CHAPTER 1

INTRODUCTION AND THEORETICAL FRAMEWORK
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Conflicts are the destiny of mankind and the nature itself. The narrowing divergence of facts from the parallelogram of truth procures conflicts in its minute aspects. The opposition, sidestepping, differences and even competition end in that destiny of conflicting abruptiveness. The first and foremost definition of conflict is derived from this concept.

Conflict is universal to all social life. It is an inevitable part of living because it is related to situations of scarce resources, division of functions, power relations and role differentiation. Because of its ubiquity and pervasive nature, the concept has acquired a multitude of meanings and connotations presenting us with nothing short of a semantic jungle. Like other terms, conflict generates considerable ambivalence and leaves many scholars and administrators quite uncertain about (1) its meaning and relevance and (2) how best to cope with it. The normative conception of conflict, strongly influenced by a preoccupation with stability and equilibrium in organizational design links conflict to violence, destruction, inefficiency and irrationality.

The dilemma occurs when conflicts are addressed with its simultaneousness and spontaneity in the society in general and in organizations in particular. These destinations need existential ends to which conflicts can make hindrances and alterations regardless of the context of the conflicts. The impact it makes on the very purpose and existence of these institutions have been subjected to several evaluations and appraisals all the time. The revelations and solutions made in these evaluations are dynamic in nature and underline the need for continuity, exploration and never ending purpose on the matter.

1.1 STATEMENT OF THE PROBLEM

Whether or not an organization succeeds in achieving the targets of operation and if so, with what amount of resources is the prime and foremost concern of any organization. In the commercial and industrial sectors, the matter of interest for any one related to academic and business sectors are striving for evaluating and
ascertaining the profitability and productivity emerging out of the efficiency and effectiveness of the concerned sectors. In the economical sense, the profitability and productivity factors of any organization is the same that of a society. The systems approach of organizational functioning emphasises the close relation between the achievements of the society and constituent organizations.

The process of dissonance, divergence and incompatibilities in the organizational functioning give rise to conflicts at various levels such as interpersonal, intrapersonal, intergroup and intragroup subsystems. These conflicts within the organization critically influence the performance of the firm in terms of operational and commercial efficiencies. These categories of efficiencies in turn have got a positive influence on the productivity of the firm (Amandeep, 1983).

The conflict generated efficiency and productivity issue is a serious problem especially in the private and public sectors of Kerala, as the public sector is considered as the ‘model employer’ (Sonny V.A,1994)and the private sector being the largest contributor to the GDP of the state and country. The problem of ‘conflict bitten’ efficiency and effectiveness worsens with the influence of variables like marketisation, competitiveness, resilience and agility which are the bye-products of liberalisation, privatisation and globalisation (LPG). Performance evaluation of the private and public organizations in Kerala in the post reform period influenced by organisational conflicts in general and LPG ridden conflicts in particular is paramount in the context of commercial and service sector operations in the state. Moreover, the contribution of the manufacturing and service sectors of the above mentioned categories to the GDP of the state necessitates the problem of conflicts as a case to be encountered, evaluated and managed professionally.

1.2 OBJECTIVES OF THE STUDY

The broader sense of the study was intended to explore the impact of conflicts in the organisations of the public and private sector enterprises in Kerala. The after effect of LPG on the conflict behavior or intensity is also intended to study by the researcher. The hitherto unfound variables of the root causes of conflicts are taken as the piloting element of the broader objective of the study.
Efforts are made in this study for blueprinting the components that create organizational conflicts in general and affective and issue conflicts in particular. Modeling these variables with linear equations is also attempted for contributing a new element for the commercial and service sectors in formulating strategies and policies for conflict regulation and management in order to enhance the effectiveness and efficiency of the sectors under study.

The objectives of this study are as follows.

1. To analyse the potential sources and the internal dynamics of conflicts in the public and private sector enterprises in Kerala.
2. To analyse the functional and dysfunctional dimensions of conflicts.
3. To develop the conflict model in the light of liberalisation, privatisation and globalisation (LPG.)
4. To establish the relationship between the variables of effectiveness and conflicts in the two sectors
5. To establish the relationship between conflicts and the efficiency variables in the two sectors

1.3 SIGNIFICANCE OF THE STUDY

Although conflicts are the normal part of life, how to identify and manage conflicts effectively in the organizational context could be a daunting task. Addressing conflict should be viewed as an important element in achieving organizational effectiveness and enhancing productivity. The public and private sector manufacturing and service firms in Kerala have been facing the problem of situating in a state where the industrialization and industrial relations are marginally poor when compared to other states in India. The two sectors altogether provide labour to the majority of the organized labour market in the state. The productivity and overall performance of these enterprises wholly or largely depend on the human resources within them. The human resources in any firm has its own specifications of flexibility, synergy, abundance and unlimited potentiality. The performance of the public and private enterprises is a function of the effective utilization of these HR (Human Resources). Conflicts at various levels thrust upon
the systematic and effective deployment of these resources which ultimately sabotage the organizational goals of operation, commerce and manpower. Executives and employees of different levels in these sectors are responsible for the mobility and transference of the valuable resources of the enterprises.

The commercial value of an enterprise is a matter of interest for various groups interested in the financial and physical performance of it. The shareholders, employees, executives, government and the public are curious of the different parameters of the performance evaluation of the private and public sector enterprises, though their approach to the matter has oriented towards different dimensions. Traditional view of eliminating conflicts and the concept of the root causes of conflicts are the basis of apprehension of the players regarding the organizational effectiveness and efficiency of the organizations. These views appear to be slightly insufficient for explaining the organizational conflict behavior which has severe impact on the effectiveness of the public and private sector enterprises in Kerala. It is due to these reasons that an attempt should be made to explore the hitherto unfound depth of conflicts in these enterprises, in terms of the new dimensions of root causes, internal dynamics and interrelationship between the conflict constituents.

In depth exploration of facts regarding the conflicts in the organizations of public and private sector enterprises in Kerala is the first and foremost purpose of this study. Selected public and private sector manufacturing and service enterprises in Kerala carrying out production and service for the last 10 years had been selected for the study. The data have been taken in order to include the maximum number of units under the purview of this study to make the analysis more comprehensive and meaningful. The impact of liberalisation, privatisation and globalisation (LPG) on the conflict behaviour of selected public and private enterprises is also incorporated into this study. For this purpose the performance of the concerned enterprises for the last 10 years had been put into the realm of evaluation. The entire period of evaluation of mankind is admissible or susceptible for the relevance of the exploration of conflicts and its derivatives. The whole disciplines of knowledge and information are vulnerable to the prevalence of dissonances and divergences on which this study is focused.
1.4 HYPOTHESES OF THE STUDY

The following hypotheses have been formulated for analysis.

1. There is significant relationship between the number of public and private sector respondents in ranking the potential sources of conflicts in organizations.

