

THE IMPACT OF CONFLICT ON EMPLOYEE SATISFACTION AND PRODUCTIVITY IN THE WORK PLACE

Argjina KAREMANI ZULBEARI¹, Aida YZEIRI BAFTIARI², Edrina EMINI³, Selvije THACI⁴

¹Department of Marketing and Management, Faculty of Economics North Macedonia

^{*}Corresponding Author: argjina.karimani@unite.edu.mk

Abstract

This study examines the relationship between conflict management and employee outcomes, specifically motivation and productivity, within private sector enterprises. The analysis is based on data collected from 100 employees through a well structured questionnaire. The findings indicate that effective conflict management is positively associated with both employee motivation and productivity. In particular, the use of cooperative approaches in handling workplace conflicts appears to strengthen communication, increase trust, and enhance employee involvement in organizational processes. The study applies quantitative methods, including regression analysis, ANOVA, and MANOVA, in order to better understand these relationships. The results highlight the importance of developing practical conflict management skills and fostering a work environment characterized by transparency and collaboration. In this way, conflict can be transformed from a potential problem into a factor that contributes to organizational performance and employee well-being.

Keywords: Conflict, management, motivation, productivity.

1. Introduction

When we talk about the origins of conflicts and clashes between individuals and societies, we can say that these issues are as old as humanity itself and the existence of communication among people. The forms, types, parties, and nature of conflict have evolved depending on various circumstances, including historical, social, economic, political, technological, and military factors. What constitutes a specific feature in understanding the nature of conflicts is their duration, an element that is often crucial in identifying opportunities for conflict resolution. In cases where there is effective intervention by a third party at the early stages of conflict, or at the emergence of disagreements that may lead to such conflicts, or through the use of functional methods for conflict resolution, these conflicts may be temporary. Otherwise, conflicts may become permanent, and their duration may create opportunities for the emergence of new conflicts, which can lead to their escalation. Conflicts, besides being common in everyday life, are also present in the workplace. Conflict in the workplace can have negative effects that influence individual relationships as well as the relationships among all members within the organization. Conflict in the workplace can have negative effects that influence individual relationships as well as the relationships among all members within the organization. Often, the subject of the conflict may seem insignificant, such as the temperature of the office air, the arrangement of documents in the office, and similar issues. However, sometimes the reasons may be more serious, such as complaints about unfair treatment. Conflict can lead to a significant loss of time and energy when there is a failure to address it with

adequate competence. The root causes of conflict may lie deep within a business itself, within its processes or in the way it is managed. Poorly defined job roles and a lack of equal opportunities may lead to unfair treatment. Unclear communication may also arise from poor management and inadequate training. However, sometimes conflict can open new opportunities for building relationships if it is handled honestly, impartially, and effectively.

Literature review

Conflict is widely recognized as an inherent aspect of organizational life, arising from differences in values, interests, and communication styles among individuals and groups. While early studies often emphasized the negative consequences of conflict, more recent research highlights its potential to generate positive outcomes when managed effectively. For instance, Curşeu (2011) demonstrates that the way conflicts are handled within teams significantly affects teamwork quality and overall organizational effectiveness. Similarly, De Dreu and Gelfand (2008) argue that conflict, when addressed constructively, can improve decision-making and innovation. However, existing literature reveals a clear distinction between functional and dysfunctional conflict. Poorly managed conflict is associated with stress, reduced motivation, and lower productivity (Dijkstra, 2006), whereas cooperative conflict management strategies tend to enhance trust, communication, and employee engagement. Recent empirical evidence (Iskamto et al., 2022) further supports the positive relationship between effective conflict management and employee performance outcomes. Despite these findings, most studies have been conducted in developed economies, with limited attention given to developing or transitional contexts. This creates a gap in understanding how conflict management practices operate in different socio-economic environments. Therefore, this study contributes to the literature by providing empirical evidence from private sector enterprises in North Macedonia, offering insights into how conflict management influences both motivation and productivity in this specific context.

Conceptual framework and Hypotheses

This study is based on the assumption that effective conflict management plays a crucial role in shaping employee outcomes. Specifically, it is expected to influence both employee motivation and productivity.

- **H1:** Conflict management has a positive and significant impact on employee motivation.
- **H2:** Conflict management has a positive and significant impact on employee productivity.

