

**AN ANALYSIS OF STRATEGIES USED TO MANAGE CONFLICT AT
VOLKSWAGEN OF SOUTH AFRICA.**

BY

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DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

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ABSTRACT

An analysis of strategies used to manage conflict at Volkswagen of South Africa.

This research study addresses the problem of determining the strategies that can be used by Internal Audit at Volkswagen of South Africa to manage conflict effectively. To achieve this objective a comprehensive literature study was performed to determine the views on conflict and evaluate the various conflict models. The study also included the reasons for and sources of conflict and the effects of conflict on the performance and controls within VWSA. The identification of conflict management strategies and subsequent conflict management styles were revealed by the literature study. Various discussions from different authors on how to resolve conflict situations are also discussed.

The literature review serves as a model in the development of a guideline for VWSA Internal Audit team and management to manage conflict.

Senior Management, middle management and staff from various departments within VWSA were requested to complete a questionnaire in order to determine the strategies and effectiveness of these strategies used by Internal Audit to manage conflict. The questionnaire was developed in accordance with the findings from the research. A pilot study was conducted to evaluate the relevance of the study to the problem questions and to evaluate whether the questionnaire will be easily understood. The answers of the respondents were analyzed and compared to the findings of the literature study.

The information obtained from the literature study and from the respondents resulted in various recommendations and conclusions.

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CHAPTER 1 PROBLEM DEFINITION AND DEFINITION OF CONCEPTS

1.1 THE PROBLEM DEFINITION

In a human society conflicts will always exist between individuals, between groups, between nations because of differences of opinion, clash of interest, establishment of superiority and various other factors. Conflict represents a change management tool in the material and intellectual advancement of an individual. It is therefore inevitable that each individual will choose how to resolve conflict and so too the negotiation skills of such individual are developed through trial and error. One of the most outstanding aspects of conflict is that it is natural to the life and dynamics of teams within an organisation.

An integral responsibility of a financial / operational / forensic auditor is to promote controls which are inevitable linked to change. Change is fundamentally one of the main causes of conflict. The potential for and actuality of conflict is a frequent part of the daily operations as an internal auditor at Volkswagen of South Africa. In this changing and demanding environment the auditor must not only possess the skill to manage conflict but also be able to adapt to each occurrence based on its own merit. As such the auditor's response cannot remain single and un-dimensional. Multiple and more creative approaches to respond to conflict are required from the Internal Audit department to transform the organisation and provide more constructive solutions relevant to the situation. The management of conflict is central to the growth of the organisation through increased internal control of its operations creating a higher efficiency level of performance.

Tosi, Rizzo and Carroll (1994:438) argue that there are different views of conflict. One view is that conflict is a preventable problem and that it can be avoided simply by getting employees to change their attitudes and behaviour so that co-operation can improve. It is also assumed that conflict is preventable if managers develop positive working relationships, design plans and implement policies and procedures that ensure mutual effort

towards achieving common goals. A second view is that conflict is inevitable and that there is no way to eliminate it entirely.

According to Anstey (1991: 2) conflict is a struggle over values and is goal orientated in nature. Furthermore, that the goals are of such a nature that the respective parties may seek to neutralize or injure one another in their efforts to meet the set objectives.

1.2 MAIN PROBLEM

The above discussions have lead to the exploration of the main problem of this research paper:

How can Internal Audit department at Volkswagen of South Africa improve its conflict management methods?

1.3 SUB PROBLEMS

The following sub-problems were identified after an analysis of the main problem (See Annexure 1):

- A lack of the understanding of the concept of managing conflict. Why?
- All participants do not fully understand the process of change that results in conflict. Why?
- A lack of understanding exists of the various conflict strategies. Why?

1.4 DEMARCATION OF THE RESEARCH

The demarcated measures within which this study will be conducted are defined with one objective: To create a structural research project that is manageable from a research point of view. The omission of certain topics does not imply that there is no need to research them.

1.4.1 MANAGEMENT LEVEL

The target group for this proposed study would be front line management as found within Volkswagen of South Africa. The research proposal excludes a study of the production department and related plant managers even though they play a major role in the effective functioning of any motor manufacturing plant.

The results of the proposed findings will be regarded as a proposed reflection of the front line leadership style of management at Volkswagen of South Africa.

1.4.2 SIZE OF THE ORGANISATION

The proposed research proposal will concentrate on the Engineering, Finance, Human Resource, Logistics, Marketing, Production and Purchasing department as a representation of the different leadership and management styles practiced and management as found within the structure of Volkswagen of South Africa.

1.4.3 GEOGRAPHICAL DEMARCATION

This proposed research study would be limited to Volkswagen of South Africa located in the Eastern Cape and found within Uitenhage.

1.5 DEFINITION OF KEY CONCEPTS

<i>Conflict</i>	A natural disagreement which results from individuals or groups that differs in attitudes, beliefs, values or needs (Kohlrieser 2006:100)
<i>Intraorganisational Conflict</i>	Conflict within an organisation
<i>Interorganisational Conflict</i>	Conflict between two or more organisations
<i>Intraorganisational Conflict</i>	Conflict between individuals or groups
<i>Conflict Strategies</i>	To establish an appropriate approach through strategic preparation through negotiating (Fisher and Ury 1981:9).
<i>Negotiating</i>	The strategic process through which opposition try to come to terms, that is, to reach an agreement on matters in which they are in conflict (Fisher and Ury, 1981:9).

<i>Interdependence</i>	The presence of two or more people who are affected in the decision-making process (Thompson, L 1998: 2)
<i>Cooperative</i>	The desire to reach mutual agreements (Thompson, L 1998: 2).
<i>Judgement Skills</i>	The ability to understand how to interact, persuade, and communicate with others(Thompson, L 1998: 2)
<i>Competing</i>	Assertive and uncooperative: pursues own concerns at the other persons expense, power – orientated (Thomas-Kilmann Conflict Model).
<i>Collaborating</i>	Assertiveness and co-operative: an attempt to work with the other person to find some solution, which fully satisfies both parties, involves identifying the underlying concerns of both parties (Thomas-Kilmann Conflict Model).
<i>Compromising</i>	Intermediate in both assertiveness cooperatives: seeks to find a mutually acceptable solution, which partially satisfies both sides without fully all concerns to everyone’s satisfaction (Thomas-Kilmann Conflict Model).
<i>Avoiding</i>	Unassertive and cooperative: the individual pursues neither their own goal nor the other person’s goals, involves not addressing the issue (Thomas-Kilmann Conflict Model).
<i>Accommodating</i>	Unassertive and cooperative: neglects their own concerns to satisfy the concerns of the other person (Thomas-Kilmann Conflict Model).
<i>Affective conflict:</i>	This occurs when two interacting social entities, while trying to solve a problem together, become aware that their feelings and emotions regarding some or all the issues are incompatible (Rahim 2001:21)

<i>Substantive Conflict</i>	This occurs when two or more organisational members disagree on their task or content issues.
<i>Conflict of interest</i>	This occurs when each party, sharing the same understanding of the situation, prefers different and somewhat incompatible solutions to a problem involving either a distribution of scarce resources between them or a decision to share the work of solving it. (Rahim 2001:21)
<i>Conflict of values</i>	This occurs when two social entities differ in their values or ideologies on certain issues (Rahim 2001:22).
<i>Goal Conflict</i>	This occurs when a preferred outcome or an end state of two social entities is inconsistent (Rahim 2001:22).
<i>Retributive Conflict</i>	This conflict is characterized by a situation where the conflicting entities feel the need for a draw-out conflict to punish the opponent (Rahim 2001:23).
<i>Misattributed Conflict</i>	This relates to the incorrect assignment of causes (issues, behaviours) to conflict (Rahim 2001:23).
<i>Displaced conflict</i>	This type of conflict occurs when the conflicting parties either direct their frustration to social entities who are not involved in conflict or argue over a secondary issue (Rahim 2001:23).
<i>Conflict resolution</i>	It implies reduction, elimination, or termination of conflict.

1.6 SIGNIFICANCE OF THE RESEARCH

Avoiding conflict is a natural and systematic response to conflict. According to Kohlrieser (2006:100-102) the brain interprets conflict as being dangerous. In fact conflict is associated with negative emotions and images such as fighting, aggression, fear, battles. The challenge for an Internal Auditor is to facilitate change and in doing so add value to the organisation through improvements of business processes. In order to fulfill this mandate

and to remain competitive, it is necessary for Internal Audit to constantly re-assess strategies to reduce overall conflict in the Internal Audit processes thus promoting a more positive connotation to conflict.

The Internal Auditors strategic decision is to act in a consultative capacity thus providing the organisation with advise and proposed recommendations to improve overall performance of Volkswagen of South Africa.

The current service offering provided by Internal Audit through the Audits and Investigations consists mainly of procedural infringements, breakdown of controls and process deficiencies. The related recommendations and actions are required to be completed by the respective departments to improve the current situation as found during the Audit / Investigations. In some instances these recommendations are perceived by the respective departments as destructive and as additional work instead of being a value-added service. Through a transformation of the way it conducts its business Internal Audit intends to identify negotiating techniques, alternative strategies to promote an open channel of communication to all areas.

The vision of Internal Audit in respect of its function within the organisation intends to ensure that through its function as an independent, objective assurance and consulting activities adds value and improve an organisation's operations. It further intends to assist the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. As per the VWSA Internal Audit vision, in line with the Institute of Internal Auditors, the objective is "To establish clear Customer requirements, focused on reducing risk and cost, by acting with integrity and professionalism in providing a Consulting and Assurance Service, which delivers innovative, creative business solutions, resulting in sustainable actions and recommendations that are practical and value adding, supporting the Corporate Vision.

1.7 THE OBJECTIVES OF THE RESEARCH

The objective of this research proposal is to develop a strategic model of conflict management. The proposal will seek links between the success of an organisation to the leadership style of top management and the impact of the appropriate conflict management strategies.

The anticipated result will be a change in the way business is conducted and the related leadership approaches which will contribute to added value by Internal Audit to their different business processes.

1.8 THE RESEARCH DESIGN

In this section the researcher will deal with the aspects relating to research questions, the research approach and the research methodologies. The purpose for the adoption of the methodologies will also be discussed.

1.8.1 RESEARCH APPROACH

Given the identified research questions, the predictive research approach has been adopted. The rationale for the adoption of this approach is because of the nature of the research as well as the fact that predictive research aims to generalize from the analysis by predicting certain phenomena on the basis of hypothesized, general relationships.

1.8.2 RESEARCH METHODOLOGY

A combination of qualitative and quantitative approaches will be adopted, specifically, interviews and report analysis.

The rationale for the adoption of a combination of methodologies is that:

- It is in line with the nature of the research project;
- Quantitative research allows for the collection of objective, numerical data;
- Qualitative research allows for the collection of subjective data; and
- The use of complimentary approaches provides a means of eliminating gaps which can be present, if only one type of approach is adopted.

Rationale for the adoption of these methodologies:

Questionnaire

The adoption of the questionnaire as a methodology is because:

It provides direct and factual quantitative information.

It aids in speed with which the research is conducted.

The interview:

Informal interviews will be held with various stakeholders. The adoption of the interview as a methodology, (specifically the unstructured interview) is because:

- It allows for the understanding of certain constructs which are used as a basis of certain thinking;
- It provides an understanding of the respondent's "world"; and
- The subject matter of this project is commercially sensitive.

Business Reports:

Various business reports will be utilized. The adoption of the use of business reports is because:

- It aids in the ease and speed with which the research is conducted; and
- It provides factual, quantitative information.

1.8.3 LITERATURE REVIEW

It is the author's contention that the most comprehensive literature review be conducted to get a better understanding of the strategies used at Volkswagen of South Africa to manage conflict.

This section will include references to the writings of various authors in the field of conflict management methodologies.

Information will be gathered from various electronic databases, namely Emerald, Ebscohost and Science Direct as well as various libraries, both local and overseas.

CHAPTER 2 THE LITERATURE REVIEW

2.1 INTRODUCTION

The theme of conflict has been influenced by the way we think and interpret different situations. Different degrees of emphasis from social scientist during various periods of history have been placed on conflict. Over the years the phenomena of conflict have fallen within the scope of the historian, the philosopher and the theologian (Rahim 2001:1)

Conflict is inevitable amongst humans, as no two humans feel or think alike. Both individuals and groups in society engage in conflict. There is thus no escape from having to encounter differences. Differences lead to intolerance which usually ends up in confrontation that can and often does lead to conflict. Conflict, which exists within an organisation, can either lead to greater productivity or result in a decrease in efficiency. It is very important that all parties within an organisation understand conflict and the requirements for effective negotiation.

According to Thompson (1998:4) conflict is the perception of differences of interest amongst people. According to Rahim (2001:1) another definition of conflict is that it is a process of social interaction involving a struggle over claims resources, power, status, beliefs and other preferences and desires. The aims of the parties in conflict may extend from simply attempting to gain acceptance of a preference, or securing a resource advantage to the extremes of injuring or eliminating opponents.

Most important managerial problems involve people, their interests and perceptions are often the causes of some conflict. Usually, the difficult person is someone who is working from the negative side of their personality, rather than a conscious desire to be difficult (Connor et al, 2005:3). The person is often unaware of themselves and how they affect others. These persons often don't realize the harmful impact of their actions on their own career success.