2. There is significant difference between the numbers of the four categories of respondents of the two sectors in ascertaining ranks to the potential sources of conflicts.

3. Significant correlation between behavioural and affective components of attitude in the two sectors.

4. There is significant correlation between the cognitive and behavioural components of attitude.

5. There is significant correlation between the change factors and behavioural component of attitude.

6. There is significant correlation between the affective and cognitive components of attitude in the two sectors.

7. Significant difference in the EQ levels of the private and public sectors.

8. Significant relationship between intrapersonal conflicts and interpersonal conflicts in the two sectors.

9. Significant relationship between group conflicts and interpersonal conflicts.

10. Significant relationship between conflicts and effectiveness and efficiency factors of the two sectors.

1.5 THEORETICAL FRAMEWORK OF THE STUDY

There are different views on conflicts which have found its roots throughout different centuries and decades. One can observe the features of the societal development in the past years in these views.
1.5.1 Different Views on Conflicts

Conflicting environment necessitates the theoretical framework for the evaluation the concept of conflicts throughout the history. These different views on conflicts make the concept viable for categorization and structuralisation for academic procedures.

1.5.1.1 Traditional View

Over the years three distinct views have evolved about conflicts. The traditional view (dominant from the late nineteenth century until the mid-1940s) assumes that conflict is bad, always has a negative impact, and leads to declines in performance as the level of conflict increases. Conflict must therefore always be avoided. In this view conflict is closely associated with such terms as violence, destruction, and irrationality.

The response to conflict in the traditional view is to reduce, suppress, or eliminate it. The manager is responsible for freeing the project of any conflict, and entrusted with often using an authoritarian approach. Although that approach works sometimes, it is not generally effective. When they are suppressed, the root causes cannot be identified, and the potentially positive aspects of conflict cannot emerge. This traditional view of conflict is still widely held because industrial and business institutions that have a strong influence on our society concur with it. This negative view of conflict plays a role in the development of labour unions. Violent or disruptive confrontations between workers and management led people to conclude that conflict is always detrimental and should therefore be avoided.

1.5.1.2 Behavioural View

The behavioral or contemporary view, also known as the human relations view, emerged in the late 1940s and held sway through the 1970s. It argues that conflict is natural and inevitable in all organizations and that it may have either a positive or a negative effect, depending on how the conflict is handled. Performance may increase with conflict, but only up to a certain level, and then decline if conflict is allowed to increase further or is left unresolved. This approach advocates acceptance of conflict and rationalizes its existence. Because of the
potential benefits from conflicts, project managers should focus on managing it effectively rather than suppressing or eliminating it.

1.5.1.3 Interactionist View

The newest perspective, the interactionist view assumes that conflict is necessary to increase performance. While the behavioral approach accepts conflict as inevitable, the interactionist view encourages conflict based on the belief that a harmonious, peaceful, tranquil, and too-cooperative organization is likely to become static, apathetic, stagnant, and unable to respond to change and innovation. This approach encourages managers to maintain an appropriate level of conflict enough to keep projects self-critical, viable, creative, and innovative.

1.5.2 Conflict- Definitions

Generally conflict can be defined as a disagreement through which the parties involved perceive a threat to their needs, interests or concerns. Within this simple definition there are several important understandings that emerge about disagreement, parties involved, perceived threat, needs, interests and concerns. There is some level of difference in the positions of the two (or more) parties involved in the conflict. But the true disagreement versus the perceived disagreement may be quite different from one another. In fact, conflict tends to be accompanied by significant levels of misunderstandings that exaggerate the perceived disagreement considerably.

There are often disparities as to who is involved in the conflict. Sometimes, people are surprised to learn they are a party to the conflict, while other times they think they are not included in the disagreement. On many occasions, people who are seen as part of the social system (e.g., work team, family, company) are influenced to participate in the dispute. People very readily "take sides" based upon current perceptions of the issues, past issues and relationships, roles within the organization, and other factors. The parties involved can become an elusive concept to define. People often respond to the perceived threat, rather than the true threat, facing them. Thus, while perception doesn't become reality, people's behaviors, feelings and ongoing responses become modified by the evolving sense of the threat they confront.(Jehn, et al.1997) - There is a tendency to narrowly
define "the problem" as one of substance, task, and near-term viability. However, workplace conflicts tend to be far more complex with the ongoing relationships with complex, emotional components. Simply stated, there are always procedural needs and psychological needs to be addressed within the conflict, in addition to the substantive needs that are generally presented. The durability of the interests and concerns of the parties transcends the immediate conflicting situation.

Conflicts occur when people (or other parties) perceive that, as a consequence of a disagreement, there is a threat to their needs, interests or concerns. Although conflict is a normal part of organizational life, providing numerous opportunities for growth through improved understanding and insight, there is a tendency to view conflict as a negative experience caused by abnormally difficult circumstances. Disputants tend to perceive limited options and finite resources available in seeking solutions, rather than multiple possibilities that may exist 'outside the box' of the present context.

Definitions of conflicts are depending on the context to which the conflict is related. It bears variety of meanings owing to the variety of categories to which it is included. Social, psychological, organizational and science based academical contexts derive the conflict definitions in different terms though the commonality of the general factor is evident in all. Fisher (1990) defined conflict as an incompatibility of goals or values between two or more parties in a relationship, combined with attempts to control each other and antagonistic feelings toward each other. The incompatibility or differences may exist in reality or may only be perceived by the parties involved as it has already been stated. Nevertheless, the opposing actions and the hostile emotions are very real hallmarks of human conflict. The above definitions and descriptions are focused on the dimension of social conflicts as well. Though social conflicts are radically and historically fundamental to the same regressive pattern of organizational conflicts, the focus of this study is centralised on conflicts in organizations.

1.5.3 Conflicts in Organisations

The organizational context always is viable for the generation of divergences and deviations (Fischer, 1990). The discrepancies in the homogeneity
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of ideas, procedures, emotional balances, functional differentials in personal factors etc. contribute to the manifestations of these encounters which paves the way for the prevalence of conflicts within the organizations. (Thomas, Mann, 1976). According to Jacob Bercovitch (1993) organizations are living systems consisting of interacting units performing a task in a mutually dependent manner within a structure of scarce resources. The parties in an organization may have a conflict about the distribution of resources, or they may have a more fundamental conflict about the very structure of their organization and the basic nature of their interaction. Once the parties are in a situation of goal incompatibility, their conflict develops in a dynamic fashion, initiating valuable and much-needed constructive changes or leading to escalating strategies and destructive consequences.

