

Effect of Non Defensive and Respectful Reaction as A Way of Conflict Resolution Techniques on Organization Performance in the Banks and Financial Institutions in Kakamega Central Distirct

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Abstract

Human resource managers are consequently faced with challenges of managing change leading to sprouting of a variety of conflicts within organizations. Challenges facing human resource managers require their specialized training to facilitate handling of the emerging issues in workplaces. Therefore the purpose for this study was to establish the effect of conflict resolution techniques on organization performance in banks and financial institutions in Kakamega Central District. The specific objective was: To establish the effect of non-defensive and respectful reactions as a tool of conflict resolution on organization performance. The study adopted both quantitative and qualitative research designs employing descriptive survey method. Six banking and financial institution comprising of a population of 140 respondents was targeted. Simple random sampling was used to select the banks and financial institution and a sample of 42 respondents. The data collected was analyzed quantitatively using statistical package for social sciences (SPSS) program version 22. Data from questionnaires was analyzed using descriptive statistical technique then represented using tables and graphs.

Key Words: *Conflict:* A serious disagreement over needs or goals, *Organization:* An entity comprising multiple people, such as an institution or an association that has a collective goal and is linked to an external environment. *Non-defensive and respectful reactions:* A reaction with regard or consideration to someone

Introduction

The conflict-free company has never existed and never will exist. Conflict is generally regarded as a disagreement regarding interests or ideas (Esquivel and Kleiner, 1997). Organizational conflict is the discord that occurs when the goals, interests or values of different individuals or groups are incompatible and those individuals or groups block or tend to frustrate each other's attempt to achieve their objectives. These actions and reactions make conflict an inevitable part of organizational life since the goals of different stakeholders such as managers and staff are often incompatible (Jones et al, 2000). Conflict is a fact of life, in organization as well as other areas of life, as people compete for jobs, resources, power, acknowledgement and security. Dealing with conflict is difficult because it arouses primitive emotions such as people feeling threatened, which creates a version of the age old stress responses: fight or flight.

Proper management of conflict leads to organizational productivity. Effective conflict management is the concept of how an organization is achieving planned objectives by harnessing the individual's and groups' efforts. According to Richard et al (2007) organizational performance, plus the plethora of internal performance outcomes normally associated with more efficient or effective operations and other external measures, relate to considerations that are broader than those simply associated with economic valuation such as corporate social responsibility. Ensuring effective conflict management tends to be a crucial part of managerial actions in an organization to reduce industrial conflict, managers have engaged in building relationships with all subordinates, planning for the upcoming period, conducting basic training, fostering inter personal communications and developing procedure for routine tasks with the involvement of employees.

Conflict is functional when it initiates search for new and better ways of doing things. Conflict is a discord that connotes with its negative aspect that will hamper productivity, lower morale, and hinder group performance, or create competing coalitions or reduce productivity. Some instances of organizational responses to conflicts would suffice at this juncture. There was the nationwide ASUU strike in 1996. Rather than address the staff agitation for improved welfare and salary structure, the Federal Government ordered them to resume work or face penalty. Such fiat compliance were the common practices in traditional industrial and managerial behaviors, but the trend has consistently shifted in contemporary times (Wikipedia.org). Clearly, conflict and differences of opinions always exist in all organizations; from such differences new and better objective methods of conflict resolution emerge. Attempts to enhance the beneficial attributes of conflicts have resulted in management devising different policies, rules and regulations in the organization. In modern organizational systems, collective bargaining and problem solving are widely used tools to resolve conflicts and strengthen the pact between employers and employees. The essence of bargaining is to facilitate agreement on specific terms, with both parties giving concessions in an objective manner, (Sev, 2004).

