

## NATURE AND ROLE OF CONFLICTS IN THE MANAGEMENT OF BUSINESS ENTERPRISES

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### ABSTRACT

The purpose of this article is to analyze the nature of conflict as a social phenomenon in the business organization and to reveal the factors that determine it within the strategic corporate governance. From the literature analysis of the problem the following can be summarized and concluded: (1) conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result; (2) conflicts in business organizations are inevitable, which determines two main approaches to their management - prevention and promotion. Which of the two approaches is chosen by the manager depends on the situation in which he manages; (3) Through conflicts, business organizations develop organizationally, which determines both functional and dysfunctional consequences for people in the organization.

**KEY WORDS:** conflicts, firm roles, conflict factors, conflict skills, management of conflicts

### ABSTRAKT

Ziel dieses Artikels ist es, das Wesen des Konflikts als soziales Phänomen in der Unternehmensorganisation zu analysieren und die Faktoren aufzuzeigen, die ihn im Rahmen der strategischen Unternehmensführung bestimmen. Aus der Literaturanalyse des Problems lassen sich folgende Schlussfolgerungen ableiten: (1) Konflikte entstehen aus der Opposition von Individuen oder Gruppen, die sich auf der Grundlage von Unterschieden gegenüberstehen. Dieser Unterschied kann auf unterschiedlichen Zielen, Ideen, Verhaltensweisen in bestimmten Situationen oder Interessen beruhen. Ein Konflikt kann auch durch die objektive Knappheit von Ressourcen bedingt sein, die dem Einzelnen zur Lösung eines bestimmten Problems zur Verfügung stehen. Die Ursachen von Konflikten sind zahlreich, aber sie sind "Auslöser" eines Prozesses, der in einem Ergebnis endet. Der Konflikt endet unweigerlich mit einem bestimmten Ergebnis; (2) Konflikte in Unternehmensorganisationen sind unvermeidlich, was zwei Hauptansätze für ihre Bewältigung bestimmt - Prävention und Förderung. Welcher der beiden Ansätze vom Manager gewählt wird, hängt von der Situation ab, in der er verwaltet; (3) Durch Konflikte entwickeln sich Unternehmensorganisationen organisatorisch, was sowohl funktionale als auch dysfunktionale Folgen für die Menschen in der Organisation hat.

**STICHWORTE:** konflikte, feste Rollen, konfliktfaktoren, konfliktfähigkeit, konfliktmanagement

## RÉSUMÉ

L'objectif de cet article est d'analyser la nature du conflit en tant que phénomène social dans l'organisation des affaires et de révéler les facteurs qui le déterminent dans le cadre de la gouvernance stratégique des entreprises. L'analyse de la littérature sur le problème permet de résumer et de conclure ce qui suit : (1) le conflit naît de l'opposition d'individus ou de groupes qui s'opposent sur la base d'une différence. Cette différence peut être basée sur des différences d'objectifs, d'idées, de comportements dans des situations spécifiques ou d'intérêts. Le conflit peut également être dicté par la rareté objective des ressources dont dispose l'individu pour résoudre un problème particulier. Les causes de conflit sont nombreuses, mais elles constituent un "déclencheur" d'un processus qui aboutit à un résultat. Le conflit aboutit inévitablement à un certain résultat ; (2) les conflits dans les organisations commerciales sont inévitables, ce qui détermine deux approches principales pour leur gestion - la prévention et la promotion. Laquelle de ces deux approches est choisie par le manager dépend de la situation dans laquelle il gère ; (3) à travers les conflits, les organisations d'entreprises se développent sur le plan organisationnel, ce qui détermine des conséquences à la fois fonctionnelles et dysfonctionnelles pour les personnes au sein de l'organisation.

**MOTS CLÉS:** conflits, rôles dans l'entreprise, facteurs de conflits, compétences en matière de conflits, gestion des conflits

## INTRODUCTION

Identifying the factors that determine the occurrence of conflicts in business enterprises requires studying the holistic nature of conflict as a phenomenon in these business organizations. Conflict is the subject of research both in psychology and in the theory of economic management. Most researchers of this phenomenon argue that management is primarily a psychological interaction between individuals in the organization, which determines the inevitability of a situation of opposition and apparent conflict. In this part of the dissertation we strive to define the nature of conflict as a phenomenon and process based on basic statements in the psychology and theory of economic management.

The purpose of this article is to analyze the nature of conflict as a social phenomenon in the business organization and to reveal the factors that determine it within the strategic corporate governance.