In the business world, we are constantly faced with trying to work with others who may challenge our ability to get things done.

Effective management and leadership seek the tools to bring about sustainable agreements among these parties. It is clear that negotiation is a core competence for life, not merely an important skill to be wheeled out for special occasions. There is great value to be gained when we take the time to try to understand another's viewpoint. By changing our attitude toward them and changing our viewpoint about what makes difficult people "wrong" we can find a wealth of knowledge to improve our own ability to work with these people.

Physiologically we respond to conflict in one of two ways. We either want to get as far as possible away from the conflict or we are ready to take on anyone or anything that comes our way. There is no right or wrong in these approaches, nor can every situation have a single approach. It remains to be a personal response. Some battles are best left for another day.

Everything happens for a reason, a higher purpose. At most, what is important is to learn from each situation, regardless of the initial physiological response to conflict. The response should thus develop to such an extent that allows intentional responses to conflict. Such response that is not influenced by what we feel but is appropriate to the conflict situation. Such emotional intelligence which allows conscious conflict mode decision making. Instead conflict, we are more likely to productively contribute to solving the problem at hand.

Why learn more about conflict and conflict management?

Listening, oral communication, interpersonal communication, and teamwork rank near the top of skills that employers seek in their new hires. When you learn to effectively manage and resolve conflicts with others, then more opportunities for successful team memberships are available. If we can learn to manage this highly probable event called conflict then we reduce the possibility of practicing destructive behaviors that will negatively impact our team. Although conflict may be misunderstood and unappreciated, research shows that unresolved conflict can lead to aggression.

Most of us use conflict skills that we observed whilst growing up. Some of us observed good conflict management, while others observed faulty conflict management. Most of us have several reasons to improve our conflict-management skills but we have not made a conscious effort to change our conflict management style. Most people do not resolve conflicts because they either have a faulty skill set and/or because they do not know the organisation's policy on conflict management rather because of the fact that their skills are not well developed. All team members need to know their conflict styles, conflict intervention methods, and strategies for conflict skill improvement.

Clarifying Confusion about Conflict

According to Macnamara (2007), conflict is when two or more values, perspectives and opinions are contradictory in nature and haven't been aligned or agreed about yet, including:

- Within yourself when you're not living according to your values;
- When your values and perspectives are threatened; or
- Discomfort from fear of the unknown or from lack of fulfillment.

Conflict is inevitable and often good, for example, good teams always go through a "form, storm, norm and perform" period. Getting the most out of diversity means often-contradictory values, perspectives and opinions.

Conflict is often needed as it:

- Helps to raise and address problems.
- Energizes work to be on the most appropriate issues.
- Helps people "be real", for example, it motivates them to participate.
- Helps people learn how to recognize and benefit from their differences.

Conflict is not the same as discomfort. The conflict isn't the problem - it is when conflict is poorly managed that is the problem. Conflict is a problem when it:

- Hampers productivity.
- Lowers morale.

- Causes more and continued conflicts.
- Causes inappropriate behaviors.

2.2 THE IMPACT OF CONFLICT ON ORGANISATIONS

2.2.1 WHAT IS CONFLICT AND CONFLICT MANAGEMENT?

Conflict may be defined as a struggle or contest between people with opposing needs, ideas, beliefs, values, or goals. Conflict on teams is inevitable; however, the results of conflict are not predetermined. Conflict might escalate and lead to non-productive results, else conflict can be beneficially resolved and lead to high quality final product. Therefore, learning to manage conflict is integral to a high-performance team. Although very few people go looking for conflict, more often than not, conflict results because of miscommunication between people with regard to their needs, ideas, beliefs, goals, or values. Conflict management is the principle that all conflicts cannot necessarily be resolved, but learning how to manage conflicts can decrease the odds of nonproductive escalation. Conflict management involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills, and establishing a structure for management of conflict in your environment.

Conflict exists where there are real or perceived differences that arise in specific circumstances and that stimulate emotions as a consequence. Conflict is described as a natural disagreement which results from individuals or groups that differ in attitudes, beliefs, values or needs (Kohlrieser 2006:100). It could also be as a result of past rivalries and personality differences. In some instances conflict could arise from attempting to negotiate before the timing is right or before needed information is available. Conflict can be healthy when effectively managed it could lead to growth, innovation and contribute to the continuity of business processes.

According to Thomas (1974:269), there are three themes among the definitions of conflict. These are:

- The first is that whether conflict exists or not is based on perceptions. Of course the perceived difference may not be real but conversely if the difference is real but not perceived there is no conflict.
- The second common theme is that there is interdependence among parties (i.e. each has the potential to interfere with the other).
- Thirdly, there are issues of blockage, opposition, and scarcity. Resources, for example, money, power and prestige, are limited. Their scarcity creates blocking behavior.

Various authors are of the view that conflict is an inevitable part of the manner of which people relate to one another. In our society conflict is considered to be bad. Tubbs (1988: 275) argues that conflict within and amongst groups has some desirable effects. But, if conflict gets out of control, it may become destructive, however it is beneficial if it is between ideas.

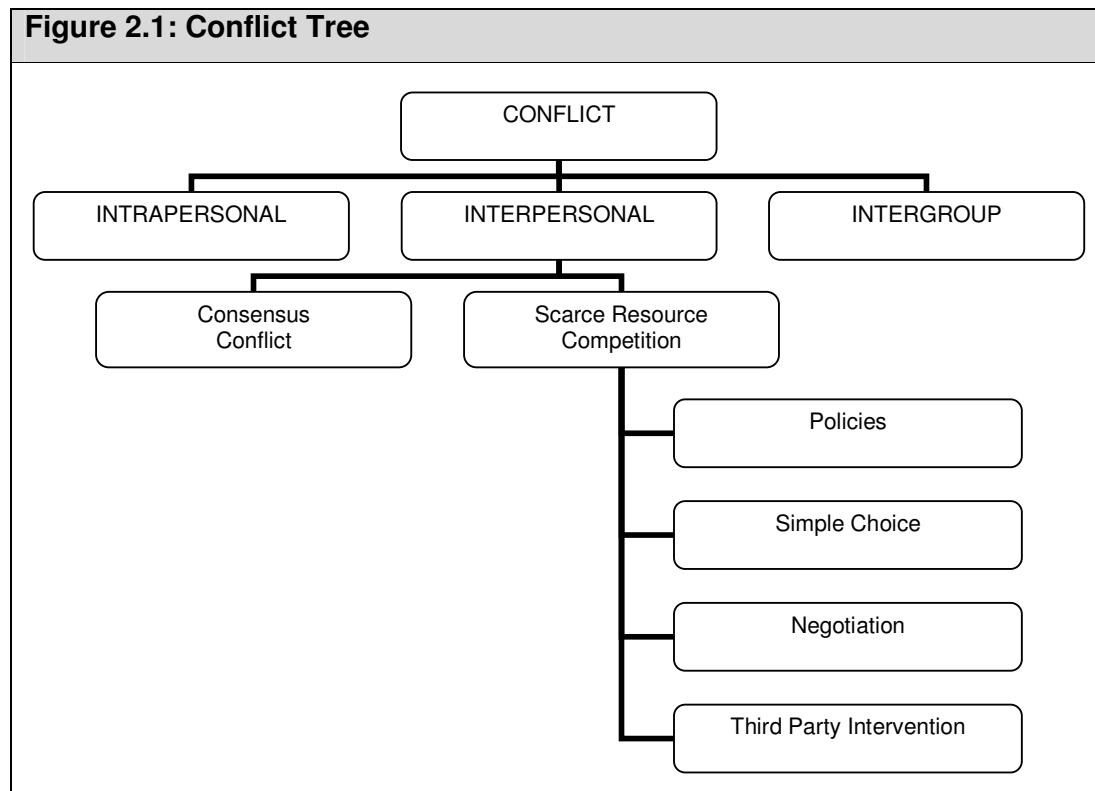
Avery and Baker (1990: 423) define conflict as a direct confrontation between groups or individuals, usually arising from situations where each side perceives that the other party is about to frustrate or has frustrated its major interests. Although opposing interests are the basic issue, other factors can be the focus of the conflict. According to Rahim (2001:18) conflict is defined as an interactive process manifested in incompatibility, disagreement or dissonance within or between social entities (i.e., individual, group, organisations, etc.).

WHAT PROVOKES CONFLICT?

According to Avery and Baker (1990: 423) the following factors provoke conflict:

- The sharing of limited resources;
- Interdependence amongst members or teams;
- Ambiguity over responsibility;
- Group membership and identity causing “us versus them” reactions;
- Reward structures that encourage competition between members;
- Faulty interpersonal relations between key individuals.

This is further illustrated in the Figure 2.1 below:



Source: Thompson 1998: 5

In addition to the causes of conflict listed above Kreitner and Kinicki (1995: 284) add the following:

- Inadequate communication;
- Unreasonable deadlines or extreme time pressure;

- Collective decision-making where the greater the number of people participating in the process, the greater the potential for conflict;
- Decision-making by consensus where 100 percent agreement is impossible without much argument;
- Unmet unrealistic expectations relating to job assignments, pay or promotions;
- Unresolved or suppressed conflict.

According to Macnamara (2007) the various types of Managerial Actions that Cause Workplace Conflicts are:

1. Poor communications
 - Employees experience continuing surprises, they aren't informed of new decisions, programs, etc.
 - Employees don't understand reasons for decisions, they aren't involved in decision-making.
 - As a result, employees trust the "rumor mill" more than management.
 - The alignment or the amount of resources is insufficient. There is:
 - Disagreement about "who does what".
 - Stress from working with inadequate resources.
2. "Personal chemistry", including conflicting values or actions among managers and employees, for example:
 - Strong personal natures don't match.
 - We often don't like in others what we don't like in ourselves.
3. Leadership problems, including inconsistent, missing, too-strong or uninformed leadership (at any level in the organisation), evidenced by:
 - Avoiding conflict, "passing the buck" with little follow-through on decisions.
 - Employees see the same continued issues in the workplace.
 - Supervisors don't understand the jobs of their subordinates.

4. Key Managerial Actions / Structures to Minimize Conflicts
- Regularly review job descriptions. Get your employee's input to them. Write down and date job descriptions.
 - Intentionally build relationships with all subordinates.
 - Get regular, written status reports and include:
 - Conduct basic training about:
 - Interpersonal communications.
 - Conflict management.
 - Delegation.
 - Develop procedures for routine tasks and include the employees' input.
 - Regularly hold management meetings, for example, every month, to communicate new initiatives and status of current programs.
 - Consider an anonymous suggestion box in which employees can provide suggestions.

According to 2006 Global Knowledge Training conflict is a serious disagreement over needs or goals. In other words, conflict occurs because of an inability to address needs or goals, or because goals are unclear, unacceptable, unrealistic, or are in opposition to the parties involved.

In this study, some of the factors that provoke conflict are:

- Poor or no communication
- Lack of problem solving , conflict management skills
- Lack of clarity in purpose, goals, objectives, of the audit or investigation.
- Lack of skills and abilities in team members to adequately manage conflict
- Personality conflicts
- Personal problems
- Deadlines

Some of these can be seen as both cause and result of conflict. We can see that some of these causes of conflict can be dealt with directly through management and leadership. The ability to resolve conflict effectively is a critical team skill.

The manager, as leader, holds the key to helping team members resolve conflict and develop trust in each other. Without trust team members will not bond. If they do not trust each other they will not be able to deal with conflict. Conflict resolution is one of the key factors associated with committed and productive teams.

2.2.2 WHAT STRATEGIES EXIST TO MANAGE CONFLICT?

A commonly recommended approach to strategic preparation is that of establishing a negotiating position (Fisher and Ury, 1981:9).

In contrast to the position approach, which is inherently distributive, a principled approach to negotiation is viewed as one, which avoids conflict and provides the basis for the development of integrative solutions.

Fisher and Ury (1981:11) stated that negotiators should separate people problems from the issues; focusing on the underlying interests, the not stated positions; and generate options for mutual gain and insist on objective criteria for measuring outcomes. These four basic propositions apply during analysis and planning of a negotiation as well as during actual discussions. It is therefore necessary to prepare in terms of interests and not enter the negotiation with a fixed position.

Fisher and Ury (1981:11) defines an interest as a fundamental need or requirement which is driving the negotiator's behaviour. Positions emerge out of interests; interests sit behind any negotiating position but they may not be obvious. Lax and Sebenius (1986:15) stated that from the point that if negotiators initially focus on positions then they quickly get locked into those positions. The negotiations stall and get turned into a win-lose situation. Conflict levels rise and this inhibits the finding of solutions. Alternatively, by focusing on finding objective principles, negotiators will enable mutually

beneficial outcomes to be achieved. Even when negotiators enter discussions with a “fixed pie” assumption there is a learning process within the negotiation itself, which enables negotiators to find integrative solutions. Arguably, then, if negotiators give consideration to objective principles prior to the negotiation, this would assist in that learning process.

Zartman and Berman (1982:17) stated that negotiators tend to negotiate first at the level of principle in order to set up the basic framework of an agreement and then move into a level of detail to work out the final settlement. This suggests that the notion of objectivity, which is central to the principled approach, comes under scrutiny and that “objective” principles are also negotiable.

