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The management of organisational conflict during the organisation's life cycle

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University of Pretoria, in partial fulfilment of the requirements for the
degree of Master of Business Administration

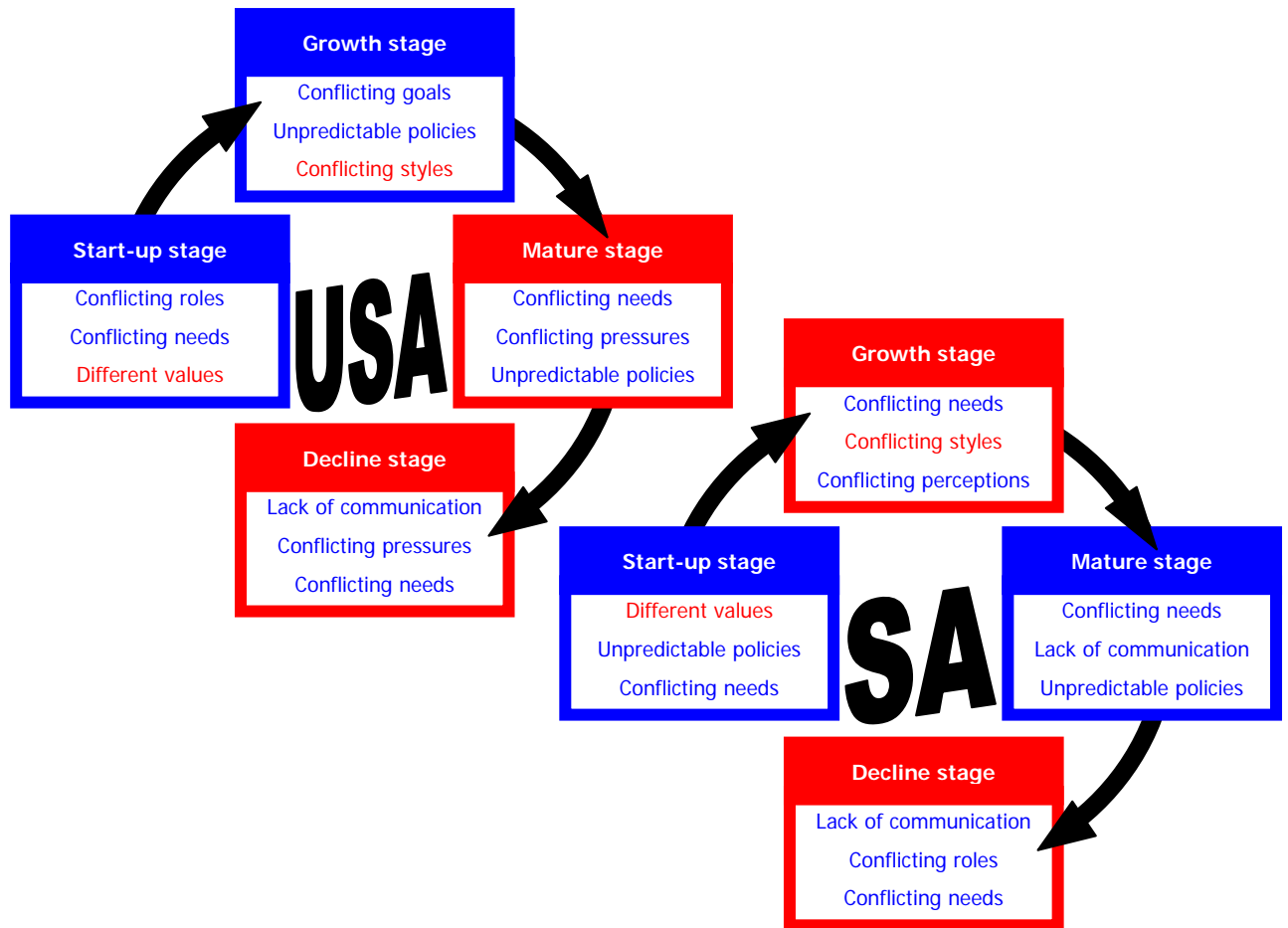
ABSTRACT

Organisational structures have a shorter life cycle today than at any point in the past and organisational change is a consistent feature of modern working life. (Whittington & Meyer, 2003) These organisational changes cause turbulence and uncertainty that, in turn, create conflict. (Hart, 2000) Successful companies in the future must create the capability to absorb conflict during the organisation's life cycles. (Whittington & Meyer, 2003).

The aim of the research is to characterise the nature of this organisational conflict changes over the start-up, growth, maturity and decline phases of the organisational life cycle in both South African and American companies. The research was conducted through the use of personal interviews with a structured questionnaire as interview guide. Critical Incident Technique was used in order to qualitatively analyse personal interview data.

Unique priority lists for conflict areas exist for companies in the USA and SA. Figure 13 summarises the findings and must serve a quick reference guide to companies to facilitate the understanding of the conflict issues. It should be used identify potential conflict areas to be able to manage change and conflict pro-actively.

Figure 1: Summary model of conflict during the organisation's life cycle



DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

.....

Trevor P. Roberts

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TABLE OF CONTENTS

DECLARATION	IV
ACKNOWLEDGEMENTS	V
LIST OF TABLES AND FIGURES.....	IX
LIST OF ABBREVIATIONS.....	X
CHAPTER 1 INTRODUCTION TO THE RESEARCH PROBLEM	1
1.1. INTRODUCTION	1
1.2. BACKGROUND	1
1.3. PROBLEM STATEMENT.....	3
1.4. RELEVANCE	4
1.5. PURPOSE OF THE STUDY	5
1.6. SUMMARY	6
CHAPTER 2 LITERATURE REVIEW	7
2.1. INTRODUCTION	7
2.2. CONFLICT THEORY	8
2.2.1 ORGANISATIONAL CONFLICT	10
2.2.2 FUNCTIONAL VERSUS DISFUNCTIONAL CONFLICT.....	11
2.2.3 CONSEQUENCES OF FUNCTIONAL CONFLICT	12
2.2.4 CONSEQUENCES OF DISFUNCTIONAL CONFLICT	13
2.2.5 REASONS FOR ORGANISATIONAL CONFLICT	14
2.2.6 CONFLICT STUDIES IN OR APPLICABLE TO SOUTH AFRICA	17
2.2.7 CONFLICT STUDIES IN OR APPLICABLE TO THE USA...	18
2.3. LIFE CYCLE THEORY.....	19
2.3.1 ORGANISATIONAL LIFE CYCLES	20
2.3.2 CHARACTERISTICS OF THE LIFE CYCLE STAGES	23
2.3.3 CHARACTERISTICS OF THE START-UP STAGE	24
2.3.4 CHARACTERISTICS OF THE GROWTH STAGE.....	25

2.3.5	CHARACTERISTICS OF THE MATURITY STAGE	26
2.3.6	CHARACTERISTICS OF THE DECLINE STAGE	27
2.3.7	Organisational Life Cycle STUDIES IN OR APPLICABLE TO SOUTH AFRICA.....	28
2.3.8	ORGANISATIONAL LIFE CYCLE STUDIES IN OR APPLICABLE TO THE USA	28
2.4.	SUMMARY	29
	CHAPTER 3 PROPOSITIONS	31
3.1.	INTRODUCTION	31
3.2.	RESEARCH PROPOSITIONS	31
3.2.1	RESEARCH PROPOSITION 1	32
3.2.2	RESEARCH PROPOSITION 2	32
3.2.3	RESEARCH PROPOSITION 3	33
3.2.4	RESEARCH PROPOSITION 4	33
3.2.5	RESEARCH PROPOSITION 5	34
	CHAPTER 4 RESEARCH METHODOLOGY	35
4.1.	INTRODUCTION	35
4.2.	RESEARCH METHOD	35
4.3.	THE CRITICAL INCIDENT TECHNIQUE	36
4.4.	RESEARCH DESIGN	39
4.5.	POPULATION OF RELEVANCE	40
4.6.	SIZE AND NATURE OF THE SAMPLE	41
4.7.	QUESTIONNAIRE CONSTRUCTION	42
4.8.	INTERVIEW PROCESS.....	44
4.9.	DEFENSE AND POTENTIAL LIMITATIONS OF THE METHOD..	45
4.9.1	CRITICAL INCIDENT TECHNIQUE	45
4.9.2	INTERVIEWS.....	46
4.9.3	SAMPLING METHOD	47
4.10.	SUMMARY	47
	CHAPTER 5 RESEARCH RESULTS.....	49

5.1. INTRODUCTION	49
5.2. DEMOGRAPHICS	49
5.3. PROPOSITION 1	52
5.4. PROPOSITION 2	54
5.5. PROPOSITION 3	55
5.6. PROPOSITION 4	56
5.7. PROPOSITION 5	58
5.8. SUMMARY	60
CHAPTER 6 DISCUSSION.....	61
6.1. INTRODUCTION	61
6.2. DEMOGRAPHICS	61
6.3. PROPOSITION 1	62
6.4. PROPOSITION 2	64
6.5. PROPOSITION 3	67
6.6. PROPOSITION 4	70
6.7. PROPOSITION 5	74
6.8. SUMMARY	76
CHAPTER 7 CONCLUSION.....	77
7.1. INTRODUCTION	77
7.2. FINDINGS	77
7.3. RECOMMENDATIONS TO STAKEHOLDERS	80
7.4. RECOMMENDATIONS FOR FUTURE RESEARCH	81
REFERENCES.....	82
APPENDIX A: INTERVIEW GUIDE.....	91
APPENDIX B: COMPANIES AND REPRESENTATIVES INTERVIEWED	94

LIST OF TABLES and FIGURES

FIGURE 13: SUMMARY MODEL OF CONFLICT DURING THE ORGANISATION'S LIFE CYCLE	III
FIGURE 1: OVERVIEW OF THE LITERATURE REVIEW	7
FIGURE 2: SUMMARY OF ORGANISATIONAL LIFE CYCLE STAGES.....	21
FIGURE 3: OVERVIEW OF THE CRITICAL INCIDENT TECHNIQUE	38
FIGURE 4: INTERVIEWS PER COUNTRY.....	50
FIGURE 5: INTERVIEWS PER OLC STAGE.....	51
FIGURE 7: PREVALENCE OF LITERATURE CONFLICT AREAS	63
FIGURE 8: PREVALENCE OF LITERATURE CONFLICT AREAS	66
FIGURE 9: LEVEL OF CONFLICT PER OLC STAGE PER COUNTRY	67
FIGURE 10: COMPARISON F CONFLICT AREA OCCURRENCE PER COUNTRY	69
FIGURE 11: 3D GRAPH OF CONFLICT AREA PER OLC	72
FIGURE 12: PERCEPTION OF THE DESTRUCTIVE NATURE OF CONFLICT PER OLC	76
FIGURE 13: SUMMARY MODEL OF CONFLICT DURING THE ORGANISATION'S LIFE CYCLE	80
TABLE 1: CONFLICT AREAS IDENTIFIED BY RESEARCH	15
TABLE 2: ORGANISATIONAL LIFE CYCLE STAGES	21
TABLE 3: SCOPE OF RESEARCH QUESTION	29
TABLE 4: OVERVIEW OF INTERVIEW SAMPLE	51
TABLE 5: CONFLICT AREA OCCURRENCE IN THE USA	53
TABLE 6: CONFLICT AREA OCCURRENCE IN SOUTH AFRICA	54
TABLE 7: LEVEL OF CONFLICT IN SA AND THE USA.....	56
TABLE 8: RANK ORDER OF CONFLICT AREAS PER COUNTRY	57
TABLE 9: PERCEPTION OF NATURE OF CONFLICT IN SOUTH AFRICA.....	59
TABLE 10: PERCEPTION OF THE NATURE OF CONFLICT IN THE USA	59
TABLE 11: RANK ORDER OF CONFLICT AREAS PER COUNTRY.....	71

LIST OF ABBREVIATIONS

OLC - Organisational life cycle

USA – United States of America

SA – South Africa

CHAPTER 1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1. INTRODUCTION

This chapter will indicate the need for the research and what the research objectives are.

1.2. BACKGROUND

In 2000 Deming said, "It is not necessary to change. Survival is not mandatory." He referred to the significantly increased rate of change and this has caused new products to be launched more frequently and product life cycles to reduce. The modern company has to adapt to this new rate of change and uncertainty in order to survive.