## RESULTS AND DISCUSSION

***Nature of the conflict.*** There are a wide variety of definitions explaining the meaning of a social phenomenon called conflict. Most of them state that the conflict manifests itself in the collision of various factors that determine the personality of the individual. The definitions of Nedyalkov and Yordanov are in the fullest scope of the essence of the conflict. According to Nedyalkov (2007) "conflict is a conflict of countries, individuals or societies, determined by their opposing interests, claims and intentions." The other author declares that "conflict is a situation in which two or more parties perceive their goals and / or interests as incompatible. They strive for the same limited resources at the same time." According to

Khatam (1999), "conflict occurs when two or more people interact and realize incompatible differences or threats to their goals, ideas, attitudes or behavior and this makes them react is a prerequisite for the existence and escalation of conflict. From the above definitions it can be summarized that the conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" attitudes or behavior and this makes them react is a prerequisite for the existence and escalation of conflict. From the above definitions it can be summarized that the conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" attitudes or behavior and this makes them react is a prerequisite for the existence and escalation of conflict. From the above definitions it can be summarized that the conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" that conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" that conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result. According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:" Conflict can also be dictated by the objective scarcity of resources available to the individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result.

According to Follett, 1947 "the results of a conflict can be grouped into 4 categories according to the victory-defeat criterion:"

- A can win on B;
- B can win on A;
- A and B compromise;
- A and B can cooperate and win both.

In the presence of common interests, individuals have the prerequisite to cooperate and by cooperating their efforts to solve a problem that they recognize as common. Under these conditions, the result will be cooperative behavior. When individuals have different interests, they fall into a state of competition (rivalry), ie. a precondition is created for these individuals to compete, which is reflected in the emergence of conflict. Depending on what means the countries use to achieve their goals, the conflict could escalate into a crisis.

**Object and subject of conflict.** The object of conflict is this specific value (tangible or intangible), which the interacting parties seek to possess. The subject of the conflict is the objectively existing problem, which is the reason for the conflict between the parties.

**Theories explaining the causality of the conflict.** Knowing the causes of conflicts helps to better analyze the conflict situation and to explain more easily its development and the behavior of its participants. According to researchers of the social phenomenon, there are two groups of theories explaining the causality of conflict - subjective and objective.

**Subjective theories.** They are based on the following understanding - people, with all the peculiarities of their individual and group psyche, are the main reason for the existence of conflicts. Each of the subjective theories defends a different thesis about what makes people come into conflict:

- *Bit concept:* according to this theory, human is mortal by nature, limited and extreme as a body in time and space, a huge and uncontrollable layer of anger and conflict is layered in him. As a representative of this conceptual thesis we could point out Fedorov, 1965.
- *Genetic concept:* human is conflicted by the very nature of his genetic nature and his innate and inalienable instincts for rivalry. One of the most prominent proponents of this thesis is Sigmund Freud.
- *Crisis concept:* each person goes through special, long periods of crisis within their individual development, characterized by abrupt psychological changes, which changes are the main reason for the manifestation of hostile behavior (Eric Erickson).
- *Motivational concept:* according to this thesis, when the motivation of the individual, aimed at meeting his needs, is hindered in some way, a moment of conflict arises.
- *Socio-psychological concept:* according to her, the peculiarities of the human psyche play a decisive role in the emergence and course of conflict interactions, and their regulation is achieved by influencing certain mental structures.

**The objective theory** explain the reasons for the conflict with various factors beyond the subjective psyche of human. These theories are grouped into two concepts - which are complementary - the concept of unequal interests and the concept of objective contradictions.

- *Concept of unequal interests*: the analysis of the most diverse and seemingly very different conflicts shows and proves that any specific and subjective reasons underlying the actions of the parties to the conflict ultimately come down to and reflect the opposing, incompatible interests of the parties. .
- *Concept of objective contradictions*: the mechanism of reasoning in this type of concept in schematic form looks as follows - the conflicts in today's societies are generated and are a manifestation of objectively existing social contradictions. Contradictions in society are the essence of its genesis, without them it cannot develop.

In all concepts there is the same understanding that the conflict is the type, degree, form, severity of the manifestation of the contradiction. Out of contradiction there is no conflict, and without object there is no contradiction. In a broader sense, the cause of conflict is the phenomenon that determines its manifestation, subsequent development and, ultimately, its end.