2.2.3 HOW IS CONFLICT MANAGED?

In order to fully understand how conflict can be managed, one must evaluate the five steps to managing conflict. These steps are:

- Analyze the conflict
- Determine management strategy
- Pre-negotiation
- Negotiation
- Post-negotiation

Step 1: Analyze the conflict.

The first step in managing conflict is to analyze the nature and type of conflict. This may be done through interviews, through additional information from electronic sources and books.

Step 2: Determine management strategy.

Once a general understanding is established, then an analyzed, most appropriate strategy could be established.

Step 3: Pre-negotiation.

In order to achieve maximum results, it is essential establish ground rules that will promote effective negotiation. The following should occur prior to negotiation:

- Initiation – Get buy in from approachable, willing outsider who can be used as a facilitator. If possible reach an agreement with the outsider.
- Assessment - Conditions must be right for negotiation to be successful. Key players must be identified and invited. Each side must be willing to collaborate with the others. Reasonable deadlines and sufficient resources to support the effort must exist. The respective parties need to determine which issues are negotiable and which are not.
- Ground rules and agenda - The groups must agree on ground rules for communication, negotiation and decision making. They should agree on the objectives of the negotiation process. An agenda of issues to be covered needs to be developed.
- Organisation - Meeting logistics must be established, including agreed upon times and places. People must be contacted and encouraged to attend. Minutes must be taken so that information can be distributed before and after meetings.

Step 4: Negotiation.

It is essential that, when negotiating all interest should be discussed openly, rather than stated positions. Interests could include the reasons, needs, concerns and motivations underlying positions. Satisfaction of interests should be the common goal. One should not lose sight of the goal which is to resolve conflicts, and as such an option should be taken into consideration and further the environment should stimulate creativity for further ideas. Written agreement and disagreement must be documented to ensure a common understanding. This helps ensure that agreements can be remembered and communicated clearly. In order to amicably resolve the disagreements, options will be evaluated and potentially combined to form acceptable agreements. If required, make trade-offs of amongst issues.

Step 5: Post-negotiation

Once negotiation is complete, implementation of the decisions will commence. The support for the agreement from respective areas / role players is required. Each role player will need to follow its own procedures to review and adopt the agreement. During implementation phases communication and collaboration should continue as the agreement is carried out. The plans to monitor progress, document success, resolve problems, renegotiate terms and celebrate success.

2.3 SOURCES AND LEVELS OF CONFLICT

Two opposing viewpoints exist for the outcomes of conflict: Conflict can be productive or destructive (Rahim 2001:6).

2.3.1 Sources of conflict

Conflict may be classified on the basis of its sources. The classification of conflict is often made on the basis on the condition that leads to conflict. Conflict may originate from a number of sources such as tasks, values, goals, and so forth.

2.3.2 Conflict Levels

Organisational conflict may be classified as intra-organisational, inter-organisational. As the name suggest, intra-organisational conflict occurs within an organisation while inter-organisational conflict exists between two or more organisations. There are four dimensions (intrapersonal, interpersonal, intragroup and inter-group) within intra-organisational conflict. These four types of conflict may be described as follows (Rahim 2001:23):

- Intrapersonal Conflict (also known as intra-individual conflict)
It occurs when an organisational member is required to perform certain tasks and roles which does not match the individuals expertise, interest, goals and values.
- Interpersonal Conflict (also known as Dyadic Conflict)
It refers to conflict between two or more organisational members of the same or different hierarchical levels or divisions.

- Intragroup Conflict (also as known as Intradepartmental Conflict)
It refers to conflict amongst of members of a group or between multiple subgroups within a group in connection with its goals, tasks, and procedures. Such conflict may also occur as a result of incompatibilities or disagreements between some or all the members of a group and its leader.
- Intergroup Conflict (also known as interdepartmental conflict)
It refers to conflict between two or more units or group within organisations. Conflict between line and staff, production and marketing and head office and the field staff are examples of this type of conflict. It can also be between management and labor.

2.4 LEADERSHIP STRATEGIES FOR MANAGING CONFLICT

Traditional conflict resolutions do not question the deficiencies of the organisational structure and processes which are the main causes of dysfunctional conflict (Roberto 2005:118). Instead it tries to resolve or reduce conflict between parties at the micro level within the existing system (Rahim 2001:72).

According to Rahim (2001:72) effective conflict management in the new paradigm involves changes at the macro level in the organisation. In doing so, substantive conflict is encouraged, affective conflict is minimized at individual, group, intergroup and organisational levels. This enables organisational members to learn how to handle conflict correctly.

2.4.1 CONFLICT MANAGEMENT STYLES

Since conflict is inevitable, it is critical that it be handled as effectively as possible. It has become increasingly important that the conflict management styles used by organisations are ethically in nature. Unfortunately, experience shows that conflict management techniques may be used in unethical purposes. A determination of whether conflict management styles are ethical or unethical is a complex matter and depends on various factors, including the motives, circumstances and the extent to which the needs

benefit the organisation (Rahim 2001: 195). Needless to say, an evaluation of these factors is difficult at best. However a study by Rahim (2001: 188) discusses the five styles and the situations where their uses are ethically appropriate and inappropriate.

Table 2.1: Ethical uses of Conflict Management Styles		
Conflict Styles	Ethically Appropriate	Ethically Inappropriate
Integrating	Generally appropriate	N/A
Obliging	When supervisors has subordinates that have a better grasp of what needs to be done	When supervisors' decisions go against the proper end of the organisations, ignoring subordinates needs.
Dominating	When decisions support the organisations objectives and goals. When supervisors consider subordinates concerns as well as organisation.	When other are exploited in the process
Avoiding	When others matters take precedent due to the greater moral claim and the avoidance is temporary.	When motives is to avoid the morally correct but personally painful process.
Compromising	Sometimes it is required were the one party is weaker and if it contributes to avoid prolonged conflict.	When one is right in principle no the other is wrong however the compromise is intellectual in nature.

Source: Adapted from Rahim, M.A., Garrett, J. E., Buntzman, G. F. (1992: 423-432) Ethics of managing interpersonal conflict in organisations. Journal of Business Ethics, 11.

2.4.2 MANAGERIAL TOOL: NEGOTIATION

Negotiation should be a way of life, a new core competence, not merely an important skill for virtually all managers as the most important managerial problems involve people whose interests and perceptions are in some conflict. Negotiation assumes greater importance due to the increased pace of change, with greater diversity and the objective for global reach. To hone their negotiation skills, the first requirement is to recognize the prevalence of formal and informal negotiating situations. In short, negotiation has always been a useful skill for managers to deal with disputes and to make deals. But with more influential stakeholders, with authority and hierarchy necessary but decreasingly sufficient, with looser organisational forms, then, naturally, we suggest becoming familiar with the framework of 3-D negotiation. Much like the job of a manager, 3-D negotiation is not merely an interpersonal task, but also a substantive one (designing value-creating arrangements), and an architectural one (getting the set-up right to induce maximally productive cooperation).

Effective management and leadership are often dependent on managements' capacity to envision and ability to bring about sustainable agreements among these parties. These skills are a prerequisite in the negotiation of formal deals such as:

- Merger transactions, labor contracts, and out-of-court settlements
- Establishing new supplier and customer relationships,
- Dealing with large shareholders and creditors, as well as initiating and managing cross-border strategic alliances.
- Within the organisation where people from different functional areas and divisions need to reach and implement new cooperative arrangements in response to change.

- Conflicts arising from the interaction of businesses with governments as well as with environmental and other nongovernmental organisations.
- More diverse workforces
- Business increasingly crosses borders and cultures.

Yet beyond such formal deals, negotiation is increasingly a way of life for effective managers for at least three sets of reasons.

First, formal authority, hierarchy, and command are less and less able by themselves to ensure productive cooperation and genuine commitment.

Second, the sheer pace of change in markets, technologies, and competition puts a sharply increased premium on the capacity of organisations to flexibly respond by devising new arrangements and renegotiating the old ones.

Third, increasing demographic diversity of the work force and genuine globalization of business raise the risks of unproductive cultural misunderstandings and costly conflict.

According to Roberto (2005:117) regulating affective conflict entails unbiased dispassionate approach to decision making. This may be easier said than done as the task to eliminate emotion from the decision making process is not only nearly impossible but also counterproductive. One cannot and should not expect people to put their passion aside. Effective managers channel others' emotions, they do not eliminate it (Roberto , 2005: 117). A successful approach to effectively regulate conflict involves a concrete set of actions which must be undertaken before, during and after the decision-making process (Roberto 2005: 118). Each step requires the leader to carefully prepare themselves, in some instances their teams to employ these strategies (see table 2.2 below). It proves once again that upfront process choices enhance a leader's effectiveness.

Table 2.2: Leadership strategies for managing conflict		
Before	During	After
Rules: Establish ground rules for people interaction during deliberation	Reframe: Redirect attention and recast situation in a different light	Reflect: Evaluate the process and develop lessons learned for application in the future
Roles: Clarify roles	Re-describe: Present ideas and data with the intent to enhance understanding and spark new branches of discussion	Repair: Attend to damaged relationships
Respect: Build mutual respect, particularly with regards to differences in the cognitive style of each member.	Revisit: Revisit basic facts and assumptions when the group appears to reach an impasse	Remember: Ensure that people remember the effective ways in which they handled the difficult dispute.

2.5 CONFLICT NEGOTIATION

2.5.1 NEGOTIATION DEFINED

Negotiation is a decision – making process by which two or more people agree how to allocate scarce resources (Thompson 1998: 2). The art of negotiation as hidden in the definition, consist of three important elements: Judgement, Interdependence and Cooperation. Negotiation is not a contest of wills or a match to measure strengths, it involves reasoning and logic.

Conflict Negotiation is more than likely required in the following instance:

- Discrete transactions such as mergers, labor contracts, and out-of-court settlements.
- When working out new supplier and customer relationships, dealing with large shareholders and creditors, as well as initiating and managing cross-border strategic alliances.
- When the firms different functional areas and divisions need to, from time to time, reach and implement new cooperative arrangements in response to change.
- The interaction of businesses with governments as well as with environmental and other nongovernmental organisations.
- When workforces become more diverse and business increasingly crosses borders and cultures.

2.5.2 SUCCESS FACTORS OF NEGOTIATION

To successfully negotiate, one must be certain of all the facts. This factor is critical for an auditor as it affects your reputation and could potentially cause more harm than good. People will no longer trust your judgement or be convinced by your arguments. According to Grant (2003: 131) it is important to see both points of view and to understand the thinking process of the other person.

Some of the key successes are dependend on the following approach (Grant 2003: 131)

- Keep discussions impersonal
- Minimise the use of criticism and if you have to criticize, remember that people take criticism personally therefore such criticism must be directed at the deed, act or problem, not the person
- Do not drag up old issues
- Be conscious of the message behind the words and the manner in which this is communicated
- Beware of always wanting to be right
- Offer ideas indirectly when you are aware that the person will be resistant to the change requirements

2.5.3 NEGOTIATION MODEL

According to Salacuse (2003: 7) negotiation is a process of communication by which two or more persons seek to advance their individual interests through joint actions. The negotiating parties are sitting at a bargaining table because at least one side has decided that it can improve its situation in some way if both sides agree on a specific act. Obviously the other side too believes that it has the chance to improve its own situation if it strikes a deal under the correct conditions (Salacuse 2003:7). As internal auditors we often find you at the bargaining table with the intention of improving business processes through strategic alliance with such business areas. Salacuse (2003:8) further defines a negotiation process as a progressive movement towards a desired end.

How can you negotiate more skillfully and confidently?

According to Sebenius and Lax 1986 "Negotiation is increasingly a way of life for effective managers,". Sebenius and Lax found that negotiation can be shaped through tactics, deal design, and set-up. This concept is referred to as three dimension (3-D) negotiation as is perceived to be more powerful than one.

Some of the key concepts of 3-D Negotiation include:

- Three-D negotiation comprises tactics, deal design, and set-up. Their use depends on the nature of the barriers you face.
- A 3-D strategy is an aligned combination of set-up moves that occur away from the table, deal design moves, and tactics at the table, all designed to overcome the barriers you've identified.
- The best response to a barrier in one dimension may be moves within other dimensions.

2.5.4 SHARPENING YOUR NEGOTIATION SKILLS

It is important that individuals accept and understand that negotiation is a matter of give-and-take: Thus the willingness to make and get concessions is central in any negotiation. But the process of making concessions is

easier said than done. One should consider how events unfold in the negotiation.

There are some rules that need to be followed to ensure that concessions are effective:

1. The initial demands are viewed as serious and reasonable.
 - First, let it be known that what you have given up (or what you have stopped demanding) is costly to you. By doing so, you clarify that a concession was, in fact, made.
 - Second, emphasize the benefits to the other side. It is important that negotiators counter concessions are not only based on the benefits they receive, but that due consideration is given to what the other party is sacrificing.
 - Third, negotiators should not give up on original demands too hastily. If the other side considers your initial offer not worth serious consideration, your willingness to move away from it will not be seen as concessionary behavior. It is essential that adequate time is spent to ensure that the initial demands are viewed as serious and reasonable. The original offer should be used to draw correlation between the demands and the concessions made. If the negotiator is able to draw such correlation then the final concession would be closer to the original demands.