The conceptual model of this study positions conflict management as the independent variable, while employee motivation and productivity are treated as dependent variables.

Methodology

This study uses a quantitative approach to analyze the relationship between conflict management practices and employees' motivation and productivity in private sector enterprises in North Macedonia. The data were collected through a well-structured questionnaire, which enabled the measurement of variables and supported further statistical analysis. The data were distributed and collected online using different platforms to ensure easier access for participants. In total, 100 employees from various private sector enterprises in North Macedonia participated in the study. The sample was selected using a convenience sampling approach due to accessibility constraints.

and the exploratory nature of the research. The participants were 18 years or older and included both genders, providing a diverse group. The questionnaire included several sections:

- Demographic characteristics (e.g., age, gender, employment status),
- Perceptions of conflict management practices within the organization,
- Self-reported levels of motivation, and
- Perceived productivity.

All items were measured using Likert-scale responses, which are widely used in organizational and behavioral research to assess attitudes and perceptions (Likert, 1932).

To ensure the quality of the data collected, attention was given to the reliability and clarity of the questionnaire. The items were developed based on existing literature and commonly used measurement approaches in organizational research. Prior to distribution, the questionnaire was reviewed to ensure that the questions were understandable and relevant to the study objectives. The internal consistency of the instrument was considered satisfactory, indicating that the questionnaire was appropriate for measuring the variables included in this study.

Regression Analysis

Multiple regression analysis is very important technique of analysis in the field of social science, particularly in economics and other disciplines such as management. According to Pallant (2016) multiple regressions is techniques that explore the relationship between one continuous dependent variable and a number of independent variables or predictors.

This method facilitates the assessment of both the direction and magnitude of the relationship among variables (Field, 2018). In order to increase the significance of research, we proposed this model of regression:

- Conflict management → Employee motivation
- Conflict management → Employee productivity

Analysis of Variance (ANOVA)

According to Pallant (2020) ANOVA compares the variance (variability in score) between the different groups with the variability within each of the group. Specifically, the F-test was used to determine whether the independent variable significantly predicts variation in the dependent variable (Hair et al., 2019).

Multivariate Analysis of Variance (MANOVA)

To evaluate the simultaneous effect of conflict management on both dependent variables (motivation and productivity), MANOVA was conducted. This technique is appropriate when multiple correlated dependent variables are analyzed together, as it reduces the risk of Type I error and provides a more comprehensive understanding of the relationships (Tabachnick & Fidell, 2013).

Empirical Analysis

Table1. Regression output

Variable	Coefficient (β_1)	Std. Error	t	p-value	R-squared	Interpreting
Productivity	0.550	0.105	5.22	<0.001	0.218	Conflict management positively impacts productivity.
Motivation	0.463	0.093	4.99	<0.001	0.203	Conflict management positively impacts motivation.

The regression results indicate that conflict management is a statistically significant predictor of both dependent variables:

- For productivity, the regression coefficient ($\beta = 0.550$, $p < 0.001$) suggests that a one-unit increase in conflict management is associated with an average increase of 0.55 units in productivity.
- The coefficient for motivation ($\beta = 0.463$, $p < 0.001$) indicates that higher levels of conflict management are linked to higher motivation. The t-values (5.22 for productivity and 4.99 for motivation) confirm that these effects are statistically significant. The low p-values (< 0.001) show that the results are unlikely to have occurred by chance.

The R-squared values suggest that:

- Conflict management explains 21.8% of the variance in productivity, and
- 20.3% of the variance in motivation

These values suggest a moderate explanatory power, indicating that while conflict management is an important determinant, other factors (e.g., leadership style, organizational culture, compensation systems) may also contribute to employee outcomes

Table 2. ANOVA output

Outcome	F(df1, df2)	p-value	R-squared	Interpreting
Productivity	15.24 (2,97)	<0.001	0.239	The impact of conflict management on productivity is significant, explaining approximately 24% of the variation.

Motivation	12.34 (2,97)	<0.001	0.203	The impact of conflict management on motivation is significant, explaining approximately 20% of the variation.
------------	--------------	--------	-------	---

ANOVA results are consistent with the regression analysis:

- For productivity, $F(2,97) = 15.24$, $p < 0.001$
- For motivation, $F(2,97) = 12.34$, $p < 0.001$

The F-statistics show that the regression models are statistically significant. This means that conflict management helps explain changes in both productivity and motivation. The R-squared values (about 24% and 20%) indicate that part of the variation in employee outcomes is linked to conflict management.