**Conflict as a process.** Conflict is usually not a one-time action that develops for a short time, but an ongoing interaction between two people or two parties who hold opposing views on a common problem. This process is often long, develops over time and goes through various stages. According to McCortney (2003), "in its development, conflict goes through several stages that form a cycle of conflict":

- *Pre-conflict stage*;
- *Explicit stage of the conflict*;
- *Post-conflict stage*.

*Pre-conflict stage*: can be described by the following most characteristic features - increasing social tensions, highlighting the interacting countries, real harm to the interests of the parties, which is perceived as such (area of disagreement), own emergence of a real pre-conflict situation. Already in the first phase of the pre-conflict stage there are attempts to solve the objectively existing problems (the area of disagreement) through non-conflict methods, namely: through clarifications, requests, information, etc. If all these ways do not give a specific, mutually acceptable result, the next phase of the stage is realized.

The second phase at this stage is the pre-conflict situation. The most important feature is that the interacting parties are clearly and immediately aware of the real violation of their interests, unlike the first phase, where there is only potential damage to interests.

*Explicit stage*: in order for the conflict situation to turn into an open conflict, a formal occasion is needed to encourage the interacting parties to take active action. This formal occasion is the incident, which is the first phase of taking active action. According to Ouchi (1985), "an incident may occur accidentally or be deliberately provoked by one or both parties". In its natural course of development, however, after the incident comes the second phase of the open stage of the conflict - escalation. "The escalation of the conflict is characterized by a sharp escalation of the confrontation between the two countries." The escalation can be continuous - with a constant increase in voltage, when the voltage is cyclical, we are talking about wavy escalation. The escalation may culminate.

*Post-conflict stage*: the end of the conflict can be described as "a transition from active and intense opposition between interacting parties". The area of disagreement is generally objective, it is a

crossroads where the opposing interests of both sides in the conflict intertwine. After the end of the conflict, tensions and confrontation were significantly reduced. Conflict can end in partial normalization, complete normalization and lack of normalization.

*Partial normalization* - is the case when the cooperating parties have partially satisfied their own interests in the area of disagreement.

*Complete normalization*- we have in the case when the two interacting parties have found a mutually acceptable solution to the conflict.

*Lack of normalization*- is essentially a precondition for the outbreak of a new conflict, as neither side has received even partial satisfaction of its interest.

**Types of conflicts.** According to Lau (2010), "essentially initial is the so-called internal personality conflict, the conflict of personality that gives rise to other types of conflicts in society." For the purposes of the research process in the science of psychology, there are the following types of conflicts:

*Intra-personal conflict.* This is a kind of negative mental state caused by the struggle of opposite tendencies in the substructural formations of the personality, which hinders the adaptation and only the realization of the individual in difficult situations. The emergence of internal-personal conflict requires the presence of personal and situational conditions. Personal conditions: rich inner world, complex hierarchy of needs and motives, high level of sensuality, tendency of the individual to self-analysis. Situational conditions: threat to significant values, obstacles to meeting needs, public prohibitions, etc.

The main types of internal personal conflicts are:

- *Motivational conflict*: it is caused by a collision in the consciousness of the individual of motives different in nature (Behluli, Borisov and Hajdari, 2020);
- *Moral conflict*: it is present when there is a discrepancy or contradiction between the desires and interests of the subject on the one hand and generally accepted and socially determined moral principles and norms;
- *Unfulfilled wish*: it is a conflict determined by the contradictions between the needs of the individual and the real reality that does not allow them to be met (Heemskerk, EM, Heemskerk, K., & Wats, MM) (2017).
- *Role conflict*: it is expressed in the inability to perform several social roles simultaneously by one individual (Khan, K., Abbas, M., Gul, A., Raja, U., 2013), as well as in the inability to meet different requirements, which he puts before himself in the performance of a certain social role (Lau, RS, Cobb, AT, 2010).
- *Adaptation conflict*: this is a conflict between the requirements of reality and the real capabilities of the subject (Meriac, JP, 2015.)
- *Conflict of inadequate self-esteem*: and high and low self-esteem can lead to interpersonal conflict (Hambrick, DC 2007).

Intra-personal conflict can be constructive and lead to: (1) complication of mental life (Nedyalkov, 2007); (2) basis for moral development (Hill, 1996); (3) plays a role in the formation of personal qualities (Jehn and Bendersky, 2003); (4) also contributes to the formation of adequate self-esteem, which in turn

contributes to the self-knowledge and self-realization of the individual (Li and Hambrick, 2005). 1) reduction of work efficiency (Pelled, Eisenhardt & Xin, 1999); (2) slows down personality development (Reomer, Rispens, Giebels, Euwema, 2012.) (3) forms an inferiority complex (Lee, Cheng, Yeung, Lai, 2011); (4) worsens interpersonal relationships (Lee, Cheng, Yeung, Lai, 2011); (5) worsens mental health.