2. Demand and define reciprocal relationship

The initial concessions should trigger an obligation to reciprocate, but more than often the counterpart will be slow to act on this obligation. To increase the likelihood of a more reactive reaction in return of the concession, one should be explicit, yet diplomatically. The strategy of demanding and defining reciprocity plays out in a variety of contexts. However those individuals who understand how to use it can profit from it immensely. A great example is a tactic consultants and contractors use – When a client praises her work, a smart consultant will quickly point out that the person who would really love to hear this praise is her boss (or other potential customers). In this way, she defines for the appreciative customer how best to reciprocate.

3. Make contingent concessions

One hallmark of a good working relationship is that parties learn about the others' interests and concerns and make good-faith efforts toward achieving joint gains. Unfortunately, while fostering such norms is desirable, it is not always possible. While in the ideal world parties engage in mutual give-and-take during negotiations, it is often not possible due to lack of trustworthiness and persons who act on their own interest rather than that of the organization. Such negotiators are likely to refuse to reciprocate at all. Non-reciprocity makes it difficult for negotiators to trust one another and could risk further concessions. Thus, effective negotiators ensure not only that their own concessions are reciprocated but also that they acknowledge and reciprocate the concessions of others.

All of the above strategies are aimed at guaranteeing that the concessions you make are not ignored or exploited.

2.5.5 SIX WAYS TO BUILD TRUST IN NEGOTIATIONS

Professor Deepak Malhotra (2004) presents strategies to build trustworthiness through negotiation. According to Malhotra, establishing trust is critical to achieving success in any negotiation, because all negotiations involve some level of risk. Negotiators would like the counter parties to believe their preparedness to bargain in good faith, yet talks more than often collapse because each side lacks trust in the other's competence and good intentions. One party may share sensitive information in the hope of inspiring disclosures and compromises in return, but there's always a risk that the other side will refuse to budge, or even worse, exploit the information to their own advantage. According to Malhotra, trust is particularly intangible in high-stress conditions, as when one is negotiating with a stranger, facing deadlines, coping with differences in power and status, or hammering out unenforceable contracts. Trust may develop naturally over time, but negotiators rarely have the luxury of letting nature take its course. It sometimes seems easiest to play it safe with cautious deals involving few tradeoffs, few concessions, and little information sharing between parties. But avoiding risk can suggest missing out on significant

opportunities. For this reason, fostering trust is a critical skill for managers and auditors.

All negotiators can apply the six strategies that follow to influence others' perceptions of their trustworthiness at the bargaining table.

1. Speak their language

It is important for negotiators to all speak “one language”. This principle goes beyond understanding technical terms and slang. It also means catching the subtle differences and cultural implications behind what's being said, and noticing how the other side uses words to convey ideas. An integral step in building trust is taking the time to understand the other party's history, culture, and perspective. In doing so, it signals the commitment to the negotiation and the relationship. Some early preparation before negotiation even starts could lessen the impact if an error of judgment is made during negotiation. It is important that it is made known that efforts have been made to understand the other party's perspective, needs, and interests.

It is important that it is stated, on the outset of the negotiations, that you recognize that a lot of learning will take place as the negotiation moves forward and the relationship builds. Express the hope that when a mistake or misunderstanding occurs, as some inevitably will, both sides will see it as a natural part of the learning process and redouble efforts to reach an understanding of the other's point of view.

2. Manage your reputation

In negotiation your reputation precedes you. A bad reputation can be a “deal killer” from the start. Effective negotiators realize that their reputation is not just a backdrop, but a tool. This tool must be properly managed and stored and used as a factor in negotiation. If one is found in a situation where one's character is in question, one might provide references from mutually trusted third parties that vouch for your character and competence. If appropriate, a third party could communicate with the other side prior to the negotiation or even serve as an intermediary during negotiation.

3. Make dependence a factor

The more dependent you are on someone, the more willing you'll be to trust them. This phenomenon plays out to the extreme in the Stockholm syndrome, in which hostages become so psychologically dependent on their captors that they will trust their captors' statements and demands more than those of the officials who are attempting to negotiate their release. We tend to cope with the psychological discomfort associated with dependence by believing in the trustworthiness of those upon whom we depend. In negotiation, when both parties believe that they need each other to achieve their individual goals and that other options are limited, trust between parties will increase. As a negotiator, you can trigger this trust-building process by highlighting the unique benefits you can provide and by emphasizing the damage that might result from an impasse. This technique can be particularly useful when a stalemate looms large and alternatives to agreement appear painful or costly. In such situations, a negotiator who senses he has no other recourse may come to trust even his "enemy."

4. Make unilateral concessions

Negotiations with strangers and enemies often tend to be calculative, where both parties carefully measure their gains and losses with each concession made by the other side. Whilst negotiations based on longer-term relationships are usually less focused on tallying up wins and losses. A carefully crafted unilateral concession can work wonders for trust. It signals the relationship to be a friendly one, with the potential for mutual gain and trust over time. A true unilateral concession requires no commitment or concession from the other side. Such concessions must come at little cost or risk to the provider, but be of high benefit to the recipient. In addition to establishing trust, carefully crafted unilateral concessions also demonstrate your competence by portraying you as someone who understands what the other side values.

5. Label your concessions

Actions may speak louder than words, but actions in negotiation are often ambiguous. Concessions, unilateral or otherwise, are only influential in

building trust or encouraging reciprocity if the receiver views them as concessions. Parties are often motivated to discount and devalue each other's concessions and contributions, because doing so relieves them of the obligation to reciprocate. As a result, many concessions go unnoticed or unacknowledged. This may lead to confusion, resentment, or an escalation of hardball tactics and unaccommodating behavior by the slighted party.

6. Explain your demands

It is fundamental that when you start a negotiation with a new client that you clarify any uncertainties. This must be done in efforts to reduce the erroneous assumptions about the intended motives by the other party. It has been found by Psychologists that people tend to view themselves in the best possible light and others in a much less positive light—especially those with whom they're in conflict. For this reason, it's especially important that you make a strong case for your actions in a negotiation. It is necessary that explanations of your demands are clear and concise. An offer that is explained and justified will probably preserve trust, and may enhance it. However if an opening offer is viewed by the other side as extreme, it can diminish and even destroy trust.

In the ever changing social, economic and political environment the above strategies allows negotiators to take the risks that are necessary to achieve negotiated outcomes. The strategies further suggest that negotiators that are able to build trust necessary in negotiation will ensure maximum yield of joint gains.

2.6 THE EFFECTS OF CONFLICT

2.6.1 FUNCTIONAL VERSUS DYSFUNCTIONAL CONFLICT

Functional Conflict

According to Kreitner and Kinicki (1995: 283) functional conflict is commonly referred to in management circles as constructive or co-operative conflict. It supports the attainment of organisational goals and enhanced team performance. According to Kreitner and Kinicki (1995: 284) functional

conflict is used to energize team based organisations and this subsequently leads to work team effectiveness.

According to Rahim (2001: 7) the functional outcomes of conflict are:

- Conflict may stimulate innovation, creativity and growth.
- Organisational decision making may be improved.
- Alternative solutions to a problem may be found.
- Conflict may lead to synergistic solutions to common problems.
- Individual and group performance may be enhanced.
- Individuals and groups may be forced to search for new approaches.
- Individuals and groups may be required.

Dysfunctional Conflict

According to Kreitner and Kinicki (1995: 283) hinders organisational performance as it involves personality conflict rather than a focus on problem-solving. This type of conflict is not conducive to effective teams.

According to Rahim (2001: 7) the dysfunctional outcomes of conflict are:

- Conflict may cause job stress, burnout and dissatisfaction.
- Communication between individuals and groups may be reduced.
- A climate of distrust and suspicion can be developed.
- Relationships may be damaged.
- Job performance may be reduced.
- Resistance to change can increase.
- Organisational commitment and loyalty may be effected.

Conflict occurs when individuals or groups are not obtaining what they need or want and are seeking their own self-interest. Sometimes the individual is not aware of the need and unconsciously starts to act out. Other times, the individual is very aware of what he or she wants and actively works at achieving the goal.

2.6.2 CONFLICT INDICATORS

According to Kreitner and Kinicki (1995: 283-285) the following are described as conflict indicators:

- Poor communication
- Seeking power
- Dissatisfaction with management style
- Weak leadership
- Lack of openness
- Change in leadership
- Body language
- Disagreements, regardless of issue
- Withholding bad news
- Surprises
- Strong public statements
- Airing disagreements through media
- Conflicts in value system
- Desire for power
- Increasing lack of respect
- Open disagreement
- Lack of candor on budget problems or other sensitive issues
- Lack of clear goals
- No discussion of progress, failure relative to goals, failure to evaluate fairly, thoroughly or at all.

2.6.3 DESTRUCTIVE AND CONSTRUCTIVE CONFLICT

According Tillet and French (2006:16) conflict is destructive when it:

- Break down group cohesion.
- May provoke self-destructive behaviour.
- Obstruct problem solving.
- Hinders self development.
- Creates dysfunctional patterns of interaction.
- Takes attention away from other important activities
- Undermines morale or self-concept

- Polarizes people and groups, reducing cooperation
- Increases or sharpens difference
- Leads to irresponsible and harmful behavior, such as fighting, name-calling

According to Tillet and French (2006: 16) conflict is constructive when it:

- Prevents stagnation.
- Stimulates interest and curiosity.
- Motivates and promotes problem solving.
- Assist in personal growth, identity and development.
- Stabilise and integrate relationships.
- Release tensions
- Encourage communication and self examination.
- Promotes awareness of the needs, wants and preferences of others.
- Encourages creativity and innovation.
- Provides basis for personal and social change.
- Results in clarification of important problems and issues.
- Results in solutions to problems.
- Involves people in resolving issues important to them.
- Causes authentic communication.
- Helps release emotion, anxiety, and stress.
- Builds cooperation among people through learning more about each other, joining in resolving the conflict.
- Helps individuals develop understanding and skills

2.7 RESOLVING CONFLICT

Searching for the causes of conflict is essential to be successful in resolving the conflict. According to Tillet and French (2006: 9 -16) the following are possible causes of conflict:

- Conflict with self
- Needs or wants are not being met
- Values are being tested
- Perceptions are being questioned

- Assumptions are being made
- Knowledge is minimal
- Expectations are too high/too low
- Personality, race, or gender differences are present

2.7.1 REACHING CONSENSUS THROUGH COLLABORATION

Groups often collaborate closely in order to reach consensus or agreement. The ability to use collaboration requires the recognition of and respect for everyone's ideas, opinions, and suggestions. Consensus requires that each participant must agree on the point being discussed before it becomes a part of the decision. Not every point will meet with everyone's complete approval. Unanimity is not the goal. The goal is to have individuals accept a point of view based on logic. When individuals can understand and accept the logic of a differing point of view, you must assume you have reached consensus.

According to Tillet and French (2006:139), the following guidelines can be used in reaching consensus:

- Focus on the subject matter.
- Clarify essential issues.
- Eliminate non-essential issues.
- Identification of needs (not wants, demands or positions)
- Identify options.

2.7.2 TECHNIQUES FOR AVOIDING AND/OR RESOLVING CONFLICT:

There are numerous models of conflict resolution. Tillet and French (2006:185) describe the following method to effectively resolve conflict:

- Define the purpose
- Define the conflict
- Decide on the appropriate process
- Disclose perceptions
- Respond to perceptions
- Promote understanding

- Define key objectives.
- Brainstorm to identify various options
- Evaluate options
- Select the appropriate option
- Test option
- Implement, evaluate, review and if required, update option.
- Resolve conflict

2.8 CONCLUDING REMARKS

The various elements of conflict have been discussed so as to give the reader a good understanding of the disciplines required for successful conflict management strategies. It is clear that managing conflict is not as simple as the conceptual models offered in this chapter. There is no simple prescription or systematic approach for managing conflict. What may work in one situation may prove to be inappropriate in the next. It is thus necessary to continually explore the underlying conditions that cause such conflict. The future is uncertain and is punctuated with unexpected responses and problems which will require flexible and adaptive strategies.

CHAPTER 3 THE RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter highlights the process followed to solve the identified main problem and sub-problem. The research design, methodology and ultimately the goal of this study is discussed. The objective focus is to establish an appropriate research strategy for the research problem. The research strategies must be applicable to the nature of the study.

Much has been written about social science research. Some authors follow a more philosophical approach to research design while other follows a pragmatic approach. It has become increasingly important to include both schools of studies of social research by contemporary social scientist (Leedy 1993:143, Yin 1994: 93, Neuman 1994:65, Jackson 1995:18, Rosnow & Rosenthal 1996:74, Leedy & Ormrod 2001:90).

3.2 WHAT IS RESEARCH?

Various definitions can be given to the concept of research. The most common explanation of research is that it involves the application of various methods and techniques to create knowledge through the use of scientific methods and procedures (Welman & Kruger 2001:2). Olivier (2004:1) defines research as an investigation to discover facts. According to Leedy & Ormrod (2005:2) research is a systematic process of collecting, analyzing and interpreting data in order to increase the understanding of the phenomenon about which we are interested or concerned. Another author states that research can be seen as a process of expanding the boundaries of one's ignorance (Melville & Goddard 1996:14). Mouton and Marais (1992:7) defines research as a collaborative human activity in which social reality is studied objectively with the aim of gaining a valid understanding of it.