This required adaptation, in order to keep up with the times, has a direct impact on the reduction in the organisation's life cycle as well. In fact, organisational structures have a shorter life cycle today than at any point in the past and organisational change is a

consistent feature of modern working life. (Whittington & Meyer, 2003).

As companies experience more turbulence and uncertainty, conflict in the workplace will rise. The uncertainty associated with any change is seen as a key cause of conflict on an inter-personal, as well as on an organisational level where conflict between functions are at the order of the day. Reynolds and Kalish (2002) note that managers spend at least 25 percent of their time resolving workplace conflicts. This has a negative impact on the productivity in the workplace and can be seen as a cost to the company.

Management time can be a measure of the cost associated with conflict. If the conflict and change is pre-emptively managed, however, there might be a competitive advantage for a company. In his 1965 Harvard Business Review article, Levett already emphasised the benefits of exploiting life cycles. He was referring to product life cycles, but the same is true for the organisation's life cycle.

Whittington and Meyer (2003) took it a step further by suggesting that truly successful companies of the future will have to create the capability to handle and absorb repeated change. They were very clear to conclude that people issues are central to this and

that change should be managed pro-actively in order to minimise conflict.

In order to equip companies from South African and the USA to minimise the cost of conflict and to maximise the benefit of organisational cycles, an in-depth understanding of the various aspects of conflict during the organisation's life cycle is required.

It is interesting to note that no research has been published in order to characterise the conflict areas over the organisation's life cycle in the South African context.

1.3. PROBLEM STATEMENT

Whittington & Meyer (2003) proposed that organisational structures have a shorter life cycle today than at any point in the past and organisational change is a consistent feature of modern working life. These organisational changes cause turbulence and uncertainty that, in turn, create conflict. (Hart, 2000) Successful companies in the future must create the capability to absorb conflict during the organisation's life cycles. (Whittington & Meyer, 2003).

The unique conflict characteristics experienced during each of the organisation's life cycles is however unknown. There is therefore a need to gain an understanding of when and how the characteristics of organisational conflict change over the organisation's life cycle.

1.4. RELEVANCE

The Centre for Effective Dispute Resolution (2005) supports the perception of an increase in organisation conflict with some hard facts. Their research reported a 17 percent increase in organisational conflict measured by the more than 115,000 employment tribunal applications in 2004 in the United Kingdom.

According to Rivers (2005), the hidden costs of unresolved conflict in companies are enormous and finding effective ways to manage and resolve organisational conflict can have a significant impact on productivity and therefore profitability.

Healthy differences of opinion are however vital in an organisation in order for it not to stagnate, but when individuals are not able to work through their differences constructively and agree on a way

forward, the conflict becomes destructive and damaging to individuals, to teams and ultimately to the organisation. (Rivers, 2005)

Understanding organisational conflict is therefore important as it costs employers time, money, employee commitment and reputation. This will also gain even more importance in the future, as there is a strong argument that it is on the increase in parallel with the rate of change required by companies. Leading organisation in the future might well find a competitive advantage in the capability to understand and pro-actively act on the organisational conflict created from the ambiguity of change during the organisation's life cycle.

1.5. PURPOSE OF THE STUDY

The aim of the research is to characterise the nature of this organisational conflict changes over the start-up, growth, maturity and decline phases of the organisational life cycle in both South African and American companies.

The study will further aim to compile a rank order of conflict areas in each of the life cycle stages. Conflict types will also be classified as constructive or destructive.

The study will aim to summarise the findings by constructing a model of organisational conflict characteristics, grouped per organisational life cycle stage in an effort to equip companies to understand and pro-actively act on the expected future organisational conflict.

1.6. SUMMARY

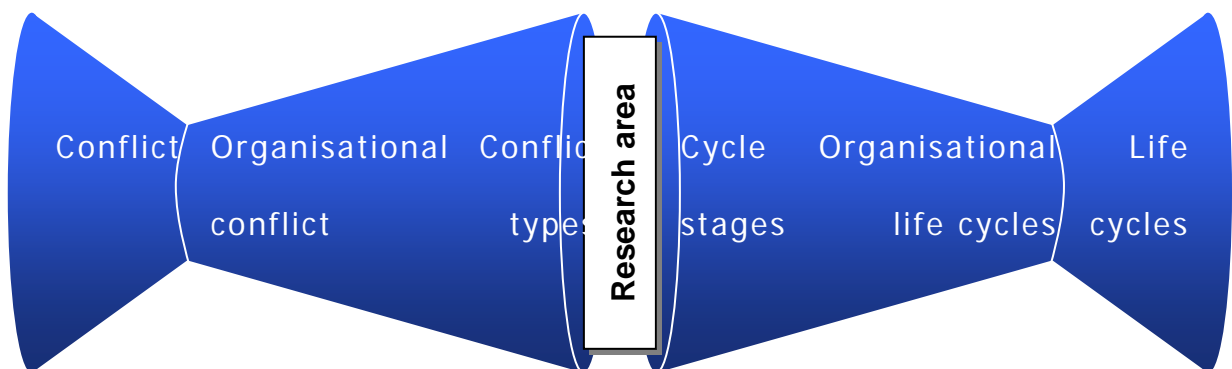
The literature suggests that the organisational conflict is changing constantly and that it is affected by changes over the organisation's life cycles. It has however failed to address the unique conflict characteristics experienced during each of the organisation's life cycles. Therefore, there exists a need to gain an understanding of when and how the characteristics of organisational conflict change over the organisation's life cycle.

CHAPTER 2 LITERATURE REVIEW

2.1. INTRODUCTION

The literature review will first discuss and then integrate the theory base of the major constructs, namely organisational conflict (theory) and the organisational life cycle (theory). Figure 1 is a graphical representation of what the research aims to achieve.

Figure 2: Overview of the literature review



The literature review will first focus on conflict or conflict theory, looking at the origin of conflict theory, the various touch points of conflict, and the different types of conflict identified from the literature. Organisational conflict will however be the focus point. The study will then diverge into the ring-fenced area of organisational conflict and look at the progression of the theory,

constructive and deconstructive conflict and the various reasons for organisational conflict. Referencing relevant research in this area in both South Africa and the USA will conclude this section of the study.

The second section of this literature review will focus on life cycle theory, again looking at the origin of theory, the various touch points and the different types of life cycles. The study will then focus on organisational life cycles, exploring the different organisational life cycle stages and the characteristics of each stage. Referencing relevant research in this area in both South Africa and the USA will also conclude this section of the study.

The literature review will set the scene for the research that will be done within the framework of organisational conflict types and organisational life cycle stages.

2.2. CONFLICT THEORY

Robbins (2005) has defined conflict as “a process that begins where one party perceives that another party has negatively affected, or is about to negatively affect, something that the first

party cares about". This is a very apt definition, emphasising that conflict is about perceptions, not necessarily real hard facts. It points to the emotional nature of conflict, by referring to a word like "care". It states that more than one party is involved and that there may be a future component attached to it.

There has been a transition in the way conflict has been viewed over time. First the general view was that conflict indicates a malfunction within a group and must be avoided. This view proposed that very little of value ever stemmed from conflict. Robbins (2005) called this the traditional view.

The second school of thought, driven by Campbell as the Realistic Conflict Theory, is that conflict is the natural, expected and inevitable outcome of any group interaction. His theory is that inter-group conflict is caused by competition among groups over limited resources (Meeus & Deysters, 2001).

Robbins (2005) describes conflict as an unavoidable human phenomenon. He calls it the human relations view, but it describes the same concepts brought forward by the Realist Conflict Theory. He however adds that it has the potential to be both a positive and a negative contributor to group performance.

The integrationist view is the most recent perspective and explicitly argues that some conflict should not only be seen as good or bad, but rather that some conflict is absolutely necessary for a group to perform effectively (De Dreu & Van de Vliert, 1997).

2.2.1 ORGANISATIONAL CONFLICT

According to Lewis, French & Steane (1997), conflict within an organisation is inevitable. This is a consequence of boundaries arising within any organisational structure, creating separate groups that need to compete for scarce resources.

Rivers (2005) published research that suggested that the mere fact of categorisation (between us and them) is enough to cause conflict. They termed this the Social Identity Theory. This categorisation is exactly what happens when groups are formed, representing different functions within an organisation and it support the notion that it is inevitable. (Lewis *et al.*, 1997)

Appelbaum, Abdallah & Shapiro (1999) further builds on this by stating that conflict is a process of social interaction. It involves a struggle over claims to resources, power and status, beliefs, preferences and desires. Darling and Walker (2001) link this idea

to the organisation by stating that, even when conflict is a natural phenomenon in social relations (as natural as harmony), it can nevertheless be managed within companies. They add that this conflict may have both positive as well as negative consequences within companies.

2.2.2 FUNCTIONAL VERSUS DISFUNCTIONAL CONFLICT

Conflict that supports the goals for the group and improves the group's performance can be classified as functional conflict. Disfunctional conflict, on the other hand, is destructive and hinders group performance (Darling and Walker, 2001).

Robbins (2005) has identified three types of conflict:

- a) Task conflict – relates to the content and the goals of the work;
- b) Relationship conflict – focuses on interpersonal relationships; and
- c) Process conflict – relates to how the work gets done.

Research by Jehn (1995, 1997) indicated that the difference between functional and disfunctional conflict can be closely linked

to the type of conflict. The research indicated that relationship conflict is dysfunctional in almost all situations, because it increases personality clashes and decreases mutual understanding, which hinders the completion of tasks.

Task and process conflict can however be functional during certain stages of the organisation's life cycle if the level is controlled, as it stimulates discussion of ideas that help group performance (Jehn 1995; 1997).

2.2.3 CONSEQUENCES OF FUNCTIONAL CONFLICT

Conflict that is constructive in nature can be called functional conflict. The base assumption is that this type of conflict will have a positive effect on the organisation. For example, this type of conflict can cause ideas, beliefs and assumptions to be challenged (Bagshaw, 1998). This, in turn, can lead to innovation and the willingness to consider fresh tactics. There can also be information exchange and honest and free expression of opinions. (Menon, Bharadwaj, & Howell, 1996).

Lewis *et al.* (1997) also indicates that constructive conflict can be a catalyst for action. The mere anticipation of future conflict can instigate action.

According to Senge (1990), arguments about how to complete tasks or attain objectives can facilitate individual and group learning. Conflict can also increase attentiveness and group evaluation (Darling and Walker, 2001).

Lee (1998) builds on this by stating that conflict is a key ingredient to organisational change. Functional conflict can therefore not only be responsible for organisational improvements, but also for organisational change.

2.2.4 CONSEQUENCES OF DISFUNCTIONAL CONFLICT

In contrast to functional conflict that aids the organisation to become better, disfunctional or destructive conflict breaks an organisation down. Interdepartmental conflict can for instance disturb resourcefulness in other departments (Maltz and Kohli, 2000).

Other instances of dysfunctional conflict regularly found in companies include interference with another function's work by withholding information and the forming of coalitions to block certain proposals (Barclay, 1991).

There are also passive ways to use conflict to be destructive. This might include a lack of responsiveness to requests, a deliberate rigid adherence to company procedures to stop or delay progress (Lewis *et al.*, 1997).

Individual reactions to dysfunctional conflict may differ substantially. McKenna and Richardson (1995) concluded that some people might respond by withdrawing from situations and becoming resentful, while others may seek to compromise and adjust. In extreme cases it can result in stress, hostility, dissatisfaction and greatly reduced level of teamwork.

