

# The functional conflicts in an organisation



**ASSIGN  
BUSTER**

The term ' conflict' has grown to become a very imperative word in Organisations and in everyday human life. Thomas (1976) proclaimed that conflict has become a popular management topic. This statement is further strengthened with the amount of research carried out on the subject matter as well as books, articles and journals published on conflict.

Conflict refers to events ranging from inner turmoil produced by competing needs or desires to open violence between entire societies (Greenberg & Baron 1995). Conflict is that process that begins when one party has negatively affected, or is about to negatively affect something the first party cares about (Buchanan & Huczynski 2007).

Conflict in the organisation is defined as the overt struggle between 2 or more people or groups in an organisation. It is usually centered on a state or condition that favours an individual over the other or a group over the other (Hatch 1997).

Oceanic Bank Int'l (OBI) stands out amongst our banks in Nigeria because of its excellent service delivery culture and that, has earned the bank a top 5 overall ranking in the Nigerian Banking industry. Conflict between Marketing and Operations & Service departments is a common phenomenon in the Nigerian banking industry.

This analysis will look at the view of various theorists on conflict and relate the Functional Theory to the OBI experience. In describing the OBI experience, we will analyse the " HAND" of management and demonstrate how functional conflict in OBI resulted in creative problem solving following proper management and increased innovation to seek solution to problems.

<https://assignbuster.com/the-functional-conflicts-in-an-organisation/>

Furthermore, the analysis actually will show that conflict in the organisation is positive and can be used to improve on service delivery, relationship management and ultimately organisational goals (Feldman & Arnold 1983). Conclusively, emphasis on implementation and monitoring of Functional conflict will be suggested.

## **CONFLICT**

### **Views and Theories**

Theorists all over, have different views on conflict. There is a school of thought that views it as Dysfunctional; saying that it is negative in the Organisation and a sign of incomplete social structure. They propose that taskforces, committees and liaison roles are ways to manage and respond to conflict in the organization (Hatch 1997).

Another group of theorist view conflict as neutral, saying that it is negative to organizational goals but it is however inevitable and that it is a part of the organization. Pondy (1967), says that conflict as neutral may be regarded as negative and dysfunctional but as a neutral condition, it's unavoidable and should be accepted.

A more recent set of theorists view conflict as Functional and that it supports organisational goals and objectives. This view was promoted by the realisation that conflict can stimulate innovation and adaptability in the Organization. This view of conflict challenged the assumption that organisations are or should be co-operative systems (Hatch 1997). This theory of Functional conflict can be traced to Chester Barnard.

## **Merits and Demerit**

Conflict in the Organization could degenerate and affect how the conflicting groups or individuals relate, perceive and behave towards each other. It can induce a win-lose orientation (Filley 1997; Mac Callun et all 1985). This Win-Lose orientation can de-motivate employees and of course affect performance. Rifts between employees or departments within an organisation if not promptly or properly managed could also lead to loss of quality employees. The negative effects may translate to poor performance of the organization.

Though conflict has several demerits including de-motivation and employee turnover, if properly managed, can help create arousal among employees, energize and mobilize them to become more aware of their job functions and expectations from management. It can also help increase and develop innovative solution. Hall (1971) suggests that when properly managed, conflict may not only increase the innovation to seek solution to problems, it can often result in more creative solutions to problem solving. It is in such situations that conflict will be viewed as Functional.

The growing complexity in Organisations has provided increased empirical support for a positive relationship between conflict and group performance (Bourgeois 1980), organisational learning (Fiol 1994) and high quality decision making in the Organization (Schwenk and Valacich 1994).

The competitive orientation that comes with Functional conflict can institute an employee audit system, increase in productivity and quality of output and

customer satisfaction as can be seen in my experience working with OBI in Lagos, Nigeria.