According to Nedyalkov (2007), "the ways to resolve this type of conflict are most often associated with the mechanisms of psychological protection. They are:

- *Displacement*: avoiding the conflict by actively excluding from the consciousness of the unacceptable motive / forgetting or not being aware of the events /;
- *Negation*: it does not accept information that may lead to internal conflict;
- *Regression*: represents, repetition of patterns of behavior formed much earlier;
- *Projection*: it is manifested by transferring to another person one's own feelings, desires and inclinations, which one does not want to admit, understanding their social unacceptability;
- *Value experience*: there are two subtypes: change of the value-motivational system as a result of which there is no longer a conflict; upholding the positions of values - if until the achievement of this degree the values belonged to the person, then when it is achieved the person already belongs to them and in their service he finds the meaning of his life."(Nedyalkov (2007).

**Interpersonal conflicts.** "This is a direct clash between at least two countries, which manifest in this interaction their different needs, motives, interests and values "(Nedyalkov, 2007). The factors that give rise to this type of conflict are:

- *Information* - distortion of information (rumors, misinformation, misinformation, etc.) (Angelov, 2006);
- *Behavioral* - striving for superiority (Lu, L., Yuan, YC, & McLeod, PL (2012); display of selfishness and aggression (O'Reilly, C., 1989); failure to keep promises (Lau, RS, Cobb, AT, 2010), undermining authority (Jehn, KA, Bendersky, C., 2003), etc.
- *On the relationship*: imbalance in the relationship;
- *Values* - attachment to group norms;
- *Structural* - the management system; distribution of property, etc.

**Intergroup conflicts.** This is a confrontation in which at least one of the parties is a small social group (Jehn, 1995) The study of these conflicts is carried out within three main approaches: motivational, situational and cognitive.

- *Motivational approach*: proceeds from the fact that such phenomena as intergroup interaction, hostility, discrimination, etc., are a reflection of internal problems in the group itself and it needs external conflict to solve them (Heemskerk, Heemskerk & Wats, 2017) .;
- *The situational approach*: describes intergroup conflicts as a consequence of external conditions of a competitive nature;
- *Cognitive approach*: Factors determining conflicts are the attitudes (feelings) of its members (O'Reilly, 1989)

Different types of conflicts are experienced by the individual at all levels of manifestation, as they have the ability to very easily transform from one species to another.

**Conflict forecasting and prevention.** Conflict prevention is a type of managerial activity of the subjects of social interaction, which excludes or minimizes the likelihood of conflicts between them (Angelov, 1998). Measures aimed at identifying and eliminating the causes (sources), the factors that cause or facilitate the emergence of conflicts are called prevention. Prevention requires forecasting the symptoms and planning the impact of factors affecting the conflict situation. The main factors that must be taken into account in the implementation of prevention are: (1) the behavior of people in conflict situations; (2) the imposed style of human relations and (3) knowledge of the typical mistakes made by people in conflict.

**Behavior of people in a conflict situation.** In the analysis of the conflict and especially in the process of choosing adequate management methods and techniques for interaction on it, it is necessary to know and take into account the typical patterns of behavior of the individual in the conflict. According to Dmitriev, "there are three main types of behavior of the individual in a conflict situation:

- *Destructive type:* this type of person has a tendency to constantly incite conflicts and intensify them, even to the point of complete physical destruction and neutralization of the opposite side. These are authoritarian types of individuals who in their activities seek to subordinate others at the expense of their interests. The destructive type of personality initially underestimates the opponent by negatively perceiving and evaluating his personality. The most common characteristics of this type of personality are - aggression, impulsiveness, rudeness, cruelty, selfishness, etc.
- *Constructive type:* the most important feature of this type of person is that he seeks to find a mutually acceptable solution with the opposing party. This type of person is characterized by restraint and self-control, willing to enter into negotiations of any type for conflict resolution, treating the opponent in good faith.
- *Conformist type:* this type of person is prone to concessions, preferring to obey rather than engage in real conflict. Another characteristic feature of this type of personality is that it is inconsistent in defending its interests and opinions, while at the same time it is too easy to come to terms with the point of view of the opposite party. "(Nedyalkov, 2007).

The personality type of the participant in the conflict is determined by two groups of factors: external and internal.