2.2.5 REASONS FOR ORGANISATIONAL CONFLICT

Various researchers and writers have suggested reasons and causes of conflict in the workplace. The various conflict reasons can be summarised as follows:

Table 1: Conflict areas identified by research

Conflict area	Example raised by researcher	Author
<i>Conflicting Needs</i>	Workers competing for scarce resources, recognition, and power.	(Hart, 2000)
	Conflict between the "have-nots" and the "haves".	(Bell, 2002)
	Conflict can arise from having competing needs for the same resources	(Darling and Walker, 2001)
<i>Conflicting Styles</i>	Individuals differ in the way they approach people and problems.	(Bell, 2002) (Havenga & Visagie, 2006)
	Different intended courses of action and how to best handle situations	(Darling and Walker, 2001)
<i>Conflicting Perceptions</i>	Workers may view the same incident in dramatically different ways	(Bell, 2002)
	One department is viewed as more valuable to the organisation than others	(Hart, 2000)
<i>Conflicting Aims, Goals or Objectives</i>	Different objectives in achieving the same goal may cause conflict	(Bell, 2002)
	Conflicting responsibilities by two managers	(Hart, 2000)
	Conflict can arise from different aims	(Darling and Walker, 2001)

Conflict area	Example raised by researcher	Author
<i>Conflicting Pressures</i>	Workers or departments are responsible for separate actions with the same deadline Different priorities	(Hart, 2000)
<i>Conflicting Roles</i>	Power struggles for territory People perceive the characteristics of their jobs and organisational roles differently	(Bell, 2002) (Pearson and Chatterjee, 1997)
<i>Conflicting personalities</i>	Personality of employee can cause conflict Individual demographic dissimilarity has been found to impact on both "task conflict" and "emotional conflict"	(Pearson and Chatterjee, 1997); (Pelled, Xin & Weiss, 2001),
<i>Different Values</i>	Conflict caused by differing personal values	(Hart, 2000)
<i>Different cultures</i>	Culture and language play a significant role in perceptions and conflict Dissimilar people approach and solve problems in divergent manners	(Bechan & Visser, 2005) (Tjosvold & Wong, 2004) Chatman, Polzer,

Conflict area	Example raised by researcher	Author
		Barsade, & Neale, (1998)
<i>Lack of communication</i>	Lack of communication cause inter-departmental conflict	(Pelled, Xin & Weiss, 2001)
<i>Unpredictable Policies</i>	The absence of clear policies or policies that are constantly changing can create an environment of uncertainty and conflict	(Hart, 2000).

2.2.6 CONFLICT STUDIES IN OR APPLICABLE TO SOUTH AFRICA

Recent studies have particular relevance in South Africa as they have started to incorporate the impact of organisational demographics like diversity (Brief, Umphress, Dietz, Butz, Burrows, & Scholten, 2005); culture (Tjosvold & Wong, 2004) and race (Glaser, 2003).

The dynamics of South African companies have changed to incorporate the people from various cultural backgrounds. While exploring the South African multicultural workplaces, Bechan and Visser (2005) concluded that individual culture and language plays

a significant role in the perceptions of organisational structures such as conflict management, interaction during meetings, decision-making and the acceptance of authority.

2.2.7 CONFLICT STUDIES IN OR APPLICABLE TO THE USA

Most of the studies that have been completed in this area have physically been completed in the USA or are at least applicable to the USA because they focussed on other western economies.

The most significant work done in the USA, include works by Bell (2002) and Hart (2000) on characterising workplace conflict, Rivers (2005) on the management of differences and conflict in companies and Deming (2000) on the crisis that change enforce in companies.

Bagshaw (1998), Lee (1998) and Darling and Walker (2001) published studies on the possible constructive nature of conflict, while McKenna and Richardson (1995) provided the opposing view.

2.3. LIFE CYCLE THEORY

The origins of the life cycle theory is unclear, maybe because of the fact that it simulated the common process every human being will go through. It all starts at birth, followed by a period of growth and after that a period of maturity or adulthood. This is ultimately followed by decline and death. The fact that many things simulate the human life cycle is the basis of all the life cycle theories.

Even when the origins of the base theory was unknown, Levett (1965) already emphasised the benefits of exploiting life cycles in his 1965 Harvard Business Review article. In the article he was referring to product life cycles, but the same is true for the organisation's life cycles or any other life cycle.

The researcher came across various life cycle theories, including the product life cycle theory, the industry life cycle theory, the organisational life cycle theory, management life cycle theory and business life cycle theory. It has also been made applicable to many different applications, for instance the insurance industry where the extended life cycle theory had a major impact and in city planning and development where the neighbourhood life cycle theory revolutionised the existing thinking.

The number of life cycle theories and the numerous applications illustrates that the life cycle field is a very broad and, for the purposes of this study, the researcher will focus only on the organisational life cycle theory.

2.3.1 ORGANISATIONAL LIFE CYCLES

The organisational life cycle theory proposes that businesses move through a fairly predictable sequence of developmental stages over the course of time. These development stages that companies pass through are identifiable life cycles stages (Gibson, Ivancevich, Donnelly & Konopaske, 2002).

Various authors have aimed to classify the organisational life cycle into various stages. Different levels of complexity are expressed, starting from 3-stage classifications to a ten-stage classification.

Downs (1967), Lippitt and Schmidt (1967), and Scott (1971) all use three stage organisational life cycle models, while Lyden (1975) identifies four stages. Others attempt to segment the organisational development process into even more stages, with Greiner (1972), Churchill and Lewis (1983) and Miller and Friesen

(1984) using five stages, Torbert (1974) using nine stages and Adizes (1979) with his ten-stage model.

Figure 3: Summary of Organisational Life Cycle Stages

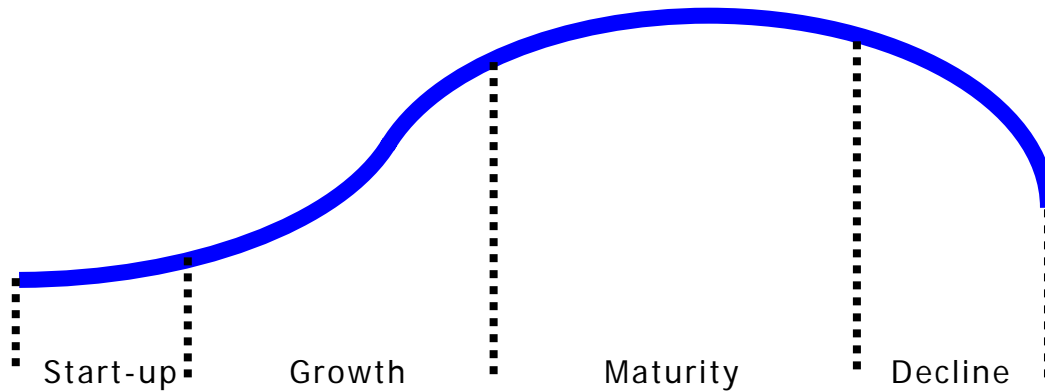


Table 2: Organisational Life Cycle Stages

Organisational life cycle stage						Researcher
Entrepreneurial	Rapid growth		Maturity		Decline	Quinn & Cameron (1983)
Birth	Survival		Stability	Pride/ Reputation Developing Uniqueness (Contribution to Society)		Lippitt & Schmidt, (1967)
Growth	Direction		Delegation	Coordination Collaboration		Grenier, (1972)

Courtship	Existence	Survival	Success	Take-off	Maturity	Churchill & Lewis, (1983)	
							Inception
Adolescence	Existence	Survival	Success	Maturity	(Renewal)	Decline	
							Prime

For the purpose of this study the organisational life cycle will be defined as comprising of four stages that can be encapsulated as start-up, growth, maturity and decline. The model by Adezes (1979) is the most comprehensive, but due to the complexity added to the research per stage, a 4-stage model was selected.

The different authors each emphasize a unique set of characteristics found in each stage of their life cycle models. However, regardless of the number of stages, they all are sequential in nature; occur as a hierarchical progression that is not

easily reversed; and involve a broad range of organisational activities and structures (Quinn and Cameron, 1983).

2.3.2 CHARACTERISTICS OF THE LIFE CYCLE STAGES

Fletcher & Taplin (2000) stated that companies move from one stage to another because the fit between the organisation and its environment is so inadequate, that either the organisation's efficiency and/or effectiveness is seriously impaired, or the organisation's survival is threatened. The OLC model's prescription is that the firm's managers must change the goals, strategies, and strategy implementation devices of the business to fit the new set of issues. Thus, different stages of the company's life cycle require alterations in the firm's objectives, strategies, managerial processes (planning, organising, staffing, directing, controlling), technology, culture, and decision-making.

In a study of 36 corporations, Miller and Friesen (1984) proposed five growth stages: birth, growth, maturity, decline, and revival. They trace changes in the organisational structure and managerial processes as the business proceeds through the stages. At birth, the firms exhibit a very simple organisational structure with

authority centralised at the top of the hierarchy. As the firms grow, they adapt more sophisticated structures and decentralize authority to middle- and lower-level managers. At maturity, the firms demonstrate significantly more concern for internal efficiency and install more control mechanisms and processes.

2.3.3 CHARACTERISTICS OF THE START-UP STAGE

The first stage in the organisational life cycle is the start-up stage. This stage marks the beginning of the organisational development. During this phase the market size and growth is small and the business will focus on viability and development of a sufficient number of customers to support the existence of the business. It is highly unlikely that companies will make big profits on products at the start-up stage (Gibson *et.al.*, 2002).

The owner or entrepreneur will in most instances handle all the organisational functions. Decision-making is highly centralised and the style is normally bold, based on trial and error. (Lester, 2003).

The companies are normally small and owner controlled and the founder is normally technically orientated or an entrepreneur. Minimal information is used for decision-making. The structure is

normally informal, simple and owner dominated with communications between employees frequent and informal. (Silvola, 2005)

2.3.4 CHARACTERISTICS OF THE GROWTH STAGE

The growth stage is characterised by rapid growth in sales. At this stage, businesses invest in increasing market share as well as enjoying the overall growth of the market (Hanks, Watson, Jansen & Chandler, 1993). Development and operation activities will be at the order of the day and there will be a formalisation of structure (Quinn & Cameron, 1983) and firms will develop their own distinctive competencies (Miller & Friesen, 1984).

According to Churchill and Lewis (1983), the progression from this stage will be determined by the firm's ability to generate profits. Some firms are unsuccessful and go out of business while, on the other end of the scale, others are very successful and quickly move to the maturity stage.

According to Lester (2003) formal information processing is introduced and decision-making becomes less centralised. The

environment is at this stage heterogeneous and there is more competition between employees.

Silvola (2005) adds that firms start to rely on formal rules and procedures to ensure organisational efficiencies in these increasingly centralised structures.

2.3.5 CHARACTERISTICS OF THE MATURITY STAGE

The Maturity Stage is the most common stage for companies to be in. It is in this stage that competition is the most intense as companies fight to maintain their market share. Here, both marketing and finance become key activities and functions in the organisation. Quinn and Cameron (1983) found that, during this phase, an organisational form will be created where formulation and control through bureaucracy are the norm.

Job descriptions, procedures and policies will be formalised. Companies will find it ever more difficult to get things done and are fighting their way through "red tape" on a continuous basis (Miller and Friesen, 1984).

The companies will focus on efficiencies as the basis of their completion. The structure will be very formal and bureaucratic, there is a strong reliance on internal information for decision-making and the environment is heterogeneous (Lester, 2003).

Silvola (2005) comment on the fact that companies focus on efficiencies and operational stability - to such a degree that they put strategies in place to replace innovations. To add to this, the hierarchical structures in place in mature companies further suppress innovation.

2.3.6 CHARACTERISTICS OF THE DECLINE STAGE

In the decline stage, the market is shrinking, reducing the overall amount of profit that can be shared amongst the remaining competitors. At this stage management normally focus on cutting costs. Ultimately, a company may decide to close down (Gibson et.al., 2002).

During this phase the company is characterised by politics and power. Personal goals become more important than organisational goals. Control and decision making, in many companies, return to a few people (Hanks *et al.*, 1993).

Lester (2003) noted that, when profits are falling, companies normally become very risk averse. Structures are very formal in nature, driven by functional bureaucracies.

2.3.7 ORGANISATIONAL LIFE CYCLE STUDIES IN OR APPLICABLE TO SOUTH AFRICA

No published research could be found that specifically focussed on organisational life cycles in South Africa.

2.3.8 ORGANISATIONAL LIFE CYCLE STUDIES IN OR APPLICABLE TO THE USA

The most significant research completed on organisational life cycles has been done in the USA. This includes the work of Churchill and Lewis (1983) on the stages of business growth, Dodge, Fullerton & Robbins (1992, 1994) who investigated the effect of cycles on business development and survival and Fletcher & Taplin (2000) who looked at the organisational evolution specific to what he called "the American Life Cycle".

2.4. SUMMARY

The literature review focussed on conflict or conflict theory and the different types of conflict. It then focussed on organisational conflict as a specific type of conflict, including constructive and deconstructive conflict and the various areas for organisational conflict.

The second section of the literature reviewed the life cycle theory, and organisational life cycles. It explored the different organisational life cycle stages before concluding by referencing relevant research in this area in both South Africa and the USA.

