The Entrepreneur and Effective Conflict Management in a Business Environment

SAMUEL OPEYEMI IROYE, DEBORAH OLUWASEUN AJEH
National Open University of Nigeria, Abuja, Nigeria

Abstract. In every living society where there is interactions and relationships, certain general phenomenon cannot be found wanting and prominent among these is “Conflict”. Conflict, though generally understood to be a state of misunderstanding has been perceived in different ways by different thoughts, and it may not only be detrimental in a deep sense of consideration as the occurrence of same may give rise to positive values and ethics than can govern every human relationship depending on the perception of the involving parties. Literature reviews extensively deals with a lot of items that deals with conflict but little attention has been placed on the influence of an entrepreneur in either sustaining the conflict or eradicating it. This study using analytical method of research through Literature Review particularly examines the person and operations of an Entrepreneur in relation to dealing with conflict situations in a business place. This study postulates that business place conflicts can be easily avoided where the entrepreneur is well tutored and skillful in the art of Conflict Management. The findings and recommendations in this study will help to enlighten entrepreneurs on strategic conflicts management in an organization.

Keywords: Business, Conflict, Entrepreneur, Organisation

1. Introduction

Business environment is the operational base of an entrepreneur and it may from time to time experience both internal and external crisis which if not properly managed may be fatal to the operation of the business, thus occasioning serious losses not only to the entrepreneur but also to all stake holders. It is therefore in times of conflict situation in the business environment that the capability of the business owner in conflict management is put to test and probably pushed to the limelight. Such demonstration of his personality may either show his strength or depicts his weakness in that regard. It is not enough that the entrepreneur possesses the vision and the resources, such must be seen displaying high competency in continuance sustenance of the positive growth of the business by ensuring that there is an enabling environment for cordial and peaceful relationships among members of staff. Most business environments have nosedived not as a result of lack of fund or dearth of visionary leadership but due to lack of skills in Conflict management most especially as it relates to the work place ethics and values. Entrepreneurs are founders and operators of businesses and in their various capacities are deemed to be leaders who will not only dictate the tune of profit making but become worthy examples in their managerial skills. This attribute of the entrepreneur is necessary and germane as it will help the entrepreneur to live up to his expectation to all the stakeholders in the industry.

It is worthy of note that one of the greatest challenges posed to entrepreneurs is conflicts or crisis management both within and without the business. The conflicts within are those likely to emanate from the working relationship among the members of staff while those without are those relating to factors affecting the organization from outside and these includes; vendors, suppliers, customers, clients, government organizations and other entities. Conflicts in an organization may be occasioned by a whole lot of factors which may include; maladministration, personalities clash, communication lapses, lack of moral and ethical values, inability to meet up with timelines and targets, stringent conditions of service, favoritism, archaic methods of operations, poor welfare package,
poor condition of service, poor salary and zero emoluments or inconsequential retirement benefit. Thus, this study seeks to identify the causes of conflicts in a business environment vis-à-vis the role of an entrepreneur in the management and resolution of conflicts in a business environment.

2. Conceptual Clarification

It is very essential to clarify some of the concepts germane to the understanding of this study and they are herein discussed as follows:

**Business Environment:** William F. Glueck (1980) defines business environment “as the process by which strategists monitor the economic, governmental, market, supplier, technological, geographic, and social settings to determine opportunities and threats to their firms.

**Business Organisation:** This is any outfit carrying out any legitimate venture in any given situation. It is also known to be a body formed or established for the purpose of carrying out trading of any sort with the aim of making profit.

**Conflict:** Conflict simply put is an art of disagreement. It arises in a situation when one’s values and expectations are at variance with that of another and thus makes them to be at war with one another.

**Conflict Resolution:** It is a process by which disagreement or contentions between parties are amicably resolved either by themselves or an external body or personalities. It foster an amicable settlement opposed to litigation. There are several methods of conflict resolution and most often times it always ends up in a win situation, depending on the issues been resolved.