*Internal* - personality type (Yordanov, 2003) - introvert, choleric, phlegmatic, etc. ; value system - morality (Tsvetanska, 2007); education (Angelov, 1998); tolerance (Hatam, 2009); sense of justice, education and level of intelligence (Ouchi, 1985.) *External* - situation (Jehn, Bendersky, 2003), reaction of the opponent (Henry, 2009), social status (Angelov, 1998);

It can be concluded that internal and external factors together with the experience of the individual in a conflict situation form his style of attitude.

**Attitude.** Attitude style is understood as some persistent stereotypes of consciousness and behavior, accepting in some organizations the nature of traditions and habits (Jehn, 1997). Of course, they can be different. Depending on the nature of the group are divided into: mature, with a high level of developed positive relationships and immature. Adherence to a mature team with positive relationships

successfully prevents the emergence of negative ones. Only such groups have anti-conflict immunity. According to Ouchi (1985), "These groups have the following characteristics:

- Stable relationships between group members;
- Existence of pride in the team;
- Opportunity to develop the potential of the group members;
- Resolving conflicts arising in the group. "

Immature teams with a low level of relationships include those who have "the following principles:

- Active search for culprits in case of any failures;
- Underestimation of the collective methods by the management and authoritarian type of management;
- Conducting cumbersome and fruitless meetings;
- Emotional evaluation of the work;
- Frequent conflicts on insignificant occasions. " (Ouchi, Wilkins, 1985)

According to Andreeva (2000), "there are 5 styles of behavior. This distinction is made on the basis of how much we care about our own interests in the conflict (we strive to achieve our own) and how much attention we pay to maintain good relations with other participants in the conflict "(Tsvetanska, 2006). According to Thomas and Kilman, there are also 5 behavioral styles, but they view them on the basis of self-interest concerns of the opposing parties to the conflict. Regardless of the type of conflict, each participant involved in it constantly evaluates and relates their own interests and the interests of the opposing side. " (Nedyalkov, 2007).

**Errors in conflict behavior.** In the process of overcoming the conflict, mistakes are sometimes made as a result of the manifestations of subjectivism in the perception of the situation and the participants in it. According to Tsvetanska (2006), "some of the most common distortions in behavior during conflict are:

Mirror image: both sides perceive themselves as innocent victims. Everyone thinks he is unquestionably right and just, and the other is malicious, mean and cruel. This effect is also observed between spouses in the family.

Seeing other people's mistakes, but not your own: we usually consider ourselves good and others bad.

Double standards: what is allowed to one is not allowed to the other.

Black and white view of the situation: the conflict is viewed superficially, in one of two extremes - only as good or only as bad. Everything one does is good, and everything the other does is completely bad.

Search for a masculine image of yourself: each of the participants in the conflict seeks to impose himself, not to allow retreat from his positions, because he believes that concession and compromise are a manifestation of weakness and uncharacteristic, which is not looked upon favorably.

Ping pong effect: like the ball game, in a conflict, the disputing parties become infected with each other. The behavior of one side provokes similar behavior in the other. " (Tsvetanska, 2006)

**Conflict management methods.** The theory of psychology has a set of methods for managing the consequences of conflicts in society. The most commonly used methods of conflict management are:

- *Negotiations*: in the direct negotiation model, all information is in the countries of conflict. The process that will be followed until the decisions are reached, as well as the agreement on them, depends on them;
- *Facilitation*: implies the existence of a neutral third party to the conflict. "The role of the facilitator is to facilitate the interaction between the parties to the conflict as a guardian of good relations and compliance with pre-agreed rules for joint work and follow-up process in resolving the conflict" (Nedyalkov, 2007). All the information is again entirely in the countries, and the decisions are also theirs.
- *Mediation*: there are often cases where the parties are so emotionally involved that they do not want to see each other at all or sit at the negotiating table. Then it is necessary to introduce the model of mediation. The parties to the conflict have no direct contact with him. The information is exchanged through the mediator who wanders between the two parties. "This model also predetermines the danger of manipulating some of the information by the intermediary" (Hatam, 1999).
- *Reconciliation* is "a private, voluntary, unregulated activity in which two or more parties try to reach a mutually satisfactory solution with the help of a neutral third party" (Tsvetanska, 2006). Unlike a court decision, mediation is a process of resolving a conflict by consensus. A skilled mediator can play a very important role in guiding the parties to reach a mutually beneficial solution. The use of a mediator is especially important and indispensable when the parties have deteriorated their relations to such an extent that it is no longer possible to make direct contact, because everyone perceives the other as an enemy. The main task of the mediator is to help in the negotiation process and to resolve the dispute, not caring about the way it happened and the result itself. The only thing that matters to him is the fact
- *Arbitration*: these are statutory dispute resolution systems. In arbitration, each of the parties to the dispute consistently provides the information at its disposal, but decisions are made by a third party - the arbitrator. In the court model, the parties provide their information to their lawyers, who decide what to provide to the court.