As there is nothing pre-determined about its course or development, it seems erroneous to view conflict from a negative perspective only such as destructive or dysfunctional. It is true that conflict may be uncomfortable. It may even be a source of problems, but it is absolutely necessary if change is to occur and organizations are to survive and adapt. Organizational change and innovation does not just happen; it requires a stimulant. That stimulant is conflict. (Rahim et al. 1991)

This aspect of conflicts in organizations coincides with the essentiality of the prevalence of conflicts in any organizations. Rico (1993) explained that an organization devoid of conflict may indicate autocracy, uniformity, stagnation and mental fixity. It would also be protecting only the vested interests of the status quo. This functionality and dysfunctionality of conflicts which constitute a part of the framework of this research will be discussed and analysed in depth in the coming chapters.

1.5.3.1 Sources Of Conflicts

Organizational conflict appears in a variety of forms and has varying causes. These can generally be separated into several categories. Katz (1993) identifies three sources of conflict. These are: (1) structural conflict which refers to conflict arising out of the need to manage the interdependence between different organizational sub-units, (2) role conflict which refers to conflict arising from sets
of prescribed behaviour and (3) resources conflict which is the conflict stemming from interest groups competing for organizational resources. Robbins (1995) identifies three sources of organizational conflict and indicates that an understanding of the source of a conflict improves the probability of effective conflict management. The main factors which serve as sources of conflict are identified as (1) communicational (conflicts arising from misunderstandings etc.), (2) structural (conflicts related to organizational roles), and (3) personal (conflicts stemming from individual differences). Methods of conflict management which are appropriate in one case may not necessarily be appropriate when applied to a conflict generated from another source. A different perspective which traces the sources of organizational conflicts is to be evolved. Thus, there are conflicts that originate in the individual person, conflicts that have their basis in the relationship between individuals, and conflicts that occur as a result of interactions between groups. These may be described as (1) intrapersonal conflict, (2) interpersonal conflict, and (3) inter/intra departmental/group conflict. Each of these categories raises different questions about the three interrelated components of conflicts and each emphasizes different aspects of conflict management. All of these are the different levels of conflicts which may occur in the inter and intra organizational context.

1.5.3.2 IntrAPERSONAL Conflicts

Intrapersonal conflict is internal to the individual (though its effects can profoundly influence organizational functioning) and is perhaps the most difficult form of conflict to analyze and manage. Intrapersonal conflict is basically a conflict between two incompatible tendencies. It arises when a stimulus evokes two different and incompatible tendencies and the individual is required to discriminate between these tendencies. In such a situation it is common for individuals to experience frustrations and to allow their conflict situation to be expressed in a range of behavioural strategies ranging from apathy and boredom to absenteeism, excessive drinking or destructive behaviour. If such behavioural consequences are to be avoided, it is essential to diagnose individual perception and utilise some techniques that would reduce anxiety-eliciting stimuli and
increase consonance between individual behaviour and organizational requirements.

### 1.5.3.3 Interpersonal Conflicts

Interpersonal conflict emphasises the interaction of human factors in an organization. Here one is concerned with these factors as they appear in a dyadic relationship. One can broadly suggest two classes of factors as conflict sources such as (1) personal and (2) functional. Individuals are not identical, constant or consistent. When two individuals are brought together and kept together, each with his own qualities, needs and skills, a conflict may ensue if their attributes are not meshed together in a coordinated way. Interaction between individuals with different attitudes, values and needs can produce conflict behavior and affect organizational performance. On the other hand Individuals in organizations have roles which are expected sets of behaviours associated with their position. In theory, individuals are not expected to engage in any discretionary behaviour. Such specification would be consistent with organizational preferences for consistency and predictability. In practice, however, role specifications tend to be ambiguous and incomplete, and in their interaction with others, some individuals often feel dissatisfied with their role or position, or they may feel that their aspirations for higher positions are being frustrated. Interpersonal conflict can be accounted for, to a great extent, in terms of the incumbents' roles and their expectations in particular situations.

### 1.5.3.4 Intergroup Conflicts

Intergroup conflict occurs between collections of people such as ethnic or racial groups, departments or levels of decision making in the same organization. Competition for scarce resources is a common source of intergroup conflict, and societies have developed numerous regulatory mechanisms, such as collective bargaining and mediation, for dealing with intergroup conflict in less disruptive ways. Socio-psychological processes are very important in intergroup conflict (Fisher, 1990). Group members tend to develop stereotypes (oversimplified negative beliefs) of the opposing group, tend to blame them for their own problems (scapegoating), and practice discrimination against them. These classic symptoms
of intergroup conflict can be just as evident in organizations as in race relations in community settings. Intergroup conflict is especially tense and prone to escalation and intractability when group identities are threatened. The costs of destructive intergroup conflicts can be extremely high for a society in both economic and social terms.

1.5.3.5 Intragroup Conflicts

Intragroup conflict refers to a specific kind of conflict that occurs between members of a group that shares common goals, interests or other identifying characteristics. Intragroup conflict can be small-scale, such as within a workplace or large-scale, such as between members of a specific population group. Though conflict is generally regarded as a problem, intragroup conflict can also serve as a valuable tool in some contexts.

1.5.3.6 Paradox of All Level Conflicts

Guetzkow and Gyr (1954) suggested two dimensions of conflict which are useful for managing conflict—.one consisting of disagreements relating to task issues and the other consisting of emotional or interpersonal issues which lead to conflict. These two dimensions of conflict have been given a variety of labels such as substantive and affective conflicts (Guetzkow & Gyr, 1954), task and relationship conflicts (Pinkley, 1990; Jehn, 1997), cognitive and affective conflicts (Amason, 1996), and task and emotional conflicts (Ross & Ross, 1989). In recent years several researchers (Amason, 1996; Jehn, 1995; Pearson, Ensley, & Amason, 2002) have empirically investigated these two dimensions of conflict. They suggest that the distinction between these two types of conflict is valid and that they have differential effects in the workplace.

Several earlier researchers have noted the positive consequences of conflict (Assael, 1969; Evan, 1965; Hall & Williams, 1966; Janis, 1982; Peltz, 1967). Organizations in which there is little or no conflict may stagnate. On the other hand, organizational conflict left uncontrolled may have dysfunctional effects. The consensus among the organization theorists is that a moderate amount of conflict is necessary for attaining an optimum organizational effectiveness. Therefore, it appears that the relation between conflict and organizational
effectiveness approximates an inverted U function (Rahim & Bonoma, 1979). As such, Brown (1983) has suggested that "conflict management can require intervention to reduce conflict if there is too much, or intervention to promote conflict if there is too little". Following studies by Amason (1996) and Jehn (1997), it appears that the relationship suggested by Rahim and Bonoma and Brown is appropriate for substantive, but not for affective conflict. To put it briefly, the extremities of the positivity and negativity of the conflict outcome exists in all levels of conflicts. This necessitates the conflict management interventions for minimising the dysfunctional effects and boosting the functional effects through two dimensional strategies.