**Entrepreneur:** a person who sets up a business or businesses, taking on financial risks in the hope of making profit. This is the founder, proprietor or capital provider of any form of business.

3. Theoretic framework

Galtung’s Theory of Peace-building is adopted as theoretical base for this study. Johan Galtung is a Norwegian sociologist considered as the pioneer of peace research. He founded the Peace Research Institute Oslo in 1959, and the Journal of Peace Research in 1964. He started his work by focusing on the theories of conflict; stating its definitions and types, clarifying the difference between conflict theory and game theory, identifying conflict’s dimensions, actors, goals, and analyzing its implications and levels. According to Galtung, conflicts erupt because of the basic human needs. He refuses the idea of scarcity and refers to politics as a main determinent of priorities, goals and programs of development. These programs are almost the main reason of conflict between state and society because of its ineffectiveness and deleterious impact on both economic and political life. Galtung divided the basic human needs into four progressive categories; the most basic needs (life, survival), basic needs (food, health, education), near-basic needs (freedom, career, political participation), and relation to nature (partnership), corresponding to the main contemporary problems, which are; violence, misery, repression, and environmental deterioration. This theory is applicable to this research because it projects proper political ideology as the basic solution to dealing with problems and conflict situations in any given society.

4. Literature Review

**Conflicts in a Business Organization:** Olakunle (2008) identified six different levels of conflict which are: interpersonal, intra-group, intergroup, intrapersonal, intra-organizational and inter-organizational levels. Interpersonal conflict refers to conflict between two or more individuals (not representing the group they are part of) of the same or different group at the same or different level, if in an organization while Intra-group conflict focuses on conflict within the group as a whole as well as the individual members. Intra-group conflict falls into two distinct categories: substantive and affective conflicts. Substantive conflict refers to conflict based on the nature of the task or on the “content” issues. It is associated with intellectual disagreements among the group members. Affective conflict derives primarily from the group’s interpersonal relations. It is associated with emotional responses aroused during interpersonal clashes (Olakunle, 2008). Intergroup conflict focuses on conflict between two or more groups. Intergroup conflict can have negative side-effects, which can persist long after the competition is over. Therefore, managers must minimize any intergroup conflict if possible, and handle any conflict present with great care. Intrapersonal conflict occurs when an individual, often involves some form of goals conflict or cognitive conflict. For instance, goal conflict occurs for individual when their behaviour results in outcomes that are mutually exclusive or have incompatible elements. Intra-organizational Conflict is a type of conflict situation within organization. It includes; Vertical Conflict and Horizontal Conflict. Vertical Conflict refers to any conflict between levels in an organization; e.g. a supervisor-subordinate conflict. It arises when superiors attempt to control subordinates,
and subordinates tend to resist. On the other hand, Horizontal Conflict refers to the conflict between employees or departments at the same hierarchical level in an organization (Olakunle, 2008). Inter-organizational conflict according to Olakunle (2008) is a type of conflict situation between two or more organizations. It features Line-staff conflict and Role Conflict.

Conflict and Conflict Management: Conflict cannot be defined in a narrow sense as it means several things to different people and that is why there cannot be said to be a universally acceptable definition of conflict. According to Thomas (1976) conflict can range from “friendly” competition to extreme violence; therefore, conflict is “the process which begins when one party recognizes that another has frustrated, or is about to frustrate, some concern of his”. Folger, Scott, Poole, and Stutman (2005) defined conflict as “the interaction of independent people who perceive incompatibility and the possibility of interference from others as a result of this incompatibility”. Cahn and Abigail (2007) also defined conflict as a problematic situation, differing perceptions and desired outcomes, interdependence, potential which adversely affect the relationship between individuals.