**Conflict management tactics.** Conflict management tactics are understood as the application of different styles of conflict management. According to Nedyalkov, 2007 the following tactics exist:

*Conflict avoidance tactics*: the essence of this tactic is to ignore the conflict situation, to refuse to acknowledge its existence, to preserve the "stage" on which the conflict unfolds in self-distancing, either physically or psychologically. It is often resorted to by both the parties to the conflict and those who, by virtue of their official status, must participate in the role of mediator in its regulation. This tactic means that the person in a conflict situation prefers not to take any constructive steps to resolve or change it. Advantages:

(1) It is quickly feasible insofar as it does not require the availability of either intellectual or material resources. Thus, for example, the leader, avoiding the conflict, may not respond to another written request of a subordinate to grant one or another privilege, insofar as this request is unfounded;

(2) It provides an opportunity to postpone or even prevent a conflict, the content of which appears unfulfilled from the point of view of the strategic goals of the given organization or group.  
Disadvantages:

(1) Under certain conditions, it may lead to an escalation of the conflict, insofar as the cause that caused it is not overcome by the avoidance tactics, but is only preserved. If this problem is real, significant, then this tightening can only lead to aggravation, not to conflict resolution. Conditions under which avoidance tactics are applied:

(1) In case of insignificance of the reasons that gave rise to the confrontation;

(2) For some temporary parameters of the conflict: if the conflict arises at a time when it is not possible to disperse it to regulate the conflict, as there are other, more significant urgent problems in terms of organizational goals.

(3) In case of limited available information about the conflict, in the absence of necessary information and impossibility for additional work on data collection, which would ensure effective end of the conflict.

(4) In the absence of one of the parties to the conflict of sufficient forces capable of resolving the conflict quickly and successfully.

*Tactics of force suppression:* this method is in many respects the opposite of the method of escape. Its use indicates a higher degree of readiness to resolve the conflict as a last resort in one of the parties. Its essence is to enforce one of the parties to its decision. The use of this tactic requires the existence of certain prerequisites conducive to its success:

(1) Decisive predominance of one of the parties in the available material and psychological resources, for example, predominance of the administration, which is in conflict with the working staff of the plant.

(2) Emergence of an emergency situation requiring immediate action.

(3) Suddenly there is a need to make an unpopular decision, which will be clearly negatively received by the other party.

(4) Subject to indisputable legality of the actions of the party having force majeure.

(5) In case of any manifestations of destructive forms of behavior on the part of the members of the organization, such as, for example, drunkenness, drug addiction, waste of property, absence from work for disrespectful reasons, violation of safety precautions, etc.

*Tactics of compromise, of mutual concessions:* compromise is understood as the path of mutual concessions, of the mutually beneficial deal, the creation of conditions for albeit partial satisfaction of the interests of the opposing parties. Compromise, thus, is a kind of agreement based on mutual correctness in the positions of both parties on the issues under discussion, seeking a mutually acceptable position on controversial issues. Difficulties arising in the practical application of compromise tactics are:

(1) Refusal of one of the parties from the initially occupied position due to the discovery in the course of the negotiations of its unrealistic nature;

(2) The prepared decision, due to the mutual concessions contained in it, may be contradictory, unclear and therefore difficult to implement;

(3) The element of renunciation of the initially occupied position contained in each compromise agreement to one degree or another, its correction to some extent may subsequently entail a challenge to the adopted decision.

*Tactics of negotiations:* they, as a form of social interaction, have a number of distinctive features. Negotiations are conducted in a situation with diverse interests of the parties, ie. their interests are not absolutely identical or completely opposite. Advantages:

(1) In the process of negotiations direct interaction of the parties shall be carried out;

(2) The parties to the conflict have the opportunity to control as much as possible the various aspects of their interaction, including to independently determine the time frames and limits of discussion, to influence the negotiation process and their outcome, to determine the framework of the agreement;

(3) Negotiations allow the parties to the conflict to choose an agreement that would satisfy each of the parties and would avoid long-term judicial mediation, which could end in loss for one of the parties;

(4) The decision taken, in case of reaching agreements, is often of an official nature, being the personal work of the contracting parties;

(5) The specific nature of the interaction between the parties to the conflict during the negotiations allows for the preservation of confidentiality.

