's morale leading to high performance.

Keywords:*Organizational culture; Organizational conflict; Motivation; Organizational performance; Software companies; Employee behaviour; Conflict management

I. INTRODUCTION

Culture is the complex of values, ideas,attitudes, belief, norms, rituals, languages etc, shared and passed on among the members of an organization.Edgar Schein defines "Organizational culture as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel his relation to those problems".Several attempts have been made to understand the behavior of individuals in organizations.Individuals belonging to one culture behave differently from those belonging to another.The differences are due to a variety of reasons like the values they up hold,the tradition they follow and the rituals they observe.

Organizational culture is an evolutionary process established, accepted and internalized over a period of time by a majority of members of the organization. Culture is essential for organizations to function effectively and efficiently. Organizational culture is the consciously or subconsciously accepted and followed way of life / manner of performing day to day activities in an organization.It determines and control employee's behavior at work place. The core values, assumptions, norms, procedure etc. that are followed in organization, constitute its culture. It distinguishes every organization from others, eg. Hewlett Packard follows a culture which they call *"The H.P. way" that* depicts engineers' excellence, respect for individual employees, rewards for exceptional performance and fiscal conservatism.South West Airlines promotes a culture that emphasizes team work rather than individual efforts. Different organizationshave different cultures. Organizational culture creates a sense of identity and uniqueness within every organization.

1.1 Research Objectives

The following are the important objectives of the study:
1. To examine whether the culture of the organization has any impact in resolving and controlling organizational conflict.
2. To understand the influence of culture in motivating and retaining employees in software companies and
3. Whether the organizational culture has any influence in improving employees performance

II. LITERATURE REVIEW

Culture as learned responses: Human behavior learned phenomenon. We learn from experience. Live in society and the society has certain cultural characteristics which prescribe to behave in a particular way.

Culture as inculcated values: Culture is inculcated, passed through generations to generations by specific groups and institutions - Starts from the family from where the socialization process starts. Educational, religious and ethnic institutions also transmit cultural values.

Culture as a Social Phenomenon: Cultural habits are shared by aggregates of people living in organized society. An individual's way of thinking & behavior is not culture; rather group behavior constitutes culture.

Culture as gratifying responses: Culture exists to meet the needs of the individuals in society. Society rewards behaviors which are gratifying for its members.

Culture as an adaptive process: Culture is adaptive through an evolutionary process – change occurs slowly and in gradual process.

Culture affects the functioning of an organization in many ways such as;
- Objectivesetting (goals)
- Motivational Pattern (needs for power, affiliation and achievement)
- Work Ethics (moral good, right, honest etc.)
- Control (restraining, stimulating or adaptive).

2.1.Innovation and Risk Taking:

Organization culture determines the level of innovation & risk taking. Innovation is the key to success. Employees learn from their mistakes. Eg. Eli Lilly India & Dr. Reddy's Laboratories (DRL) are companies which encourage their employees to be innovative and take risk even though they may not all be profitable. Nokia is another example - O.C. promotes creativity and innovation. Satyam Computers – Value creation through employee participation.

2.2. Outcome Orientation:

Outcome oriented culture holds employees as well as managers accountable for success and utilize systems that reward employee and group output. Research indicates that organizations that have a performance oriented culture tend to out-perform companies that are lacking such a culture.

2.3. PeopleOrientation:

There must be a balancing of work life and personal life. Eli Lilly India allows 30 days of annual privileged leave, time to spend with family / leisure – housing, schooling, medical aid and recreational facilities are also provided to the employees.

2.4.Team Orientation:

Organizational culture of Colgate encourages collaborative efforts to problem solving through team and shared best practices.

2.5. Dominant Values:

Commonly accepted and adopted values that all employees are expected to share and abide by. Infosys is built on values of globalization and professionalism which gives the company a competitive advantage.

2.6. Rules:

Rules are the guidelines to become theaccepted members and to perform specific tasks efficiently. Ernst & Young's shared service locations - all new recruits are invited to listen conference calls between Senior Managers and their Overseas Clients.

2.7. Philosophy:

Policy and philosophy which determine organizational behavior towards its employees and customers – Philosophy is to deliver value to the customers through continuous improvement in quality and services. Wipro – develops leadership through systematic training to its employees.

Dominant culture: Dominant culture represents the core values shared by the majority in the organization. Organizational culture is generally refers to its dominant culture. Dominant culture guides the day to day behavior of the organization and its members.

