

CHAPTER 1

1.0 INTRODUCTION

Conflict happens in all aspects of social relationships. These are in the forms of individual relationships, individual and group relationships and relationships within groups. Thereupon, conflicts exist in various segments such as economy, social, politics, psychology, culture etc.

The topic of our research now is "Conflict Diagnosis and Resolution; A Case Study In A Trading Company of a Korean Conglomerate".

Conflict is a process of social interaction involving a struggle over claims to resources, power and status, beliefs, and other preferences and desires. The aims of the parties in conflict may extend from simply attempting to gain acceptance of a preference, or securing a resource advantage, to the extremes of injuring or eliminating opponents.

Plato and Aristotle: Assigned social conflict to a pathological status. Both saw strife as a sign of imperfection and unhappiness. Order marks the good life and disorder (the opposite) Conflict is a threat to the success of the state, or in this case an organisation, and should be kept to an absolute minimum, and removed altogether if possible, Milichovich (2001).

As we enter the 21st century, it is essential that we look forward and begin to appraise new and evolving approaches to conflict prevention. There is a paper which comprise a summary of findings (are the findings and what is the project) from a research project under the directorship of David Carment and Albrecht Schnabel in a United Nations University Peace and Governance project year 1999 . It addresses the conceptual, policy and training dimensions of conflict prevention.

In 1998, William G Cunningham Jr carried out research on political conflict in Northern Ireland concentrating on explanations of the conflict and the search for solutions. The analysis focused on details of conflict and previous attempts at settlement. New theoretical approaches were introduced in the forms of the Enemy System Theory and Jon Burton's Conflict Resolution Theory.

According to the interactionist approach, there are functional conflicts (supports the goals of group and improves performance) and dysfunctional conflicts (hinder group performance). To understand this we have to look at the type of conflict which can be divided into task conflict, relationship conflict and process conflict.

Intragroup conflict research has shown that task conflict can improve group outcomes, but it has not addressed how groups ensure that the positive aspects of task conflict are realized. This study examines the influence of group conflict management on group effectiveness, as well as the moderating role of group conflict management on task conflict-group outcome relationships, DeChurch L.A. & Marks M.A. (2001). Results of a field survey of 96 business school project groups indicated that the use of agreeable conflict management in response to task conflict was associated with greater group satisfaction. Results examining group conflict management as a moderator showed that the relationship between task conflict and group performance was positive when conflict was actively managed and negative when it was passively managed. Similarly, task conflict improved group satisfaction when managed with agreeable behaviour, and harmed satisfaction when neutral or disagreeable behaviors were used. Results from this work provide an important first look at how group conflict management behaviors directly impact group outcomes and affect task conflict-group outcome relationships.

Relationship conflict exists when there are interpersonal incompatibilities among group members, manifested in tension, animosity and annoyance. Task conflict exists when there are disagreements among group members about the content

of the tasks being performed. Process conflict refers to disagreements among group members about the means by which the group achieves its task. These three types of conflict are expected to influence group outcomes in terms of attitudinal, behavioural, and performance outcomes.

We also have to look at the sources of conflict, which can be condensed into three categories: communication, structure and personal variables (S.P. Robbins, 1974, pp. 31 - 55).

A diagnostic model is a conceptual framework that is used to help people understand organisations. Through the diagnostic process, the model helps people to understand how the organisation is currently functioning and it provides the information necessary to design change interventions (Cummings & Wolley, 2001, pp 143-144). Therefore, conflict diagnostics involves planned and systematic procedures for acquiring information about the team members in the organisation that is under study. The conflict diagnostics is done to know the level of conflict which exists in the organisation. Based on the level of conflict existence, it helps to determine whether conflict is stimulating the performance of the organisation or otherwise. If conflict is happening at an extensive level, such conflict diagnosis will enable the management to establish an effective conflict handling process.

Following the conflict diagnosis is design intervention. An organisation development intervention is a series of activities, actions and events intended to promote the development of the organisation.