Impact of Conflicts on Business Environment: Conflicts in the Business place not properly addressed will certainly give rise to several issues which can occasion setback for the business, thus justifying the assertion that industrial conflicts and actions have deleterious consequences on the productivity of an organization (Parter et al. 1977). Okotoni and Okotom (2003) also examining the impact of conflicts on a business environment stated that the aftermath of conflict and its negative reactions in an organization may give rise to disruption in operation and production, hostility, suspicion and lost in profitability which will make them suffer from financial losses. Conflicts may be an excellent ground for accomplishment of better business results and an impulse for changes and growth of the organization itself (Paula, 2006). Moreover, in case conflict lead to constructive changes they should be encourage in order making a good relation among employees based on mutual reflect (Obodoechi, 2007).

The Entrepreneur and Conflict: An entrepreneur is someone who manages, organizes and assumes the risks of a business or enterprise. Hofer (1991). Lazear (2005) defined entrepreneur as being the person specialized in taking the decision over the coordination of limited resources. According to Panda (2000) an entrepreneur uses the production factor, buys a raw material and set up the organization. An entrepreneur embarks upon managerial process of innovation, surveillance and coordination of the productive activities. An entrepreneur represents an individual or group of individual who conceive, initiate and maintain for a significant period of time. The goal of every entrepreneur varies from one person to another depending on the types of business they undertake. Such goals can include; the achievement of independence, financial success or social image. An entrepreneur plays different roles, which are reflected in different approaches to describe entrepreneurship. An entrepreneur accomplishes his/her goals with the help of others by motivating, directing and leading them. A prevalent perspective of entrepreneurs as leaders is related to how they make the people accomplish tasks and how they respond to these people/employees’ needs (Hemphill, 1959). Entrepreneurs, being at the helm of resource utilization have to lead people towards achieving business targets. They can achieve this by defining an achievable vision, attracting people to believe in that vision and work towards transforming it into reality (Kao, 1989). An entrepreneur is believed to use strategic management and leadership techniques to align resources for creating value and wealth (Hitt et al. 2011). Since conflict is seemingly unavoidable, it is obviously necessary for managers to be able to recognize the source of the conflict, to view it’s constructive as well as destructive potential, to learn how to manage conflict and to implement conflict resolution technique in a practical way (Fleerwood, 1987).

5. Causes of Conflicts in Business Organisation

Employee conflict in the workplace is a common occurrence, resulting from the differences in employees’ personalities and values (Brookins and Media, 2008). This research postulates that conflict in a business place can be occasioned by either economic and non-economic issues and such includes; Absence of Real Collective Bargaining, Rise in Expectation, Lack of Understanding and Accommodation, Management/Union Relationship, Differentiation, Goal Incompatibility, Task Interdependence, Scarce Resources, Ambiguity. On his own part, George N. Root III (2017) identified five major causes of conflict in an organization and this study will align position with his assertion as it fits more into the focus and outcome of this study. These major causes of Conflicts in a Business organization include:
Lack of Information: Conflict can arise when one party feels it lacks important information, according to the Free Management Library website. When employees are continually experiencing changes that they were not informed about, or if there are decisions being made that the staff feels it should be involved in, this can bring about conflict between employees and managers.

Lack of Resources: The University of Colorado at Boulder points out that a lack of necessary resources can cause conflict among employees, and between employees and management. If employees feel there is a lack of resources needed to do their job, competition will arise among employees for the available resources. The employees who are unable to obtain what they need to perform their duties will begin to blame management for the lack of necessary resources.

Personal Relationships: A work environment can be a stressful place, and it can be made worse when personal differences begin to develop between employees. Of the major causes of workplace conflict, personal relationships can be particularly counterproductive, because problems may be generated both at home and in the office. Professional employment mediator website Mediate.com notes that some employees bring stress from their home life to work and this can cause conflicts among co-workers and managers. The University of Colorado suggests that some personal conflicts arise when employees are unable to accept personal differences, which can involve such things as race, religion or ethnic background.