Sub culture:Within a largersociety,a considerable variation in behavior pattern and belief actually exists. Sub culture is normally held by a minority of the members in an organization. It may be formed on the basis of age, occupational / professional skills, union membership etc. Sub cultures generally develop in large organizations.Sub culture prevents employees from blindly following the prevailing norms and values and helps them to discover anomalies in the dominant culture.But there are possibilities of conflict between the dominant culture and sub culture which may weaken the organization.

Strong vs. Weak Culture: Strength of an organization's culture may be determined by the degree to which the organizations members share the same core values and the extent to which they are committed to these core values, i.e., strength depends on two factors viz, sharedness and intensity

Sharedness:Sharedness refers to the degree to which core organizational values are accepted and shared by its members. Greater the degree of sharedness, stronger will be the organizational culture.

Orientation:Employees receive when they join the organization and reward system. New employees have to be made aware of the core values of the organization by providing an induction training for the beginners.

Reward: When individuals find that the management rewards certain types of behavior they tend to take on such behavior.It enhances the degree of sharedness of the organization's core values,which in turn strengthen their culture.

Intensity: Is the degree to which members are committed to core values. This intensity to uphold core values strengthen organizational culture. Intensity is also influenced by reward system. Reward should motivate the employees and enhance their commitment towards the core values. As the degree of sharedness and intensity of organizational values increases, the strength of organizational culture also increases. It would reduce employee turn-over. There will be greater area of agreement, commitment and loyalty. Eg. Wipro's organizational culture.

III. ORGANIZATIONAL CONFLICT

Conflict is a part of everyday life of an individual or of an organization. Conflict has considerable influence on employee behavior, performance and job satisfaction. It also affects anorganization'seffectiveness. Organization consists of people with different back grounds. People differ in their opinions, attitudes,beliefs, value system and culture. Their interaction often leads to conflicts. Conflicts may occur at individual level,group level or organizational level.

Conflict maybe understood as acollusion/disagreement. Conflicts may be within an individual or may be between two individuals or between two groups in an organization. It is the struggle between incompatible or opposing needs,wishes,ideas, interests or people.Conflicts are common in all organizations and it occur when people fail to arrive at a consensus regarding the organizational goals or the means to achieve them.The essence of conflict seems to be disagreement, contradiction or in compatibility. Research studies reveal that conflict is not necessarily be a negative feature,the resolution of conflict often leads to constructive problem solving.It exists in many forms. Other reasons for conflict in organizations are personality differences, perceptual differences, clashes of culture, differences in valuesand interests, power and status differences or scarce resources.

Several attempts have been made to understand the behavior of individuals in organizations.Individuals belonging to one culture behave differently from those belonging to another. The differences are due to a variety of reasons like the values they up hold, the tradition they follow and the rituals they observe.Similarly each organization is distinct and organizational culture plays an important role in molding the behavior of employees. The concept of organizational culture has thus come to the forefront of management concern over the past 25 years.

Conflict may therefore be defined as the disagreement between two or more individuals or group over an issue of mutualinterests.Conflict discourages people from cooperating with each other. Studies reveal that some degree of conflict is desirable to promote the spirit of competition among t h e employees; it normally jeopardizes the effective functioning of the organization.

Semantic Problem-It is relating to meaning of words.It arises due todivergence in training and selective perception.It is customary to draw a distinction between conflict and competition .Competition takes place when individuals or groups have in compatible goals.Conflict occurs when individuals or groups try to interfere with each other as they try to attain their respective goals Track eventsare examples of competition whereas games like Foot Ball, Hockey, Cricket etc involve both competition andconflict.

Sources of conflict—Sources of conflict may be:

1. Communication such as insufficient information, mis-understanding, noise etc.

2. Structure.Size of the organization, specialization and standardization of task, heterogeneity of individual, leadership style and reward system come under this category.

3. Personal variables: This is another source of conflict.When human beings are dealt with, the personality characteristics of the individual is to be taken into consideration. The value system creates prejudices. Conflict arises when the other person do not respond the way we expect .Authoritarianism and dogmatism are based on personal characteristics.

IV. HYPOTHESIS

H0: There is a significant relationship between organizational culture and organizational conflict.