Table 3: Scope of research question

Nature	Conflict Area	OLC Stage
Constructive	Conflicting Needs Conflicting Goals Conflicting Pressures Conflicting Roles Lack of Communication Unpredictable Policies Conflicting Perceptions Different Cultures Different Values Conflicting Styles	Start-up Growth Maturity Decline
Destructive	Conflicting Personalities	

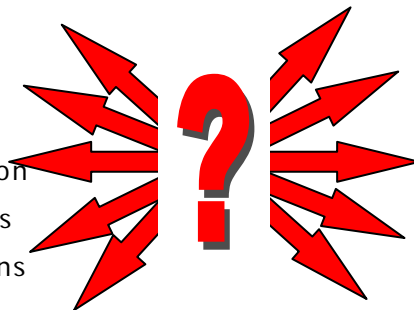


Table 3 summarises the research scope, where the research can be done within the framework of organisational conflict types and organisational life cycle stages. The research will aim to integrate this overlap area in the South African and American context.

The need for the research is supported by the lack of research specific to the South African organisational environment.

CHAPTER 3 PROPOSITIONS

3.1. INTRODUCTION

The aim of this research is to characterise organisational conflict during the different stages of the organisational life cycle, to compile a rank order of conflict areas in each of the life cycle stages and to assess the constructive or destructive nature of conflict types. The researcher finally aims to summarise the study by constructing a model of organisational conflict characteristics, grouped per organisational life cycle stage.

This chapter focuses on the research propositions that must be accepted or rejected by the study.

3.2. RESEARCH PROPOSITIONS

Five research propositions have been defined in order to address the aims of the study as stated above. From the literature review it is clear that these are essential and relevant areas to be explored for research.

3.2.1 RESEARCH PROPOSITION 1

The list of organisational conflict areas, as identified in the literature review, are generic in nature and can therefore be applied to companies in the USA that are in:

- i) the start-up stage of the organisational life cycle.
- ii) the growth stage of the organisational life cycle.
- iii) the maturity stage of the organisational life cycle.
- iv) the decline stage of the organisational life cycle.

(The conflict areas identified by the literature review are conflicting needs, conflicting goals, conflicting pressures, conflicting roles, unpredictable policies, conflicting perceptions, different cultures, different values, conflicting styles, conflicting personalities and a lack of communication.)

3.2.2 RESEARCH PROPOSITION 2

The list of organisational conflict areas, as identified in the literature review, are generic in nature and can therefore be applied to South African companies in:

- i) the start-up stage of the organisational life cycle.

- ii) the growth stage of the organisational life cycle.
- iii) the maturity stage of the organisational life cycle.
- iv) the decline stage of the organisational life cycle.

(The conflict areas identified by the literature review are conflicting needs, conflicting goals, conflicting pressures, conflicting roles, unpredictable policies, conflicting perceptions, different cultures, different values, conflicting styles, conflicting personalities and a lack of communication.)

3.2.3 RESEARCH PROPOSITION 3

The list of organisational conflict areas, as identified using the critical incident technique on the interviews is the same for companies in both South Africa and the USA in all the organisational life cycle stages and generic pre-emptive strategies can be implemented to manage conflict.

3.2.4 RESEARCH PROPOSITION 4

The rank order of conflict areas will be the same for respondents in both South Africa and the USA in:

- i) the start-up stage of the organisational life cycle.
- ii) the growth stage of the organisational life cycle.
- iii) the maturity stage of the organisational life cycle.
- iv) the decline stage of the organisational life cycle.

3.2.5 RESEARCH PROPOSITION 5

The perception of conflict to be constructive or destructive is similar to what is suggested in the literature for respondents in both SA and the USA, in:

- i) the start-up stage of the organisational life cycle.
- ii) the growth stage of the organisational life cycle.
- iii) the maturity stage of the organisational life cycle.
- iv) the decline stage of the organisational life cycle.

CHAPTER 4 RESEARCH METHODOLOGY

4.1. INTRODUCTION

Critical Incident Technique was used in order to qualitatively analyse personal interview data. This chapter focus on the detailed research methodology used to complete the study.

4.2. RESEARCH METHOD

The research was conducted through the use of personal interviews with selected employees of companies in South Africa and the USA. The top development companies were selected based on the successful entries into the Design Institute of South Africa (DISA) Awards and the Sony Design Excellence Awards in the USA.

The Critical Incident Technique (CIT) was the method used to collect data from the direct experiences of human behaviour in defined situations. This methodology was selected due to the qualitative nature of the study, as the purpose was to identify the key dimensions of conflict as envisaged by the respondents. CIT is undertaken to gather data of incidents when extreme examples are provided and not average incidents. With this method the critical

incidents are ring-fenced for the purpose of further analysis (Twelker, 2003).

Using the CIT methodology, a standard questionnaire was designed to gather information from interviews. In this research, incidents or experiences of respondents were observed and recorded. The recordings were documented and analysed at a later stage in order to identify the key conflict areas.

4.3. THE CRITICAL INCIDENT TECHNIQUE

CIT was developed during World War II by Flanagan (1954) and introduced to the division of Aviation Psychology as a method to identify behaviours to contribute to the success and failures of individuals and companies in specific situations. The Flanagan (1954) article on CIT has been recognised as the most frequently cited article in the field of Industrial and Organisational Psychology by the Society of Industrial and Organisational Psychology (American Institute for Research, 1998).

The Critical Incident Technique is essentially a set of operations for collecting direct observations of human behaviour in defined

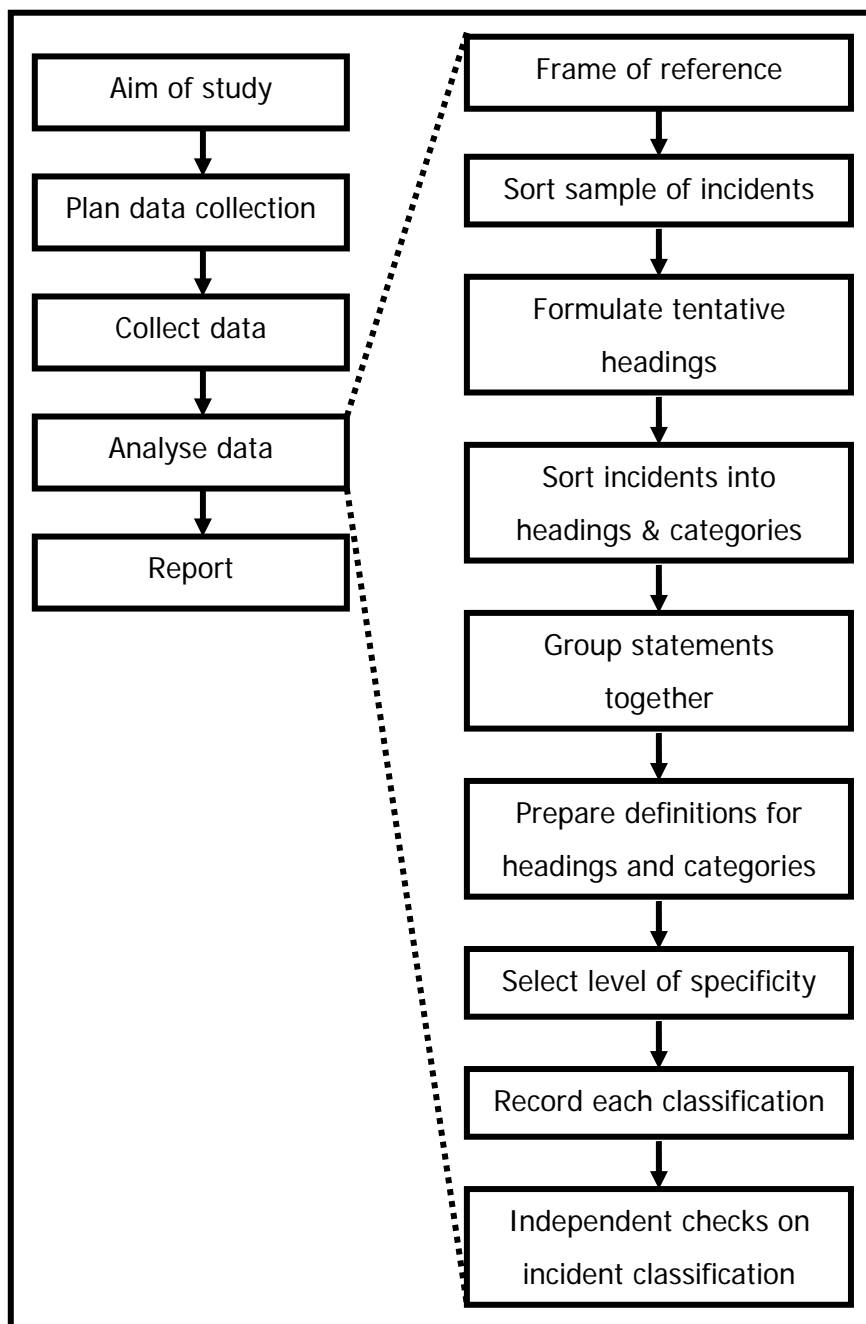
situations in such a way as to use the information in solving practical problems. The technique is extremely useful when one wishes to rely on observations and yet does not wish to commit vast sums of money or resources to collect the observations (Twelker, 2003). The fact that CIT information can both be analysed qualitatively as well as quantitatively, can lead to results being more precise and explicit (Carlisle, 1986).

An "incident" is best thought as "any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act." In order for the incident to be considered "critical," it "must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects." (Flanagan, 1954: p327)

Flanagan (1954) identified five steps involved in CIT (see figure 3). The first is determining the general aim of the study. The second step of CIT is to plan and specify how factual incidents regarding the general aim of the study will be collected. The third step is to collect the data. Data collection may occur via interview or may consist of an observer writing reports. The fourth step in CIT is to analyse the data. The analysis should be summarised and the data

described efficiently so they can be used for practical purposes. The fifth and final step is to interpret and report the requirements of the activity being studied.

Figure 4: Overview of the critical Incident Technique



The CIT method also uses content analysis in order to sort incidents into headings, categories and sub-categories.

The analysis of the data is very powerful because it does not confine the respondents to answer to predetermined choices. Instead of having variables as choices, respondents have the freedom of using statements to describe incidents. Categories can then be inferred from incidents (Endvardsson & Roos, 2001).

4.4. RESEARCH DESIGN

A survey was conducted by means of a standardised questionnaire and the data was then extracted using interviews.

The study was completed in the form of individual interviews with operations and marketing representatives from each of the organisation life cycles stages. The sessions were very informal, and loosely structured according to the questionnaire to allow truthful and candid response as attached in Appendix A.

Twelker (2003) warns that extracting data using a questionnaire format could lead to some fundamentally wrong data, due to the

risk of respondents misunderstanding the data. Individual interviews were therefore selected to ensure data integrity.

In the questionnaire the respondents had to specify the organisational life cycle stage. The questions were then answered for that specific stage only. Respondents were asked to factually describe an event actually experienced.

4.5. POPULATION OF RELEVANCE

The population of relevance used for this study is both South African companies and companies in the USA that are progressing through its organisational life cycle. The sample was limited by selecting only companies with less than 5 product lines. This is because they deliberately step through the product and organisational life cycle and are therefore more aware and knowledgeable about it. This method also assisted to isolate conflict issues to specific cycles.

4.6. SIZE AND NATURE OF THE SAMPLE

Welman and Kruger (2001) identify two types of sampling methods; probability and non-probability sampling. Non-probability sampling (judgemental sampling) based on quota sampling was used for this study. This sampling method was selected, because it was less complicated and more economical in terms of time and financial expenses.

The total sample size equalled 31. This was in the form of 31 interviews with the operations and marketing representatives of the selected companies in South Africa and the USA. The respondents were also selected based on quotas in order to have a statistically significant amount of representatives from both marketing and operations representing all the product life cycle stages.

The companies and representatives that were selected for the study are those mentioned in Appendix B attached.

4.7. QUESTIONNAIRE CONSTRUCTION

The questionnaire was structured in such a way as to extract conflict incidents that could be analysed quantitatively using CIT. Respondents were asked to factually describe an event that was actually experienced and their responses were then analysed.

The questionnaire was pre-tested with respondents from both the operations and marketing section of a Product Design Company situated in Johannesburg. This test required minor changes to be made to the construction of the questions.

In the first section demographic questions were asked in order to categorise the data to be captured in the following sections. Here questions regarding the company name, location of company, the representative name and function and company life cycle stage were asked.

