
Effect of Conflict Management on Profitability and Employee Performance of Deposit Money Banks in Ekiti State

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Abstract

The study examined effect of conflict management on profitability and employee performance of deposit money banks in Ekiti state. Descriptive survey research design was adopted. The population size for this study consists of 773 members of staff in all deposit money banks in Ekiti state. The sample size for the study consists of 773 total populations since it was not cumbersome to cover. A well structure questionnaire was used to collect data for the study. The face and content validity of the instrument was ensured by experts. The data collected from the pilot study was calculated using Cronbach's Alpha techniques and Reliability co-efficient 0.80 was obtained and the co-efficient were considered high enough for reliability. From the 773 total questionnaire distributed, 58 were not returned as some were not properly filled. The research question was analysed with Descriptive statistics such as frequency count, mean and standard deviation. Analysis of covariance (ANCOVA) was used to test the hypothesis formulated at 0.05 level of significance. The finding revealed that conflict management has significant effect on the profitability and employee performance in deposit money banks in Ekiti state. The study concluded that in the money deposit bank, if conflict is not well managed, it will have negative effect on the portability and employees' performance. The outcome of this study led to this recommendation among other that: A well packaged and thorough bred organizational culture should be made to improve on the styles in handling conflict in banking industries in order to improve profitability and quality of services, as well as promoting better human relations between management and employees.

Keywords: Conflict Management, Profitability, Performance, Money Deposit Bank, Employees.

1.1 Introduction

The issues of conflict have become the centre of focus for the management of business organizations in recent times because it is inevitable in an organization that consists of different employees with different backgrounds, qualifications, intellects, and targets who are brought together for a shared business purpose. According to Algert and Watson in Ajike, Akinlabi, Magaji, and Sonubi, (2015) noted that "in the mid 1950's, conflict was seen as an indicator of poor organizational management that needed to be avoided; managers focused on resolving conflict; in the 1970's, conflict was viewed as necessary as not good or bad but could be used to promote growth; and in the 1990's, managers needed to confront and manage conflict appropriately". Conflict could be seen as one of the instruments that can affect the performance

of banks in terms of profitability as well as employees' performance. Although it appears that conflict could result in positive or negative changes in an organization, it is also observed that conflict does occur in organizations from time to time, especially in the banking sector where they are sacking their employees. Mostly, conflict occurs for different reasons, such as the desire to obtain more salary, contract provisions, and other things that are sensitive to both management and employees. Hence, conflict management becomes important based on the fact that conflict is unavoidable.

Conflict management is one of the major skill that has a significant influence on the tasks employee have to perform daily bases (Paresashvili, Maisuradze, Gechbaia, Weis, &Koval, 2021). Thakore (2013) opened that conflict management involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills, and establishing a structure for management of conflict in organizational environment. These are skills that are needed in organization as no organization actually exist without the existence of conflict. From these assertions, conflict management could be regarded as the process of reducing the negative effects of conflict and increase the positive effects the performance of employees in organization.

In this study the author tries to identify the effects of conflict management on the profitability and employees' performance in banking sector. The profitability of the banks, regarded as a key measure of financial performance seem to have been actively affected. Sharma and Mani (2012) worried that the performance of banks has become a major concern for economic planners and policy makers due to the fact that the gains of the real sector of the economy depend on how efficiently the banks are performing the function of financial intermediation. However, for deposit money banks to achieve its objective in terms of profitability, the performance of employees must not be affected. According to Gregory and Kaufeldt (2015) opined that employee performance is tailored to a company's capacity and community. Hence, employee performance can affect the banks performance. Aldoseri, and Almaamari, (2020) bank performance is described as a depiction of how the advantages of a bank are used so that it understands their objectives.

