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## THE IMPACT OF CONFLICT ON PERFORMANCE MANAGEMENT

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Human resources are the most important for an organization to gain competitive advantage. That's why performance management's importance had increased. It is related to strategic management, organizational culture, work environment and etc. Studies found that performance management, can make organization more successful, and help them to reach the goals.

As organization is a union of people, conflict is natural phenomenon. The main thing is to be managed properly. Based on researches appeared that: conflict has impact on performance management. Moreover, healthy conflict can improve organizational performance. As well, effective performance management can reduce destructive conflicts. Different studies were reviewed in this paper, to determine the connection between performance management and conflicts.

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## კონფლიქტის გავლენა პერფორმანს მენეჯმენტზე

### ეკა ავსაჯანიშვილი

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სტატიაში განხილულია ადამიანური რესურსის მნიშვნელობა თანამედროვე ორგანიზაციებში, რადგან სწორედ ეს წარმოადგენს კონკურენტული უპირატესობის მოპოვების ერთ-ერთ რეალურ შესაძლებლობას. ამ ტენდენციამ განსაკუთრებული მნიშვნელობა შესძინა პერფორმანს მენეჯმენტს, რომელიც გულისხმობს ინდივიდების და ჯგუფების პერფორმანსის წარმართვას ორგანიზაციული მიზნების განსახორციელებლად.

რაც შეეხება კონფლიქტს, მის მიმართ დამოკიდებულება შეიცვალა და ორგანიზაციებში განიხილება, როგორც ბუნებრივი მოვლენა სოციალურ გარემოში, რომლის სწორად წარმართვის შემთხვევაში შესაძლებელია პერფორმანსის გაზრდა და ინოვაციების წახალისება. სტატიაში გამოკვეთილია სხვადასხვა ფაქტორები, რომლებიც ორგანიზაციაში კონფლიქტს იწვევს, მათ შორის კოვიდ პანდემიის პირობებში.

არაერთ კვლევაზე დაყრდნობით იკვეთება, რომ კონფლიქტის გავლენა პერფორმანს მენეჯმენტზე საკმაოდ დიდია. ამავდროულად, ეფექტურად წარმართულმა პერფორმანს მენეჯმენტმა შესაძლოა შეამციროს დესტრუქციული კონფლიქტების წარმოქმნის შესაძლებლობა ორგანიზაციაში. მაგალითად, კონფლიქტები, რომლებიც წარმოიქმნება დასაქმებულის მიზნებსა და ორგანიზაციის მიზნებს შორის განსხვავების საფუძველზე, დიკრიმინაციის და უსამართლობის საფუძველზე და ამ. რადგან, პერფორმანს მენეჯმენტი გულისხმობს ობიექტური შეფასების სისტემების დანერგვას და ადამიანური რესურსების დეპარტამენტს ეხმარება დაწინაურების და ანაზღაურების შესახებ გადაწყვეტილებების მიღებაში, ამავდროულად, მკაფიოდ გამოკვეთს როლებს და ცდილობს გაითვალისწინოს ინდივიდუალური მიზნები და მისწრაფებები.

რიგ შემთხვევებში, განსაკუთრებით ტრადიციული პერფორმანს მენეჯმენტის სისტემების პირობებში, თავად ამ პროცესმა შეიძლება წარმოქმნას კონფლიქტი. განსაკუთრებით პერფორმანსის წლიურ მიმოხილვებზე, როდესაც თანამშრომლების პერფორმანსს ერთმანეთს ადარებენ. კვლევებით დასტურდება, რომ აღნიშნული მიმოხილვა

უარყოფითად მოქმედებს იმ თანამშრომლებზეც კი, რომელთა პერფორმანსი მაღალია. სწორედ ამიტომ, ორგანიზაციების დიდმა ნაწილმა შეცვალა პერფორმანს მენეჯმენტის სისტემა და უფრო მეტად მუდმივ კომუნიკაციასა და უკუკავშირზე კონცენტრირდა. რა თქმა უნდა, წარმოდგენილი კვლევების ანალიზი არ არის საკმარისი მყარი დასკვნების გამოსატანად და აუცილებელია შემდგომი კვლევა, განსაკუთრებით კოვიდ პანდემიის პირობებში, რომელმაც შეცვალა, როგორც ორგანიზაციების საქმიანობა, ასევე ადამიანების ცხოვრების სტილი.

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## INTRODUCTION

organizations operate in a changing environment and constantly have to deal with new challenges. Of course in such an environment the main thing is optimal resource management. Recently, more and more scientists agree that human resources are unique. That is why the person, his needs and expectations became the starting point of the organization.