1.5.3.7 Dimensions of Managing Conflicts in Organisations

Conflict management includes the prevention, limitation, resolution or transformation of conflicts through the use of non-violent techniques. This can involve: preventing conflicts from breaking out or escalating stopping or reducing the amount of violence by parties engaged in conflicts. On the other hand conflict resolution involves assisting in the termination of conflicts by finding solutions to them. The difference between resolution and management of conflict is more than semantic (Robbins, 1978). Conflict resolution implies reduction, elimination, or termination of conflicts. A large number of studies on negotiation, bargaining, mediation, and arbitration fall into the conflict resolution category. On the contrary conflict management implies the prevalence of the desirability of moderate conflicts and the recognition of both functional and dysfunctional conflicts in the organizational context.

Ways of managing organizational conflict are as varied as its causes, origins and contexts. The purpose of conflict management, whether undertaken by the parties in conflict or whether involving the intervention of an outside party, is to affect the entire structure of a conflict situation so as to contain the destructive components in the conflict process (e.g. hostility, use of violence) and help the parties possessing incompatible goals to find some solution to their conflict. Effective conflict management succeeds in (1) minimizing disruption stemming from the existence of a conflict, and (2) providing a solution that is satisfactory and
acceptable. One can describe efforts directed towards containing or limiting some aspects of behaviour as strategies of conflict settlement and efforts. These are directed towards the parties' attitudes, situations as well as behavior as strategies of conflict resolution. (Wall and Callister, 1995)

1.5.3.7.1 Criteria For Conflict Management

In order for conflict management strategies to be effective, they should satisfy certain criteria. These have been derived from the diverse literature on organization theory and organizational behavior. Organizational learning and effectiveness, needs of stakeholders and ethics are the constituents of the criteria for conflict management (Afzalur Rahim, 'international journal of conflict management (1991). Conflict management strategies should be designed to enhance organizational learning (Luthans et al., 1995; Tompkins, 1995). It is expected that organizational learning will lead to long-term effectiveness. In order to attain this objective, conflict management strategies should be designed to enhance critical and innovative thinking to learn the process of diagnosis and intervention in the right problems. Conflict management strategies should be designed to satisfy the needs and expectations of the strategic constituencies (stakeholders) and to attain a balance among them (Curt Lewin, 1941). Mitroff (1998) strongly suggests picking the right stakeholders to solve the right problems. Sometimes multiple parties are involved in a conflict in an organization and the challenge of conflict management would be to involve these parties in a problem solving process that will lead to collective learning and organizational effectiveness. It is expected that this process will lead to satisfaction of the relevant stakeholders. Mitroff (1998) is a strong advocate of ethical management. He concluded that "if we can't define a problem so that it leads to ethical actions that benefit humankind, then either we haven't defined or are currently unable to define the problem properly". However these criteria are relevant in the organizational context of having the least possibility of organizational disparities and dissonances which is the crux of the concept of conflict management.
1.5.3.7.2 Conflict Management Strategies

Conflict management is often going on deficient on strategies needed to manage conflict at the macro-level, which can satisfy the above criteria. An effective conflict management strategy should adopt the following:

Minimize Affective Conflicts at Various Levels.

Affective conflict refers to inconsistency in interpersonal relationships, which occurs when organizational members become aware that their feelings and emotions regarding some of the issues are incompatible. "Summarily stated, relationship conflicts interfere with task-related effort because members focus on reducing threats, increasing power, and attempting to build cohesion rather than working on task. The conflict causes members to be negative, irritable, suspicious, and resentful" (Jehn, 1997, pp. 531–532).

Evidence indicates that affective conflict impedes group performance. It affects group performance by limiting information processing ability and cognitive functioning of group members and antagonistic attributions of group members' behavior (Amason, 1996; Baron, 1997; Jehn, 1995; Jehn et al., 1999; Wall & Nolan, 1986). Affective conflict diminishes group loyalty, workgroup commitment, intention to stay in the present organization, and job satisfaction (Amason, 1996; Jehn et al. 1995, 1997; 1999). These emotions are emerging from higher levels of stress and anxiety, which lead conflict escalation.

Attain and Maintain a Moderate Amount of Substantive Conflict.

Substantive conflict occurs when two or more organizational members disagree on their task or content issues. Substantive conflict is very similar to issue conflict, which occurs when two or more social entities disagree on the recognition and solution to a task problem. A study by Jehn (1995) suggests that a moderate level of substantive conflict is beneficial as it stimulates discussion and debate, which help groups to attain higher level of performance. "Groups with an absence of task conflict may miss new ways to enhance their performance, while very high levels of task conflict may interfere with task completion" (Jehn, 1997, p. 532). Evidence indicates that substantive conflict is positively associated with beneficial
outcomes: Groups that report substantive conflict are able to make better decisions than those that do not (Amason, 1996; Cosier & Rose, 1977; Fiol, 1994; Putnam, 1994; Schweiger, Sandberg, & Ragan, 1986). Substantive conflict encourages greater understanding of the issues, which leads to better decisions. Groups that report substantive conflicts generally have higher performance.

This conflict can improve group performance through better understanding of various viewpoints and alternative solutions (Bourgeois, 1985; Eisenhardt & Schoonhoven, 1990; Jehn, et al. 1995, 1997; 1999). It should be noted that the beneficial effects of substantive conflict on performance are found only in groups performing non routine tasks, but not groups performing standardized or routine tasks.

Although substantive conflict enhances group performance, like affective conflict, it can diminish group loyalty, workgroup commitment, intent to stay in the present organization, and job satisfaction (Jehn et al., 1999). As a result, interventions for conflict management should be designed to develop cultural norms to support disagreement among group members in connection with tasks and other related management issues without generating affective conflict.

**Select and Use Appropriate Conflict Management Strategies**

There are various styles of behavior, such as integrating, obliging, dominating, avoiding, and compromising, which can be used to deal with conflict. Organizational members would require training and on-the-job experience to select and use the styles of handling interpersonal conflict so that various conflict situations can be appropriately dealt with. In general, managing conflict to enhance learning and effectiveness require appropriate conflict handling strategies (Rahim, 2001; Gray, 1989). Each of the strategies are clear cut for defined situations of varying magnitude and dimensions of different levels of conflicts. In fact these strategies are styles of handling or managing conflicts with regard to the periodicity and continuity of the processes pertaining to conflicts.
1.5.3.8 Styles of Handling Conflicts

One of these "processes" is the various styles of behavior by which interpersonal conflict may be handled. Mary P. Follett (1940) found three main ways of dealing with conflict: domination, compromise, and integration. She also found other ways of handling conflict in organizations, such as avoidance and suppression. Blake and Mouton (1964) first presented a conceptual scheme for classifying the modes (styles) for handling interpersonal conflicts into five types: forcing, withdrawing, smoothing, compromising, and problem solving. They described the five modes of handling conflict on the basis of the attitudes of the manager: concern for production and for people. Thomas (1976) reinterpreted their scheme. He considered the intentions of a party (cooperativeness, i.e., attempting to satisfy the other party's concerns; and assertiveness, i.e., attempting to satisfy one's own concerns) in classifying the modes of handling conflict into five types. Pruitt's (1983) dual-concern model (concern for self and concern for others) suggests that there are four styles of handling conflict: yielding, problem solving, inaction, and contending. He did not recognize compromising as a distinct style. Rahim and Bonoma (1979) differentiated the styles of handling conflict on two basic dimensions, that is concern for self and concern for others. The first dimension explains the degree (high or low) to which a person attempts to satisfy his or her own concern. The second dimension explains the degree (high or low) to which a person attempts to satisfy the concern of others.