For the objective of deposit money banks to be achieved, employee performance must not be obstructed by any conflict. The negative effects of conflict management could lead to work disruptions, decreased productivity and reduce employee performance. In this regards this study tent to examine how conflict management could affect the profitability and employees performance, Although, recently, several studies have been conducted such include Kulbaciauskaite, (2021) who examined impact and effect of conflict in the workplace on the performance of management in the Retail industry. The study revealed that workplace conflict impacts employee performance through increased absenteeism, turnover, and decreased employee wellbeing. However, the findings show that task conflicts have a significant, positive connection to employee performance, and relationship and process conflicts negatively affects employee performance

Ayinde, Bolarinwa, Alarima, Kazeem, and Kareem (2021) examined effects of workplace conflict on employees' job performance in Ogun State Agro-service Corporation (OGASC). The

study showed that presence of functional staff union to minimize conflict ($\bar{x}=2.99$) ranked as the first indication of reduced conflict, followed by existence of favouritism ($\bar{x}= 2.51$) which was ranked highest as an indication of conflict escalating factor by the respondents. Job performance of the respondents was not adversely affected by the workplace conflict they experienced.

Suprpto and Widigdo, (2021) examined the effect of employee empowerment, organizational justice, conflict, and work motivation on employee performance (case study of bank Mandiri Indonesia). The finding revealed that some employee authorization, organizational justice, and work motivation respectively are related to impact positively and significant to employees' performance. However, it was also revealed that conflict has a partial negative impact on employee performance and is not significant

Ajike, Akinlabi, Magaji, and Sonubi, (2015) examined the effect of conflict management on organizational performance of banks in Nigeria using Access Bank Plc as a case study. A sample size of eighty-one (81) out of the numerous employees of the bank was administered with questionnaires in three branches of the bank located in Lagos State. A descriptive and regression analysis with the aid of SPSS was used to analyze the relationship between conflict management on organizational performance of Access Bank Plc. The result of the study found that there was a significant positive relationship between conflict management and organizational performance ($r= 0.715$; $p<0.05$).

The effect of interpersonal conflict on organizational performance of selected hotels in Kisii town examined by (El Dahshan&Keshk, 2014). The study employed both descriptive survey and explanatory research designs and targeted a population of 368 employees of purposively selected hotels. The data was analyzed using descriptive and inferential statistics while multiple regressions was used to test the hypotheses. The results indicated that interpersonal conflict strategies, relationship conflict and task conflict significantly affect organizational performance respectively, while outcomes of interpersonal conflict does not significantly affect organizational performance.

From the recent studies reviewed, it was discovered that most of the studies were conducted outside Ekiti state and even the ones that were carried out in Ekiti state focused only on one bank. However, in order for the management of deposit money banks to understand several effects of effective conflict management, this study is relevant. Therefore, this study set to examine the effect of conflict management on profitability and employee performance of deposit money banks in Ekiti State

1.2 Research Questions

1. What are the effects of conflict management on the profitability of an organization?
2. To what extent does conflict management affect the performance of employees in an organization?

1.3 Research Hypothesis

H₀: There is no significant effect of conflict management on the level of profitability in an organization

H₁: Conflict management does not significantly affect the performance of employees in an organization

2. Methodology

This study adopted a descriptive survey research design. The study covered conflict management and organizational productivity in all deposit money banks in Ekiti state. The population size for this study consists of 773 members of staff in all deposit money banks in Ekiti state. The sample size for the study consists of 773 total populations since it was not cumbersome to cover. A well structure questionnaire was used to collect data for the study. The face and content validity of the instrument was ensured by experts. The data collected from the pilot study was calculated using Cronbach's Alpha techniques and Reliability co-efficient 0.80 was obtained and the co-efficient were considered high enough for reliability. From the 773 total questionnaire distributed, 58 were not returned as some were not properly filled. The research question was analysed with Descriptive statistics such as frequency count, mean and standard deviation. Analysis of covariance (ANCOVA) was used to test the hypothesis formulated at 0.05 level of significance.

3. Results of Findings

3.1 Descriptive Analysis

Research Question 1: What are the effects of conflict management on the profitability of an organization?