When the life cycle stage was not immediately apparent, the classification system of Miller and Friesen (1983) was used. In their model they classify companies to be in the birth stage when they are less than 10 years old and an informal structure that is dominated by an owner-manager. A company in their growth stage has sales growth greater than 15%, a functionally organised

structure and there is an early formation of policies. Mature companies have a sales growth of less than 15% with a bureaucratic organisation structure and policies. Finally, in a declining organisation the demand for products levelled off, there is a low rate of product innovation and profitability drops off.

In the second section of the questionnaire, the respondents were asked to factually describe different conflict situations they have experienced over the last 6 months. Using CIT, a list of conflict areas was constructed and classified according to the demographic data identified in section 1. This was then compared to the list identified in the literature review in order to address Proposition 1 and 2. These propositions have to answer whether conflict areas are generic in nature and if they can be applied to the South African and USA companies for different organisational life cycle stages. Proposition 3 will compare the South African and USA conflict areas over the organisation's life cycle.

In the third section the respondents were asked to rank a list of conflict areas in their organisational life cycle stage. This will be used to answer Proposition 4, which has to determine whether the rank order of conflict areas will be the same for companies in different organisational life cycle stages and for respondents representing South African and USA companies.

In the last section, respondents were asked to express their perception on the constructive or destructive nature of different types of conflict. Again the demographic data will be used to draw conclusions for Proposition 5.

4.8. INTERVIEW PROCESS

For the interview process, all the appointments were made more than 48 hours in advance of the meeting and a copy of the questionnaire then emailed to the potential respondent. All the interviews were conducted on a one-on-one basis, mostly at the respondents' business premises. Some exceptions occurred where the interviews were conducted via teleconference.

All the interviews started off with a general overview of identifying the interviewee and the aim of the research. Time was allowed for general questions at this stage. The questions on the questionnaire were then discussed, allowing sufficient time for the respondent to describe the conflict situation they faced and what impact it had on the company. The rank order of conflict situations were identified to ascertain whether certain conflict types were perceived as

positive or negative. This was then followed by a time for questions by the respondent before the session ended.

4.9. DEFENSE AND POTENTIAL LIMITATIONS OF THE METHOD

4.9.1 CRITICAL INCIDENT TECHNIQUE

Content analysis plays a significant role in the Critical Incident Technique. It is used to come up with categories and to calculate incident occurrences. When used properly, content analysis is a powerful data reduction technique. Its major benefit stems from the fact that it is a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding. Two fatal flaws that destroy the utility of a content analysis are faulty definitions of categories and non-mutually exclusive and exhaustive categories. (Warren & Karner, 2005)

CIT is a method for the analysis and understanding of observable, measurable behaviors in real situations. The biggest benefit is that it does not require direct observation by the researcher. This is beneficial in terms of resources (time and financial expenses)

required. Categories of critical incidents and behaviors emerge from collected data, a predetermined list is not present and the respondents are therefore not lead into predetermined answers (Brace, 2004).

The most effective use of CIT is through the collection of data on a very large number of incidents, and organizing this data into categories of incidents and behaviors. A sample size of 31 was selected for the research, and even though it is substantial, the results may not be optimal relative to very large sample sizes. CIT further relies on observers to accurately recognize and report critical incidents correctly. It was also possible for observers to overemphasize incidents with negative outcomes (Endvardsson & Roos, 2001).

4.9.2 INTERVIEWS

Extracting data using a questionnaire format could lead to some fundamentally wrong data, due to the risk of respondents misunderstanding the data (Twelker, 2003). Individual interviews were therefore selected to ensure data integrity.

The role of the interviewer is also very significant in the interview process. The interviewer should be careful not to lead the

respondent. The data capturer must also be kept independent for this research. This was done through the use a digital recorder to ensure completeness and accuracy.

4.9.3 SAMPLING METHOD

Non-probability sampling based on quotas was used for sampling. This sampling method was selected, because it is less complicated and more economical in terms of time and financial expenses.

The research conducted in this paper has, *inter alia*, the limitation that the non-probability sampling may cause the sample not to be representative of the population. Because the likelihood exists that the small number of participants will not be a representative sample, this study will be limited in terms of its ability to generalise findings to a whole population. The results should therefore be seen as of exploratory value only.

4.10.SUMMARY

Critical Incident Technique was used in order to qualitatively analyse personal interview data. This chapter focused on the

sampling method, the research instruments and data analysis. It defended the method and specified the research limitations.

CHAPTER 5 RESEARCH RESULTS

5.1. INTRODUCTION

This chapter provides high-level results retrieved from the study. The demographic information about the sample is first reviewed. That is followed by the results pertinent to each of the research proposals. An in-depth analysis and discussion of the results will be undertaken in Chapter 6.

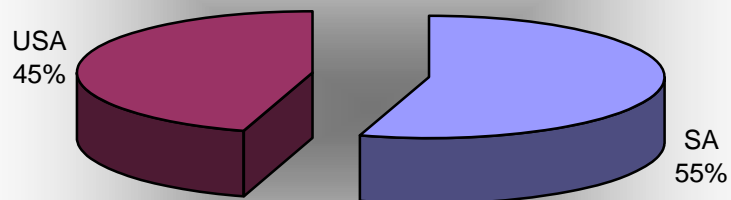
The study was completed in the form of individual interviews with 31 employees from various organisation life cycles stages. These interviews covered a selection of South African and American companies. The sessions were very informal, and loosely structured according to the questionnaire attached in Appendix A.

5.2. DEMOGRAPHICS

The demographic questions in the first section are used for categorisation purposes for all the propositions data to follow. Specifically the organisational life cycle (OLC) stage and country

data are used throughout the subsequent analysis processes. Other data captured includes the company name, the representative name and his/her function.

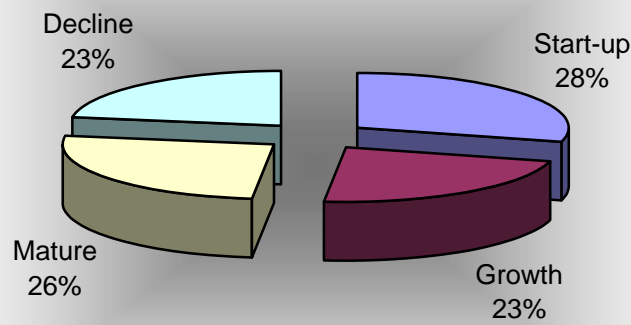
Figure 5: Interviews per country



Both companies from South Africa and the USA were selected. There were a total of 31 company representatives interviewed, with a fairly equal split between the numbers of interviews per country. There were only 1 more interviews in South Africa than in the USA.

Quota based non-probability sampling was deliberately used to have a balanced distribution between South African and American companies as well a between companies in the different life cycle stages.

Figure 6: Interviews per OLC stage



The number of interviews per organisational life cycle group varied between seven and nine, with the most interviews (28%) in the start-up stage and the least (23%) in both the growth and decline phases. (Figure 5)

Table 4: Overview of interview sample

	Start-up	Growth	Mature	Decline	
SA	5	4	4	4	17
USA	4	3	4	3	14
	9	7	8	7	31

The sample consisted of 31 interviews, with a fairly evenly balanced distribution with between 3 and 5 respondents per country and OLC stage combination category. (Table 4)

5.3. PROPOSITION 1

The second section of the questionnaire addressed both Proposition 1, 2 and 3. The respondents describe different conflict situations experienced and using the Critical Incident Technique, a list of conflict areas is constructed. This is classified according to country and the organisational life cycle stage.

For the purpose of proving or disproving the proposition, the occurrence list of conflict areas of each life cycle stage will be compared to the lists identified in the literature review. The aim is to determine whether the conflict areas identified by the literature are generic in nature and whether it can therefore be applied to companies in the USA that are in all the various stages of the OLC.

The table below summarise the data gathered from the interviews in the USA. It indicates the percentage of interview where a

specific conflict cause was discussed as part of the conflict samples mentioned by the interviewee.

Table 5: Conflict area occurrence in the USA

	USA				
	Start-up	Growth	Mature	Decline	
Conflicting Needs	5		75%	100%	56%
Conflicting Styles			50%	67%	29%
Conflicting Perceptions			50%		13%
Conflicting Goals	25%	67%		33%	31%
Conflicting Pressures			75%	100%	44%
Conflicting Roles	75%	33%	50%	67%	56%
Conflicting Personalities	25%		50%		19%
Different Values	50%			67%	29%
Different Cultures			25%	67%	23%
Unpredictable Policies	50%	67%	75%	33%	56%
Lack of Communication		33%	75%	100%	52%
	25%	18%	48%	58%	37%

Table 5 indicated that all the respondents in a specific category have not mentioned various conflict areas identified in the literature review. Various different conflict areas (marked in blue) have been identified as the conflict areas with the highest prevalence.

5.4. PROPOSITION 2

As discussed above, the second section of the questionnaire is used to address Proposition 2 as well. The table below summarises the data gathered from the interviews in South Africa. It again indicates the percentage of interviews where a specific conflict cause was discussed as part of the conflict samples mentioned by the respondents interviewed.

Table 6: Conflict area occurrence in South Africa

	SA				
	Start-up	Growth	Mature	Decline	
Conflicting Needs	40%	100%	75%	75%	73%
Conflicting Styles	40%	75%		25%	35%
Conflicting Perceptions	20%	75%		25%	30%
Conflicting Goals	20%	25%	25%	25%	24%
Conflicting Pressures	40%	75%	25%	25%	41%
Conflicting Roles	20%	75%	25%	100%	55%
Conflicting Personalities	20%	25%	25%		18%
Different Values	80%			25%	26%
Different Cultures	20%	25%	25%	25%	24%
Unpredictable Policies	80%	25%	50%	50%	51%
Lack of Communication			50%	75%	31%
	35%	45%	27%	41%	37%

The occurrence list of conflict areas in South African companies in each organisational life cycle stage will again be compared to the

lists identified in the literature review in order to determine if the literature list is generic in nature and therefore applicable to all South African companies.

Table 6 is a summary of the percentage of South African respondents that mentioned a specific conflict area in an interview. It again indicated that various conflict areas identified in the literature review have not been mentioned. Various different conflict areas (marked in blue) have again been identified as the conflict areas with the highest prevalence.

5.5. PROPOSITION 3

The data from Propositions 1 and 2 are used to address Proposition 3, where the data for South Africa and the USA have to be compared not to a literature review list, but this time to each other.

Table 5 and Table 6 are again applicable for this proposition. The conflict areas identified in each life cycle stage is not the same for the American and South African respondents.

Table 7 provide a high level overview of the level of conflict experienced per life cycle stage for both the USA and South African companies.

Table 7: Level of conflict in SA and the USA

	Start-up	Growth	Mature	Decline
SA	35%	45%	27%	43%
USA	25%	21%	48%	58%
	30%	33%	38%	50%

It is interesting to note that the companies in the USA are experiencing very high levels of conflict in the mature (48%) and specifically the decline stages (58%). The South African companies on the other hand are experiencing high levels of conflict in the growth stage (45%), even higher than the decline stage (43%).

5.6. PROPOSITION 4

In the third section of the interviews, the respondents are asked to rank a list of conflict areas in their organisation life cycle stage. This is used to answer Proposition 4 which has to determine if the rank order of conflict areas will be the same for respondents

representing South African and American companies as well as different organisational life cycle stages.