## **THE OCEANIC BANK INT'L (OBI) EXPERIENCE.**

Service Quality Gaps - OBI is one of top 5 banks in Nigeria with a strong brand name that is based on its excellent service delivery culture and prompt response to customer request. Over the years, the very factors that built the strong brand name were on the decline. Service and Operations department with the back-end responsibility of delivering prompt service and delighting the customer and Marketing department with the responsibility of managing the relationship between customers and the bank as well as responding to customer requests promptly, both lost focus and developing a nonchalant attitude towards their job functions. They believed that the strong brand name of the Organisation would continually attract the customers irrespective of the quality of service and the sort of relationship that existed between the organisation and the customers.

There were numerous complaints from customers bordering on basic service issues and relationship gaps; the prompt cheque confirmation process had been ignored, and relationship officers had become too lazy to upload customers' confirmation online for cash officers to view bank-wide, a requisite for cheque payment. This resulted in customers having to waiting up to 30 minutes or more to get their third party cheques paid, even when the account holder had called in advance to confirm such cheques to the relationship officers. There were also cases in which the relationship officers had uploaded the customers' cheque confirmation online as is required but rather than the service officer check the online mandate, but decided to call

<https://assignbuster.com/the-functional-conflicts-in-an-organisation/>

the relationship officer who could not be reached because he was in a meeting; this again resulted in delayed payment to the customer. A third scenario also experienced were customers' inability to operate their accounts because they had not been issued cheque books 4 weeks after account opening and fulfillment of all requirements. The service and relationship issues were countless and the result, dissatisfied customers.

Resultant Conflict - While relationship officers took the flak for the lapses of the operations department for failure to provide back-end support, the cash officers also took the flak for the laxity of relationship officers. This resulted in rifts between both departments; an illustration of (Buchanan & Huczynski 2007) definition of conflict in (1) above.

Effect on Corporate Performance - Organizational goals were not being met, the profit had significantly declined following a decline in business volume as frustrated customers had moved to competition.

The "HAND" of Management - Following the stimulation of conflict and its resultant dwindling financial results, management came up with several policies to realign the focus of employees toward excellent customer service and dependable relationship management. The policies included improving the service time allocated to a transaction; completion of service excellence forms by customers after each transaction in the banking hall; daily relationship reports used to track marketing staff and their relationship with customers.

The most significant and most effective strategy was the use of employees to appraise employees in their various units as well as outside their units.

<https://assignbuster.com/the-functional-conflicts-in-an-organisation/>

Employees were made to escalate to the highest level, service and relationship gaps noticed in the course of service to the customer. If an employee had to deliver quality service to a customer, and encountered challenges due to the negligence or irresponsibility of another employee, irrespective of the department of the employee involved, the erring employee was instantly reported to the task force and immediate action was taken against that employee.

This policy was very effectively managed, monitored and the integrity of this reports and escalations were very well verified. The policy was priority to management and this was emphasised when an executive director was drafted to head the task force. He got a day-by-day heads up on the activities of the taskforce and he reported directly and made recommendations as regards disciplinary measures to the CEO.

The effect and indeed benefits of this stimulated Functional conflict led to an astronomical increase in the volume of business; the feedback from customers on relationship management was indeed very satisfying and the profit margin grew immensely. The organization began to achieve its general goals once again, and management was happy with the positive results

## **CONCLUSION.**

This review tried to capture how existing conflict can become Functional forcing organisations to innovatively seek solutions to problems leading to a boost in performance through improved customer service, profit and achievement of organizational goals using Oceanic Bank Int'l Plc as reference. It also showed that Functional conflict required proper and

effective implementation and monitoring to achieve desired result. The use of a taskforce, intra and inter-departmental appraisals and customer feedback mechanism worked well for OBI.

Though conflict may exist with negative effects as opined by Hatch (1997) and Pondy (1967), management can make it favourable by initiating competition. Service level agreements should be agreed between departments with KPIs to which rewards and penalties are attached. SLAs should also cover escalations and to what levels. Beyond reports from customers, intra and inter-departmental appraisals and mystery shoppers can also be introduced as part of the feedback mechanism.