***Strategic conflict management in business organizations.*** Given the analysis of the statements and theses that are defended, it can be summarized that this type of social phenomenon has significant consequences on the organizational development of the business organization. This, in turn, poses challenges to managers who pursue the goals of effective management. The inevitability of conflicts in the business organization requires managers knowledge and skills in managing this factor of the organizational environment. Skills to enable them to manage organizational conflicts in such a way that their functional consequences are in the direction of relieving tension in work teams and achieving secondary beneficial effects on the activities of the entire organization. In addition to the clear social significance of the conflict, it has a "direct and systemic impact on the economic condition of the business organization" (Ouchi, Wilkins, 1985), which determines the imposition of a strategic approach by

management in conflict management. In this part of the dissertation emphasis is placed on the strategic management of conflicts in the business organization, analyzing the main sources of conflicts in business organizations and approaches to strategic management.

**Strategy and conflict.** The term strategy has ancient Greek origins and means "the ability to organize hostilities in such a way that the war is won" (Borisov and Behluli, 2020). This is a system of scientific knowledge about the phenomena and patterns of war as a struggle. It is the main component of the art of war and covers the theory and practice of ensuring the military security of the state. Therefore, strategy is a way of thinking and planning, leading to a better game than your opponent in order to achieve victory. When managing conflicts in the business organization, it is necessary to use a strategy. In this sense, "the strategy is a way of thinking and planning to prevent or manage conflicts in the organization, so that they do not escalate into crises. The manager is the strategist" (Borisov, 2021)

The workplace provides the company employee not only a livelihood, but it is also a place for social communication. The different characters and goals of company associates are the reason for the creation of conflict situations, which can be a reason to reduce the effectiveness of management of the organization.

People often associate conflict with aggression, danger, dispute, hostility, war, etc. Therefore, they are convinced that conflict is always an undesirable phenomenon that should be avoided or resolved immediately if possible. This understanding is rooted in the school of scientific management and the school of human relations. The brightest representatives of these two schools believed that the conflict had a negative role in governance and needed to be prevented. Their approaches to the effectiveness of the organization were largely based on the definition of tasks, procedures, rules, interactions between officials and the development of a rational organizational structure. According to them, these mechanisms remove the conditions for the emergence of conflicts and can be used to resolve them. Modern researchers are of the opinion that even in organizations with effective management, some conflicts are not only possible, but even desirable. Of course, conflict is not always positive. In many cases, it helps to create a variety of perspectives, provides additional information and helps to formulate a large number of alternatives. It makes the decision-making process more efficient and gives people the opportunity to express their thoughts. In this way, they meet their personal needs for respect and authority. provides additional information and helps to formulate a large number of alternatives. It makes the decision-making process more efficient and gives people the opportunity to express their thoughts. In this way, they meet their personal needs for respect and authority provides additional information and helps to formulate a large number of alternatives. It makes the decision-making process more efficient and gives people the opportunity to express their thoughts. In this way, they meet their personal needs for respect and authority.

**Sources of conflict in the business organization.** There is a lot of research in the field of identifying the main factors that cause conflicts in business organizations. The most common sources are the following:

- *Resource scarcity* (Borisov and Nikolov, 2014): on the one hand, resources are always limited, and on the other hand, needs are objectively unlimited, which leads to conflicts. Management decides

how to allocate limited resources between different groups in order to achieve the organization's goals in the most effective way. Since no leadership can do without an allocation of resources, this allocation almost inevitably leads to different types of conflicts;

