

## **CHAPTER 1 INTRODUCTION**

### **1.0 Introduction**

This research paper aims to study the conflict functional factors that occur in a local organisation. Organisational conflict diagnostic model is used in this research. This model is used to identify the critical conflict functional factors. These critical conflict functional factors are then resolved by employing system intervention strategy.

MA is the object selected for this research. MA is a local economic institution incorporated in September 1968. It became a public listed company in December 1970. Over the years, MA has built itself into a gigantic local life and general insurance company in Malaysia. MA is currently the largest Malaysian-controlled insurance company and with a formidable asset base of over RM4.3 billion. MA has the solid foundation to sustain as the industry's leader. Its branches are scattered around Peninsular Malaysia and East Malaysia. MA is also expanding its operations to Rangoon, Manila and India. MA consists of numerous specific departments to ensure the smooth operations of the entire organisation align with the objective of serving their valuable customers. Training and Education Department (T&E) is one of the key divisions selected for this research purpose.

Organisations are confronted with a continuous changing and unpredictable environments. As such, it is completely different from those of the traditional market which is relatively stable and predictable. The conditions that organisations encounter are frequently changing, and as a consequence, managers are required to continually engage in problem identification and problem solving activities. Hence, the continuous of self-assessment for improvement and betterment is vital to sustain the competitive edge.

Organisations display degrees of internal inter-dependence (Thompson, 1967, p. 398). Changes in one component or strategic business unit of an organisation frequently have repercussions for the other units. This applies to the

T&E in MA. In view of this fact, MA and its departments, shall continuously engage in self-evaluations taking into consideration of the agile environments.

Diagnostic is a process that helps organisations enhance their capacity to assess and change dysfunctional aspects of their culture and patterns of behaviour as a basis for developing greater effectiveness and ensuring continuous improvement (Argyris, 1970, quoted in Cohen, Fink, Gadon & Willits, 1992, pp. 432-433). T&E may adopt such diagnostics process to meet the objective of assessing and changing the dysfunctional aspect of the department.

Organisational diagnostic models are designed to assist organisational development and planned change practitioners to serve three objectives (Burke, 1982, quoted in Mckenna, 1994, p. 494). These objectives are categorising data about the organisation, interpreting data systematically and enhancing the understanding about organisational problems. T&E shall utilise the organisational diagnostics model to help in developing the department while implementing the appropriate planned change.

Before implementing planned change, a conflict resolution model is required. Conflict resolution model involves terminating conflict by employing analytical method and getting to the root of the problem. Conflict resolution, as opposed to mere management or settlement, points to an outcome. This outcome in the view of the parties involved is a permanent solution to the problem (Tillett, 1992, quoted in Appelbaum, Abdallah & Shapiro, 1999). As such, it is important for any managers to know and understand the basic kinds of conflicts and their underlying sources. Thereon, they must have a clear picture of a conflict situation when they are faced with one. Appelbaum, Abdallah and Shapiro (1999) noted perception of conflict alone is not sufficient for making considered action decisions. 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.

Subsequently, the planned change shall be carried out in systematic and efficient intervention. System intervention strategy (SIS) is a development of (Mayon-White, 1986, quoted in Yolles, 1999, p. 238). It is intended as a

structured approach for inquiry into messy situations that required change management. SIS is also seen as a team approach to learning. A new team attempting to manage the change have to learn about the organisation, its environment and its own skills. During such process, the team is required to develop human attributes such as confidence, rather than verifiable proofs that define a preferred course of action. It also must develop intervention strategies for change that will satisfy the needs of the situation.

### **1.1 Purpose of the Study**

Many studies and researches have been done in this area of conflict. These studies and researches were done in various countries but not in Malaysia. In the abovementioned section, organisational diagnostic models and surveys have often been demonstrated by practitioners to be very effective in supporting organisational development programs.

Therefore, this research paper is intended to conduct a similar organisation diagnostic model by adapting to the Malaysian context. As such, a local economic institution solely owned by Malaysian is selected for this purpose.

Generally, there are two kinds of conflict; constructive conflict and destructive conflict. The first will energise the performance of the organisation while the latter will jeopardise the smooth growing of the organisation. The purpose of this research is to study the existence of conflict and the main factors that contribute to the destructive conflict in an organisation. T&E is chosen to carry out this research by using organisation diagnostic.

