IMPACT OF CONFLICT MANAGEMENT STYLES ON AFFECTIVE AND COGNITIVE TRUST: MODERATING ROLE OF TRANSFORMATIONAL LEADERSHIP

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Abstract

The question as to whether conflicts are detrimental and influence other organizational variables to a significant extent depends on how they are handled. This study aims to explore how conflicts are managed in Pakistan's corporate setup and what impact various conflict management styles have on dimensions of trust. Moderating effect of transformational leadership examined whether transformational leaders play their role in building trust. Data was collected from ten companies based in Islamabad. Results showed that integrating, obliging and compromising styles have a significant impact on affective and cognitive trust. Whereas, dominating and avoiding were found to be having insignificant relationships with both trust dimensions. Integrating and compromising were the most preferred styles adopted by average number of respondents to manage their interpersonal conflicts at work. Furthermore, transformational leadership significantly moderates the relationship between conflict management and trust. Recommendations have been included to help Pakistani organizations in identifying present conflict management problems.

Keywords: Conflict Management Styles, Affective Trust, Cognitive Trust, Pakistan.

JEL Classification: F200

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Introduction

Conflict is a state of disagreement or diversion of viewpoints (Ehie, 2010). Whenever, people feel their interests being compromised because of opposing standpoints of others results in conflict (Pondy 1967; Wall & Callister, 1995). Conflict management is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict. Whether relationship based or task based, conflicts are inevitable and in a way indispensable towards organizational growth, since they ensure creative stimulation and innovativeness. Devoid of conflict, organizational life indicates stagnation and status quo (Ozkalp, Sungur & Ozdemir, 2009). However, the presence of conflicts brings miscommunication, stress and tension among organizational members (Cheung & Chuah, 1999; Hackman & Morris, 1975; Wall & Callister, 1995) and thus better be avoided (Reynecke, 1997). Conflict resolution involves the reduction, elimination, or termination of all forms and types of conflict. Five styles for conflict management as identified by Thomas and Kilmann are: Competing, Compromising, Collaborating, Avoiding, and Accommodating. (Technical Brief for the Thomas-Kilmann Conflict Mode, CPP ResearchDepartment, 2007).Conflict management minimizes the negative outcomes of conflict and promotes the positive outcomes of conflict with the goal of improving learning in an organization. (Rahim, 2002, p. 208).

Conflict Management Styles

Several studies have been conducted on these conflict management styles, examining their relationship with multiple variables. George, Miroga & Omweri, (2013) found out that integrating and obliging styles increase job satisfaction of the employees. A hospital sector research found out that visionary leaders use compromising style to manage their conflicts (Cinar & Kaban, 2012). Such leaders try to eradicate the harmful effects of conflicts that may be a hurdle in realizing organizational vision in the long term. Using compromising approach usually results in win-win agreements, thus saving the
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parties of the conflict from any further trouble. Kuhn and Poole (2000) argues that integrating style is the most appropriate to handle group conflicts. Since females are more considerate and sensitive in their interpersonal dealings, they tend to adopt leniency in conflict management process (Shadare, Chidi, Owoyemi, 2011).

The effect of conflict handling styles has also been examined across various geographies and in different sectors. Yuan (2010) distinguished between the conflict management practices of Chinese and Americans, stating that the former use obliging and avoiding whereas the later are confrontational in dealing with conflicts. A study conducted in South Africa revealed that upper echelons use dominating style whereas lower level workforce prefer to use obliging style in conflicts (Slabbert, 2004). Cheung and Chuah (1999) with the help of several case studies conducted in Hong Kong stated that integrating style is more prevalent among them. Other multicultural studies have found out that Americans and Malaysians use integrating style to handle conflicts, whereas Chinese, Australians, Korean and Japanese have a preference for compromising style. Avoiding and obliging are prevalent among Indians. Lastly, Turkish and Pakistani use integrating and compromising styles (Ozkalp, Sungur & Ozdemir, 2009; Puranik & Parashar, 2011; Zafar, 2011; Lather, Jain & Shukla, 2010; Croucher, Bruno, McGrath, Adams, McGahan, Suits, Huckins, 2012).