This process has contributed to the growing importance of the sciences related to human resource management. "With the recognition of people as the only sustainable resource for competitive advantage and subsequent institutionalization of practices like linking employees' performance to the strategic intents of the organizations, performance management practices have now been recognized as a high priority human resource management function." [1] Performance management acquired special significance during the Covid Pandemic. "Forced remote working, staff reduction, temporary production interruption, in some cases closing of the plants because of the imposed lockdown are only some of the experiences that have literally shaken work processes, roles distribution, job demands and performances." [2] Organizations have found themselves unprepared for this whole new reality and it primarily damaged people and their psyche. In such conditions, it is difficult to manage performance and create conditions for employees to maintain a positive attitude. Constant stress and tension negatively affect the human psyche which increases the possibility of conflicts. This is why proper management has a significant impact on performance.

The purpose of this article is to highlight the impact of conflict on performance management based on the analysis of various studies. It is important to determine not only the impact of conflicts, but also to determine whether

performance management itself can cause conflict.

## THE IMPORTANCE OF PERFORMANCE MANAGEMENT

'Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.' [3] Traditionally, the function of performance management has been to assist HR in making decisions about promotion, evaluation, and recruitment. "With the realization that people are the only sustainable drivers for achieving organizational excellence, performance management perspectives have changed, and today it encompasses crucial HRD activities like identification of training needs, providing performance feedback directly to employees to enable them to make an informed choice about their career development opportunities, etc." [1] Modern performance management is related to strategic management, the formation of organizational culture and meeting the needs of a changing environment. It contributes open communication and constant feedback, in which employees know their strengths and weaknesses to improve them. "People in this process become more self-managed and autonomously focus on self-development to build their capabilities to achieve the results." [1]

Numerous studies show that performance management has a significant impact on an organization's success. Research conducted by André A. de Waal and Béatrice I.J.M. van der Heijden found a positive correlation between well-developed performance management systems and high-performance organizations. "Moreover, based on the findings of our study, there is more insight into the order in which the PMA dimensions have to be improved in order to optimize the chance to strengthen specific HPO factors." [4]

Performance management gained special importance during the Covid Pandemic, both in the public and private sectors. Falconer Mitchell and et al (2021) discussed the example of three European countries: Italy, Germany and the UK, to determine how they used performance management during a pandemic. Research has shown that a country that had a better performance management system got better results. "The results indicate that where the performance management system facilitates effectiveness in developing, integrating and applying the four dimensions of PC, a relatively higher level of action success in safeguarding the population is attained." [5]

### **CONNECTION BETWEEN PERFORMANCE MANAGEMENT AND CONFLICTS**

Traditionally, conflict is bad and managers should do everything to avoid it. But over time this view has changed and organizations understand that conflict in society is an inevitable event. "While the behavioral approach accepts conflict, the interactionist view encourages conflict based on the belief that a harmonious, peaceful, tranquil, too-cooperative project organization is likely to become static, apathetic, stagnant, and unable to respond to change and innovation." [6]

There is a lot of research to clarify that conflict negatively affects on employee performance. The study, carried out by Tariq and Rehman (2020), "provides insights on comprehending the critical challenges being faced by construction companies which inhibit the organizational performance in a developing country like Pakistan" [7] The research came to the conclusion that Conflict Management Effectiveness has significant positive effect on organizational performance. Another research conducted by K. Khan et al (2016) shows the connection between low productivity and the effects of conflicts. "The variable low productivity comes out to be as an important effect of conflict

because when employees are dealing with conflicts they cannot fully concentrate on their job tasks." [8] Dr. David Nash and Dr. Deborah Hann found that "The adoption of inter-employee conflict management policies is associated with the use of broader HR strategies such as high-performance work systems." [9]

One of the elements of performance management is feedback. "In systems engineering, feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action." [10] Mathew R. Hammerstrom et al (2021) said : "Our findings demonstrate that feedback incongruent with prepotent meaning affected performance and two neural signals associated with feedback evaluation. Specifically, we observed a decrease in response accuracy and a decrease in the amplitude of the reward positivity when feedback was incongruent with meaning." [11]

Unfortunately, in some countries, neither conflict management nor performance management practices have been established yet. For example, research carried out by N. Paresashvili et al (2017) found that conflict management is at a low level of development in both public and private organizations. They mentioned: "This are very important findings, as this can be the main reason organization does not achieve its desirable outcomes." [12]