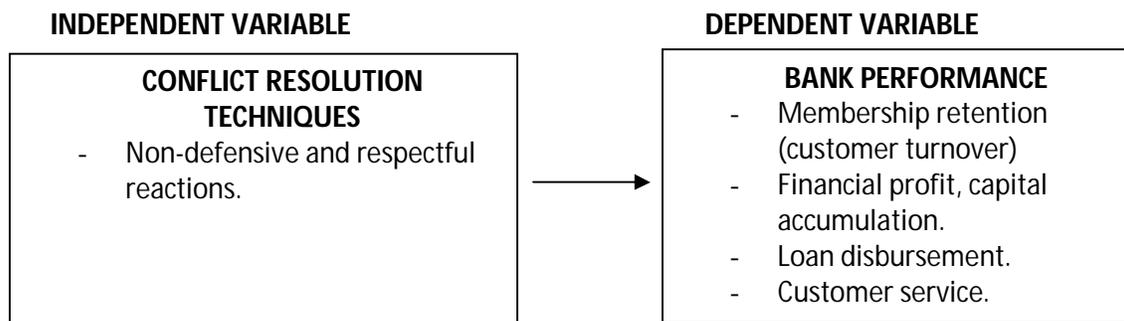
In Kenya many issues surrounding conflicts in the banking and financial institutions are due to company decisions, policies rules and regulations, budgets and perception of work, work load. On one side conflict could be the reason for disagreement but on the other hand, it is vital for survival of creative, learning and progressive organizations. As Amason (1996), found positive relationship of task conflict and performance. But it is very much possible that group members may mix their view with views required for performing official duties.

In the face of these challenges many of these institutions have continued to blaze the trail, for example, Equity Bank, National Bank, Kenya Women Finance and Faulu while many others such as Family Bank and Standard Chartered Bank have given in to fate. The fluxes in the banking sectors present some peculiar issues relevant to our discourse. In keystone banks and financial institution there are unprecedented mass retrenchment of staff, undue pressure on labour for deposit mobilization, and threat of job insecurity. These issues have inadvertently drawn labour against management with mixed outcomes in keystone banks and financial institution. In the main, the outcome are largely unproductive such as low morale, low productivity, cynicism, distrust, high employee turnover, absenteeism, defects, high job dissatisfaction, and low loyalty to the organization in the bank all of which have affected the banks and financial institution negatively. It is against this background that this study was undertaken to ascertain the effects of conflict resolution techniques on organization performance of banks and financial institutions in Kakamega Central District

Scope of the Study

Kakamega County is situated 400Km West of Nairobi and it contains various banks and financial institutions. The researcher focused on Equity Bank, National Bank, Kenya Women Finance, Faulu, Family Bank and Standard Chartered Bank branches located in Kakamega Central District. The study was restricted to actual conflicts resolution techniques applied in organizations. The researcher collected information from a total of 100 respondents from the above banks and financial institution. The respondents were given questionnaires and allowed enough time to fill the questions. Human resource managers in banks and financial institutions were also interviewed.

Conceptual framework



A Conceptual framework showing conflict resolution techniques and their impact on the banks performance

Source: Author, 2014

This conceptual framework represents the relationship between independent variables moderating variables and dependent variables thus show the intricate relationship between the conflict resolution techniques and their impacts on banks performance. Conceptual framework has therefore been developed from the reviewed literature and related theories. The independent variables are Conflict Resolution Techniques: Non-defensive and respectful reactions; Forgiving and forgetting; Seeking compromise and Avoid punishing. The dependent variable is Bank Performance. Factors like Membership retention (customer turnover); financial profit, capital accumulation; Loan disbursement and Customer service are financial performance indicators of banks and financial institution. The independent variables when applied effectively leads to organization performance which is the independent variable. However the moderating variables like Organization size and Organization age comes in between the independent and dependent variables.

Research Design

A descriptive research survey was used which is appropriate as it involves description, analysis and interpretation of circumstances at the study time.

Target population

According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. In order to gather the information required the study population include human resource managers, bank head of departments and employees of banks and financial institutions in Kakamega Central District. Six banking and financial institution composing of a population of 140 respondents were targeted.

Sample Size

According to Kothari (2004), a representative sample is one which is at least 10% of the targeted population thus the choice of 30% is considered as a representative sample of the population. The researcher will draw a sample of 42 respondents from the employees of the selected banks and financial institutions. $n=42$. It was arrived at through sampling procedure illustrated in table 3.1.