Conflict Diagnosis and resolution is done on an organisation as an observation since conflict itself is not a negative experience. It is how we choose to respond to conflict that determines whether its effect will be positive or negative. Instead of believing that we know all the answers, we should embrace curiosity Edelman and Crain (1994).

Conflict resolution is limited in value in comparison to conflict management; conflict resolution represents the limited view that conflict is bad for an organisation by implying that it is only concerned with unresolved differences. On the other hand, conflict management presents an expanded view where the costs, nature, sources and benefits of conflict are understood..

Conflict resolution, as opposed to mere management or settlement, points to an outcome that, in the view of the parties involved, is a permanent solution to the problem (Tillett, 1992, p. 123, quoted in Appelbaum, Abdallah & Shapiro, 1996).

It is important for managers to know and understand the basic kinds of conflicts and their underlying sources. This is because they must have a clear picture of a conflict situation when they are faced with one. Perception of conflict alone is not sufficient for making considered action decisions, Appelbaum, Abdallah and Shapiro (1999). The manager has to confirm and assess the existence of conflict and the root that causes conflict before engaging into the appropriate intervention to address the issue of conflict.

1.1 PURPOSE OF THE STUDY

The objective of this study is to understand how and when conflicts develop into functional and dysfunctional conflicts. The use of the Conflict Diagnostic and Resolution Model will enable the identification of the sources of conflict and to design interventions in handling the conflict amicably.

1.2 SIGNIFICANCE OF THE STUDY

This study will provide clear guidelines for an organisation in recognizing the emergence of conflict. The conflict resolution model will allow management to

control conflict levels and distinguish constructive conflicts to improve the quality of decision making, stimulating creativity and innovation.

1.3 SCOPE OF STUDY

The scope of this study was confined to the Steel Export Department of a Korean trading conglomerate, in Seoul, South Korea. The total sample size was 16 persons from 3 different teams comprising three General Managers, four Managers, six Assistant Managers, two Executives and one Clerical.

1.4. LIMITATIONS OF THE STUDY

This study only engaged one of the departments (export department) from the trading arm of all the subsidiaries of , (one of the top 20 conglomerate companies in Korea). All the individuals involved were analysed through observation, communication and the exchange of opinions with other colleagues in the company.

This information has not been gathered by residence in Korea, rather through telephone conversations and two site visits with the study group. Also some members of the study group have been observed during their own business visits to Malaysia. The minimum observation period for a study group member is one year the maximum five years.

The results here are confined to the study group and should not be interpreted as representative of the whole organisation or other similar organisations.

1.5 ORGANISATION OF THE STUDY

This case study is organized into five chapters.

Chapter One presents a brief overview of the study, purpose and significance of the study, research propositions, scope of the study, and limitations and a brief summary on the background of the organisation selected for this study.

Chapter Two gives a literature review on study by other researchers on this conflict topic.

Chapter Three to Chapter Four sets out the framework and methodology applied in this research. It consists of the framework of study, sampling design, data collection procedure, and selection of measures and data analysis technique.

Chapter Five contains conclusions and recommendations to solve the undesirable conflict level and aims to bring the level of mean score to 4, a neutral conflict level.

1.6 ORGANISATION SELECTED FOR THIS STUDY

Since its establishment in 1957, SHC Corporation has become one of Korea's leading industrial conglomerates and has contributed greatly to the rapid success of the Korean economy. SHC's global network of over 30 overseas subsidiaries and satellite offices has enabled it to effectively expand its presence in diverse fields such as apparel and Industrial Synthetic Fibers, Specialty Chemicals, Industrial Machinery, Construction & Development, Information Technology and International Trade. Since its founding in 1957, SHC has grown into a sound Korean conglomerate with approximately 7,000 employees and annual sales over 4.50 trillion won. SHC is composed of seven - Performance Groups (PG): Textile and Fiber PG, Chemical PG, Industrial PG, Information and

Communication PG, and Trading Business PG. Our study is on one of the export teams in the Trading Business PG