Table 3. MANOVA output

Statistic	Value	F	df1, df2	p-value	Interpreting
Wilks' Lambda (W)	0.6954	9.56	4,192	<0.001	Conflict management has a significant effect on both variables, motivation and productivity.
Pillai's Trace (P)	0.3108	8.92	4,194	<0.001	It confirms a positive and statistically significant multivariate effect.
Lawley-Hotelling Trace (L)	0.4290	10.19	4,190	<0.001	This test also indicates a strong and statistically significant effect.

Roy's Largest Root (R)	0.4070	19.74	2,97	<0.001	The main dimension exerts a very strong effect on the motivation and productivity.
------------------------	--------	-------	------	--------	--

The MANOVA analysis we used to examine how conflict management affects both dependent variables at the same time and shows the relationship between them. Based on our results, we observe that all tests are statistically significant.

- Wilks' Lambda ($W = 0.6954$, $p < 0.001$)
- Pillai's Trace ($P = 0.3108$, $p < 0.001$)
- Lawley-Hotelling Trace ($L = 0.4290$, $p < 0.001$)
- Roy's Largest Root ($R = 0.4070$, $p < 0.001$) further supports the significance of the model.

The results from our tests are consistent and indicate that conflict management affects both motivation and productivity.

In particular:

- The relatively lower value of Wilks' Lambda indicates that a substantial portion of variance in the combined dependent variables is explained by conflict management.
- Pillai's Trace, considered one of the most robust statistics, confirms the stability of the multivariate effect.
- Roy's Largest Root suggests that at least one dimension of the dependent variable set is strongly influenced by conflict management.

The MANOVA results show that conflict management simultaneously affects productivity and motivation. All the tests we used produced statistically significant results, indicating a combined effect among the variables. These findings suggest that conflict management plays a meaningful role in shaping employee behavior in the workplace. When conflicts are handled in a constructive and transparent manner, employees are more likely to feel motivated and engaged in their work. This can be explained by improved communication, reduced misunderstandings, and a stronger sense of fairness within the organization. However, the results also indicate that conflict management is not the only factor influencing employee outcomes. Other organizational elements, such as leadership style, organizational culture, and reward systems, may also contribute and should be considered in future research.

Limitations of the Study

Like any empirical research, this study has several limitations that should be acknowledged. First, the use of a relatively small sample and a convenience sampling approach limits the generalizability of the findings. Second, the data are based on self-reported responses, which may reflect subjective perceptions. In addition, the study focuses on a limited number of variables. Other factors that may influence employee motivation and productivity were not included in the analysis. Future research could expand the model by including additional variables and larger samples.

Conclusions

Effective conflict management in organizations is a key factor in creating a healthy, productive, and motivating work environment. Conflicts are inevitable in every organization due to differences in opinions, interests, and goals among individuals or groups. However, the way these conflicts are handled and resolved directly determines the organizational climate, job satisfaction, and the long-term success of the enterprise.

The analysis of the obtained results clearly shows that collaborative methods of conflict resolution are closely linked to the improvement of interpersonal relationships and the increase of employee satisfaction. When parties are actively involved and have the opportunity to express their opinions freely, an atmosphere of trust and respect is created, which helps reduce tensions and misunderstandings.

The regression analysis shows that better conflict management is linked to increases in both employee productivity and motivation, with statistically significant results ($p < 0.001$). The ANOVA findings further indicate that the models used in the study are statistically valid, while the MANOVA results confirm that conflict management affects both dependent variables at the same time. Overall, these findings suggest that conflict management plays an important role not only at the individual level, but also as a broader organizational factor that contributes to performance.

Overall, conflict management through collaborative methods appears as a strategic approach that helps improve organizational performance and employee well-being. When conflicts are handled effectively, they can be transformed into opportunities for growth, innovation, and the strengthening of organizational culture.

In conclusion, we as authors find out that our study shows that when conflicts in organizations are managed effectively and efficiently, they can shift from being a source of concern to a factor that generates positive outcomes in the workplace. Conflicts can contribute to increasing employee motivation and productivity. Our results highlight the importance that should be given to conflict management practices in today's organizations.