Incompetent Management: According to the Free Management Library, incompetent managers can create conflict in the workplace. A manager who does not understand the job tasks of his subordinates, or is uninformed about the job duties that each employee is supposed to perform, can be responsible for tension and conflict in the workplace. Employees who lose confidence in managers due to inconsistent decisions or bad planning can also become a source of conflict.

Communication Problem: Conflict often occurs due to the lack of opportunity, ability or motivation to communicate effectively. For example, when two parties lack opportunity to communicate, they tend to use stereotype to explain behaviors and anticipate future actions. Unfortunately, stereotypes are sufficiently subjective that emotions can negatively distort the meaning of an opponent’s actions, thereby escalating perceptions of conflicts. Moreover without direct interaction, the two sides have less psychological empathy for each other. Secondly, some people lack the necessary skills to communicate in a diplomatic, non-confrontational manner, when one party communicates its disagreement in an arrogant way; opponents are more likely to heighten their perception of the conflict. Arrogant behaviors also send a message that one party intends to be competitive rather than cooperative. So therefore, conflict and competition are two side of the same coin whereby in every conflicting situation both party tend to improve if capacity and capabilities for effective and efficiently performance of their responsibility. Thirdly, motivations also lead to ineffective in the future. For example, an accountant was verbally abuse by an information service manager soon after the accountant was lived. Since then, he has avoided the manager, leaving some problems undetected and unresolved. Socio–emotional conflict is uncomfortable so people are less motivated to interact with others in a conflicting relationship. Communication is essential for the internal functioning of an organization because it integrates the managerial functions such as planning, organizing, staff, leading, controlling. Specifically, communication is needed for a number of purposes among which are: To develop plans for the attainment of organizational goals, To establish and disseminate goals of an organization, To organize human and other resources in the most effective and efficient way, To select, develop and apprise members of the organization, To lead, direct, motivate and create a climate in which people want to contribute, To control performance, To relay information, Sell ideas, Educate the receiver, Resolve conflicts, Obtain input, Express feelings, Effect changes in behavior and etc. Conflict management in a business environment usually involves effective communication, problem solving, abilities and good negotiating skills to restore the focus to the business overall goal.

6. Effect of Conflicts in Organizations

Contentions may arise in an organization as a result of different viewpoints and this will surely give birth to a lot of issues which may produce either positive or negative values. Some of these are discussed as follows:

Loss of focus and resources: when a business place is experience any form of conflict, it causes diversion from the goals and objectives of the company because the concentration will now be focused on the settlement of the imminent conflict as against promoting the goals of the organization and when this is the case, the aim of the company to making profit is compromised and jeopardized and inadvertently affects the values and expectations of all stakeholders. According to Daphne Adams (2012), misuse of business materials and funds is
quite rampant, when conflicting parties engage in “warfare.” wrangles; stress and emotional confrontations reduce the workers’ productivity, and eventually, the profitability of the business.

Modification of Operational Form: Although this may be seen in two ways, either in the negative sense or positive perspective. Agitations and confrontations in a business environment may provoke a reorganization or restructuring in the business place. Where the agitators are at a factual position with presentation of obvious truth, this may make the management to initiate structural changes in the form and operation of the business. On the other hand it could provoke the formulation and enforcement of new policies and probably a complete overhauling of its leadership, bringing in managers and workers with fresh ideas.

Goal Re-appraisal: Conflict can bring about a review of the goals and objectives of the business to meet the needs of conflicting parties. Conflict forces the organizations leadership to realign its objectives towards common goals in order to foster team work amongst competing parties.

Innovation: Conflict may occasion healthy competition, constructive innovations and resourcefulness amongst employees. In times of conflict there is a high sense of obligation both on the part of the management and the employee as a result of trying to meet up with the divergent viewpoints and opinions upon which the agitations are based and this may necessitate the development of new strategies and new business order so as to keep up with the contemporary demand and standard of business operation.