3.3 WHAT ARE RESEARCH TOOLS?

A research tool is a specific mechanism or strategy the researcher uses to collect, manipulate or interpret data. According to Leedy & Ormrod (2005:12) research tools are used to facilitate the ultimate goal of research, to derive conclusions from the body of data and discover what was unknown.

There are six general research tools which can be used:

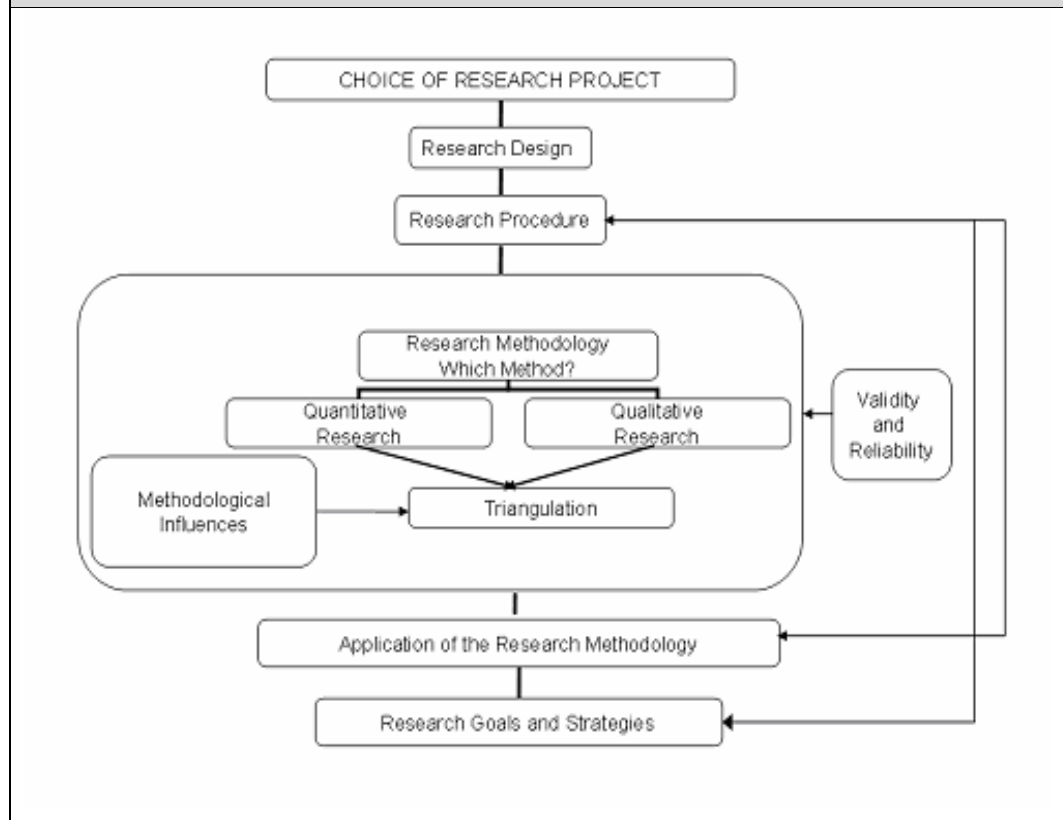
- The library and its resources
- The computer and its software
- Techniques of measurement
- Statistics
- The human mind
- Language

3.4 RESEARCH DESIGN

According to Yin (1994:20) defines design as a preparation of a working plan aimed systematically assembling, organizing and integrating data in order to solve the research problem. Design is a preliminary plan, concept or purpose (Oxford Dictionary 1995:1169).

The model, as illustrated in Figure 1 forms a foundation on which the research design for this research project has been based.

Figure 3.1: A Conceptual Model for Research Design



Source: Developed from the literature study

Based on the aforementioned definitions and diagram, the research design can simply be interpreted as the preparation or planning phase of a proposed strategy or plan aimed at organizing and integrating data in an overall framework in order to solve the research problem.

With any type of measurement, two considerations are very important. These are validity and reliability. Validity is concerned with the dependability, and effectiveness of the measuring instrument. Reliability deals mainly with accuracy. According to Leedy and Ormrod (2001:31) reliability is the extent to which, on repeated measures, the indicators yields similar results.

There are several types of validity, the more common types (Struwig & Stead, 2001:139 and Leedy & Ormrod 2001:103) are:

- Face validity – reliance is based u[on the subjective judgement of the researcher.
- Criterion related validity – it employs two measures of validity, the second as a criterion check against the accuracy of the first measure.
- Content validity – it is the accuracy with which the instrument measures the factors or situation under study.
- Construct validity – it is any concept such as integrity that can be directly observed or isolated.
- Internal validity – it is the freedom from bias in forming conclusions in view of the data
- External validity – it is concerned with the generalization of the conclusion reached from a sample to other cases

Although there are several types of validity, while reliability asks only one question above all other, with what accuracy does the measurement, test instrument or questionnaire measures what was intended to be measured. Leedy (1993:128) stated that the use of human subjects in research raises the question of ethical standards and should not go without careful scrutiny.

Ultimately the focus of the research design is to maximize the validity and reliability of the research. The aim is to answer four fundamental questions which are focused on data. These are:

- What are the data?
- Where are the data located?
- How will data be secured?
- How will data be interpreted?

3.4.1 RESEARCH PROCEDURES

To achieve the objective set out in this chapter 1 and to establish a suitable solution of the problems identified, the following procedures was developed according to the conceptual model as shown in Figure 3.1.

Literature study: An in-depth literature study was conducted regarding the problem posed by the researcher. It provided insight into the theoretical

framework of the research. The understanding of theories and related knowledge could be achieved and used to answer sub-problems.

Research design and methodology: The detailed research procedures and appropriate methods used in the study are discussed and designed based on ground theory studies.

Data collection and interpretation: the primary and secondary data are collected from the literature review and empirical study. The data interpretation follows the logical processes with practical instruments.

Conclusions and recommendation: it provides the guidance and potential research direction for other researchers who are interested in the similar research area.

3.5 RESEARCH METHODOLOGY

A researcher cannot merely follow the research procedures without an understanding that research methodology directs the whole project methodology, control the study, dictates the acquisition of data and arranges it in logical relationships (Leedy, 1997: 9).

There are three important contemporary methodological research approaches, namely: the positivist, interpretative and the critical approaches. Researchers usually adopt one of these approaches and then formulate a strategy that is with the approach selected by them.

3.5.1 THE POSITIVIST APPROACH

The positivist approach is the approach used in the physical sciences, and believes society is organized according to scientific observations and experiments (Jackson 1995:5; Dooley, 1995:5). With this paradigm it is always possible to establish a cause and effect relationship between variables systematically and statistically.

Scientists supporting this approach would argue that the general laws of science would be just as applicable to the social sciences as to the physical science. Positivist research is likely to do quantitative research and use experiments, surveys and statistics (Gummesson, 1991: 152).

3.5.2 THE INTERPRETATIVE APPROACH

According to the interpretative approach, doubt is expressed over the questions of whether it is always possible to establish cause and effect between variables in social sciences. The interpretative approach represents a reaction against unqualified application of positivism in the social sciences. Instead of trying to explain causal relationships by means of objective truth and statistical analysis, hermeneutics provides a process to interpret, understand or reconstruct reality. Language, pictures, sound, sound, text and symbols play a central role in qualitative research and replace quantitative data such as facts and figures as the primary sources of information (Neuman, 1994: 61; Neuman, 2006:87-89 Jackson1995:9).

3.5.3 THE CRITICAL APPROACH

The critical approach is based on the argument that the researchers cannot distance themselves from people in their research. They have to empower people through their research in order to bring about social justice (Jackson 1995:11). The relative success of research in South Africa may in future be measured against its ability to conform to the requirements of the critical approach. It is important to state that there is no specific method or technique associated with this research approach and this method or technique does not seem to be that important. Jackson (1995:11, 13) stated the researchers using this approach show a preference for the historical method of research.

3.6 QUANTITATIVE RESEARCH VERSUS QUALITATIVE RESEARCH

3.6.1 QUANTITATIVE RESEARCH

According to Leedy & Ormrod (2005:94), quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting and controlling phenomena.

Mouton and Marais (1992:159) defines it as highly formalized as well as more explicitly controlled with a range that is accurately defined and which, in terms of the methods used, is relatively close to the physical sciences. The quantitative approach is often called the positivist , traditional or experimental approach. This research strategy is aimed at quantifying observations of human behaviour with emphasis on precise measurements.

This is achieved through the testing of hypotheses based on sampled observations and statistical analysis of the data. Relationships are drawn among the variables and described mathematically and the subject matter is treated as an object, similarly to physical sciences (Van Biljon 1999:40).

3.6.2 QUALITATIVE RESEARCH

Leedy & Ormrod (2005:94) describes qualitative research as a technique to answer questions about complex phenomena, often with the purpose of describing and understanding the phenomena from the participants point of view. Mouton and Marais (1992: 155) defines it as projects for which the procedures are strictly formalized, while the scope is more than likely under-defined, and more philosophical mode of operation is adopted. The qualitative approach is often called the interpretive or constructive approach. Qualitative research does not follow a fixed set of procedures (Van Biljon, 1994:41). The objective of this research method is to obtain a deeper understanding of the problem that is studied and not to prove the trustworthiness with statistical tools (Holme & Solvang, 1997: 22)

3.6.3 CHARACTERISTIC FACTORS: QUANTITATIVE RESEARCH VERSUS QUALITATIVE RESEARCH

Although there are distinct differences between the research approaches, these approaches involve similar processes which are often combined and carried out in different ways (Leedy & Ormrod, 2005: 94).

A comparison is used in the below table to illustrate the distinguishing factors, relative strengths and weaknesses between the two research approaches

Table 3.1: Characteristic Factors – Quantitative vs. Qualitative Approaches		
Characteristic Factors	Quantitative	Qualitative
Purpose	To explain and predict To confirm and validate To test theory	To describe and explain To explore and interpret To build a theory
Nature of the process	Focused Known variables Established guidelines Predetermined methods Detached view	Holistic Unknown variables Flexible guidelines Emergent methods Personal view
Data Collection	Numeric data Large sample Standard instruments	Image – based data Small sample Nonstandard observations and interviews
Data Analysis	Statistical analysis Focus on objectivity Deductive reasoning	Search themes and categories Subjective and potentially bias analysis Inductive reasoning
Findings	Numbers Statistics, aggregated data Formal voice Scientific style	Words Narrative, individual quotes Personal voice Literacy style

Source: Adapted from Leedy & Ormrod (2005:96)

The ideal would be to combine the two approaches, although novice researchers may not have the time, resources or expertise to effectively combine these approaches for an initial attempt (Leedy & Ormrod 2005: 105).

3.6.4 INDUCTIVE VERSUS DEDUCTIVE LOGIC

According to Patton (1987:150) qualitative research methods are particularly orientated towards exploration, discovery and inductive logic. Inductive designs begin with conjecture, guesses, ideas and expectations.

There are no hypotheses designed or are there any theory – building exercises performed. Data are collected through observations, interviews and other qualitative methods. This outcome of a qualitative study is a new model, theory or hypothesis.

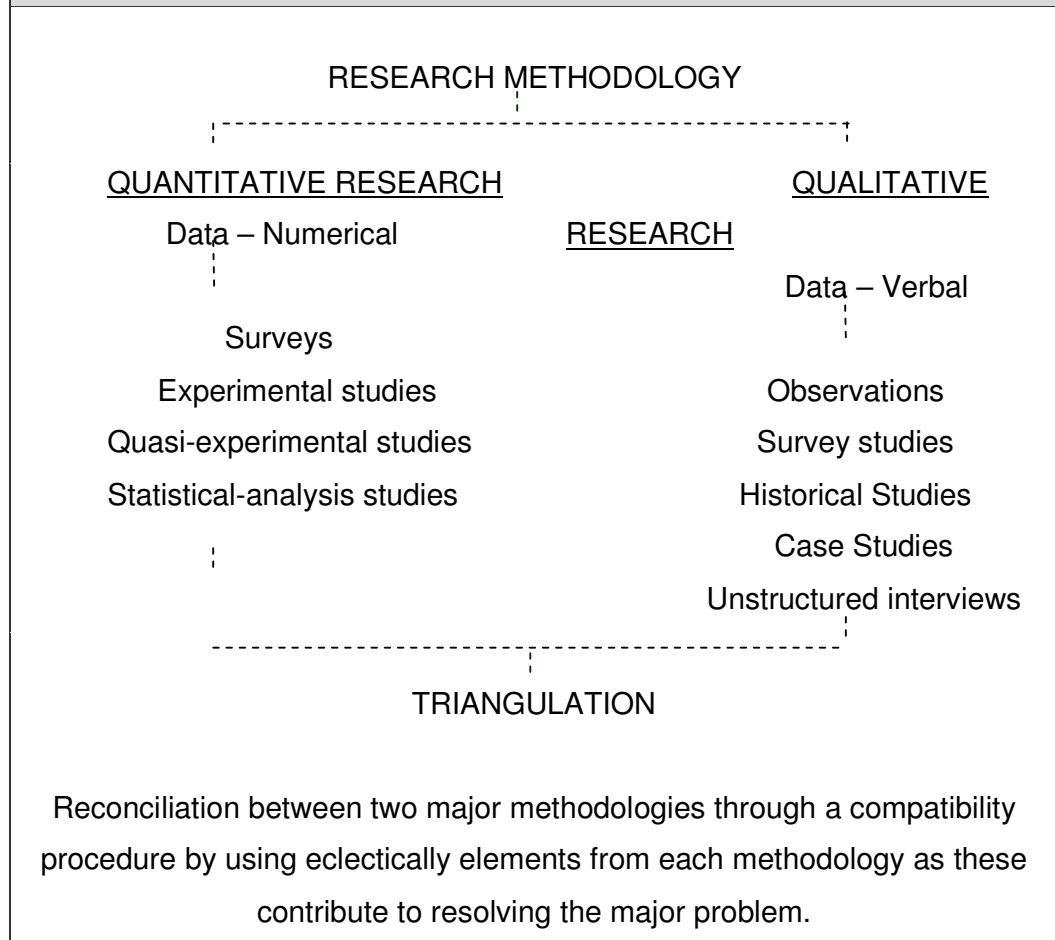
Quantitative research methods support deductive reasoning and analysis. The deductive design begins with a defined conceptual framework developed from existing theories and models.