Table 1: Effect of conflict management on the profitability of an organization

S/N	Items	SA	A	D	SD	Mean	St.D	Decision
1	Improved profitability	370 (51.7%)	272 (38%)	51 (7.1%)	22 (3.1%)	3.34	0.75	Agreed
2	Less wastages in time and resources usage	276 (38.6%)	302 (42.2%)	104 (14.5%)	33 (4.6%)	3.14	0.83	Agreed
3	Meeting of target profit as at when due	145 (20.3%)	475 (66.4%)	82 (11.5%)	13 (1.8%)	3.05	0.62	Agreed
4	Reduction or absence of frauds, forgery, falsification of records.	105 (14.7%)	549 (76.8%)	38 (5.3%)	23 (3.2%)	3.02	0.57	Agreed
5	Set measurable objectives with realistic time scales for achievement.	135 (18.9%)	551 (77.1%)	21 (2.9%)	8 (1.1%)	3.13	0.49	Agreed
6	Increase in customers' drive	156 (21.8%)	458 (64.1%)	65 (9.1%)	36 (5%)	3.03	0.71	Agreed
7	Prompt response to credit request	115 (16.1%)	564 (78.9%)	28 (3.9%)	8 (1.1%)	3.09	0.48	Agreed
8	Proficiency in loan appraisal and collateral security provision	198 (27.7%)	479 (67%)	30 (4.2%)	8 (1.1%)	3.21	0.56	Agreed
9	Correct and regular collection of necessary bank charges/fees on services rendered	167 (23.4%)	504 (70.5%)	31 (4.3%)	13 (1.8%)	3.15	0.57	Agreed
10	Adherence to regular and up to date policies regarding banking operation	351 (49.1%)	288 (40.3%)	68 (9.5%)	8 (1.1%)	3.37	0.70	Agreed

Mean greater than 2.50 “Agreed” otherwise “Disagreed”

Source: Author’s Computation

The effect of conflict management and organizational profitability as presented in table 1 revealed that 89.7% of the respondents indicated that conflicts management improve profitability, 80.8% agreed that conflicts management led to less wastages in time and resources usage in an organization, 86.7% agreed that conflicts management also contributed to the performance of employees to be meeting targeted profit as at when due in an organization, 91.5% of the respondents shows that conflict management reduces or promotes absence of frauds, forgery, falsification of records within an organization, 96% of the respondents indicated that conflict management set measurable objectives with realistic time scales for achievement in an organization, 85.9% of the respondents agreed that conflict management led to increase in customers' drive in any organization, 95% of the respondents shows conflict management led to the adjustment of time to response to credit request, 94.7% agreed that the result of conflict

management led to proficiency in loan appraisal and collateral security provision, 93.9% established that conflict management led to the correction and regular collection of necessary bank charges/fees on services rendered at given time and 89.4% agreed that conflict management led to adherence to regular and up to date policies regarding banking operation. This implies that conflict management has effect on the organizational profitability as the mean values of respondents in the table are greater than 2.50. This further confirmed the level of agreement of the respondents on the effect of conflicts management and organizational profitability.

Research Question 2: To what extent does conflicts management affect the performance of employees in an organization?

Table: 2 Extent to which conflict management affect the performance of employees in an organization.

S/N	Items	SA	A	D	SD	Mean	St.D	Decision
11	Employees deserves to be motivated	400 (55.9%)	247 (34.5%)	60 (8.4%)	8 (1.1%)	3.45	0.70	Agreed
12	Employees are encouraged to develop skills and initiatives	343 (48%)	300 (42%)	64 (9%)	8 (1.1%)	3.36	0.69	Agreed
13	Increases organizational innovativeness	190 (26.6%)	405 (56.6%)	63 (8.8%)	57 (8%)	3.01	0.82	Agreed
14	Builds trust between management and staff	83 (11.6%)	386 (54%)	113 (15.8%)	133 (18.6%)	2.58	0.92	Agreed
15	Enhances group dynamics	95 (13.3%)	445 (62.2%)	127 (17.8%)	48 (6.7%)	2.82	0.74	Agreed
16	Fosters achievement of organizational goals by employees	153 (21.4%)	388 (54.3%)	136 (19%)	38 (5.3%)	2.91	0.78	Agreed
17	Enhances satisfaction among employees	164 (22.9%)	342 (47.8%)	145 (20.3%)	64 (9%)	2.84	0.87	Agreed
18	Encourages recognition advancement and growth on the job	100 (14%)	478 (66.9%)	84 (11.7%)	53 (7.4%)	2.87	0.73	Agreed
19	Results into efficiency and effectiveness of employees	233 (32.6%)	425 (59.4%)	37 (5.2%)	20 (2.8%)	3.21	0.66	Agreed
20	Leads to increase of employee output	301 (42.1%)	286 (40%)	79 (11%)	49 (6.9%)	3.17	0.88	Agreed

