

## **Conflict Management in VUCA Environment**

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**Abstract-** The article explores conflict management systems in VUCA environment. Business Environs are constantly in a state of flux and has implications on all management processes. Since research suggests that managers' time is spent majorly in conflict resolution, it is imperative to study the changing pattern of resolution procedures in today's dynamic setting.

**Keywords-** Conflict Management, VUCA, Volatility, Uncertainty, Ambiguity, Complexity, Business Environment.

### **Conflict Management**

Conflict is "an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources, and interference from others in achieving their goals" (Wilmot and Hocker, 1998). Conflicts exist whenever incompatible activities occur. It may originate from a number of different sources, including differences in information, beliefs, values, interests, or desires. A scarcity of some resource or rivalries in which one person or group competes with another also results in conflicts. Traditional view of conflict believes that all conflict is harmful and must be avoided whereas the Human Relations view of conflict believes that it is natural and unavoidable. According to the interactionist view, conflict is a positive force in a group and is necessary for the group to perform effectively.

In the early 1990's Prof. Peter Vaill introduced the concept of "permanent white water change". It implies that the world we live and work in has transitioned from experiencing one time change to ever present change, flowing at all times through the organizations. With most western economies redefining their foreign and trade policies, doing business has become a constant challenge for survival. Within nations there are immigration policies which invite some and exclude others; within organizations there are people who are visibly different from others. These physical differences represent a new source of change and conflict.

A new notion introduced by the U.S. military has redefined the environment we work in today. VUCA environment represents the Volatility, Uncertainty, Complexity and Ambiguity of current business environment.

Business environment has always been in a state of flux but market conditions today have become

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more dynamic than ever. The referendum in favor of exit of Britain from European Union and election of President Trump caught businesses by surprise. Even though both events were expected, they had an unprecedented impact on business planning and implementation in times of uncertainty. War on terrorism and unrest in most parts of the world and the refugee crisis has worsened the situation for many economies. Such events, expected beforehand but with uncertain impact, are disruptive events for business and have long lasting impact on business management creating new sources of conflict.

Comparatively, events like demonetization, which disrupted business plans overnight and affected lives of most Indians are Black Swan events. A Black Swan event is unpredictable and impossible to foresee. Companies have faced many such Black Swan events in the past like the 9/11 crisis, crash of financial giants like Lehman Brothers etc.

Such disruptive and black swan events are a manifestation of conflict within companies. They bring with them ambiguity and complexity in managing in uncertain and risky times and lead to a fight for scarce resources and survival making businesses volatile overnight.

VUCA environment has changed the decision making process and parameters within companies and has resulted in conflicting situations where none existed earlier. Unique perspectives are required to work in VUCA companies, but the responsibility of handling creative differences of opinion lies with the managers. Managers in organizations are the ones who are most responsible for managing conflicts and dealing with them. According to a research report from Accountemps, bosses in companies today spend twice as much time settling employee disputes as they did a decade ago. This implies a growing need to understand conflict and to find innovative ways of dealing with them. This may come from understanding one's own conflict management style and preferences.

Traditionally, five styles of conflict management have been identified by various researchers.

- Avoidance
- Competition
- Accommodation
- Compromise
- Collaboration

There are many instances when a manager might chose to avoid conflict. For example, if the conflict is a flare-up between volatile persons who will soon forget the conflict, there is no point for the manager to get involved. Similarly, if the conflict is unimportant it may also be prudent to avoid it. The point is, sometimes avoidance is a good policy. Often conflict cannot be avoided at which point we engage.

A research conducted by Dr. Schulze et. al. in Germany, highlighted the importance of transparency and bold decision making in resolving conflict to strengthen strong working conditions in teams in long term. A significant difference was found in the research between

conflict management styles of high performers and standard performers. It was reported that high performers used problem solving style for conflict management where as standard performers used obliging styles more. The problem solving styles include collaboration and integration and result in strong team bonds. They help in minimizing the long term negative effects of conflict.

It has observed that problem solving is different from compromise. Problem solving involves taking input from various perspectives and elaboration whereas compromise involves finding a middle ground. As conflict is a common phenomenon in teams, employees have to be prepared for managing diverse teams and conflict effectively. This can be done by organizations through training programs and transparent policies for conflict management. Transparency aids in decreasing internalized frustrations of employees and delimiting destructive effects of conflict.

Conflict management style is also influenced by project phase and task at hand. When the project team needs direction, the leader can steer the members towards a common objective using a dominating style of conflict management and help team members arrive on common platform. On the other hand, when the conflict revolves around the task at hand, the leader can approach the situation with a collaborative and integrative style.

Some tips for managing conflicts as adapted from Dispute Resolution Center of Snohomish and Island Counties (2004). 1801 Lomard Ave, Everett, WA 98206; 425-339-1335 are as follows:

- Build good relationships before conflict occurs
- Do not let small problems escalate; deal with them as they arise
- Respect differences
- Listen to others' perspectives on the conflict situation
- Acknowledge feelings before focusing on facts
- Focus on solving problems, not changing people
- If you can't resolve the problem, turn to someone who can help
- Remember to adapt your style to the situation and persons involved

These strategies are effective enough in managing conflict in a predictable environment where risk and impact on businesses is low. Events which have high probability of occurrence can be planned for well in time and measures put in place to tackle any conflict arising from such events. But global economies are interlinked and the effect of events transcends national boundaries quickly, minimizing reaction time for companies. Due to the low probability of occurrence, companies are not prepared with precautionary measures to tackle black swan and disruptive events. This implies availability of lesser time to put in place mitigation strategies and support structures. In light of the recent events and changed context, leaders need to look into the future along with gauging the present. Past events can no longer be taken as foundation for future

management strategies. Conflict Management assumes prediction of outcome and control of processes. But with ambiguity prevalent in the environment, there can be no prediction or control. According to Harish Manwani, ex CEO of Hindustan Unilever, business should ensure flexibility in its future management styles as days of fixed long term plans are over. It has become imperative for businesses to deal with any scenario, any black swan, with flexible and adaptable strategies molded according to situation.

Conflict management systems of companies for tackling conflict rising due to high impact events play a vital role in business success or failure. An obsolete conflict management system would be a major setback for any business. Traditional conflict management techniques function on the experience of team members. Their underlying assumptions are usually not challenged enough to make way for new strategies for low probability black swan events. The future cannot be foretold, but organizations must prepare its next generations of leaders by empowering them to take bold even outrageous decisions which challenge the status quo and prepare the management in developing new set of assumptions and beliefs for strategic formulation and conflict management. This can be done by experimentation and embedded learning throughout the organization.