### **CAN PERFORMANCE MANAGEMENT RESOLVE CONFLICT?**

Conflict in an organization can be caused by a variety of factors. for example lack of communication, understanding, trust, respect and etc. Kamran Khan and et al (2016) noted as a result of their research, that "the variable differences in goals comes out to be as an important cause of conflict because when differences occur in goals

and job tasks between employees it creates conflicts in between them because differences of in goals creates difference of ideas and opinions which lead them towards conflicts.” [8] Also, study conducted by N. Paresashvili et al (2021) showed that “As it was predictable due to the socio-economic level of the Country and restrictions related to Corona Virus, salary and non-stable emotional level of the employees are on the second and third places (20% and 16%). [13] “But, people realize more, that instead of competing, it is better to collaborate. It seems, they realize context of the conflict and the view of opponent so, that feel more empathy and they choose collaboration.” [14] Another study, which was carried out before the Pandemic, found different reasons of conflict “in Georgian reality, survey results showed that the main reason is working environment and conditions (46.7%). 28.3% said that different values, views and interests cause the conflict in organizations.” [15]

One more factor that causes conflict is injustice and discrimination. “Much of the conflict that occurs in organizations is probably due to the relatively minor injustices that are inevitable in daily interactions.” [16] The conclusions reached by N. Paresashvili et al (2021) following their research were “as statistical analysis shows, we have received many negative answers regarding the issues of discrimination and this should be taken into consideration while decision-making and leading the management of the organization efficiently.” [17] Another study was carried out by Paresashvili et al (2020) found that: “As evidenced by the research, most respondents recognize competition, violation of the principle of fairness, discrimination, different assessments of events and processes by individuals, and more the causes of conflict.” [18]

Performance management is now more integrated with the strategic goals and objectives

of the organization. at the same time performance management serves to enhance the performance of individuals. “PMS processes further get reinforced with the integration of individual and organizational objectives.” [1] Performance management cannot be effective without performance appraisal. “It helps organizations assess where they stand vis-à-vis their competitors in terms of effectiveness in performance. Appraisals do not just reduce the individual performances into some quantitative data, they measure and rate the individual performances with one another, and in the process facilitate in taking performance related decisions, such as employee development, promotion, transfer, compensation design, etc.” [1] To accomplish all of the above, open communication and constant feedback is essential.

So, if an organization has a performance management system it means that all decisions regarding employees are based on performance results which exclude discrimination and injustice. A well-developed PMS takes into account the expectations and goals of the employees, while the roles are clearly defined and most importantly it ensures constant communication. This is more important in the context of globalization, „It is necessary to form and develop effective intercultural communication with representatives of other cultures.” [13] Vijay K. Verma (1998) considers that: „one of the ways to resolve the conflict is Open communication should be encouraged to help individuals involved in the conflict situation be more objective and prepared to deal with the situation.” [6]

### **CAN PERFORMANCE MANAGEMENT CAUSE CONFLICT?**

As mentioned above, traditional performance management includes performance appraisal, the results of which are discussed at meetings where

employee performance is compared. Studies show that this is an uncomfortable process for employees, even if their performance is high.” The traditional PA is frequently ineffective for improving a person’s job performance and may have a negative effect on an employee’s job satisfaction.”[19] Sometimes this can lead to interpersonal conflict and demotivation of the employee. “Conflicts developed by performance appraisal systems tend to breed distrust among employees, supervisors, and within the organization; and conflicts occur at many levels.”[20] This is why new approaches to performance management pay less attention to ratings and annual reviews. It focuses on establishing constant feedback, developing frequent communication between managers and employees.

## **CONCLUSION**

To sum up, It’s clear that conflict has a significant impact on performance. Organizations should strive to implement both effective performance and conflict management. Because one of the ways to gain a competitive advantage is to focus on human resources.

As mentioned above, conflict is a natural phenomenon in society and healthy conflicts can

increase innovation and even performance. “In today’s world, after closing so many businesses and decreasing jobs, emotional stability of the people get worse. It makes for organizations and managers more challengeable to manage conflict situations.”[17] Performance management has the ability to prevent destructive conflicts, which is caused by injustices, discrimination and etc. It can improve organizational culture and environment as “performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the strategic goals of the organization.” [3] But sometimes performance management can cause conflicts too, especially traditional performance management, because it includes performance appraisal. Comparing peers’ performance at the performance review meetings is not pleasant process. Of course, the impacts of performance management and conflicts require further study. Especially now, because Covid 19 changed many things, people live in constant fear and stress, most of employees work remotely and etc. These can change factors that cause conflicts. Covid19 has put performance management in new challenges too. All these factors should be taken into account.



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