Mean greater than 2.50 “Agreed” otherwise “Disagreed”

Source: Author’s Computation

The extent to which conflict management affect the performance of employees in an organization as presented in table 2 revealed that 90.4% of the respondents indicated that employees deserves to be motivated, 90% agreed that employees are encouraged to develop skills and initiatives to the extent of increasing their performance, 83.2% indicated that conflict

management affects organization and increases organizational innovativeness, 65.6% of the respondents shows that conflict management builds trust between management and staff in organization, 75.5% of the respondents agreed that conflict management enhances group dynamics, also 75.7% of the respondents agreed conflict management fosters achievement of organizational goals by employees, 70.7% of the respondents agreed that conflict cause dissatisfaction among employees in an organization, 80.9% indicated that the conflict management encourages recognition advancement and growth on the job, 92% shows that conflict management results into efficiency and effectiveness of employees in an organization and 82.1% of the respondents agreed that conflict management led to increase of employee output. This implies that conflicts management has effect on the employees' performance as the mean values of respondents in the table are greater than 2.50. This further confirmed the level of agreement of the respondents on the effect of conflicts management on employees' performance in an organization.

3.2 Test of Hypotheses

H0₁: There is no significant of conflict management on the profitability in an organization

Table 3: Analysis of covariance (ANCOVA) for conflict management and profitability in an organization

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Squared	Eta
Corrected Model	8.459 ^a	1	8.459	15.278	.000	.021	
Intercept	123.412	1	123.412	222.895	.000	.238	
Conflict Management	8.459	1	8.459	15.278	.000	.021	
Error	394.772	713	.554				
Total	8594.000	715					
Corrected Total	403.231	714					

P < 0.05 (Significant)

Source: Author's Computation

The result presented in table 3 revealed that F-cal (15.278) was greater than F-table (3.85), df = (1, 713) and P-value (0.000) < 0.05 level of significant. Thus the null hypothesis is rejected. This means that there is significant of conflict management on the profitability in an organization

H0₄: Conflict management does not significantly affect the performance of employees in an organization

Table 4: Analysis of covariance (ANCOVA) for conflict management and performance of employees in an organization

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Squared	Eta Squared
Corrected Model	20.491 ^a	1	20.491	44.998	.000	.059	
Intercept	340.267	1	340.267	747.208	.000	.512	
Conflict Management	20.491	1	20.491	44.998	.000	.059	
Error	324.689	713	.455				
Total	8871.000	715					
Corrected Total	345.180	714					

P < 0.05 (Significant)

Sources: Author's Computation

The result presented in table 4 revealed that F-cal (44.998) was greater than F table (3.85), df = (1, 713) and P-value (0.000) < 0.05 level of significant. Thus the null hypothesis is rejected. This means that conflict management significantly affects the performance of employees in an organization.

4. Discussion

The finding revealed that conflict management has significant effect on the profitability and employee performance in deposit money banks in Ekiti state. This finding is in line with that of Ajike, et al (2015) who discovered that there was a significant relationship between conflict management and organizational performance of the respondents. The study support Suprpto and Widigdo, (2021) who revealed that conflict has a partial negative impact on employee performance and is not significant. The finding contradicts the study of Ayinde et al (2021) who revealed that job performance of the respondents was not adversely affected by the workplace conflict they experienced. It also supported the findings of El Dahshan&Keshk, (2014) who revealed that interpersonal conflict strategies, relationship conflict and task conflict significantly affect organizational performance.

5. Conclusion and Recommendations

Based on the findings, the conclusion of the study was that since organization is a social unit divided into hierarchies and departments and individuals. Comparisons, Competition and conflicts between units and subunits are always present in organisations. In the money deposit bank, if conflict is not well managed, it will have negative effect on the portability and employees' performance. The outcome of this study led to these recommendations that: A well packaged and thorough bred organizational culture should be made to improve on the styles in handling conflict in banking industries in order to improve profitability and quality of services, as well as promoting better human relations between management and employees. Management of Money deposit banks should enable friendly environment for their operations so as to enhance employee's performance because both 'satisfiers' and "dissatisfiers" are needed and will work in

favour of the employees and influence positively on their performance thereby increase profitability through managing conflict.

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