V. RESEARCH METHODOLOGY AND DATA ANALYSIS

The study is designed as a descriptive one based on primary and secondary data. Technopark in Thiruvananthapuramis the hub of the IT activities in Kerala. It is India's first IT park and is widely acclaimed as one of the most advanced and promising destinations for IT industries. Technopark has around 150 companies, employing over 45000 professionals. There are 32 software companies functioning in Thiruvananthapuram Corporation area outside Technopark. A representative sample of 12 software companies in Technopark and 6 companies from outside Technopark in Thiruvananthapuram Corporation area areselected for the study.The criteria adopted to select the 12 software companies in Technopark and 6 software companies outside Technopark are on the basis of 2 parameters, viz., (i)the number of employees and (ii) minimum amount of capital investment in these companies. Thus, companies having an employee strength of 100and above and with a capital investment, not less than Rs.50 lakhs alonehave been selected for the study. Using the above criteria, it was found that there existed 60 companies located inside Technopark and 15 companies outside Technopark, in Thiruvananthapuram Corporation area satisfying the above criteria. A simple random technique was adopted to select 12 companies from Technopark and 6 companies from outside Technopark for the study.

Data have been collected for the study from primary and secondary and sources.Primary data is collected through questionnaire based on a five point Likertscale. The details regarding the different categories of employees in the select companies were collected and based on this data, the respondents were selected using simple random method. Sample respondents consisted of 270 employees, ie., 180 employees from Techno Park (15 each from 12 companies) and 90 employees (15 each from 6 companies) from outside Technopark. Care was taken to ensure that the select respondents from the companies represented all the three categories of employees, viz; Senior Managers, Functional level managers and Junior Management Team. Table 1 shows the distribution of respondents thus selected for the study.

Table -1. Distribution of Sample Respondents

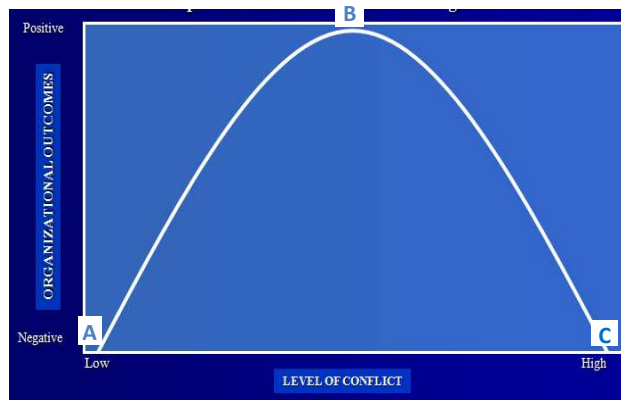| Categories of Employees	Technopark	Outside Technoparkin Trivandrum Corporation Area	Total Number of Respondents
Junior Management Team	96	49	145
Functional Managers	59	30	89
Senior Managers	25	11	36
Total	**180**	**90**	**270**

Figure 1. Relationship between level of conflict & orgl culture

It can be seen from the following diagram that there is close relationship between conflict and organizational performance.Organizationalperformanceis low when conflict is extremely high or extremely low. While a moderate or optimum level of conflict contributes to high organizationalperformance. Whenthe level of conflictis extremely high, performance suffers because of in adequate coordination among the employees.Seepoint'C' in the diagram.—a state of chaos exists andpeople spent more time either for defending themselves or for attacking others rather than accomplishing productive work.

Too little conflict causes performance to suffer.Similarly too high conflict causes performance to suffer. Maximum organizational performance occurs somewhere between these two extremes where there is an optimal level of conflict. In this situation at pointB on the curve.Here there is sufficient conflict to stimulate new ideas and a creative search for solutions toproblems.

Classification of conflicts—Conflicts can be classified as 1.intra-individual, 2.inter-individual and 3.inter-group conflicts.

Intra- individual conflictrefers to conflict within the individual. This arises from frustration,which occurs when a motivated drive is blocked before a person reaches a desired goal.Figure 2. illustrates the way frustration occurs.An individual driven by an inner state of deficiency engages himselfinsome actions to fulfill the deficiency. But his attempts to reach the goal are checked by barriers which may beexternal/internal.