It should be pointed out that these dimensions portray the motivational orientations of a given individual during conflict. Studies by Ruble and Thomas (1976) and Van de Vliert and Kabanoff (1990) yielded general support for these dimensions. Combination of the two dimensions results in five specific styles of handling interpersonal conflict. (Rahim & Bonoma, 1979).
1.5.3.9 Conglomerate Of Conflict Handling Styles

Conflict behavior is an individual's intended or displayed outward reaction to the conflict issue experienced (Van de Vliert, 1997. Van de Vliert, Euwema and Huismans (1995) have adopted a perspective that they have termed "conglomerated conflict behavior". The authors point out that an actor combines several kinds of behaviors when handling a disagreement with an opponent and that the term "conglomerated conflict behavior" refers to a simultaneous or sequential aggregation of several behavioral components in varying degrees (Van de Vliert et al., 1997, p.103).

The theory of conglomerate conflict behavior is more complex than other models and taxonomies based on Blake and Mouton’s (1970) conflict management grid. Most theorists in this tradition use dual concerns (for example concern for own and other’s goals), to determine the different behaviors or styles. However, the behavioral styles resulting from these concerns, are usually presented as unique and independent, as if a person uses only one ‘conflict mode’. Also, the effects of
these modes are typically reported separately for each mode, without considering possible covariating effects (Van de Vliert, 1997). The theory of conglomerate conflict states that the components of conflict behavior should be considered as interrelated. That is, mixed motives result not in simple, but in complex behavior, that is best analyzed as a mixture of components.

Therefore, the perspective taken here is that conflict behavior is a complex combination of different styles, and the ‘Gestalt’ or specific mixture of behaviors creates the effects of this behavior (Van de Vliert, 1997). As a result, research should not focus on exploring antecedents, correlates and effects of the styles separately, but instead on the combinations of behavior, in relation to other influencing and outcome variables. (Blake & Mouton, 1970; De Dreu et al, 2001; Thomas, 1992). The emerging fact that the relevance of conflict management style depends on the combination of different styles has strong implications for the resolution and moderation of conflicts.

1.5.3.10.2 Role of Emotional Intelligence in Managing Conflicts

Emotional intelligence refers to one's ability to be aware of one's own feelings, be aware of others' feelings, to differentiate among them, and to use the information to guide one's thinking and behavior (Salovy & Mayer, 1990). This definition consists of three categories of abilities: evaluation and expression of emotion, regulation of emotion, and using emotions in decision making. A similar definition was recently provided by Goleman (1998): "the capacity for organizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships” (p. 317). It appears that EQ relates to a number of non-cognitive skills, abilities, or competencies that influence an individual's capacity to deal with environmental demands and pressures. Although Goleman (1995) is the progenitor of the EQ construct, it was first discussed by Salvory and Mayer and had its roots in Thorndike's (1920) concept of social intelligence.

1.5.3.10.1 Five Dimensions of Emotional Intelligence

Goleman suggests that EQ at work is a multidimensional construct consisting of five components, such as self-awareness, self-regulation, motivation,
empathy, and social skills. Unfortunately, Goleman uses the term EQ to include almost everything but IQ: emotional awareness, accurate self-assessment, self-confidence, trustworthiness, conscientiousness, adaptability, innovation, achievement drive, commitment, initiative, optimism, leveraging diversity, political awareness, influence, communication, conflict management, change catalyst, building bonds, collaboration and cooperation, and team capabilities. Bar-On (1997) and Parker's (2000) definition of EQ also falls into this category. This framework stretches the conceptualization of intelligence way beyond acceptable limits (Hedlund & Sternberg, 2000). As suggested by Salovey and Mayer (1994), Caruso, and Salovey (2000) there should be a more restrictive model of EQ based on ability and it should be distinguished from personality. Five Goleman dimensions of EQ are:

1. **Self-Awareness** is associated with the ability to be aware of which emotions, moods, and impulses one is experiencing and why. This also includes one's awareness of the effects of his or her feelings on others.

2. **Self-Regulation** refers to the ability to keep one's own emotions and impulses in check, to remain calm in potentially volatile situations, and to maintain composure irrespective of one's emotions.

3. **Motivation** represents the ability to remain focused on goals despite setbacks, to operate from hope of success rather than fear of failure, delaying gratification, and to accept change to attain goals.

4. **Empathy** refers to one's ability to understand the feelings transmitted through verbal and nonverbal messages, to provide emotional support to people when needed, and to understand the links between others' emotions and behavior.

5. **Social Skills** is associated with one's ability to deal with problems without Demeaning those who work with him or her, to not allow own or others' negative feelings to inhibit collaboration, and to handle affective conflict with tact and diplomacy.

There are significant intercorrelations among the dimensions of EQ. These interrelationships should be explained so that practitioners can improve and use appropriate dimensions of EQ to increase their subordinates’ conflict management
strategies and performance. It is possible that a change in one of the dimensions of EQ may affect other dimensions of EQ. Knowing how the various dimensions of EQ influence each other is important as each dimension may influence outcomes, not only directly but also through the mediation of its effects on other dimensions of EQ. In the process of conflict management, EQ dimensions play a very important role. Self awareness of one party in the conflict motivates the other through self regulation and minimizes the bargaining strategy enhancing the problem solving strategy. Empathy and social skills generated in this process positively moderates the constructive content and minimizes the negative content. (M.A. Rahim, 2000)

1.5.3.10 Role of Change in Managing Conflicts

The role of change in generating conflicts is a dynamic process. According to Lewin, the first step in the process of changing behavior is to unfreeze the existing situation or status quo. The status quo is considered the equilibrium state. Unfreezing is necessary to overcome the strains of individual resistance and group conformity. Unfreezing can be achieved by the use of three methods. First, increase the driving forces that direct behavior away from the existing situation or status quo. Second, decrease the restraining forces that negatively affect the movement from the existing equilibrium. Third, find a combination of the two methods listed above. Some activities that can assist in the unfreezing step include: motivate participants by preparing them for change, build trust and recognition for the need to change, and actively participate in recognizing problems and brainstorming solutions within a group (Robbins, 1993, 564-65).