- *The type of organizational structure*: often the source of conflict can be the organizational structure of the firm (Hambrick, & Mason, 1984). Conflicts often break out when imposing an organizational structure that does not respect the principle of unity.
- *Commitment of tasks*: the possibility of conflict between tasks exists wherever "the task of one person or group depends on the performance of the task of another person or group" (Angelov, 1998). To the extent that all organizations are systems consisting of interdependent elements, in the case of inadequate work of one person or one unit, the interdependence between the tasks can cause conflicts.
- *Differences in goals*: the possibility of conflict increases due to the specialization of the constituent parts of the organization. "Specialized units formulate their own goals and can pay more attention to achieving their own goals than the goals of the organization as a whole." (Pawirosumarto, Sarjana and Gunawan, 2017)
- *Differences in ideas and values*: "The perception of a situation depends on the desire to achieve a certain goal." (Pelled, 1996) Instead of objectively assessing a situation, people can only consider some of its alternatives, views and aspects that they believe are favorable to their group. or their personal needs.
- *Difference in behavior*: these differences "always create the possibility of conflict" (Raja, Haq, De Clercq and Azeem, 2020). People with specific character traits become authoritarian and dogmatic. They are indifferent to concepts such as self-esteem, independence, tolerance and very quickly come into conflict. "Differences in life experience, values and education reduce the degree of mutual understanding and cooperation between representatives of different departments in the organization.
- *Bad communications*: poor transmission of information is both a cause and a consequence of the conflict. It can play a "catalytic role in the conflict, preventing individual collaborators and groups from understanding the situation or the other's point of view" (Rosette & Tost, 2010).

Conflict can be functional and lead to "increased management efficiency in the organization" (Rus, Knippenberg, and Wisse, 2010). However, it can also be dysfunctional and lead to "reduced personal satisfaction" (Rosette & Tost, 2010), "group collaboration and management effectiveness" (Schein, 1990). If management does not find the most effective way to manage the conflict, the following consequences can occur:

- Staff dissatisfaction (Meriac, 2015);
- Lower level of cooperation (O'Reilly, 1989);
- Strong collaborator commitment to the group (Paais and Pattiruhu, 2020);
- Perception of the other side as an enemy (Rispen and Demerouti, 2016);
- Increasing hostility between conflicting parties (Van Knippenberg & Schippers, 2007);
- Failure in communications (Angelov, 1998);
- Giving more importance to victory in the conflict than to solving the real problem.

**Approaches to conflict management in the business organization.** The choice of approach to conflict management in the organization is determined by the accumulated experience of the manager in personnel management. Some researchers believe that "the approach is determined by the value system and intuition of the manager." (Ouchi and Wilkins, 1985). In this part of the dissertation are presented only the ultimate (radical) approaches to conflict management in the organization.

**Approach A.** The idea that advocates of this approach are defending is that conflicts exist in organizations and they cannot be avoided, so they need to be managed. The functional advantages of the conflict have a leading principle. It is therefore desirable "not to regulate the factors that give rise to conflicts, but to manage the ones that have already arisen" (Preacher & Hayes, 2008). This approach is aggressively imposed in the management of large American companies and is becoming popular as the "American" model of conflict management. Managers who use this approach tend to encourage competition between individual employees and work teams in the company so that they show their best in solving specific problems. Imposing this approach requires the manager to apply flexible methods to motivate staff not to be afraid of conflicts,

- Labor productivity (Preacher & Hayes, 2008);
- Company Revenue (Rus, Knippenberg and Wisse, 2010);
- Company turnover (Sonmez and Adiguzel, 2020);
- The number of new products and services that the company offers on the market (Thamrin, 2012.); (Borisov & Popova, (2021),

**Approach J.** It is necessary to impose a policy of conflict prevention in the organization. "Prevention is the best tool for reducing the dysfunctional consequences of conflict in the organization" (Ouchi and Wilkins, 1985). The appearance of fewer conflicts also has fewer dysfunctional consequences for the business organization. Elements in the organization used for conflict management in using this approach are:

- sources of conflicts in the organization;
- opportunities to resolve the conflict;
- potential to resolve the conflict.

Analysis of the possibilities for resolving the conflict: the following methods can be used here - brainstorming, the method of expert evaluation, game theory, etc.

Analysis of the sources of conflict and the potential of the organization to resolve it: the organization is considered as a system built of elements, the interaction of which is determined by the structure of the system and its environment. It is possible to apply an expert approach, which relies on the analysis of factors that have the strongest influence on the process of conflict.

### **Conclusions**

From the literature analysis of the problem the following can be summarized and concluded:

- Conflict arises from the opposition of individuals or groups that oppose on the basis of difference. This difference may be based on differences in goals, ideas, behavior in specific situations or interests. Conflict can also be dictated by the objective scarcity of resources available to the

individual to solve a particular problem. The causes of conflict are numerous, but they are a "trigger" of a process that ends in a result. the conflict inevitably ends with a certain result;

- Conflicts in business organizations are inevitable, which determines two main approaches to their management - prevention and promotion. Which of the two approaches is chosen by the manager depends on the situation in which he manages;
- Through conflicts, business organizations develop organizationally, which determines both functional and dysfunctional consequences for people in the organization

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