It requires the formulation of specific research hypotheses leading to a theory-building exercise. A known data collection instrument, the fixed alternative questionnaire is used to collect data. The hypotheses are accepted or rejected and a causal relationship between variables are established (Miles & Huberman 1994: 44; Dooley 1995: 65)

3.6.5 METHODOLOGICAL TRIANGULATION

Leedy (1993:143) defines triangulation as the situation where it is possible to combine quantitative research methods with qualitative research methods in the same research project. Triangulation could enhance many research projects considerable. The interactions between quantitative and qualitative research through triangulation are illustrated in the below Diagram 3.1:

Diagram 3.1: Triangulation: Interaction between Quantitative and Qualitative Research



Source: Adapted from Leedy (1993: 145)

3.7 CHOOSING THE MOST APPROPRIATE RESEARCH METHOD

The most appropriate research method depends on three conditions:

- The type of research question
- The extent of control an investigation has over actual behavioural events
- The degree of focus on contemporary events as opposed to historical events.

Further consideration should be given to the model shown in Table 3.2.

Table 3.2: Research Method Selection Model			
Form of Research Questions		Requires control over behavioural events?	Focuses on contemporary events?
Experiment	How, Why	Yes	Yes
Survey	Who, What, Where, How Many, How much	No	Yes
Archival Analysis	Who, What, Where, How Many, How much	No	Yes/No
History	How, Why	No	No
Case Study	How, Why	No	Yes

Source: Adapted from Yin (1994:6)

In this study, what conflict strategies have to be used by the Internal Audit Department to effectively manage conflict at Volkswagen of South Africa? From the setting of the problem it can be concluded that the research project is suited to quantitative research methods as it supports deductive reasoning and analysis. Secondly, this research project embraces defined themes to solve stated research problems through a well-defined methodical process of investigation, analysis and reconstruction.

A deductive design begins with an explicit conceptual framework developed from existing theory and models. The project requires the formulation of specific research hypotheses leading to a theory building exercise. Questionnaires are used to collect data, the hypotheses are accepted or rejected and causal relationship between variables established. Focusing on the main and sub-problems of the study, how what where type questions are asked. A contemporary study of conflict strategies needs and an

excellence model of conflict management were undertaken with no control over behavioural events.

This concludes and configures the introduction of qualitative research in the form of interviews, observation during the normal course of business and pilot surveys to further enhance this project by supporting the outcomes of the hypotheses. This inductive approach is primarily concerned with the process of conflict management rather than the outcome.

Methodological triangulation was used because inductive and deductive approaches are often combined in practices and further to ensure that the data from the questionnaires is tested in more than one way with this theory.

3.8 RESEARCH GOALS AND STRATEGIES

3.8.1 RESEARCH GOALS

The research goals provide a broad indication of what a researcher wishes to accomplish with the research. The researcher needs to determine whether the aim of the project is to describe, explain or to explore (Neuman 1994:18, Jackson 1995: 18)

- A lack of the understanding of the concept of managing conflict. Why?
- All participants do not fully understand the process of change that results in conflict. Why?
- A lack of understanding exist of the various conflict strategies. Why?

3.8.2 EXPLORATORY PROJECTS

The goal that exploratory projects pursue, as the name suggests, an exploration of a relatively unknown project, situation or phenomena. The objective of such a project may be:

- To gain new knowledge and insight into the phenomena by becoming familiar with facts, people and concerns involved.
- To undertake a pilot investigation and determine feasibility of the phenomena prior to conducting a more structured study.
- To generate many ideas and develop tentative theories and conjectures.
- To determine priorities and develop future research techniques.
- To develop new hypotheses about an existing phenomena.

Exploratory projects usually lead to insight and comprehension of data. The methods frequently used in exploratory projects include in-depth interviews, the analysis of case studies and the use of informants (Mouton & Marais 1992: 43; Neuman 1994: 18; van Biljon 1999:53).

3.8.3 DESCRIPTIVE PROJECTS

The primary aim of descriptive projects is to accurately portray the characteristic of a particular individual, group, situation, organisation, culture interaction or social objective. The outcome of a descriptive project is a detailed picture of the subject matter (Mouton & Marais, 1992:43; Neuman, 1994: 19; Van Biljon 1999: 54). The aims of descriptive projects may be:

- To provide an accurate profile of a group.
- To describe a process, mechanism or relationship.
- To give a verbal or numerical picture.
- To find information that stimulate new explanations.
- To present basic background information in context.
- To create a set of categories or classify types.
- To clarify a sequence, set o stages or steps.
- To document information that contradicts prior beliefs about the subject.

The description of some phenomena may arise from a narrative type of description as in historical analysis to a highly structured statistical analysis.

3.8.4 THE RESEARCH GOAL OF THIS PROJECT

The overall objective of this project is to establish the adequate strategies that could be used by Internal Audit at Volkswagen of South Africa to manage conflict effectively. During a review of various audit and investigation reports, it has become apparent that only a negative connotation was utilized to describe the situation. Further hereto, the organisation was not adequately informed about the strategies of Internal Audit and the method of report writing. This created a gap between the management and Internal Audit. As discussed in the previous chapters, the other party perceive the intentions to be negative and even vindictive.

To achieve this overall objective the following questions will be addressed:

1. A lack of the understanding of the concept of managing conflict. Why?
 - Reports are perceived as destructive.
 - Internal audit lacks negotiation skills.
 - Poor communication to the company about Internal Audit Department.

2. All participants do not fully understand the process of change that results in conflict. Why?
 - Internal Audit are perceived as not value adding.
 - Lack of negotiation and conflict management training.
 - Lack of ad-hoc contact with auditees.

3. A lack of understanding exists of the various conflict strategies. Why?
 - Internal Audit adopts a position approach.
 - Recommendation are not always understood.
 - Concessions are not always available.

3.8.5 RESEARCH STRATEGIES

According to Mouton and Marais (1992:49) the two research strategies are contextual research strategies that deal with projects such as historical sciences, languages, art, theology and general research strategies that deals with experimental studies, comparative research and various types of surveys.

For the purpose of this research project the focus is on general research strategy where people from various departments, who have been directly involved in the audit process and resultant implementation of proposed recommendation were analyzed and reported. The projects sample was compared on common aspects.

3.8.6 THE POPULATION

The research project will be conducted in five phases: the pilot survey, the actual empirical survey, business reports, observations and interview. Three empirical surveys are planned: one for general information, one for business

environment and one for conflict management issues covered in the literature review. The population will mostly include middle and top management from the departments as identified in Chapter 1.

3.8.7 DEVELOPMENT OF THE QUESTIONNAIRE

The researcher should be aware that it is an imposition to ask the respondent to complete a questionnaire and should therefore be certain that there is a need for the question. Further consideration should be given to the reliability of the question. The questions should be worded such to ensure valid interpretation by the respondent which will match that of the researcher. The question should be stated in such a manner that the answer does not hinder the respondents' state of mind. As far as possible the same style of questions should be used throughout the questionnaire.

The questionnaire (appendix D) for this research was divided into two parts. Section A was compiled by requesting biographical data and by using close and open ended questions which related to the organisation and the individual perceptions and experiences of conflict situations.

Section B was compiled from closed questions that required the respondents to indicate the methods and techniques that they utilized to manage conflict. Four main categories of question with the following headings were compiled:

How do you perceive Internal Audit?

Confrontation techniques used

Communication

Audit review

Perceptions

The styles used to manage conflict

Respondents were requested to indicate which method they used by choosing the appropriate answer through the rating method. The options for an answer under all the headings were:

1 = STRONGLY DISAGREE

2 = DISAGREE

3 = AGREE

4 = STRONGLY AGREE

Lannon (1994:162) suggests the following to ensure a good response rate:

- Define the purpose of the questionnaire.
- Define the sample group.
- Define the methods used.
- Decide on the type of questions.
- Design an engaging introduction and opening questions.
- Keep questions short.
- Make each question unambiguous and unbiased.
- Add personal touches to ensure reader response.

Pilot Survey

The objective of these surveys will be to test the ease of the use of the questionnaire. To achieve this, the population will comprise of 5 respondents. The results of the pilot survey were not included in the survey results as it was used to authenticate the questions and acts as a final review. The actual survey population will comprise of 30 respondents. The total population of respondents are non – homogeneous in nature and varies in terms of number of employees, leadership styles, level of competence, experience and business objectives.

Table 3.3: Sample Population				
Type	Proposed Number	Percentage (%)	Actual Number	Percentage (%)
Purchasing	5	17	2	40
Logistics	3	13	1	34
Production	4	10	2	50
Engineering	5	17	3	60
Marketing	6	20	3	50
Finance	4	13	2	50
Information Services	3	10	2	67
Total	30	100	15	50

It should be noted that the survey was also utilized during the interview session.

3.9 DATA COLLECTION

Research is a viable approach to a problem only when there is data to support it. Data refers to those pieces of information that any particular situation gives to an observer. There are mainly two types of data: primary and secondary data. While primary data are the new data that are collected for the research project, secondary data are available data from other than the current research project. In the case of this study, the researcher needs to collect data from either a primary source or secondary source in order to provide the adequate information and the comparativeness of such data (Leedy & Ormrod 2005:89, Struwig & Stead, 2001:80)

3.9.1 PRIMARY DATA

Researchers may use observations, interviews, objects, written documents, audiovisual materials, electronic documents (e.g. e-mail messages, WWW sites) and anything else that can be used to assist in answering the research question (Leedy & Ormrod, 2005: 140). The method that can be used to collect primary data are:

Questionnaire

The questionnaires were electronically distributed to management and staff and they were requested to return the completed questionnaire electronically or via the internal mailing system. This measure was taken to ensure confidentiality, encourage openness and honesty and to ensure that the respondents remained anonymous.

A covering letter was attached to the questionnaire that explained the reason for the questionnaire and the purpose of the study. Respondents were ensured that the questionnaire would not take long to complete and that the information was viewed as confidential. It was also explained that the completed questionnaire should be returned to the contact person.

The deadline for returning the questionnaire to the contact person was set for 29 November 2007. Fifteen were returned by the 7 December 2007 and a response rate of 50 percent was attained, which may be accepted as a good response. See table 3.4 below.

Interviews

Interviews are composed of two types: personal and telephone interviews. The difference between the types are discussed in Table 6.

Table 3.4: Personal Interviews versus Telephone interviews		
Descriptions	Personal Interview	Telephone Interview
Participation (Response Rates)	Respondent is willing to participate and to cooperate in terms of good response rates.	Quick and direct response from respondent.
Cost	Expensive and time consuming.	Lower cost
Quality	More easily achieved due to participation and cooperation.	Difficult to obtain the sufficient quality of answers from respondent due to lengthy questions

To further enhance this research project, interviews and observations will be conducted in addition to the questionnaire. The population as per the collection instrument will result in a sample distribution as depicted in Table 3.5. The survey was utilized as a base for the interview.

The following questions were drafted for the interviews:

1. What are your general perceptions of the Internal Audit function, its objectives and goals within the organisation?
2. Would you say that the reports are constructive or destructive? Please explain your answer.
3. Do you understand the manner in which audit conducts business?
4. Do you believe that the recommendations made during an audit or investigation benefits VWSA?
5. Why do you think there are so much conflict between other departments and Internal Audit?
6. What should Internal Audit do to change the other departments' views?

Table 3.5: Sample per Collection Instrument				
Collection Instrument	Proposed Number	Percentage (%)	Actual Number	Percentage (%)
Questionnaire	30	47	15	50
Interviews	10	15	7	70
Observations	15	23	15	100
Business Reports	10	15	10	100
Total	65	100	47	72

3.9.2 SECONDARY DATA

Secondary data can be categorized in three broad categories:

- Raw data already collected
- Summaries of numbers
- Written treatises

It is up to the researcher to examine the reliability and validity of the data as the secondary data may have been gathered and tabulated using different definitions of key terms.