Table 8: Rank order of conflict areas per country

SA				
	Start-up	Growth	Mature	Decline
1	Different Values	Conflicting Needs	Conflicting Needs	Lack of Communication
2	Unpredictable Policies	Conflicting Styles	Lack of Communication	Conflicting Roles
3	Conflicting Needs	Conflicting Perceptions	Unpredictable Policies	Conflicting Needs
4	Conflicting Styles	Conflicting Pressures	Conflicting Goals	Unpredictable Policies
5	Conflicting Pressures	Conflicting Roles	Conflicting Pressures	Conflicting Styles
6	Conflicting Perceptions	Conflicting Goals	Conflicting Roles	Conflicting Perceptions
7	Conflicting Goals	Conflicting Personalities	Conflicting Personalities	Conflicting Goals
8	Conflicting Roles	Different Cultures	Different Cultures	Conflicting Pressures
9	Conflicting Personalities	Unpredictable Policies	Conflicting Styles	Different Values
10	Different Cultures	Different Values	Conflicting Perceptions	Different Cultures
11	Lack of Communication	Lack of Communication	Different Values	Conflicting Personalities
USA				
	Start-up	Growth	Mature	Decline
1	Conflicting Roles	Conflicting Goals	Conflicting Needs	Lack of Communication
2	Conflicting Needs	Unpredictable Policies	Conflicting Pressures	Conflicting Pressures
3	Different Values	Conflicting Styles	Unpredictable Policies	Conflicting Needs
4	Unpredictable Policies	Conflicting Roles	Lack of Communication	Conflicting Styles
5	Conflicting Goals	Lack of Communication	Conflicting Styles	Conflicting Roles
6	Conflicting Personalities	Conflicting Needs	Conflicting Perceptions	Different Values
7	Conflicting Styles	Conflicting Perceptions	Conflicting Roles	Different Cultures
8	Conflicting Perceptions	Conflicting Pressures	Conflicting Personalities	Conflicting Goals
9	Conflicting Pressures	Conflicting Personalities	Different Cultures	Unpredictable Policies
10	Different Cultures	Different Values	Conflicting Goals	Conflicting Perceptions
11	Lack of Communication	Different Cultures	Different Values	Conflicting Personalities

Table 8 is a rank order table of the different conflict areas per country and per OLC stage. The initial indication shows that there is no pattern. There is a different combination of most pressing conflict areas in each category (marked in blue). This table will be further analysed in Chapter 6.

5.7. PROPOSITION 5

In the last section, respondents are asked to express their perception on the constructive or destructive nature of different types of conflict. Demographic data is used to categorise data and to draw conclusions for both the country categories as well the OLC stage categories.

From Tables 9 and 10 it is interesting to note that personal conflict is always perceived to be destructive (<50%), while task and process conflict are perceived to be constructive (>50%) in certain stages of the OLC. The constructive conflict include task conflict in the South African start-up and growth stages and process conflict in the American start-up and growth stages of the organisational life cycles.

Table 9: Perception of nature of conflict in South Africa

		SA				
		Start-up	Growth	Mature	Decline	Ave
Task Conflict						
Constructive	75%	67%	25%	0%	42%	
Destructive	25%	33%	75%	100%	58%	
Process Conflict						
Constructive	40%	25%	25%	25%	29%	
Destructive	60%	75%	75%	75%	71%	
Personal Conflict						
Constructive	20%	0%	0%	0%	5%	
Destructive	80%	100%	100%	100%	95%	
Average						
Constructive	33%	17%	17%	17%	21%	
Destructive	67%	83%	83%	83%	79%	

Table 10: Perception of the nature of conflict in the USA

		USA				
		Start-up	Growth	Mature	Decline	Ave
Task Conflict						
Constructive	40%	25%	25%	25%	29%	
Destructive	60%	75%	75%	75%	71%	
Process Conflict						
Constructive	75%	67%	50%	33%	56%	
Destructive	25%	33%	50%	67%	44%	
Personal Conflict						
Constructive	25%	33%	25%	0%	21%	
Destructive	75%	67%	75%	100%	79%	
Average						
Constructive	58%	56%	33%	11%	40%	
Destructive	42%	44%	67%	89%	60%	

5.8. SUMMARY

This chapter provided high-level results retrieved from the study. An in-depth discussion of the results will now be undertaken in Chapter 6.

CHAPTER 6 DISCUSSION

6.1. INTRODUCTION

In this chapter the results from the study will be interpreted and discussed. It follows the same format as Chapter 5 and is structured according to the propositions. Under each proposition heading, the proposition are added, followed by a discussion and the outcome of whether the proposition could be accepted or rejected.

6.2. DEMOGRAPHICS

The sample consists of 31 interviews, with a fairly evenly balanced fairly equal split between the numbers of interviews per country and per organisational life cycle stage. This balanced distribution between the different categories allows for the results to be equally valid for each of the categories within the study.

6.3. PROPOSITION 1

The list of organisational conflict areas, as identified in the literature review, are generic in nature and can therefore be applied to companies in the USA that are in:

- v) the start-up stage of the organisational life cycle.*
- vi) the growth stage of the organisational life cycle.*
- vii) the maturity stage of the organisational life cycle.*
- viii) the decline stage of the organisational life cycle.*

From table 4 it is clear that very few of the conflict areas identified in the literature review are present in all of the life cycle stages in the companies in the USA. Unpredictable policies and conflicting roles are the only 2 conflict areas that are mentioned in all the life cycle stages.

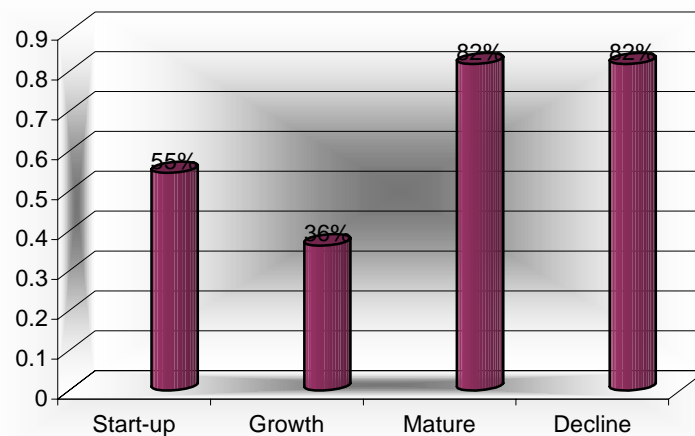
Conflicting needs, unpredictable policies and conflicting roles have the highest prevalence and more than half (56%) of all the respondents mentions it at least while describing conflict situations.

There is however none of the conflicting areas which have not been mentioned. Conflicting perceptions, for instance, only occur in the mature stage. The reason for may be that it is arguably the

only period in an organisation's life cycle where the employees actually have time to argue about perceptions.

The results suggest, as expected, that conflict is the highest during the decline stage. This is because all employees are faced with eminent change. Reynolds and Kalish (2002) explains that, as companies experience more turbulence and uncertainty, conflict in the workplace will rise. The uncertainty associated with any change is seen as a key cause of conflict on an inter-personal, as well as on an organisational level.

Figure 7: Prevalence of literature conflict areas



Only 6 of the 11 items on the list of organisational conflict areas (as identified in the literature review) are mentioned by the respondents representing the start-up stage. The list is even less applicable in the growth stage, where only 4 items (36%) is mentioned.

During the maturity and decline stages more than 8 of items are mentioned, indicating that the literature review list is more applicable to the latter stages than the early stages of the organisational life cycle.

It must be noted that, when a list of conflict areas is compiled from all the different life cycle data, it is identical to the list from the literature review.

The proposition, however, ask for the assessment over the individual life cycle stages and because the prevalence only varies from 36% to 82%, it must be concluded that the list is not generic in nature and can therefore not randomly apply to companies in the USA. Proposition 1 is therefore rejected.

6.4. PROPOSITION 2

The list of organisational conflict areas, as identified in the literature review, is generic in nature and can therefore be applied to South African companies in:

- v) the start-up stage of the organisational life cycle.*

- vi) the growth stage of the organisational life cycle.*
- vii) the maturity stage of the organisational life cycle.*
- viii) the decline stage of the organisational life cycle.*

Table 5 indicates that again not all the conflict areas are mentioned by the South African representatives in any of the organisational life cycle stages. Now, however, more than half the items of the literature review list is mentioned in all the OLC stages.

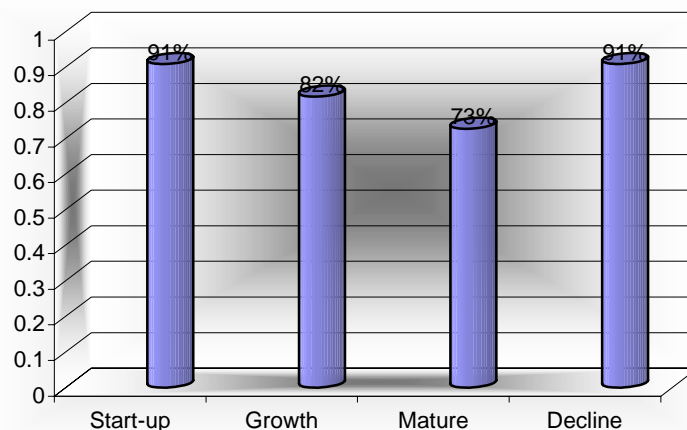
Conflicting needs has the highest overall prevalence and 73% of all the respondents interviewed mentioned it at least once while describing conflict situations. This is in line with both Realistic Conflict Theory (Meeus & Deysters, 2001) and the Human Relations View of conflict (Robbins, 2005) in that conflict is the natural, expected and inevitable outcome of any group interaction caused by competition among groups over limited resources.

The fact that conflicts over resources (conflicting needs) are so high might suggest that most of the organisational conflict in South Africa is very basic in nature.

Conflict is again very high during the decline stage, but surprisingly the conflict is assessed to be even higher in the

growth stage of the OLC in South Africa. It might be reflective of the South African business environment where lots of enthusiasm is seen in early stage entrepreneurship, but very few companies break through and growing into maturity.

Figure 8: Prevalence of literature conflict areas



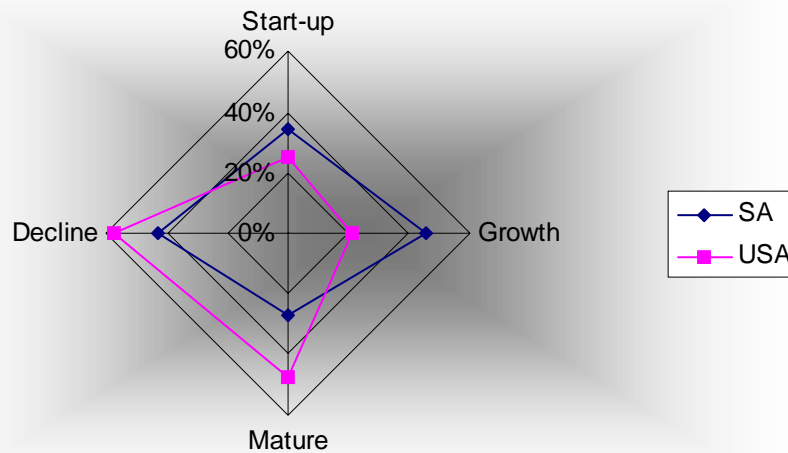
During the maturity stages 73% of items are mentioned, and this increases to 91% at the start-up and decline stages. This indicates that the literature review list is more applicable to the South African environment where the range of conflict areas are very diverse.

The prevalence varies from 73% to 91% and it is again concluded that the list is not generic in nature and can therefore not be randomly applied to companies in South Africa. Proposition 2 is therefore rejected.

6.5. PROPOSITION 3

The list of organisational conflict areas, as identified using the critical incident technique on the interviews is the same for companies in both the USA and in South Africa and generic pre-emptive strategies can be implemented to manage conflict.

Figure 9: Level of conflict per OLC stage per country



The companies in the USA are experiencing higher levels of conflict in the mature and decline stages, while their South African counterparts are experiencing relatively higher levels of conflict in the initial stages. The widest gap between the 2 countries exists in the growth stage.

This difference can be contributed to the different levels of resource availability to USA and South Africa companies,

specifically in the early growth stage. In the American model, an entrepreneurial venture is usually first funded by friends and family, after which “Angels” get involved. Once the company is of sufficient size, venture capitalists will fund it.

“Angels” are successful entrepreneurs that plough money back into the entrepreneurial pool to help assist entrepreneurs. They will be looking for an eventual return on their money, but giving back to the system that helped them becoming successful, motivates them.