Affective and Cognitive Trust

Trust is a positive emotion that enables a person to take a leap of faith. It is regarded as an expectation rather than fear (Deutsch, 1973). It is an exchange relationship between two or more social entities who exercise trust based on sufficient information about each other (Simmel, 1964). Trust is critical to organizational working since it is directly related to employees’ emotions, expectations and behavioral outcomes at work (Chen & Ayoko, 2012). According to McAllister (1995), a person experiences high level of trust if he perceives the actions of others’ as favorable for himself. There are two dimensions
of interpersonal trust, namely affect based trust and cognition based trust (McAllister, 1995).

In marketing, cognitive trust is more helpful in gaining loyalty and commitment of customers since they rely on product quality and efficiency in buying (Hanzae & Norouzi, 2012).

Transformational Leadership

Concepts of transactional and transforming leadership were introduced by Burns (1978). According to him, transactional leadership is an exchange process between leaders and followers, whereas transforming leaders alter the mindset and beliefs of the followers and inspires them to share the mission and goals, leader has set.

Contemporary developments in the field of transformational leadership point out that transformational leadership has a healthy impact on learning organizations (Bass, 2000) as well as on organizations going through change process (Stewart, 2006). Moreover, it is also positively related to emotional intelligence (Barling, Slater & Kelloway, 2000), and is beneficial for emotional and the mental well being of organizational members (Arnold et al, 2007).

Conflict Management and Trust

Studying the relationship between conflict management and trust, it was found that cooperative conflict management styles (integrating, obliging and compromising) increase trust level among organizational members (Wong, Tjosvold, Wong & Liu, 1999). Similar results were found by Chan, Huang & Ng, 2007, who stated that trust mediates the relationship between cooperative conflict management styles and employee attitudinal outcomes. Hempel, Zhang and Tjosvold (2009) studied these variable in Chinese teams revealed that the same behavior persists among Chinese. Both conflict
management and trust significant determinants of team performance (Liu, Magjuka & Lee, 2008).

**Moderator: Transformational Leadership**

About twenty percent of a leader’s time is spent on handling workplace conflicts. Leaders’ choice of a CMS depends upon the type of conflict he/she is facing. E.g. a decision for cost effectiveness may enable the leader to adopt dominating/competing style. Similarly, in a sensitive situation where the nature of conflict is more personal or emotional, it would be more appropriate to adopt obliging style. Zafar (2011) and Hendel, Fish and Galon (2005) have studied conflict management and leadership and have found the relationship between both as significant.

Coming towards the relationship between transformational leadership and trust, Perlmutter (2012) reveals in her study that transformational leadership plays a vital role in elevating trust of the employees.

**Research Model and Hypotheses**

Based on literature analysis, the following hypotheses would be tested in this study, taking into consideration the relationships between conflict management styles as independent variable, dimensions of trust (affective and cognitive) as dependent variable and transformational leadership as moderating variable as depicted in the following schematic diagram.
$H_1 =$ Cooperative conflict management styles (Integrating, Obliging, Compromising) have a significant and positive relationship with affective trust.

$H_2 =$ Cooperative conflict management styles (Integrating, Obliging, Compromising) have a significant and positive relationship with cognitive trust.

$H_3 =$ Uncooperative conflict management styles (Dominating, Avoiding) have a significant and negative relationship with affective trust.

$H_4 =$ Uncooperative conflict management styles (Dominating, Avoiding) have a significant and negative relationship with cognitive trust.

$H_5 =$ Transformational leadership significantly moderates the relationship between conflict management styles and trust (affective and cognitive).

**Methodology and Analysis**

Since our study is cross sectional in nature, data was collected at only one point in time. A total of 300 questionnaires were floated among ten companies situated in Islamabad (Pakistan) out of which only 195 were filled and returned. Response rate has been 65% which is satisfactory for conducting the research (Sekean, 2005; Nulty, 2008). SPSS version 20 was used to calculate correlations and regression analysis of the data.