By diagnosing T&E, factors that contribute to destructive conflict that hinders the smooth performance of the organisation are identified. Upon identifying the destructive conflict, appropriate resolution is established to address such destructive conflict. In the meantime, constructive conflict shall be continued in practice. Nevertheless, this research will also able to serve as a magnifying glass

to recognise the strength in the organisation. The organisation can continuously taps these strengths in sustaining the competitive edge.

## **1.2 Significance of the Study**

Practising managers report that they spend approximately twenty percent of their time dealing with conflict and its impact (Thomas, 1976, pp. 889-993). As such, organisational conflict certainly deserves careful attention. This study will provide a decent assessment on the health of the organisation. A holistic picture of the organisation can then establish. Upon the completion of the assessment, strength and weakness would be identified. Rectification actions are taken to counter the weaknesses and enhancement of the strength to ensure the continuance success of the organisation. Thereon, the path to conduct change intervention is formed.

The study can also gauge the organisation's ability to sustain its performance in the competitive environment. It is done by unveiling the areas or causes for the problems, analysing them and drawing conclusions for action planning and interventions. Furthermore, this study will serve as a guide for future study on organisations with the similar problems, situations, nature of business, size and environment.

## **1.3 The Research Overview**

Based on the research by adapting diagnosis exercise, the organisation's processes, including decision making processes, communications patterns and styles, relationships between interfacing groups, the management of conflict, the setting of goals and planning methods can be identified (French & Bell, 1984, pp. 81-82). It is then followed by the appropriate organisation development and change plan for the betterment of the organisation.

#### 1.4 Scope of the Study

The scope of this study is confined to a department in a local economic institution namely MA located in Kuala Lumpur. The sample is taken from the T&E, consists of fifteen (15) employees. These fifteen (15) employees comprised of one (1) manager, five (5) senior executives, five (5) executives, one (1) senior clerk and three (3) clerks.

T&E was started with only one division namely, life division. It was then expanded and developed into four main divisions, life division, general division, staff training division and training support division. Each of the division is led by a senior executive, except for the training support division; where there are two (2) senior executives. These senior executives are reporting to the manager.

#### 1.5 Limitations of the Study

This case study is only confined to one department, which was formed in 1993. Throughout the years, T&E had expanded and involved in numerous development. Thus, the sample chosen is not a representative of all the departments in MA. The diagnostics carried out is based on the sample and the interventions recommended are also confined to T&E's current situation. Therefore it is not generalised to all the departments of MA nor the other local financial institutions.

In addition, employing the observation research method does the study. As participant observation is employed in this study, the observer might be too close to the daily functioning of the department that it is difficult for the observer to remain impartial. The observer may become friendly with the target respondents and biased in performing the task.

Furthermore, since most of the events that take place in the department is fairly routine, there is a natural tendency to focus on any unusual or unexpected events. Therefore, it may distort the observer's conclusion.

A human observer has a limited capacity to notice, process and store incoming information. Accordingly, the observer may omit some important points and reach conclusion that are biased by their selective sample of information.

Besides, personal characteristics and individual actor system adaptation diagnosis for the operation level is based on convenient sampling. Meanwhile, the sample of behaviours observed is often limited and may not be a true representative of typical behaviour. As such, it is not a good basis for generalisation. Hence, there may be sampling error in the data obtained.

Likewise, the data collection method is based on participant observation and being there the strength seemed to be the weakness as well.

## **1.6 Organisation of the Study**

This research is organised into five chapters. Chapter One presents a brief overview of the study, purpose and significance of the study, research overviews, scope and limitation of the study, and a brief summary on the background of the selected organisation.

Chapter Two provides the literature reviews on the subject matter of conflict done by past and other researchers. Chapter Three sets out the framework and methodology applied in this research. It presents the framework of study, selection of measures, observation period, sampling design, data collection procedure and data analysis technique.

Chapter Four explicates the interpretation of findings from the empirical analysis of this study. This chapter illustrates the result obtained from the participant observation. The result is tabulated numerically. It is followed by the interpretation of findings based on the summary of the result obtained. From the result obtained, proposed actions required to address the problems is appended.

Chapter Five concludes the findings of the analysis and presents recommendations for interventions which is based on Cummings and Worley (2001) four main interventions strategies namely Human Resource, Human Process, Techno-structural and Strategic Interventions (Cummings & Worley, 2001, p. 145). A budgeted man-day is prepared to realise the suggested interventions. This chapter is ended with suggestions for additional research and implication of the entire study.