Lewin’s second step in the process of changing behavior is movement. In this step, it is necessary to move the target system to a new level of equilibrium. Three actions that can assist in the movement step include: persuading one party to agree that the status quo is not beneficial to them and encouraging them to view the problem from a fresh perspective, work together on a quest for new, relevant information, and connect the views of the group to well-respected, powerful leaders that also support the change. In the course of the change of the disintegration of dynamic equilibrium, new system of state is arrived, generating
dissonance or incompatibility which in turn causes conflict behaviour. Change factors, therefore stands for sources of conflicts.

1.5.3.11 Role of Attitude in Conflicts In Organisations

Attitude is simply the likes and dislikes of an individual or group. The different components of attitude include a cognitive component, behaviour component and affective component.(McGuire, 1961). The cognitive component represents the awareness part regarding some environmental change. Affective component represents the emotional part that has been created from the cognitive part. The behavior component manifests the action generating out of the cognition or emotion or the both as well. Whenever the change in the attitude occurs, the change in the constituent components are also taken effect. (Jung, 1970) In an organizational context, the outcome is the conflict behaviour itself (Chammah, 1971). This model of change process within attitude components influences the generation of organizational conflicts.

1.5.3.12 Need for Conflict Management in Organisations

The effectiveness of individuals, teams and entire organisation depends on how they manage interpersonal conflict at work.(Tjosvold, 1998). Studies have revealed that managers spend an average of 20 percent of their time managing conflict (Thomas, Mann, 1992) and evidence suggests conflict and conflict management at work substantially influences individual, group organizational effectiveness (De Dreu et al. 1999; Spector and Jex 1998). Health hazards created through individual stress also plays its role. Workplace conflict is certainly a costly proposition for organizations all over the world. Some of the costs are obvious and other costs are implicit. Obvious cost continues to rise when employees react angrily instead of cooperatively. Hidden cost effects on decision making (Newstrom and Davis 1993).

Organizations strive to develop cohesiveness and promote agreement on work environment that engenders positive thinking among the employees. However, it is candidly opined that conflict among the employees remains in some form or the other. Conflict at an initial stage could easily be controlled. It could could lead to complications if allowed to aggravate. Hence a strategy of conflict
resolution in organizations becomes mandatory (Stephen and Julia, 1995). It has been experienced that conflict creates dissatisfaction among the employees. In the wake of such a situation, routine tasks are adversely affected than non routine tasks (Jehn, 1995).

Advancement in the technology, development of good management practices’ and cost effective utilization of the scarce resources, demand that organizations at large should improve their work environment in order to remain viable in the competitive market scenario. Pressing demands from the stakeholders and ever ready entry of the opportune investors force the market segment to remain alert in all kinds of situations and to increase their profits by enhancing performance.

The idea of conflict management is related to Human Resource Management. In a broad sense, the Human Resource Department of all business organizations has one primary task: to deal with the people in the organization. More specifically however, it is HR's job to ensure that productivity, efficiency, safety, fairness, and smooth practices are executed both inside and outside of the organization. With that said successful conflict management techniques are essential to ensure that both the broad and specific duties of a Human Resource Department are carried out. In modern organizations, teams have become the method of choice for responding quickly to technological and market changes and thus improving the organization’s chances of survival (Illgen, Hollenbeck, Johnson, & Jundt, 2006; Richter, West, van Dick, & Dawson, 2006). Considerable research effort and human energy have been invested in understanding how to create and develop effective teams (e.g., Illgen et al., 2006). Although research on teams within organizations has developed somewhat independently from research on organizational conflict, over the past 20 years an increasing number of studies have emphasized the impact of conflict on team dynamics and outcomes (De Dreu & Beersma, 2005; Tjosvold, Hui, & Yu, 2005). Conflicts are common within the interpersonal context of teams, as are attempts made to manage these conflicts (De Dreu & van de Vliert, 1997; Rahim, Magner, & Shapiro, 2000). In such conflicts, team members become aware of discrepancies, incompatible wishes, or incompatible desires (Jehn & Mannix, 2001). Among other issues, teams must
contend with conflicts over how to distribute work and rewards effectively, how to cope with social loafing, and how best to accomplish their goals (Wageman, 1995).

1.5.3.13 Relevance of Conflict Management in Commerce and Industries

Employees’ organizations strive to develop cohesiveness and promote agreement on work environment that engenders positive thinking. Hence a strategy of conflict resolution in commerce and industrial organizations becomes mandatory (Stephen and Julia, 1995). It has been experienced that conflict creates dissatisfaction among the employees. In the wake of such a situation, routine tasks are adversely affected than non routine tasks (Jehn, 1995).

Advancement in the technology, development of good management practices’ and cost effective utilization of the scarce resources, demand that organizations at large should improve their work environment in order to remain viable in the competitive market scenario. Pressing demands from the stakeholders and ever ready entry of the opportune investor forces in the market segment make the organisations remain alert in all kinds of situations and increase their profits by enhancing performance through effective organizational process management. This includes conflict management in the wake of competition. Management strives to adopt efficient approach in the discharge of work by the employees to accrue the desired output. Such efforts make the management go in search for advanced practices. In this pursuit, the management brings about the changes whereby well managed conflict environment is provided to the employees. Similarly, once the problem is identified, it should be resolved in order to keep the employees away from adverse situation, which is essential for the sake of organizational effectiveness and efficiency the organizations of commerce and industries.

1.5.3.14 Relevance of Conflict Management in Private and Public Sector Organisations in Kerala

In Kerala, both the public and private sector co-exist for the development of the State. The employment in the public sector as on 31st March 2010 was 6.08 lakhs, and that of the private sector i was 4.92 lakhs (Table 1.1). Kerala’s potential for industrial development is unquestionable. But, constraints such as fragile production base, poor industry linkages, labour militancy, high wage cost and low
productivity are considered as factors preventing its fullest exploitation. Though the trade union solidarity, democratic industrial relations machinery and practices and a positive approach by the State are the contributing factors to Kerala’s intellectual advancements, there are unhealthy trends in the organizational front of the public and private sectors in Kerala. It is alleged that Trade unions, management, government and other concerned institutions are all contributing to the conflicting atmospheres of the state. The large number of industrial disputes in Kerala ending in strikes and lockouts in the two sectors emphasise the above statement (Appendix 2).