**Instruments**

ROCI II (Rahim Organizational Conflict Inventory II) was used to examine the conflict management styles of corporate employees (Rahim, 1983). To measure affective and cognitive trust, instrument developed by McAllister (1995) was used. The *Rahim Organizational Conflict Inventory–II* (ROCI–II) is a 28 item questionnaire measuring conflict management styles. It is designed to measure five independent dimensions of the styles of handling interpersonal conflict: Integrating
(IN), Obliging (OB), Dominating (DO), Avoiding (AV), and Compromising (CO). This model is suitable for use with adults in organizational settings. Interpersonal trust is among other factors for keeping social order within an organization. McAllister (1995) defines interpersonal trust as “the extent to which a person is confident in and willing to act on the basis of the words, actions, and decisions of another”. One kind of interpersonal trust in organizations is hierarchical trust, which focuses on the supervisor-subordinate relationship. Transformational leadership was measured using MLQ 5x Short (Multifactor Leadership Questionnaire) by Avolio and Bass (1995). Reliability of all three instruments was satisfactory i.e. Cronbach Alpha for ROCI II was 0.803, McAllister instrument 0.847 and for MLQ (5x Short), Cronbach alpha 0.756.

**Correlations**

Below is the table showing the means and standard deviations of variables, depicting concentration and dispersion of data.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMSTIN</td>
<td>3.7209</td>
<td>.796</td>
</tr>
<tr>
<td>CMSTAV</td>
<td>3.3103</td>
<td>.751</td>
</tr>
<tr>
<td>CMSTDO</td>
<td>2.9979</td>
<td>.818</td>
</tr>
<tr>
<td>CMSTOB</td>
<td>3.5667</td>
<td>.643</td>
</tr>
<tr>
<td>CMSTCOM</td>
<td>3.7526</td>
<td>.638</td>
</tr>
<tr>
<td>AFFT</td>
<td>3.4636</td>
<td>.816</td>
</tr>
<tr>
<td>COGT</td>
<td>3.5624</td>
<td>.634</td>
</tr>
<tr>
<td>TLT</td>
<td>3.5446</td>
<td>.685</td>
</tr>
</tbody>
</table>

The following table is showing correlations between the five conflict management styles, affective and cognitive trust and transformational leadership.
As shown in correlation table, cooperative conflict management styles i.e. integrating (CMSIN), obliging (CMSOB) and compromising (CMSCOM) are positively and significantly related to both affective and cognitive dimensions of trust. Correlation value of integrating conflict management style with affective trust is (R=0.493). Whereas, with cognitive trust, it is R=0.452. P-statistic for both are less than 0.05 (AFF=.000: COG=.000) henceforth the relationship is significant. This means that integrating CMS has 49.3% correlation with affective trust and 45.2% correlation with cognitive trust. Similarly, obliging style (CMSOB) has significant and positive relationships with affective (R= .386, p= .000) and cognitive trust (R=.399, p=.000). Same goes for compromising style whose correlation value with affective trust is .382 (p=.000) and with cognitive trust is .339 (p=.000). Thus, the above analysis enables us to support the first and second hypotheses of our study (H<sub>1</sub> and H<sub>2</sub>).

Conversely, the relationships between uncooperative conflict management styles (dominating and avoiding) with affective and cognitive trust have proven to be insignificant in our study. The value of R was very low showing weak correlations, with p values greater than 0.05, depicting insignificance of these relationships. Hence, third and fourth hypotheses of this study (H<sub>3</sub> and H<sub>4</sub>) are not supported. Moderating variable of transformational leadership has been found to
have significant and positive associations with affective \((R= .351, p=.000)\) and cognitive trust \((R=.503, p=.000)\). It has positive correlations with cooperative conflict management styles while negative with dominating style. No significant relationship was found with avoiding style.

**Regression**

Simple linear regression has been used to study the overall significance of the relationship between conflict management styles and trust dimensions. Tables 3 and 4 are showing change in dependent variables caused by independent variables. i.e. overall impact of conflict management styles on affective and cognitive trust is 33.8% and 30.6% respectively. Significance level in both tables is .000, showing significance of relationships.