Lackadaisical attitude/ Decrease in Productivity: Conflict within an organisation will certainly provoke frustration on the part of the employee most especially when it becomes obvious that there is no imminent answer or solution to their agitation. This kind of situation makes the employee become disinterested in putting in their best at work and more often times become easily stressed because of lack of motivation. Where this is the case members of staff tactically avoid carrying out their daily duties by result to giving flimsy excuses whenever they are found wanting and the aftermath of this is decrease in productivity

7. Dealing with Conflict in an Organization

The success of an organization depends on the ability of conflict recognition and the very way of conflict management which requires the integration of all factors which can contribute to conflict resolution or its precaution. According to Steven (2005) unresolved conflict in any industrial establishment is not only dysfunctional, but detrimental to the survival of the organization as the production of goods and services would be interrupted. According to Mary Parker Follett’s conflict management strategy developed in her “Creative Experience”, a paper she wrote in 1925, conflict is not warfare, but is only an appearance of differences – differences in opinions, interests, not only between employers and employees, but also between managers, between directors or wherever differences appear and went further to suggest three different ways of managing or resolving conflict in an organization and these she listed as: Dominance, Compromise and Integration.

Dominance: According to her, this implies a victory for one party over the other. It would require the use of force and suppression of the party by the strong. In this case, it does not necessarily mean that the conflict is resolved. As far as Follett is concerned, this method of managing conflict is like sweeping the dust under the carpet. Sapru, (2009)

Compromise: under this method, each party in the conflict situation surrenders certain value or interests in order to allow peace to reign. She points out however, that, just like the first method (domination), this method has its own shortcoming with the magnitude of the shortcomings depending on each conflict situation, environment and the extent of the compromise or values surrendered by each party in the conflict (Ngu, 2008). She warns however, that a conflict resolved through this method is not the best, despite it’s widely acceptance because it may simply suspend yet a greater magnitude of the problem which is likely to resurface in either the same form or in an entirely different manner. Often, also people resist the temptations of reaching compromise due to ego clashes or stated positions (Sapru, 2009).

Integration: in giving preference for the resolution of social conflict through “integration”, Follett argues that when conflicting interest meet, they need not oppose, but only confront. What should be sought in this confrontation of differing interest is an integration that gives all parties what they really desire (Sapru, 2009). This seems to receive the approval of Follett as the best. Each party has to recognize the importance of ex-raying all the various aspects of the conflict to be put forward for discussion, usually in round table conference. This would require the application of Herbert Simon’s „Rational Comprehensive Model” of decision making or the general systems theory in order to interpret and understand not only the whole but also every bit of the demand by each party involved in the conflict (Ngu, 2008).
From the host of literatures examined herein, conflicts in any given society including business environment can easily be avoided or managed whichever may be the case where necessary styles and approaches are adopted and well applied operationally. Thus, in this regard, this work presents that conflict in a business place can be dealt with through the following two strategies:

- Proper Approaches to Organisational Conflict
- Appropriate Conflict Management styles

7.1 Approaches to Organizational Conflict

Attempts have been made to produce a general theory of organizational conflict, which has proved abortive because human activity systems are not easy to predict (Olakunle, 2008). This notwithstanding, Robbins and Judge (2009) provides three approaches to organizational conflict, this they classified as; Model A – Unitary View, Model B – Pluralist View and Model C – Marxist/Radical view.

Model A – Unitary View: In Unitarianism, an organization is perceived as an integrated and harmonious whole with the ideal of one happy family, where the management and other members of the staff all share a common purpose. It is the belief that unitarist projects that an organization must be all-inclusive, friendly and collaborative. Unitarism is paternalistic in its approach because it demands loyalty of all employees, but yet provides an enabling environment for smooth operation. Conflict here is perceived as being disruptive and to be avoided the organization must adopt the leadership styles which accommodates harmonious relationship which encourages self-expression and freedom from all intimidation.