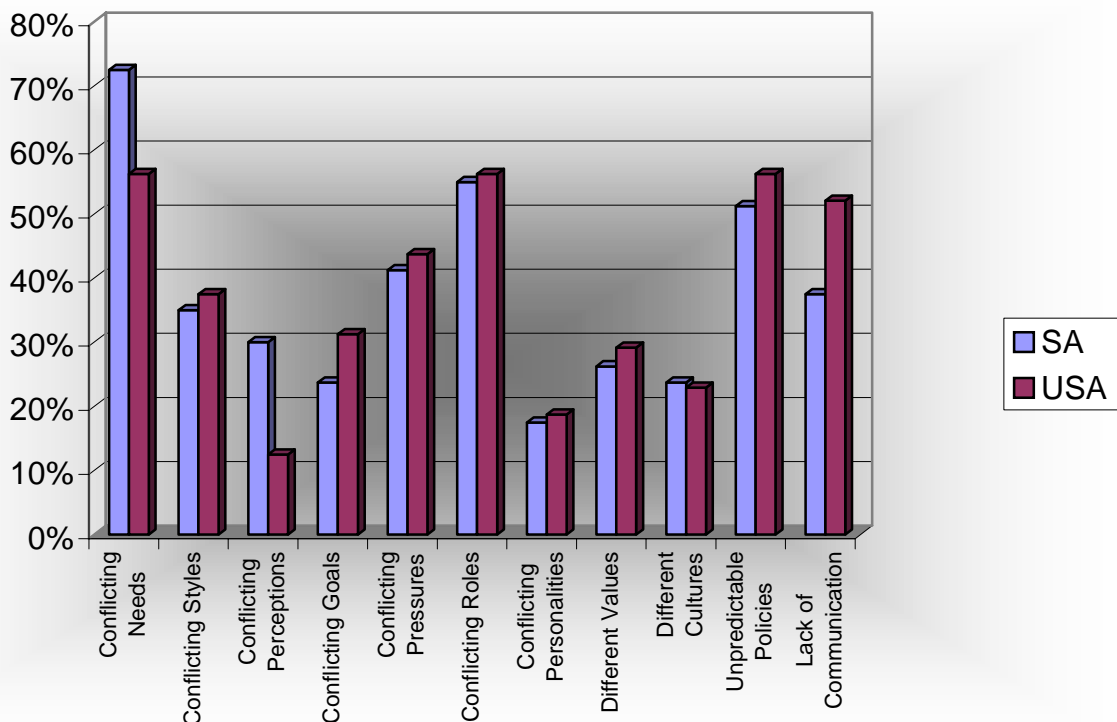
In South Africa there is no business culture of “Angels” getting involved (apart from maybe the Jewish community maybe) and the money from friends and family must support business ventures up to the point where venture capitalists get involved.

The access to financial resource is therefore much smaller in South Africa and the conflict over resources is expected to be much higher. This is confirmed by the study, which points to a 100% prevalence in this conflict area in South Africa, compared to no mention at all in the USA interviews. (See table 5 and 6).

Figure 10 is making a high level comparison (excluding differences between OLC stages), it is notable how closely the interview data track each other for the 2 different countries. In the large majority

of categories the USA conflict levels are slightly higher than those in South Africa.

Figure 10: Comparison of conflict area occurrence per country



The areas where the conflict in South Africa is rated higher are the categories of conflicting needs, different cultures and conflicting perceptions. Conflicting needs has been discussed and can be contributed to a lack of resources in South Africa. Conflicts caused by cultural differences are also to be expected due to the South African cultural diversity.

When a list of conflict areas is compiled from all the different combined life cycle data, the research finds it identical for respondents interviewed in South Africa and the USA, with only variances in the levels of prevalence.

The list of organisational conflict areas, as identified using the critical incident technique on the interviews is the same for companies in both the USA and in South Africa and Proposition 3 must therefore be accepted.

6.6. PROPOSITION 4

The rank order of conflict areas will be the same for respondents in both South Africa and the USA in:

- v) the start-up stage of the organisational life cycle.*
- vi) the growth stage of the organisational life cycle.*
- vii) the maturity stage of the organisational life cycle.*
- viii) the decline stage of the organisational life cycle.*

When comparing a rank order list of conflict areas for both SA and the USA in Table 11, conflicting needs are the highest ranked conflict area. This again confirms the views of Meeus & Deysters (2001) and Robbins (2005) that conflict over resources are the basis for all conflict.

Table 11: Rank order of conflict areas per country

	USA	SA
1	Conflicting Needs	Conflicting Needs
2	Conflicting Roles	Unpredictable Policies
3	Unpredictable Policies	Conflicting Styles
4	Conflicting Styles	Conflicting Roles
5	Lack of Communication	Conflicting Pressures
6	Conflicting Pressures	Conflicting Perceptions
7	Conflicting Goals	Conflicting Goals
8	Different Values	Lack of Communication
9	Conflicting Perceptions	Different Values
10	Conflicting Personalities	Conflicting Personalities
11	Different Cultures	Different Cultures

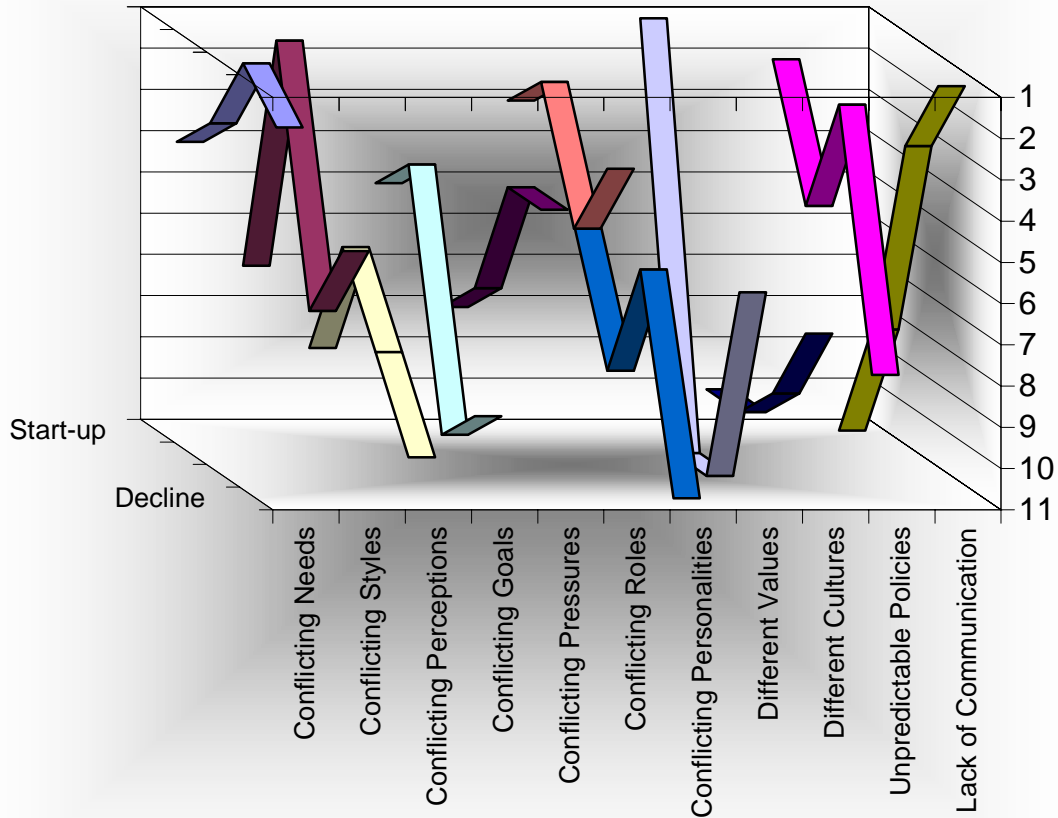
It is also worthwhile to note that the personal characteristics of individuals do not contribute as much to the conflict areas as expected. Culture, personalities and values all compete for the bottom spot on the rank order list, with style the only personal contributor in the top half of the list.

Analysing conflict areas per life cycle stage in Figure 11 indicates three categories of conflict that exists:

- 1.1. conflict areas where the relative importance stays constant despite the OLC stage,
- 1.2. Conflict areas that increase in importance as the companies move through the OLC, and

1.3. Conflict areas that decrease in importance as the companies move through the OLC

Figure 11: 3D graph of conflict area per OLC



Conflicting needs, conflicting roles and different cultures are areas where the relative importance stays the same. The relative importance of conflicting styles, conflicting perceptions, conflicting goals conflicting personalities, different values and unpredictable policies decline in importance. Conflicting pressures and a lack of communication increase in importance over time.

The decline and increase of importance can in most instances be linked to the size and formality of the structure. Lack of communication, for instance, is rated the lowest in the early stages and the highest in the latter stages of the OLC in both South Africa and the USA.

In the start-up stage the company is small and the structure is informal (Silvola, 2005). It is easy to have effective communications in these conditions where everybody has the freedom to speak to everyone. Once the structures become formal in nature, driven by functional bureaucracies like in the decline stages (Lester, 2003), communications fade and conflict arise as a consequence.

When analysing the conflict areas as contained in Table 8, it is noted that each column, representing a country – OLC stage combination, are unique in rank order. The proposition that the rank order of conflict areas is the same for respondents both in South Africa and the USA in all the different OLC stages must therefore be rejected.

6.7. PROPOSITION 5

The perception of conflict to be constructive or destructive is similar to what is suggested in the literature for respondents in both South Africa and the USA, in:

- v) the start-up stage of the organisational life cycle.*
- vi) the growth stage of the organisational life cycle.*
- vii) the maturity stage of the organisational life cycle.*
- viii) the decline stage of the organisational life cycle.*

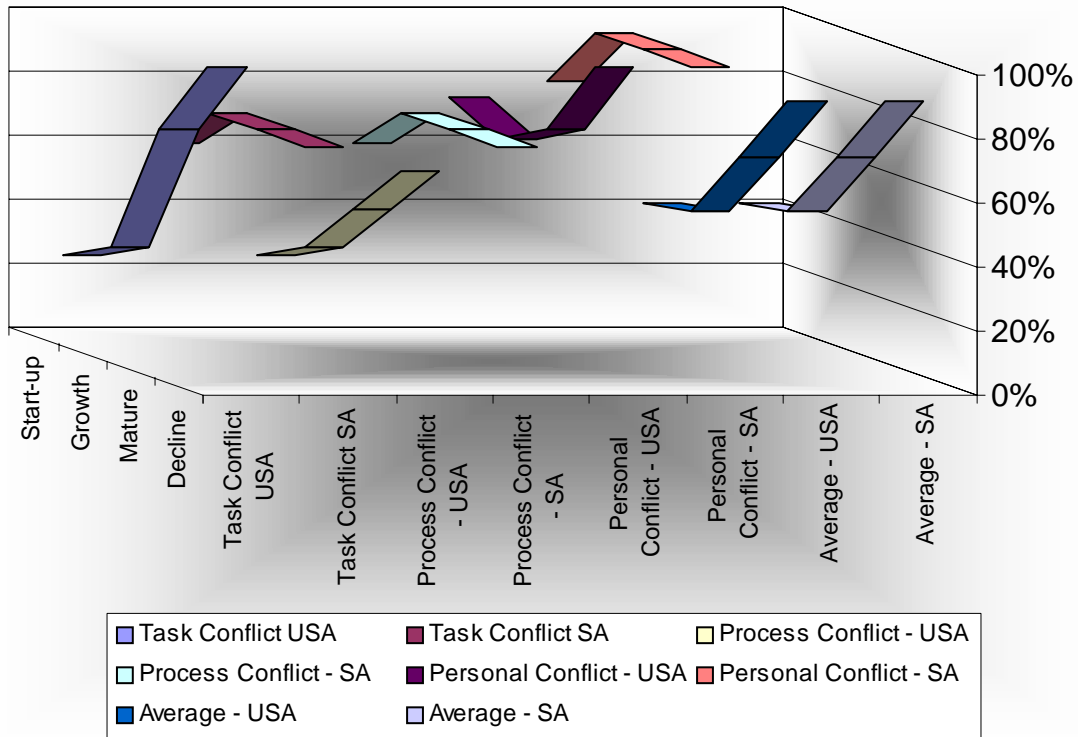
From Figures 9 and 10 it is clear that all conflict are generally perceived to be more destructive than constructive. There is not a single instance where personal conflict has been seen to be more positive than negative.

This confirms the research by Jehn (1995, 1997) which indicates that personal or relationship conflict is dysfunctional in almost all situations, because it increases personality clashes and decreases mutual understanding, which hinders the completion of tasks.

The only constructive conflict in Figure 12 is perceived to task conflict in the South African growth stages and process conflict in the American start-up and growth stages of the organisational life cycles. Jehn (1995, 1997) comments that task and process conflict

can be functional if the level is controlled, as it stimulates discussion of ideas that help group performance.

Figure 12: Perception of the destructive nature of conflict per OLC



The perception of conflict to be constructive or destructive is similar to what is suggested in the literature for respondents in both South Africa and the USA. The proposition is therefore accepted.

6.8. SUMMARY

In this chapter the results from the study was interpreted and discussed.

CHAPTER 7 CONCLUSION

7.1. INTRODUCTION

This chapter highlights the main findings of the research. It will also include recommendations for stakeholders and recommendations for future research.