**Table 1.1**

**Employment in the public and private sectors in Kerala since 2000**

<table>
<thead>
<tr>
<th>Year</th>
<th>Public sector</th>
<th>Private sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>551241</td>
<td>500291</td>
<td>1251532</td>
</tr>
<tr>
<td>2001</td>
<td>645670</td>
<td>588435</td>
<td>1234105</td>
</tr>
<tr>
<td>2002</td>
<td>637995</td>
<td>582308</td>
<td>1223304</td>
</tr>
<tr>
<td>2003</td>
<td>619263</td>
<td>549570</td>
<td>1168833</td>
</tr>
<tr>
<td>2004</td>
<td>615201</td>
<td>530670</td>
<td>1145871</td>
</tr>
<tr>
<td>2005</td>
<td>609548</td>
<td>492490</td>
<td>1102038</td>
</tr>
<tr>
<td>2006</td>
<td>606910</td>
<td>504223</td>
<td>1111133</td>
</tr>
<tr>
<td>2007</td>
<td>610042</td>
<td>494115</td>
<td>1104157</td>
</tr>
<tr>
<td>2008</td>
<td>607647</td>
<td>525427</td>
<td>1133074</td>
</tr>
<tr>
<td>2009</td>
<td>615431</td>
<td>501265</td>
<td>1116696</td>
</tr>
<tr>
<td>2010</td>
<td>608419</td>
<td>492282</td>
<td>1100701</td>
</tr>
</tbody>
</table>

1.5.4 Overview of Public Enterprises in Kerala

It is a fact that the public enterprises (PE) in the country have not been able to generate adequate surplus for sustaining public investments while some of them are subsidised by the rest of the economy. Similarly, some of the infrastructural facilities provided by the public enterprises have been found to be inefficient and costly. However, it can be claimed on the positive side that public enterprises have enabled the country to achieve a large degree of industrial diversification, to reduce import dependence, to stimulate private investment and to create a large pool of skilled manpower, all of which have helped the country to achieve a high level of self-reliance, and promote a more balanced regional development of the country. Yet, the suboptimal performance of the public sector enterprises in relation to the generation of adequate surplus has accentuated the "fiscal crisis" (deficit in the government's budget and caused a lot of disenchantment with the role of the public sector in the country.)
The performance of these units has been a matter of concern for the Government. Several units suffer from chronic problems of inefficiency, low productivity, poor management, budget deficit, absence of contribution to the national exchequer, etc., contrary to what has been envisaged in successive five year plans. According to the various surveys and studies of central and state public enterprises in India, financial performance have identified the following as the constraints in the way of efficient performance: (a) poor choice of location, (b) non availability of inputs like raw materials and fuel, © choice of wrong technology, (d) over manning at the executive/worker level, (e) poor internal management of the enterprise, and (f) inefficiency in the marketing of products.

**Figure 1.3**

**Total employment in India in the public and private sectors From 2000 to 2010**
The expansion of the central public enterprises sector to occupy the commanding heights of the economy was an integral part of the industrial development strategy commencing from the second five year plan (1955-'60), which laid emphasis on the development of basic industries and infrastructure through planned public investments. The strategy has paid some dividends. Central public enterprises stimulated the growth of a large diversified industrial sector which reduced dependence on imports, stimulated the growth of private enterprise and created a large pool of trained industrial skilled manpower (Varghese Mathew, 1997 ‘performance evaluation of state public enterprises in the manufacturing sector of Kerala’). Central public enterprises do not form a homogenous set of enterprises performing at the same level of efficiency. There is wide variation in their performance both in terms of efficiency of service to the consumer and profitability of the operations as well. The attribution for this heterogeneity can be drawn from the divergence of extraneous and intraneous factors including the structure of the PSU, differences in management style, organizational culture etc.

1.5.5 Public Sector In Kerala

In accordance with the mixed economy plan advocated and initiated during the Nehruvian era, Kerala too had promoted the public sector concept followed by the Industrial Act 1951. This was obviously done by building and operating a wide range of industries, over a considerable period of time. These industries 14 in number are classified under different sectors. The sectors are Development and Infrastructural agencies, Ceramics and refractories, Chemical industries, Electrical equipment, Electronics, Engineering, Plantation and Agro based units, Textiles, Wood based industries, Traditional industries, Trading units, Welfare agencies, Public Utilities and others. As it has already been stated The establishment of public sector undertakings in Kerala was a natural outcome of the Industrial (Development & Regulations) Act, 1951 and the development strategy followed since the beginning of the planned development process in the country. The need for public sector investment was felt during the initial five year plans since private capital was acutely limited and was also least interested in entering the industrial scenario in the State.
However, it was a period of national urgency to grow at a rate faster than what would have been possible otherwise relying on private initiative and enterprise. The few public sector industries formed during the fifties and also early sixties along with the few Government owned industries started before independence formed the industrial base for Kerala. All further industrial developments were evolved from this industrial base. The primary objective of these industries was outlined in the National Policy as well. It was to "bring about socio-economic growth to the masses" and thereby help to eradicate poverty, improve quality of life, promote social security, etc. Thus the public sector was a major instrument of the Government in the development plans and has well established itself in all spheres of life. This is obvious, since it has made significant contributions to the society, economy and industry. The monetary viability of public sector undertakings was initially intentionally ignored. This was because of the fact that social profitability was then the need of the hour and not financial profits. The
focus on social profitability has resulted in public benefits such as employment to a substantial number of people.

The massive losses on the financial front, however, still continue to incur in a large number of State owned industries. Huge financial support has been provided by the Government in operating many public sector industrial units over a number of years. However, the inability to generate surpluses for reinvestment and further growth has put considerable pressure on the National Economy. This has forced the Government to find solutions alternative to financial support. Some of the very positive steps have been undertaken by the Government in this regard. standing committees and conferences were initiated and they have made very specific recommendations and suggestions.

**Table 1.2**

| Performance of state government companies in Kerala from 2000-01 to 2009-10 |

<table>
<thead>
<tr>
<th>year</th>
<th>No. of units</th>
<th>Total Employment</th>
<th>Paid up capital</th>
<th>Capital invested</th>
<th>Units of profit</th>
<th>Units of loss</th>
<th>Net annual Profit/+/-</th>
<th>Dividend declared</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>98</td>
<td>64448</td>
<td>1380.88</td>
<td>3820.75</td>
<td>32</td>
<td>235.85</td>
<td>60</td>
<td>288.67</td>
</tr>
<tr>
<td>2001-02</td>
<td>98</td>
<td>61087</td>
<td>1385.66</td>
<td>4081.97</td>
<td>35</td>
<td>260.26</td>
<td>46</td>
<td>276.60</td>
</tr>
<tr>
<td>2002-03</td>
<td>95</td>
<td>53960</td>
<td>1441.24</td>
<td>4716.71</td>
<td>31</td>
<td>203.50</td>
<td>51</td>
<td>232.15</td>
</tr>
<tr>
<td>2003-04</td>
<td>95</td>
<td>54625</td>
<td>1491.35</td>
<td>5790.41</td>
<td>38</td>
<td>194.56</td>
<td>45</td>
<td>244.15</td>
</tr>
<tr>
<td>2004-05</td>
<td>95</td>
<td>50505</td>
<td>1525.72</td>
<td>5982.14</td>
<td>37</td>
<td>186.83</td>
<td>45</td>
<td>229.62</td>
</tr>
<tr>
<td>2005-06</td>
<td>95</td>
<td>51180</td>
<td>1561.79</td>
<td>6220.10</td>
<td>29</td>
<td>208.55</td>
<td>52</td>
<td>231.93</td>
</tr>
<tr>
<td>2006-07</td>
<td>96</td>
<td>50361</td>
<td>1579.93</td>
<td>6609.60</td>
<td>46</td>
<td>311.57</td>
<td>33</td>
<td>83.71</td>
</tr>
<tr>
<td>2007-08</td>
<td>76</td>
<td>52609</td>
<td>1672.14</td>
<td>7078.00</td>
<td>48</td>
<td>349.25</td>
<td>28</td>
<td>89.82</td>
</tr>
<tr>
<td>2008-09</td>
<td>76</td>
<td>54752</td>
<td>1777.44</td>
<td>7096.94</td>
<td>49</td>
<td>504.63</td>
<td>25</td>
<td>50.85</td>
</tr>
<tr>
<td>2009-10</td>
<td>76</td>
<td>56349</td>
<td>1892.48</td>
<td>7489.68</td>
<td>56</td>
<td>662.50</td>
<td>18</td>
<td>32.55</td>
</tr>
</tbody>
</table>