Sampling Techniques

The researcher used purposive sampling technique in order to be able to find a representative sample of the categories of workplaces considered in this study (Kothari, 2004). The following categories of work places in banks and financial institutions in Kakamega Central District have therefore been identified: Equity Bank, National Bank, Kenya Women Finance Trust, Faulu Family Bank and Standard Chartered Bank. The sample was drawn from the following banks and financial sections: customer care, loan section, corporate section, marketing and IT.

Table 3.1 Sampling procedure

Category	Target Population	Sample Size	Sampling Method
Equity Bank	30	9	Simple Random
National Bank	20	6	Simple Random
Kenya Women Finance Trust	25	8	Simple Random
Faulu	20	6	Simple Random
Family Bank	15	4	Simple Random
Standard Chartered Bank	30	9	Simple Random
Total Population	140	42 (30% of 140)	

Data Analysis and Presentation Techniques

Data was collected from both the primary and secondary sources and were analyzed using both qualitative and quantitative method. Coding was done by assigning numbers or symbols for identification purposes and then classified into categories. The raw data was then subjected to a descriptive statistical analysis using the computers sub-programme in the statistical package for the social sciences (SPSS) and MS excel. Excel was used to analyze data especially in tables, pie charts and bar graphs in order to give a good representation of the data. The findings from these analyses were aimed at finding out if banks and financial institutions had any conflict resolution techniques in place.

Results and discussions

Information on Conflict Management Techniques in Work Place

4.4.1 Stress and Conflicts at work

Stress at work usually can be a result of conflict. When people are involved in the conflict situation they have strong feelings associated with it. If they cannot control their feelings, it has a negative influence on their work performance. In addition, stress at work can be a reason, for instance, of work overload. In this case the stress can lead to conflict. The table below shows the frequency of complaints at work.

Table 4.5: The frequency of complaints at work

Do the employees often complain about stress at work?			
	Question	Frequency	Percentage Response
1	They always complain	1	16.67
2	They often complain	2	33.33
3	They sometimes complain	2	33.33
4	They never complain	1	16.67
	Total	6	100

Source: Field Data (2014)

The results show that in most banks employees have stressful situations on the workplace. The frequency shows that 4 human resource managers responded that the employees often complain or sometimes complain about stress at work. This means that 66.66% of respondents have problems connected with complaints about the stress in the workplace. In addition 16.67% respondents answered that their employees always complain about stress and an equal percentage of 16.67% of the human resource manager answered that employees never complain.

The effect of non-defensive and respectful reactions

The table below shows the correlation between the effect of non-defensive and respectful reactions as a tool of conflict resolutions on organization performance.

Table 4.17: The effect of non-defensive and respectful reaction

Bank performance	The effect of non-defensive and respectful reaction				
	Pearson coefficient, r	Sig. 2-tailed	p-value	F-value	p-value
Membership retention	0.3632	0.0286	0.358	0.837	
Financial profit	0.4265	0.2658	0.317	0.865	
Loan disbursement	-0.3891	0.0003	7.893	0.000	
Customer service	0.6325	0.0326	3.952	0.007	

Correlation and F-values are significant if p-value is > 0.05

From the above results it can be observed that use of non-defensive and respectful reactions as tool of conflict resolutions on organization performance correlate with bank performance as follows; membership retention (0.3632, $p=0.0286$), Financial profit (0.4265, $p=0.2658$); loan disbursement (-0.3891, $p=0.0003$) and customer service (0.6325, $p=0.0326$). These results are buttressed by those obtained by Victor (2012) who affirms that use of non-defensive and respectful reactions as a tool of conflict resolution correlates positively with bank performance.

Conclusion and recommendations

The study hereby concludes that the use of non-defensive and respectful methods in resolving internal work conflicts in the banks and finance institutions improved the organization's performance. The study therefore recommends that banks and financial institutions should adopt non-defensive and respectful reactions in managing conflicts at the workplace whenever they arise as this will impact on their performance.

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