For the purpose of this study, the secondary data might be collected from the following:

- People who are being studied and consulted.
- Department documents which provide the available information about the implementation of proposed recommendations.
- Literature studies which are conducted in the areas of conflict management and conflict strategies.
- Internet resources which include the wide usage of World Wide Web (WWW), intranet and electronic mail. WWW sites are used to get information from other scholars who are conducting the research in the similar areas. The intranet of companies provides the information about the organisation, its structure and related processes. Electronic mail is used to communicate with the people who are being studied in the company and other relevant people being consulted.

CONCLUDING REMARKS

A formal systematic approach to research design is crucial to ensure that a research project conforms to the principles of validity and reliability. The research design decisions guide the researcher in effectively addressing the research problem. A quantitative approach is most appropriate research strategy for this research project. Questionnaires, interviews and observations (physical and through audit reports) are the main methods of data collection.

CHAPTER 4 RESULTS OF THE EMPIRICAL SURVEY

4.1 INTRODUCTION

This chapter reports on the results from the empirical study as described in the previous chapters. The data gathered from the questionnaires and interviews are based upon the responses of the management group from Volkswagen of South Africa was used to meet the objectives of this study.

The data will be interpreted in terms of questionnaire, viz:

- The biographical data
- The attitude to internal audit and conflict management
 - How do you perceive Internal Audit?
 - Confrontation techniques used
- The methods to manage conflict namely:
 - Communication
 - Audit review
 - Perceptions

The results from the questionnaire are presented in the forms of tables and graphs to provide a graphical illustration and to ensure clear interpretation.

4.2 RESULTS FROM THE QUESTIONNAIRE

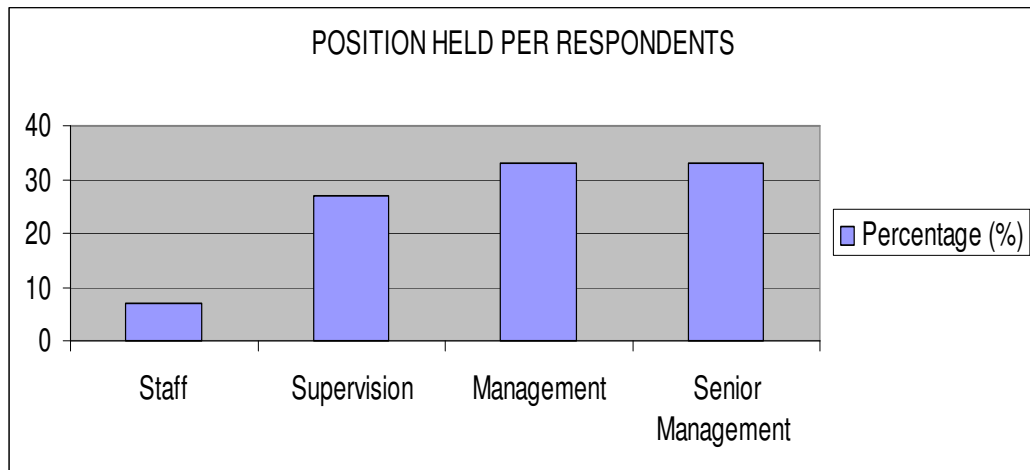
4.2.1 RESULTS FROM SECTION A OF THE QUESTIONNAIRE

QUESTION 1- WHAT IS THE NATURE OF THE POSITION THAT YOU HOLD?

Table 4.1 indicates the distribution of the different management levels in which the respondents are employed. The data reflects a fair representation of the company's staff compliment. Figure 4.1 is a graphic illustration of this data.

Table 4.1: Nature of Respondents Position		
Position Held	Number	Percentage (%)
Staff	1	7
Supervision	4	27
Management	5	33
Senior Management	5	33
TOTAL	15	100

Figure 4.2: Graphical illustration of the nature of respondent's position



QUESTION 2 – HOW MANY PEOPLE REPORT TO YOU?

Table 4.2 indicates the average number of subordinates per respondents. This question was included to determine the respondents exposure to potential conflict situations and their need for managing conflict. The response of 31 subordinates per respondents indicates relatively high exposure to potential conflict situations.

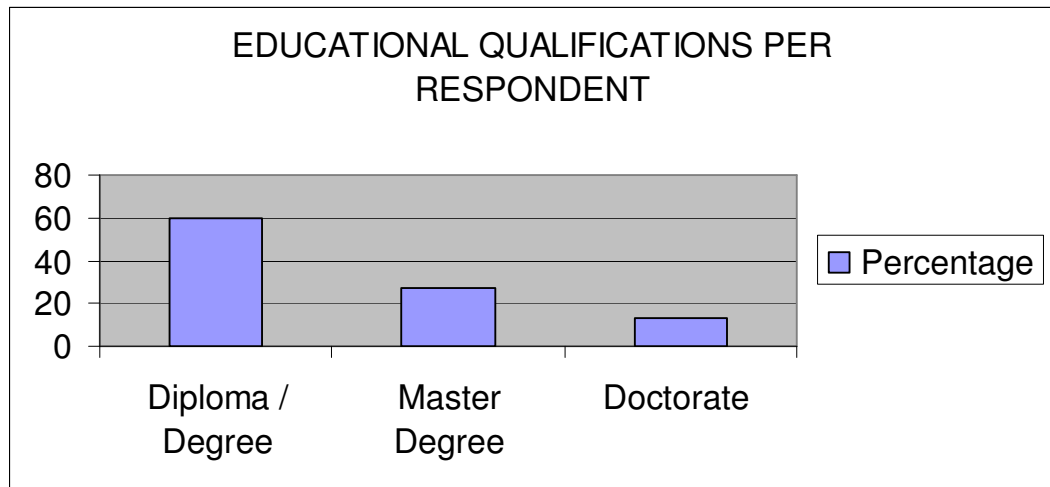
Table 4.2: Average Number of Subordinates per Respondents	
Average Number of Subordinates per respondent	31

QUESTION 3 – WHAT IS YOUR HIGHEST EDUCATIONAL QUALIFICATION?

Table 4.3 and Figure 4.2 illustrate the qualification levels of the respondents. The majority of the respondents (60 %) have a qualification higher than grade 12 (Standard 10).

Table 4.3: Educational Qualifications per Respondent		
Qualification of Respondent	Count	Percentage
Diploma / Degree	9	60
Master Degree	4	27
Doctorate	2	13
TOTAL	15	100

Figure 4.2: Graphical illustration of educational qualifications per respondent.

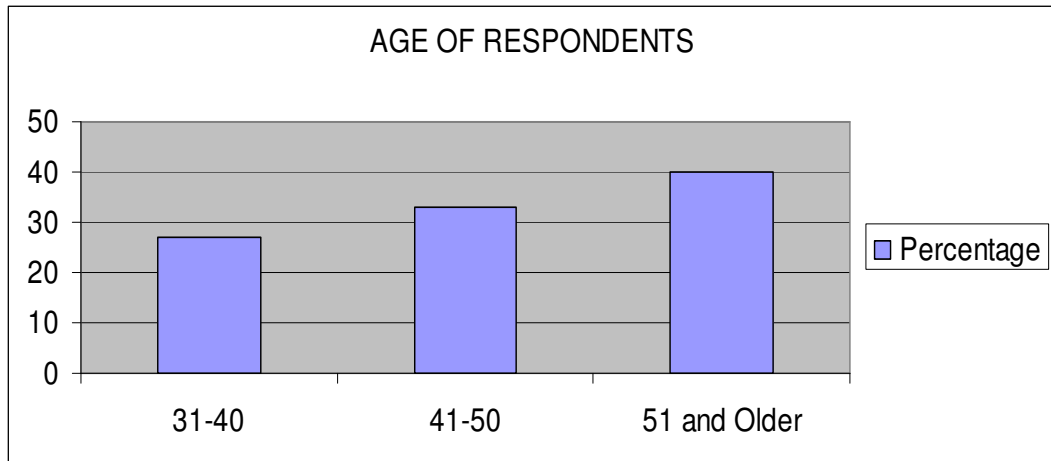


QUESTION 4 – WHAT IS YOUR AGE?

Table 4.4 and Figure 4.3 indicate the age of the respondents. The majority (40%) falls into the 51 and older year's age bracket and 33 percent of the respondents are 41 to 50 years. This implies that the majority of respondents have had a number of years working experience and that they could provide valuable input for this study.

Table 4.4: Age of Respondents		
Age of respondent	Count	Percentage
31-40	4	27
41-50	5	33
51 and Older	6	40
TOTAL	15	100

Figure 4.3: Graphic illustration of age of the respondents (%)



QUESTION 5 – HAVE YOU EVER RECEIVED CONFLICT MANAGEMENT TRAINING?

Table 4.5 on page 65 illustrates that 67% of the total respondents have received conflict management training.

Table 4.5: Exposure to Training				
Total Respondents	Yes	Yes Percentage (%)	No	No Percentage (%)
15	10	67	5	33

QUESTION 6 – WHAT DO YOU BELIEVE ARE THE MAIN CAUSES OF CONFLICT AT VWSA?

The respondents were asked to list the causes of conflict within VWSA. The major reasons listed indicates that poor management and management

styles (27.66%), communication Problems (14.90%), work pressure (10.64%), lack of understanding cultural differences (10.64%), individuals not taking ownership (10.64%) and responsibility and individual differences and different perceptions (10.64%). See table 4.6 on page 62.

Table 4.6: Main Causes of Conflict		
Causes	Count	Percentage (%)
European style in conflict in SA cultural diversity	1	2.12
Weak personalities	1	2.12
Red tape	2	4.26
Different Objectives and Priorities	3	6.38
Individual differences and different perceptions	5	10.64
Individuals not taking ownership and responsibility	5	10.64
Lack of understanding cultural differences	5	10.64
Work pressure	5	10.64
Communication Problems	7	14.90
Poor management and management styles	13	27.66
Total	47	100

QUESTION 7 – DO YOU BELIEVE THAT CONFLICT HAS ONLY NEGATIVE RESULTS AND SHOULD BE ELIMINATED?

Table 4.7 represents the percentage of respondents who believed that conflict has only negative results and should be eliminated. The majority of the respondents (93%) felt that conflict does not have only negative results and that it should not be eliminated.

Table 4.7: Conflict Situation				
Number of respondents	Yes	Yes Percentage (%)	No	No Percentage (%)
15	1	7	14	93

QUESTION 8 – DOES YOUR ORGANISATION TRY TO STIMULATE CONFLICT?

Table 4.8 represents the percentage of respondents who believed that the organisation stimulates conflict. The majority (73%) believed that there aren't benefits in stimulating conflict. According to the respondents it is not practical to stimulate conflict within an organisation of this size.

Table 4.8: Organisation Conflict Stimulation				
Number of respondents	Yes	Yes Percentage (%)	No	No Percentage (%)
15	4	27	11	73

QUESTION 9 – DO YOU BELIEVE THAT THERE ARE BENEFITS IN STIMULATING CONFLICT UNDER CERTAIN CIRCUMSTANCES?

Table 4.9 represents the percentage of respondents who believed that there are benefits in stimulating conflict. The majority (73%) believed that there are benefits in stimulating conflict in a controlled environment stimulate creativity and innovation.

Table 4.9 – Benefits of conflict stimulation				
Number of respondents	Yes	Yes Percentage (%)	No	No Percentage (%)
15	11	73	2	27

4.2.2 SUMMARY OF SECTION A DATA

The data received from the questionnaire indicates a representative sample from the organisation, since a 50 percent response rate was achieved from respondents from 15 different positions within the organisation. The majority of respondents (100%) held a qualification higher than standard ten / grade 12. The majority of the respondents (40%) are in the age bracket of 51 and older. It can thus be deducted that the respondents are educated and have been exposed to business in general.

Sixty seven percent of the respondents have received training in the management of conflict and it can be seen as a high average. Nearly 93 percent of the respondents indicated that conflict does not only have negative results and should thus not be eliminated. Some 73 percent felt that the organisation does not attempt to stimulate conflict, which is a high average although 73 percent of the respondents believed that there are benefits in stimulating conflict. It can be assumed that the organisation in general and specifically the respondents would be open to suggestions, training and change in managing conflict.

Various reasons for conflict occurring within the organisation were listed with the four main reasons relating to poor management and management styles, communication problems, work pressure, lack of understanding cultural differences, individuals not taking ownership and responsibility and individual differences and different perceptions. These are the areas to which management should be paying attention to avoid major problems and negative conflict situations occurring. Suggestions would include training in

issues such as delegation, time management, effective communication, diversity training and team building.

4.2.3 QUANTITATIVE ANALYSIS OF THE RESULTS OF SECTION B OF THE QUESTIONNAIRE

The questions in section B were designed to measure the techniques that managers used to manage conflict situations. The questions were based on the information gained from the literature study that suggested various means of managing conflict.