**Table 3**

<table>
<thead>
<tr>
<th>R-Square</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.338</td>
<td>.000</td>
</tr>
</tbody>
</table>

Dependent variable: Affective Trust
Predictors: CMSIN, CMSAV, CMSDO, CMSOB, CMSCOM

**Table 4**

<table>
<thead>
<tr>
<th>R-Square</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.306</td>
<td>.000</td>
</tr>
</tbody>
</table>

Dependent variable: Cognitive Trust
Predictors: CMSIN, CMSAV, CMSDO, CMSOB, CMSCOM

Tables 5 and 6 are showing individual impact of each conflict management style on affective and cognitive trust. B values depict the relative effect of conflict management styles on trust. Table 5
shows that integrating, obliging and compromising styles have significant relationship with affective trust, with an impact of 37.5%, 28.6% and 22.8% respectively. Similarly, cooperative conflict management styles have significant effects on cognitive trust. There is a noticeable difference between the impact of independent variables on affective and cognitive trust. Beta values indicate that effect is stronger on affective trust as compared cognitive trust. The reason for this might be that cooperative styles of handling conflicts appeal more to the emotional or affective side of people than their cognitive or mental side.

Table 5

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMSIN</td>
<td>.375</td>
<td>.000</td>
</tr>
<tr>
<td>CMSAV</td>
<td>-.009</td>
<td>.891</td>
</tr>
<tr>
<td>CMSDO</td>
<td>-.030</td>
<td>.623</td>
</tr>
<tr>
<td>CMSOB</td>
<td>.286</td>
<td>.001</td>
</tr>
<tr>
<td>CMSCOM</td>
<td>.228</td>
<td>.007</td>
</tr>
</tbody>
</table>

Dependent variable: Affective Trust

Table 6

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMSIN</td>
<td>.267</td>
<td>.000</td>
</tr>
<tr>
<td>CMSAV</td>
<td>.043</td>
<td>.419</td>
</tr>
<tr>
<td>CMSDO</td>
<td>-.041</td>
<td>.400</td>
</tr>
<tr>
<td>CMSOB</td>
<td>.233</td>
<td>.001</td>
</tr>
<tr>
<td>CMSCOM</td>
<td>.140</td>
<td>.037</td>
</tr>
</tbody>
</table>

Dependent Variable: Cognitive Trust

Having fully established the relationship between independent and dependent variables, moderating effect of transformational leadership would be examined through hierarchical
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regression. Following table depicts the values of R-Square before as well as after moderation.

Table 7

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>R-Square</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Trust</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 1</td>
<td>0.338</td>
<td>0.000</td>
</tr>
<tr>
<td>Model 2</td>
<td>0.359</td>
<td>0.000</td>
</tr>
<tr>
<td>Cognitive Trust</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 1</td>
<td>0.306</td>
<td>0.000</td>
</tr>
<tr>
<td>Model 2</td>
<td>0.412</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Predictors\(^a\): CMSIN, CMSAV, CMSDO, CMSOB, CMSCOM

Predictors\(^b\): CMSIN, CMSAV, CMSDO, CMSOB, CMSCOM, STL

As shown in table 7, before moderation of transformational leadership, conflict management styles had an effect of 33.8% on affective trust (Model 1: R-Square=0.338). After moderation was applied, a minor change of 2.1% was observed (Model 2: R-Square=0.359). However, the moderating effect on cognitive trust is noticeable. The value of R-Square went up from 0.306 to 0.412 representing a 10.6% change in model 2. Significance level remained 0.000 in both models. Therefore, the above findings suggest that transformational leadership is a significant moderator between conflict management styles and trust dimensions, thereby supporting the fifth hypothesis (H\(_5\)) of our study.