Internal barriers are personal limitations and disabilities which thwarts one's aspirations, weakness, physical deformities, lack of skill which may stand in the way of achievement. Internal barriers are more lasting than external ones.Blocked by internal or external barriers, the individual become frustrated as he is unable to reach thegoal.Frustration may normally triggers defense mechanism in the person. The frustrated individual may adopt anyone of the four defense mechanism --aggression,withdrawal,fixation,orcompromise.Aggression refers to the attack of the barrier. Withdrawal means backing away from the barrier. Fixation refers to the continuation of efforts tobreak the barrier.Compromise is the search for a new goal. Conflict occurs in all the defense mechanismsituations.
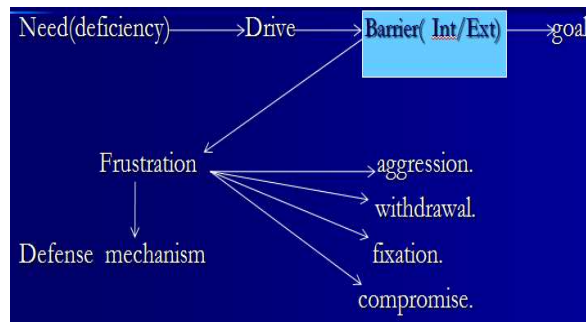

Figure 2. Intra-individual conflict

Goal conflict is more complex than conflict from frustration-goal conflict occurs when the attainment of one goal excludes the possibility of attaining theother.

Role conflict - The final reason for intra-personal conflict is the need of an individual to play several role simultaneously. It is not uncommon for an adult middle class male to be simultaneously playing the role of husband, father, son worker/manager, student, member of social club etc.Roles such as assembly line worker,clerk,supervisor,sales person,engineer,system analyst,department head, - often carry conflicting demands & expectations. The classic example of an organizational role in constant conflict is that of the   foreman.He is generally a promotee from among the workers-Till yesterday,he was a part of workers.Today he is in the cadre of a manager.The dilemma of the foreman becomes acute when there is a dispute between the labor andthe management.
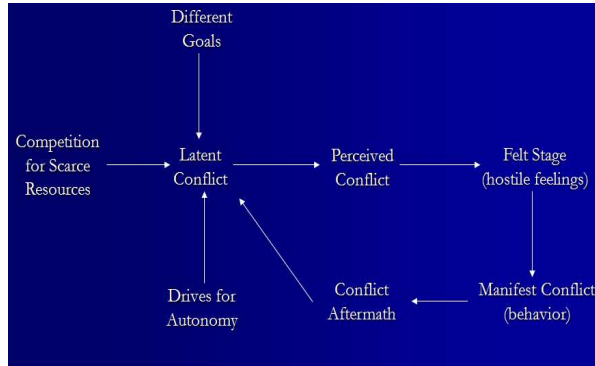

Figure 3. Stages of Conflict

Figure 3. reveals the various stages of conflictThis model, developed by Lou Pondy, suggests that there are three sources of conflict: different goals, drives for autonomy (wanting to be independent), and competition for scarce resources. These cause "latent conflict" which eventually is manifested in perceived conflict, hostile feelings, conflict behavior, and then its aftermath.

A manager must understand that conflict is inevitable,may be desirable from the point of view of employee performance and satisfaction.Such activities as hiding information, making misleading statements, postponing meetings and advising organizational members "not to rock the boat" and "to be a company man", on the part of managers so that they need not face conflict do no good for furthering the interest of the organization.

Table -2. Orgl.culture & level of conflictTable -3. Orgl.culture and level of conflict

Category: Senior Managers		
Level of conflict	Org. culture : Strong	%
Low	24	66.67
Moderate	8	22.22
High	4	11.11
TOTAL	36	100%

Category: Functional Managers		
Level of conflict	Org.culture : Strong	%
Low	49	55.05
Moderate	24	26.97
High	16	17.98
TOTAL	89	100%

Table -4 Org. culture & level of conflict

Category: Junior Management		
Level of conflict	Org. Culture : Strong	Percentage
Low	70	48.28
Moderate	45	31.03
High	30	20.69
TOTAL	145	100%

Table 2, 3 and 4show the relationships between organizational culture and the level of conflict.66.67 % of the respondents belonging to Senior managers of Technopark have opined that the level of conflict is low where there is a strong organizational culture, while 22.22 % are of the view that the level of conflict is moderate when organizational culture is strong. The remaining 11.11 % donot agree with this view.

Similar is the case in respect of functional level managers and junior management team. 55.05% of the functional level managers and 48.28 % of the junior management team agree with the view that organizational conflict is low where there is a strong organizational culture, whereas 26.97 % of the functional level managers and 31.03 % of the entry level/ junior management team are of the view that level of conflict is moderate in organizations where culture is strong.

Chi-square test was also applied to find out whether there is any significant relationship between organization culture and level of conflict.