Source: A Review of Public Enterprises in Kerala 2010
Figure 1.5

No. of profit making government companies in Kerala from 2000-01 to 2009-10

Source: A Review Of Public Enterprises in Kerala 2010

Figure 1.5

No. of government company units in loss in Kerala since 2000-01 to 2009-2010
1.5.6 Development of Private Sector In India

In the last two decades there have been remarkable changes in the world economy as many economies that were emphasizing upon the public sector in the economic domain of their respective economies found a new mantra of economic progression by emphasizing upon greatly or switching over to the privatization. This shift from public sector to the private sector has been slow or fast; partial or substantial; fruitful or painful. We would better like to concentrate on economic reforms and implications in India for the private sector., (Feltenstein and Nsouli, 2003). The country went through the implications of alternative paths of economic reform in the context of an economy with a large public sector that is being transformed to become more market oriented. Two alternative paths to reform can be envisaged. First, the country can move gradually by selectively introducing reforms and spacing them over time. Second, the country can pursue a "big-bang" approach, under which all reforms are immediately and simultaneously introduced. in looking at complete policy packages, the big-bang approach is better from a welfare point of view: both consumers are better off under a package where adjustment and reform policies reinforce each other.

Although under the big-bang approach the drop in real GDP is initially greater than under the gradual approach, real GDP rises to higher levels in subsequent periods again when it comes to the question of the scope of the private sector in the post reform period. The private sector has now more access over the already created capacities and further assured of its entrepreneurial dividends. The private sector was assured of its role as despite change of political climate. The reform process continued. Private sector was more emboldened and many major reforms were there that raised the status and size of the private sector horizontally and vertically. The private sector has been contributing a lot while sparing the government to concentrate on the governance and the social sector and these are now the major blockades in the economic progress of the economy. Such a gesture has only emboldened the private sector and makes it more confident and responsible so that they can brace up more efficiently for future challenges where prospect seems to be bright.
1.5.7 Origin of Conflicts in the Private and Public Sectors in Kerala in the Post Reform Period

The launching of the economic reforms in the country in 1991 proclaimed unprecedented growth for the country. The three components of economic reforms such as globalisation, liberalisation and privatisation (LPG) became instrumental for structural and radical changes in the productive sectors of the country.

In Kerala the reforms got momentum only after 2000. Both the private and the public sectors went through structural and technological reformation with the constraints like resistance towards change, trade union militancy, fragile production base, poor industry linkage, high wage cost and poor productivity prevailing in Kerala which is not the case in any other states in the country. Democratic industrial relations and practices, trade union solidarity and the approach by the state contributed towards the rapid momentum of the implementation of the reforms in the state. However the unhealthy trends in the trade union practices, the global and national setbacks for the reformation processes and change in the political environment in the state made its impact in the public and private sectors of the country.

The variables like marketisation of the trade practices, resilience of the economic and structural framework, agility of the financial and functional stability and the competitiveness of the organization in the total arena are some of the bye – products of the LPG according to researchers and social scientists like Thomas Hatzichronoglou and K. P. Kannan. Marketisation is accounted for the exposure of the business activities to market forces such as demand and supply, competition, economical and social environment. All of these factors are conflict generating and thereby influencing the performance of the organizations. Resilience makes the new structures and market strategies for the firms. The novelty and reframe of the new structures could be a source of conflicts within the organizations. Competitiveness and agility are altogether oriented towards moderating the sources of conflicts such as scarce resources, communication barriers, goal diversity, and work culture both in the private and public sectors in the state.
1.5.8 Impact of Organisational Conflicts on the Effectiveness and Efficiency of the Public and Private Sectors

According to J. Joodith and J. H. Heenwagen (1995), the components of organizational affectiveness affected by organizational conflicts are:

- Achieving organizational mission
- Product and service quality and value
- Customer satisfaction
- Capacity for innovation and creativity
- Adaptation to organizational and technological change
- Effective information sharing and communication
- Employee attraction and retention
- Effective group and individual work
- Quality of work life
- Developing partnerships and alliances
- Operational efficiency
- Image and branding

These factors indirectly make negative impacts on the productivity and profitability of the organisation (Kevin v., Kelly, Kevin v, Powell, 1997). Ultimately the intensity of conflicts make impact on the effectiveness of the organization through the alteration of the above variables with regard to the emotional component of the conflict sources. Similarly the dimensions of the organizational efficiency such as ecological, efficacious, effective, incremental, profitable and adaptive functions are also affected by organizational conflicts in the private and public sector organizations notwithstanding the functional and objective differences between the two sectors. (Kevin J. Powell, 1999). The important factor to be noted is that relationship or emotional conflicts are instrumental for negatively moderating the effectiveness and efficiency through the above variables. On the other hand positive correlation between issue conflicts and effectiveness/efficiency has been postulated by researchers (Rahim, Amazon 1996, Baron 1997). Ultimately the performance of the private and public sector organizations has been subjected to be affected and altered by different levels of
conflicts. Hence it can be summarised that different types of conflicts in the private and public sector organizations in Kerala are influencing the desired level of effectiveness and efficiency of them. General pattern of conflict management should encompass the potential sources of conflicts including the inner psychological variables of the employees and executives. Liberalisation, privatization and globalization which constitute the frame work of the economic reforms in India which have the pattern of change might also be influencing the effectiveness and efficiency of these sectors through the intervening variables of conflicts in accordance with the theory of Kurt Levin (Robbins, 1993).

The theoretical framework mentioned in this chapter is the backbone of this research in its pursuit for identifying and analyzing various factors to meet its objectives. The analyses made in the coming chapters are expected to bring out a little of the answers for the unanswered questions within the unfilled and meaningful blanks of the above concepts.