7.2. FINDINGS

- o The list of conflict areas identified in the literature review include the following:
 - Conflicting needs
 - Conflicting goals
 - Conflicting pressures
 - Conflicting roles
 - Lack of communication
 - Unpredictable policies
 - Conflicting perceptions
 - Different cultures
 - Different values
 - Conflicting styles
 - Conflicting personalities

- o Very few of the conflict areas identified above are present in all of the life cycle stages in the companies in the USA. The

conflict areas with the highest prevalence per stage are the following:

- Start-up stage
 - Conflicting roles
 - Conflicting needs
 - Different values
 - Growth stage
 - Conflicting goals
 - Unpredictable policies
 - Conflicting styles
 - Mature stage
 - Conflicting needs
 - Conflicting pressures
 - Unpredictable policies
 - Decline stage
 - Lack of communication
 - Conflicting pressures
 - Conflicting needs
- o The conflict areas identified in the literature review are also dissimilar to the conflict areas identified by the companies in the South Africa. The conflict areas in South African companies with the highest prevalence per stage are the following:
- Start-up stage
 - Different values
 - Unpredictable policies
 - Conflicting needs
 - Growth stage
 - Conflicting needs
 - Conflicting styles
 - Conflicting pressures

- Mature stage
 - Conflicting needs
 - Lack of communication
 - Unpredictable policies
 - Decline stage
 - Lack of communication
 - Conflicting values
 - Conflicting needs
-
- o The most pressing conflict areas identified in the research are not the same for companies in the South Africa and in the USA.

 - o The decline stage is the highest conflict stage in the OLC of companies in the USA, followed by the mature stage.

 - o The growth stage is the highest conflict stage in the OLC of companies in South Africa, followed by the decline stage.

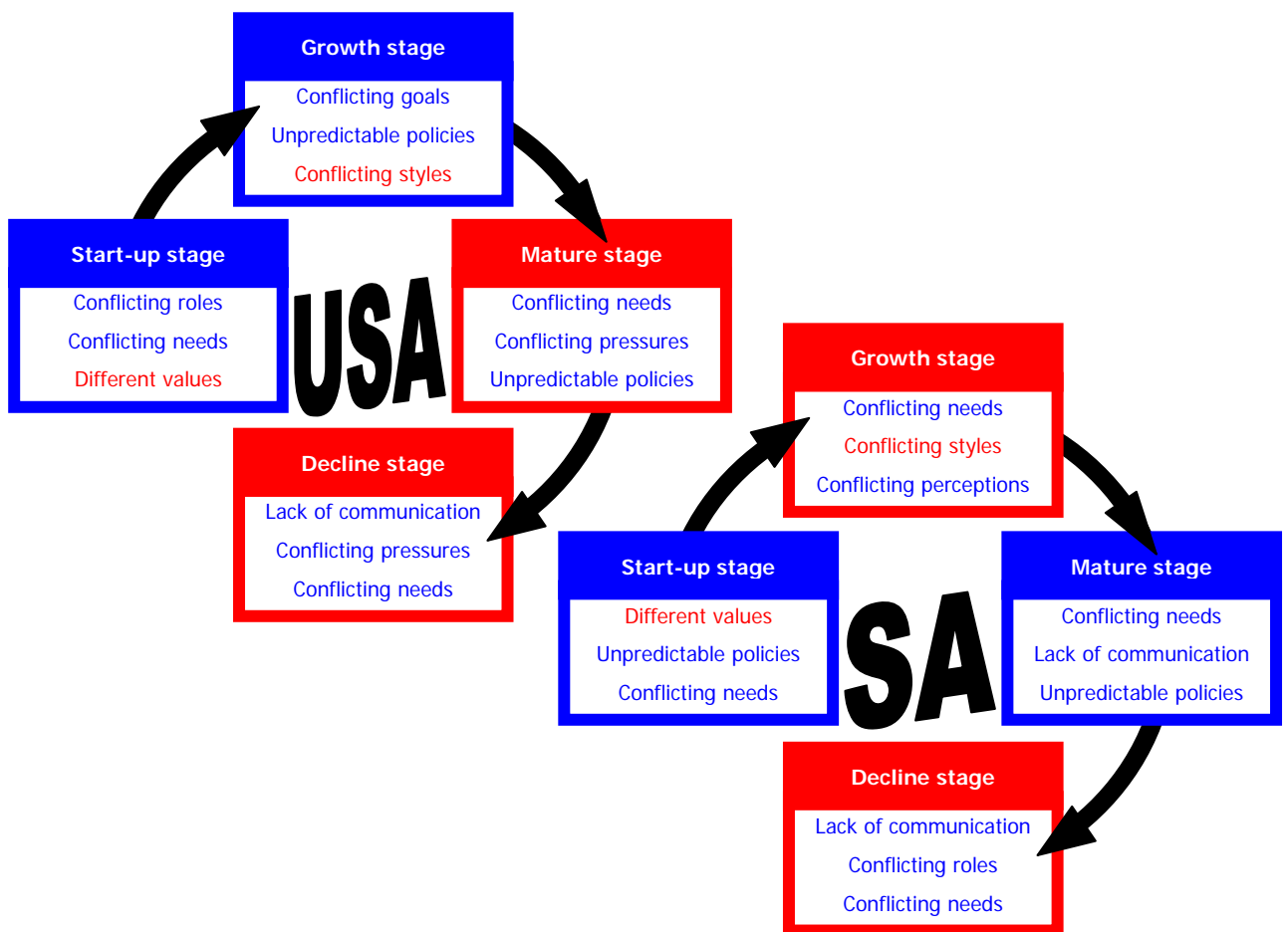
 - o Personal or relationship conflict is perceived to be dysfunctional in almost all situations.

 - o Task conflict (in the South African start-up and growth stages) and process conflict (in the American start-up and growth stages) are perceived to be constructive in some stages and destructive in others.

7.3. RECOMMENDATIONS TO STAKEHOLDERS

In order to equip South African companies to minimise the cost of conflict and to maximise the benefit of organisational cycles, a good understanding of the various aspects of conflict during the organisation's life cycle is required. Figure 13 is a model that summarises all the findings and must serve a quick reference guide to companies to facilitate the understanding of the conflict issues.

Figure 13: Summary model of conflict during the organisation's life cycle



It illustrates the OLC stages for both South African and USA companies and highlights the high conflict stages in red. Each stage is further broken down to include the prevalent conflict areas per stage. This time the potentially destructive areas are highlighted in red.

Truly successful companies of the future will have to create the capability to handle and absorb repeated change. This quick reference guide should be used identify potential conflict areas to be able to manage change and conflict pro-actively.

7.4. RECOMMENDATIONS FOR FUTURE RESEARCH

- o The different levels of resource availability can explain the difference in level of conflict between the growth stages of the OLC in South African and the USA. In the American model, an entrepreneurial venture is usually first funded by friends and family, after which “Angels” get involved before the company is of sufficient size for venture capitalists to fund it. In South Africa there are not a business culture (apart from the Jewish community maybe) of “Angels” getting involved.
 - Investigate how this unique entrepreneurial business mode works.
 - Investigate a mechanism to incentivise and facilitate the involvement of “Angels” in South Africa.

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APPENDIX A: INTERVIEW GUIDE

Purpose of study
<p>The aim of the intended research is to characterise the nature of this organisational conflict changes over the start-up, growth, maturity and decline phases of the organisational life cycle in both South African and American companies.</p> <p>The study will further aim to compile a rank order of conflict areas in each of the life cycle stages. Conflict types will also be classified as constructive or destructive.</p> <p>The study will aim to summarise the findings by constructing a model of organisational conflict characteristics, grouped per organisational life cycle stage in an effort to equip companies to understand and pro-actively act on the expected future organisational conflict.</p>

Question 1
<p>Interviewee: _____</p> <p>Company: _____</p> <p>Interviewer: _____</p> <p>Organisational Life Cycle Stage: _____</p> <p>Start-up = less than 10 years old, informal structure dominated by owner-manager Growth = sales growth greater than 15%, functionally organised structure, early formation of policies Mature = sales growth of less than 15%, bureaucratic organisation structure and policies Decline = demand for products levelled off, low rate of product innovation, profitability drops off</p>

Question 2	
Factually describe different conflict situations you have experienced over the last 6 months.	
Conflict area	Example



Question 3

Rank the list of conflict areas below in your organisational life cycle stage.

Conflict area	Example	Ranking
<i>Conflicting Needs</i>	a) Conflict between the "have-nots" and the "haves". b) Conflict can arise from having competing needs for the same resources	
<i>Conflicting Styles</i>	a) Individuals differ in the way they approach people and problems. b) Different intended courses of action and how to best handle situations	
<i>Conflicting Perceptions</i>	a) Workers may view the same incident in dramatically different ways b) One department is viewed as more valuable to the organisation than others	
<i>Conflicting Aims, Goals or Objectives</i>	a) Different objectives in achieving the same goal may cause conflict b) Conflicting responsibilities by two managers	
<i>Conflicting Pressures</i>	a) Workers are responsible for separate actions with the same deadline b) Different priorities	
<i>Conflicting Roles</i>	a) Power struggles for territory b) People perceive the characteristics of their jobs and organisational roles differently	

<i>Conflicting personalities</i>	<ul style="list-style-type: none"> a) Personality of employee can cause conflict b) Individual demographic dissimilarity has been found to impact on both "task conflict" and "emotional conflict" 	
<i>Different Values</i>	<ul style="list-style-type: none"> a) Conflict caused by differing personal values 	
<i>Different cultures</i>	<ul style="list-style-type: none"> a) Culture and language play a significant role in perceptions and conflict b) Dissimilar people approach and solve problems in divergent manners 	
<i>Lack of communication</i>	<ul style="list-style-type: none"> a) Lack of communication cause inter-departmental conflict 	
<i>Unpredictable Policies</i>	<ul style="list-style-type: none"> a) The absence of clear policies or policies that are constantly changing can create an environment of uncertainty and conflict 	

Question 4

Three types of conflict has been identified (Robbins, 2005):

- a) Task conflict – relates to the content and the goals of the work;
- b) Relationship conflict – focuses on interpersonal relationships; and
- c) Process conflict – relates to how the work gets done.

Are each of types of conflict constructive or destructive in nature. Express your perception on the constructive or destructive nature of different types of conflict.

Type of conflict	Constructive ?	Destructive ?	Reason
<i>Task conflict</i>			
<i>Relationship conflict</i>			
<i>Process conflict</i>			

Debriefing

Close the session and inform the team what the next steps are in the research study.

APPENDIX B: COMPANIES AND REPRESENTATIVES INTERVIEWED

The companies and representatives that was selected for the study:

#	Company	Representative
1	Inventec	Willie van Straaten
2	Cattlevator	Koos Kleynhans
3	EZWaste (Pty) Ltd	Dewald Lubbe
4	Hazleton (PTY) Ltd	Neil Wehmeyer
5	Hot Platinum (PTY) Ltd	Martin Cronje
6	Jooste Cilinder and Pump (PTY) Ltd	JJ Jooste
7	PSITEK (PTY) LTD	Jan Badenhorst
8	Khanda Seating (PTY) LTD	Sydney Robson
9	Smith Capital Equipment (PTY) LTD	Roger Briggs
10	Centurion Systems (PTY) Ltd	David Anderson
11	Centurion Systems (PTY) Ltd	Lee Bonney
12	Vacuform 2000 (PTY) Ltd	Herman de Vries
13	Vacuform 2000 (PTY) Ltd	Geoffrey Tugwell
14	Sliver'd (PTY) Ltd	Michael Webster
15	Sliver'd (PTY) Ltd	Ilke Woerman
16	Terra Graders	Johan Wessels
17	Terra Graders	Luigi Quaroni
18	CELLon	Youngmihn Kim
19	Pensar Electronics Solutions	Scott Dallmeyer
20	Firefly Mobile	Mike Heagrey
21	Infinium Labs	Philip Steiner
22	Leviton	Drew Bamford



23	Plantronics	Donna Piacenza
24	Xact Communications	Dean Chapman
25	Roku Labs	Dan Harden
26	Royal	Michael Graves
27	Cynosure Inc.	Bill McJames
28	Haworth, Inc.	Michael Welsh
29	Humanscale	Manuel Saez
30	Knoll, Inc.	Don Chadwick
31	The HON Company	David Mehaffey