Table -5. Senior managers

Category: Senior Managers			
Level of conflict	Org. culture	%	Total
Low	24	67	91 (f1)
Moderate	8	22	30 (f2)
High	4	11	15 (f3)
TOTAL	36 (f4)	100 (f5)	136 (n)

$$E1 = (f1*f4)/n$$
$$O – Observed\ value$$
$$E – Expected\ value$$
$$\Psi^2 = \sum(O-E)^2/E$$

Table -6. Relationship between organization culture and conflict

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
24	24.09	-0.09	0.0081	0.000336
67	66.91	0.09	0.0081	0.000121
8	7.91	0.09	0.0036	0.004233
22	22.06	-0.06	0.0036	0.000164
4	3.97	0.03	0.0009	0.045643
11	11.03	-0.03	0.0009	0.000082
	136			0.050584

Calculated value = 0.050; Table value = 5.991

Table -7. Functional managers   Tables -8. Organizational culture and conflict (Functional managers)

Category: Functional Managers			
Level of conflict	Org. Culture : Strong	Percentage	Total
Low	49	55	104
Moderate	24	27	51
High	16	18	34
TOTAL	89	100	189

Calculated value = 0.000063; Table value = 5.991

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
49	48.97	0.03	0.0009	0.0000183
55	55.03	0.03	0.0009	0.0000163
24	24.02	0.02	0.0004	0.0000016
27	26.98	0.02	0.0004	0.0000148
16	16.01	0.01	0.0001	0.0000062
18	17.99	0.01	0.0001	0.0000055
	189			0.0000627

Table -9. Junior managers   Table -10. Organization culture and level of conflict (junior mgrs)

Category: Junior Managers			
Level of conflict	Org. Culture : Strong	%	Total
Low	70	48	118
Moderate	45	31	76
High	30	21	51
TOTAL	145	100	245

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
70	69.84	0.16	0.0256	0.0003665
48	48.16	0.16	0.0256	0.0005315
45	44.98	0.02	0.0004	0.0000088
31	31.02	0.02	0.0004	0.0000128
30	30.18	0.18	0.0324	0.0010735
21	20.82	0.18	0.0324	0.0015561
	245			0.0035492

The calculated value of Ψ^2 test in respect of the senior managers (Table 6) is 0.050 which is less than the table value 5.991.Similar is the case of functional (middle level) managers (Table 8) ie 0.000063 and junior (entry level) managers (Table 10), ie.0.0035 and the table value is 5.991 at 5% level of significance.Since the calculated value of the chi-square testat all level of managers is less than the table value (at 5% level), it can be inferred that there is a significant relationship between organizational culture and level of conflict in organizations.Thus the null hypothesis (H0) is accepted.

VI. FINDINGS AND INTERPRETATIONS

Conflict is inevitable in organizations. There are three sources of conflict- different goals, drives for autonomy and competition for scarce resources (Lou Pondy).

- There is a close relationship between organizational culture and organizational conflicts. Similarly organizational conflict and organizational performance are interrelated.Organizational performance is low when conflict is extremely high or extremely low.
- A moderate or optimum level of conflict contributes to high organizational performance.
- When the level of conflictis extremely high, performance suffers because of the in adequate coordination among the employees
- Organizational culture plays a significantrole in reducing/ resolving conflicts in IT companies.Organizational culture creates a sense of identity and uniqueness within every organization. It distinguishes an organization from others. (Hewlett Packard-*"The H.P. way",* which depicts engineers' excellence, respect for individual employees and rewards for exceptional performance).
- A strong organizational culture motivates and retain employees in IT companies as employees are considered as valued assets rather than costs.

VII. CONCLUSION AND RECOMMENDATIONS

Conflict management stresses both conflict stimulation and conflict reduction techniques. Managers can play a positive role to stimulate a reasonable level of conflict in organizations.Once the need is identified,managers may adopt one ormoreof the following approaches to stimulate conflict.

1. Encourage individualistic thinking.
2. Enhance individual competition
3. Provide information such as reduction in profit/loss of a competitive edge in the market.
4. Create role conflict.
5. Change organizational structure

Having stimulated conflict, managers may ensure that conflict does not become excessive – inadequate /excessive levels of conflict can hinder the effectiveness of group or the organization, resulting in increased absence and employee's turnover rates and eventually leading to lower productivity. An optimum level of conflict helps prevent stagnation, stimulate creativity, allows tension to be released and initiate the need for change.

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