Model B – Pluralist View: In pluralism, an organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. The two predominant sub-groups are the management and trade unions. They believe that management function is to coordinate, communicate and persuade, rather than control and demand. Trade unions are deemed as the legal representatives of the employees, and are seen not as the cause of conflict. Conflict here is seen as inevitable and is caused by different opinions and values. Conflict is in this system can be adequately dealt with by collective bargaining and it is viewed as not a bad thing, and if properly managed could bring about positive changes in the organization.

Model C – Marxist/Radical View: This view looks at the nature of the capitalist society, where there is fundamental division of interest between capital and labour. Conflict here is seen as inevitable and sometimes necessary, and tends to be harmful to both the individuals and the organization. Here the trade union will always project the interest of the workers against the perceived exploitation by capitalism. The Marxist claims that, capitalism breeds corruption and greed, leaving the employees to suffer while corporations rake in profits. But if the organizations will be better and function effectively, the employers must give room for radical views of the employee in order to breed good industrial relations as this will help to promote the ideals of the organization for maximum profit.

7.2 Appropriate Conflict Management Styles

Conflict can arise when individuals or groups are trying to collaborate in attaining a common goal but have contrary opinions and beliefs about the best plan of action to pursue. Conflict in an organization could be categorized under two major headings: functional and dysfunctional (Bacal, 2004). Organisational leaders should understand the nature of conflict in order to know whether the conflict should be managed effectively, resolved or eliminated. If managed appropriately, functional conflict leads to organisational innovation and productivity. However, the answer for dysfunctional conflict is elimination because it can lead to many negative results as it impacts relationships, productivity, and other key performance indicators. Thomas and Kilmann, (1974) came out with five approach or strategies of conflict management and these are examined as follows:

Accommodating: This is when you cooperate to a higher-degree, and it may be at your own expense, and actually work against your own goals, objectives, and desired outcomes. This approach is effective when the other party is the expert or has a better solution. It can also be effective for preserving future relations with the other party.

Avoiding: This is when you simply avoid the issue. You aren’t helping the other party reach their goals and you aren’t assertively pursuing your own. This works when the issue is trivial or when you have no chance of winning. It can also be effective when the atmosphere is emotionally charged and you need to create some space. Sometimes issues will resolve themselves, but “hope is not a strategy” and in general, avoiding is not a good long team strategy.
Collaborating: This is where you partner or pair up with the other party to achieve both of your goals. This is how you break free of the “win-win”. This can be effective for complex scenarios where you need to find a novel solution. This can also mean reframing the challenge to create a bigger space and room for everybody’s ideas. The downside is that it requires a high-degree of trust and reaching a consensus can require a lot of time and effort to get everybody on board and to synthesize all the ideas.

Competing: This is the “win-base” approach. You act in a very assertive way to achieve your goals, without seeking to cooperate with the other party, and may be at the expense of the other party. This approach may be appropriate for emergencies when true are of the essence, or when you need quick decisive action, and people are aware of and support the approach.

Compromising: This is the “lose-lose” scenario where neither party really achieves what they want. This requires a moderate level of assertiveness and cooperation. It may be appropriate for scenarios where you need a temporary solution, or where both sides have equally important goals. This trap is to fall in to compromising as an easy way out, when collaborating would produce a better solution.

8. Summary, Conclusion and Recommendations

This research has espoused the nature of conflict particularly as it affects a business environment. The research also examines the types and causes of conflict in a work place and practical ways of dealings with such organizational conflicts were examined from the perspectives of different authors. The conclusion of this research is that conflict is inevitable in every human society, inclusive of business organisation but to certain extent conflict may be somehow beneficial as against being destructive depending on the manner of approach applied in dealing with the prevailing conflict. This work recommends that there is the need to subject business operators to adequate training for the acquisition of skills in conflict resolution and management particularly as it relates to human resources and personnel management; this will help to minimize or eradicate a lot of unproductive agitations, contentions and litigations in the business environment. There is also the need to ensure that in-service trainings on workplace relationship and conflict management are organized by different organizations for their employees constantly as this will help them constructively deal with conflicts in the course of their work without having negative effects of the business goals and operations.

References