In general, the findings of this study suggest that conflict should not necessarily be viewed as a negative phenomenon within organizations. When managed in a constructive and cooperative manner, it can contribute to better interpersonal relationships and improved organizational outcomes.

Organizations that invest in effective conflict management practices are more likely to create a positive working environment where employees feel motivated and engaged. In this sense, conflict management should be seen not only as a tool for resolving disagreements, but also as an important element of organizational development and long-term performance.

Recommendation

This study has a very important and useful implication for organizations, respectively for business companies. According to our findings, we as authors provide several recommendations for business community, managers and academics:

1. Implementation of Structured Conflict Management Systems

Organizations should pay greater attention to the way conflicts are managed, focusing on identifying the problem and resolving it effectively. This would help ensure that conflicts are handled in an accurate, consistent, and transparent manner.

2. Training and Development Programs

Managers and employees in organizations are encouraged to participate in continuous training and seminars:

- Conflict resolution techniques
- Communication skills
- Emotional intelligence

3. Promotion of Collaborative Conflict Resolution

We encourage our enterprises to promote collaborative approaches in dealing with conflicts, rather than focusing on competitive or avoidance strategies. Creating opportunities to resolve disagreements can lead to better outcomes and strengthen relationships within the team.

References

- [1]. Burton, J. (1990). *Conflict: Resolution and prevention*. St. Martin's Press.
- [2]. Curşeu, P. L. (2011). Intra-group conflict and teamwork quality: The moderating role of leadership styles. *Administrative Sciences*, 1(1), 3–13.
- [3]. Dana, D. (2001). *Conflict resolution*. McGraw-Hill.
- [4]. De Dreu, C. K., & Gelfand, M. J. (2008). Conflict in the workplace: Sources, functions, and dynamics across multiple levels of analysis. In C. K. De Dreu & M. J. Gelfand (Eds.), *The psychology of conflict and conflict management in organizations* (pp. 3–54). Lawrence Erlbaum Associates.
- [5]. Dijkstra, M. T. M. (2006). *Workplace conflict and individual well-being* (Doctoral dissertation, University of Amsterdam).
- [6]. Dinnen, S. (2003). Restorative justice in the Pacific Islands: An introduction. In S. Dinnen (Ed.), *A kind of mending: Restorative justice in the Pacific Islands*.
- [7]. Duffield, M. (2001). *Global governance and the new wars: The merging of development and security*. Zed Books.
- [8]. Evans, B. (2022, July 26). *Types of conflict: The four key classifications*.
- [9]. Field, A. (2018). *Discovering Statistics Using IBM SPSS Statistics* (5th ed.). Sage Publications.
- [10]. Greenhalgh, L. (1986). *Managing conflict*. National Institute for Dispute Resolution.
- [11]. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). Cengage Learning.
- [12]. Herrman, M. S. (2010). Understanding and using conflict in the workplace. In *Handbook of human resource management in government*.
- [13]. Iskanto, D., Ghazali, P. L., & Afthanorhan, A. (2022). Conflict management in the workplace and its impact on employee productivity in private companies. *Adpebi International Journal of Multidisciplinary Sciences*, 1(1), 54–61.
- [14]. Likert, R. (1932). A technique for the measurement of attitudes. *Archives of Psychology*, 140, 1–55.
- [15]. Lindelow, J., & Scott, J. J. (1989). *Managing conflict*.
- [16]. Milkman, K. L. (2009). *Studies of intrapersonal conflict and its implications*. Harvard University.
- [17]. Olekalns, M., Putnam, L. L., Weingart, L. R., & Metcalf, L. (2007). *The psychology of conflict and conflict management in organizations*.
- [18]. Pallant, J. (2020). *SPSS survival manual: A step by step guide to data analysis using IBM SPSS* (7th ed.). Routledge.
- [19]. Pallant, J. (2016). *SPSS survival manual: A step by step guide to data analysis using IBM SPSS* (6th ed.). Open University Press/McGraw-Hill Education.
- [20]. Rahim, M. A. (2023). *Managing conflict in organizations*. Routledge.
- [21]. Starks, G. L. (2006). Managing conflict in public organizations. *Public Manager*, 35(4), 55–60.
- [22]. Tabachnick, B. G., & Fidell, L. S. (2013). *Using Multivariate Statistics* (6th ed.). Pearson.
- [23]. Wanjohi, A. M. (2012, December 18). *Contemporary conflict resolution approaches*.