Discussion

The main aim of our study was to examine the relationship between conflict management styles, dimensions of trust and transformational leadership. Results showed us that cooperative conflict management styles (integrating, obliging and compromising) have significant role in building affective and cognitive trust at workplace. Whereas, uncooperative conflict management styles (avoiding and dominating) do not have any significant relationship with trust dimensions. Our findings are also supported by Wong,
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Tjosvold, Wong & Liu (1999), Hempel, Zhang & Tjosvold (2008), Liu, Magjuka & Lee (2008) and Chan, Huang & Ng (2007). The reason for these results is that people using cooperative styles to manage workplace conflicts tend to be cooperative and understanding. For instance, resolving a conflict through integrating style requires both the parties to listen and understand each other to come up with an optimal solution for both sides. Similarly, compromising style requires open communication and dialogue to manage a conflict. Using cooperative styles help people comprehend the trivialities of a conflict as well as how they can come up with win-win solutions. Through discussions and exchange of ideas, people come to acknowledge each others’ viewpoints and have more tolerance to deal with interpersonal rivalries at work. Subsequently, these styles enable the workforce to build an environment of dialogue, where people can rely on each other. As a result, strong foundations of cognitive and later on affective trust are built among people.

On the other hand, uncooperative styles were hypothesized to be having negative relationship with trust. Although, dominating style was found to be negatively related to both affective and cognitive trust, but the relationships were not significant. Chan, Huang & Ng who examined the same variables in Chinese work setting, stated in their study that since Chinese people are obedient and loyal towards their superiors, therefore, dominating or avoiding styles do not affect the level of trust among them. In our study, conflict management among peers was focused. Similar findings could signify that people in Pakistan’s corporate sector are indifferent to their peers using dominating or avoiding styles during a conflict. Thus, it does not have any considerable effect on their trust level.

This study also found out that integrating and compromising are the most commonly employed conflict management styles in Pakistan’s corporate sector. We have discussed earlier in literature survey that conflict management practices of people living in different parts of the world are widely dispersed; however, most of the studies
indicate that cooperative styles are usually more preferred in western workplaces. The concept of organic organizations with open communication channels, flat structures and decentralized decision making processes comes from successful modern organizations of the West. Furthermore, with fewer international business barriers, several multinationals are operating in Pakistan promoting an interesting diffusion of traditional and modern organizational cultures. Thus, the reason for our findings could be Western managerial practices which Pakistani organizations are rapidly adapting to.

At last, significant moderating impact of transformational leadership signifies that leaders are positive ingredient towards building trust and commitment among organizational members. Our findings show that it increases cognitive trust to a greater degree. The reason could be people believe more in the intellectual capabilities of a transformational leader to handle task based complexities at work. This enables them to build confidence and trust in each other’s working caliber as well.

It is crucial to put effort towards the improvement of prevailing state of affairs in the respective fields. Keeping in consideration the Pakistani context, the researchers recommend the following suggestions to avoid the adverse effects of conflicts and distrust at workplace:

- Organizations should promote dialogue and open group discussions among organizational members to enable them understand each others’ concerns and standpoints during conflicts.
- There should be held informal gatherings so that people can get along better with each other. Such get-togethers are very helpful towards building a trusting and integrated organizational culture.
- Human resource managers should focus on arranging counseling sessions for employees to reduce job stress and
anxiety. Furthermore, training programs and seminars on effective conflict management and leadership practices should be organized from time to time.

· Workforce diversity should be acknowledged to avoid relationship conflicts. People coming from different backgrounds and cultures can be seen as a tool to brainstorm and bring new ideas for improving organizational productivity.

**Conclusion and Future Research Avenues**

Conflicts are inevitable in every field of life. They affect employees’ performance, satisfaction, motivation, interpersonal trust and organizational productivity. The purpose of our study was to understand the management of conflicts and trust-building process at workplace, in the presence of transformational leadership. Our study provided ample literature to comprehend the general behavior of respective variables. Furthermore, empirical evidence from corporate sector can enable Pakistani organizations to determine the causes and implications of conflicts and trust at workplace. Inclusion of transformational leadership as a moderator indicated the importance of leadership roles in influencing organizational variables.

Based on previous literary contributions, future researches should investigate the role of psychological or mental forces constituting the reasons for choosing particular conflict management styles. Furthermore, future researches might examine the relationship of personality traits with choice of conflict management styles as well as with affective and cognitive dimensions of trust. Role of emotions in both conflict management and trust cannot be denied. Future researches should study the interrelationships between these variables and emotional facets prevailing at workplace. At last same study should be conducted in other sectors with larger samples for better generalizability.
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