The respondents were first asked what best described their perception of the Internal Audit function and thereafter what confrontation techniques are most frequently used. Table 4.10 illustrates the respondents' general perception of internal audit and Table 4.11 illustrates the respondents techniques used during confrontation

Table 4.10: Respondents perception of Internal Audit (%)				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Policemen	13%	27%	40%	20%
Bureaucratic	7%	40%	27%	27%
Retrospective	7%	20%	47%	27%
Value-Adding	7%	33%	40%	20%
Consultants	20%	33%	20%	27%
Problem Solving Partner	14%	57%	14%	21%

Table 4.11 Respondents confrontation techniques used at VWSA (%)				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Negotiation	7%	27%	33%	33%
Bargaining	13%	33%	40%	13%
Mediation	7%	20%	67%	7%
Arbitration	7%	40%	47%	7%

The respondents were requested to measure the extent to which the following methods / techniques are used by Internal Audit at VWSA to manage conflict. Table 4.12 – Table 4.15 illustrates the extent to which such techniques are used.

Table 4.12: Communication by Internal Audit with Respondents (%)				
	Strongly Disagree	Disagree	Agree	Strongly Agree
3.1 Sufficient notice is given regarding the audit.	7%	13%	47%	33%
3.2 Sufficient notice is given regarding the investigations.	7%	27%	33%	33%
3.3 The audit process has well-understood and clear policies.	0%	33%	47%	20%
3.4 The auditors are accessible and approachable.	0%	7%	60%	33%

The respondents were requested to answer questions relating to the audit review process to evaluate the extent to which the respondent understanding hereof. There were five questions who did not indicate their understanding of the audit review process.

Table 4.13: Respondents understanding of the Audit review process (%)				
	Strongly Disagree	Disagree	Agree	Strongly Agree
4.1 The most significant risks are clearly identified and addressed.	0%	29%	57%	14%
4.2 The review covers all areas agreed upon.	7%	29%	43%	21%
4.3 The overall audit review results in improvements	0%	23%	69%	8%
4.4 The draft review process allows for “problem solving sessions”.	7%	36%	43%	14%

The respondents were requested to provide their perceptions of the audit process and the Internal Auditors to evaluate the source of conflict.

Table 4.14: Respondents Perception of the Internal Audit processes				
	Strongly Disagree	Disagree	Agree	Strongly Agree
5.1 The audit reflects the events / situation correctly.	0%	33%	47%	20%
5.2 The audit is objective and fair.	0%	40%	53%	7%
5.3 The audit is relevant.	0%	20%	67%	13%
5.4 The audits are value adding.	0%	20%	60%	20%
5.5 The audits identify system inadequacies.	0%	7%	53%	40%
5.6 Internal Audit is retrospective bureaucrats.	14%	43%	43%	7%

The respondents were requested to evaluate the styles used by Internal Audit to manage conflict.

Table 4.15: The Styles used by Internal Audit to Manage Conflict				
	Strongly Disagree	Disagree	Agree	Strongly Agree
6.1 The auditors are usually firm in pursuing their goals.	0%	0%	40%	60%
6.2 The auditors generally try to win their own positions.	13%	33%	13%	40%
6.3 The auditors generally “give up points” in exchange for others.	7%	60%	0%	33%
6.4 The auditors generally try to find a position that is intermediate between the other person and themselves.	7%	40%	13%	40%
6.5 In approaching negotiations, the Auditors are generally considerate of the other party’s wishes.	0%	40%	7%	53%
6.6 The auditors generally try to show the logic and benefits of their own position.	0%	7%	14%	79%
6.7 The auditors generally lean towards a direct discussion of the problem.	7%	53%	20%	20%
6.8 The auditors generally try to find a fair combination of gains and losses for all the parties involved.	7%	14%	7%	71%
6.9 The auditors generally try to avoid creating unpleasantness for all parties.	7%	33%	13%	47%
6.10 The auditors generally try to soothe the other person’s feelings and to preserve the relationship with that party.	7%	53%	7%	33%
6.11 The auditors avoid taking a position that can create controversy.	7%	13%	13%	67%

6.12 The auditors generally attempt to get all concerns and issues into the open immediately.	0%	0%	40%	60%
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4.2.4 SUMMARY OF SECTION B DATA

The data received from the questionnaire indicates that the majority of the respondents perceived Internal Audit as retrospective (74%), policemen (60%) and bureaucratic (54%). Majority of the respondents perceived Internal Audit as value adding (60%), however the respondents did not view Internal Audit as consultants (53%) nor as problem solving partners (71%). The majority of the respondents used mediation (74%) and negotiation (66%) as the preferred confrontation techniques.

The respondents were overall satisfied (above 60 %) with the communication by Internal Audit with them. The majority of the respondents (above 50%) understood the audit the audit review process.

The respondents' perception of the styles used by Internal Audit to manage conflict was:

- All the respondents agreed that the auditors are firm in pursuing their goals.
- Fifty three percent of the respondents agreed that the auditors generally try to win their own positions.
- Majority of the respondents (67%) did not agree that the auditors generally give up points in exchange for others.
- Fifty three percent of the respondents agreed that the auditors generally find an intermediate position.
- Majority of the respondents (60%) agreed that the auditors are generally considerate of the other parties' wishes.
- Eighty three percent of the respondents agreed that the auditors tried to show the logic and benefits of their own position.
- Sixty percent of the respondents felt the auditors did not have a direct discussion about the problem.

- Seventy eight of the respondents agreed that the auditors generally try to find a combination of gains and losses for all parties involved.
- Sixty percent of the respondents agreed that the auditors generally tried to avoid unpleasantness.
- The majority of the respondents (60%) did not agree that the auditors preserved relationships through soothing the other persons' feelings.

4.2.5 SUMMARY OF INTERVIEW SESSION

1. *What are the general perceptions of the Internal Audit function?*

Senior Management and Middle Managements views:

The majority of respondents felt that the Internal Audit function is a valuable resource for any organisation. Internal Audit plays a key role in providing assurance on the integrity of the financial, operational and other information within an organisation. Through its audits and investigations value adding process improvements and opportunity for enhancements of existing controls are identified.

Supervision and Staff

The majority of the respondents viewed Internal Audit as a policing function. The Internal Audit function thrives on catching wrong-doers. The audit only results in more checks, paperwork and ultimately more work.

2. *Would you say that the reports are constructive or destructive? Please explain your answer.*

The majority of the respondents (70%) felt that the reports were more destructive. According to respondents the negative tone of findings within an audit reports portrait a picture of poor management and control over the various processes. The breakdown in controls only related to a small percentage of the overall function. And even though it was understood to be important the focus would be on other key areas. In addition, the reports do not show the improvement initiatives that the areas have implemented in the same period of the audit.

3. *What do believe are the reasons for the existence of conflict between Internal Audit and the various departments within Volkswagen of South Africa?*

- Lack of two way communication between management and employees
- The auditors inability to accept a different view
- Misunderstanding of the audit function and its objectives.
- Differences in priorities and objectives.
- Cultural differences and shortcoming of diversity training.
- Work pressure and insufficient staffing.
- Silo Mentalities

4. *What should Internal Audit do to change the other departments' views?*

- Be more flexible in presenting the issue / audit report.
- Be patient with management during the review process.
- Be open for differences in perspective and be prepared to understand management perspectives on the audit report.
- Actively listen to management challenges of the internal auditors' interpretation of the risk.

4.2.6 OBSERVATIONS AND BUSINESS REPORTS

The following observations were made:

- There is a resistance in providing audit with possible areas of review as this exposes the departments to negative comments and findings that things are in fact not properly controlled.
- Management would agree on certain items during the audit and even with the draft review, however once the official report is released to all management and now an adversarial stance is taken.
- Management use previous conflicting experiences as a base for the current situation.
- Work pressures often play a key role in the conflict which exists.
- Change of management often lead to the newly appointed manager being held responsible for the predecessor's mistakes.

- There are still some language barriers as the most of the senior management are not South Africans.
- Concessions are not always achieved and it has resulted in breakdown of trust between Internal Audit and the departments.
- Some people are just difficult, for no other reason than they can be difficult. Such individuals enjoy the perceived power of knowing other people are afraid of approaching such individuals.
- There are some confusion in terms of who and what Internal Audit is. Some individuals thought Internal Audit is a division of the quality department, some thought that it falls within the warranty division.
- Internal Audit

4.3 CONCLUDING REMARKS

The purpose of this chapter was to analyze and interpret the data obtained from the research questionnaire.

The aim was to solve the sub problems:

1. A lack of the understanding of the concept of managing conflict. Why?
 - Reports are perceived to be destructive.
 - Internal Auditors lack negotiation skills as they argue their own views.
 - Poor communication to company.
2. All participants do not fully understand the process of change that results in conflict. Why?
 - Perceived as not value adding by all respondents.
 - Lack of training.
 - Lack of contact with auditors.
3. A lack of understanding exists of the various conflict strategies. Why?
 - Internal Audit adopts the position approach.
 - Recommendations are not always understood.
 - Concessions are not always available.

The data provided information that indicated that the information obtained from the literature study could be applied and that the situation at VWSA has room for improvement. Chapter 5 will focus on various recommendations based on the previous findings of this study.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This final chapter will focus on resolving the main problem through the recommendations that will be made. The main problem is to determine what strategies should be used by an organisation to manage conflict effectively. This would then also provide an answer to the integration of the findings of the literature study with the strategies used by the selected organisation. Opportunities for further research and study will be discussed briefly and the application of the findings will be presented.

This chapter is divided into three sections:

- Main findings of the study;
- Conclusions based on the results of the study; and
- Recommendations for further study.

5.2 MAIN FINDINGS

According to the findings as discussed in Chapter 4, the main issues that need to be addressed are communication problems, determining a way to gain benefit from different perceptions and also to stimulate meaningful sharing of individual differences and different perceptions. Several of the interviewees speak eloquently about auditors adding value and indicate that internal auditing is now “an extended arm of management.” This did not change the fact that Internal Audit was still perceived as policeman, bureaucrats and retrospective. Unfortunately the relationship with Internal Audit and Management is not a stable partnership. Different perspectives exist between management and Internal Audit, mostly relating to the manner in which the breakdown in controls is reported. The truth is no one likes to be critiqued, no matter how accurate the observation or finding, especially if it is written down for all to see. To provoke conflict, the auditors use terms such as:

“No control exists...”, control weaknesses...”, “management failed to ensure....” and “as a result of Internal Audit intervention....”

The purpose of addressing these issues will be to ultimately change the views of internal audit and to ensure that the conflict strategies used by the Internal Audit Department are effective to manage conflict at Volkswagen of South Africa.

5.3 CONCLUSIONS

5.3.1 Improving Communication

It is important to educate others within the organisation about Internal Audit, what they do and why they do it. It is when the audit function is understood by the shareholders that they not only welcome internal audits input into the department but also proactively utilize this resource in areas of concerns. Internal auditors can help increase that understanding by engaging in an internal communications program that publicizes successes and highlights returns on investment.

The following recommendations are made to address communication problems:

- The issue of poor management can be solved through improving communication problems. It is proposed that to alleviate some work pressure, work should be delegated and time management training to be provided. Many of the factors listed as reasons for conflict can be classified as symptoms of communication problems. It is thus proposed that the organisation investigate the causes and symptoms of communication problems thoroughly.
- It is crucial that when a new executive joins the organisation, it is the responsibility of the audit department to extend to these individuals information regarding the audit team, the processes and how the role of the executive will have within the organisation. This can be done by means of a workshop or an executive induction workshop.
- It is recommended that training in issues such as delegation, time management, effective communication, diversity training and team building.

- It is recommended that all personnel receive training in managing conflict situations in order to stimulate functional conflict.
- The leadership should familiarize them with the appropriate style of stimulating and managing conflict.
- Volunteer to collaborate, cooperate, and consult every chance you get. "Instead of acting as a policing tool for management, internal auditing should be an instrument for obtaining and sharing dear, honest data, and feedback about how systems are operating. Focus on ways to add value by leveraging the organisation's resources, rather than simply determining whether or not policies and procedures are followed.

5.3.2 Changing Perceptions

One interesting commonality among some of the comments is that the interviewees' perceptions have changed over time ... first defines the "old" internal audit function as a "combination of process checking and random sampling" and now as "a valuable resource for any organisation". Movement towards internal auditors being viewed as consultants have been initiated but is far from having reached its targets. Supervision and staff did not share this view.

The following recommendations are made to change perceptions

- Altering someone's perspective about internal auditing begins with the internal auditor. What this means is that the auditor must proactively work on building trust, communicating effectively and thus ensuring that through actions the organisation will reconsider its current perceptions.
- Special attention must be given to the manner in which Internal Audit communicate and advertise to the organisation. Exploring alternative avenues to excite and involve the organisation to become more involved.
- Understanding the diverse culture within the organisation and even going for diversity training.
- Be prepared to understand and respect management perspective even if it does not correspond with your frame of reference.

- Put findings into context ensuring that it is unambiguous and clearly understood.
- Show the human side of the internal auditor's internal publications to demonstrate values.
- It is proposed that an overall positive approach to the reporting process is maintained.
- Communicate the findings without using negative or accusatory language.

5.4 RECOMMENDATION FOR FURTHER STUDY

Based on the review of literature and the findings of this study can provide a basis for further research:

- Strategy to managing conflict within an organisation
- Leaders and their ability to manage conflict
- The effect of conflict on the success of an organisation and its teams.
- The role of confrontation techniques in managing conflict

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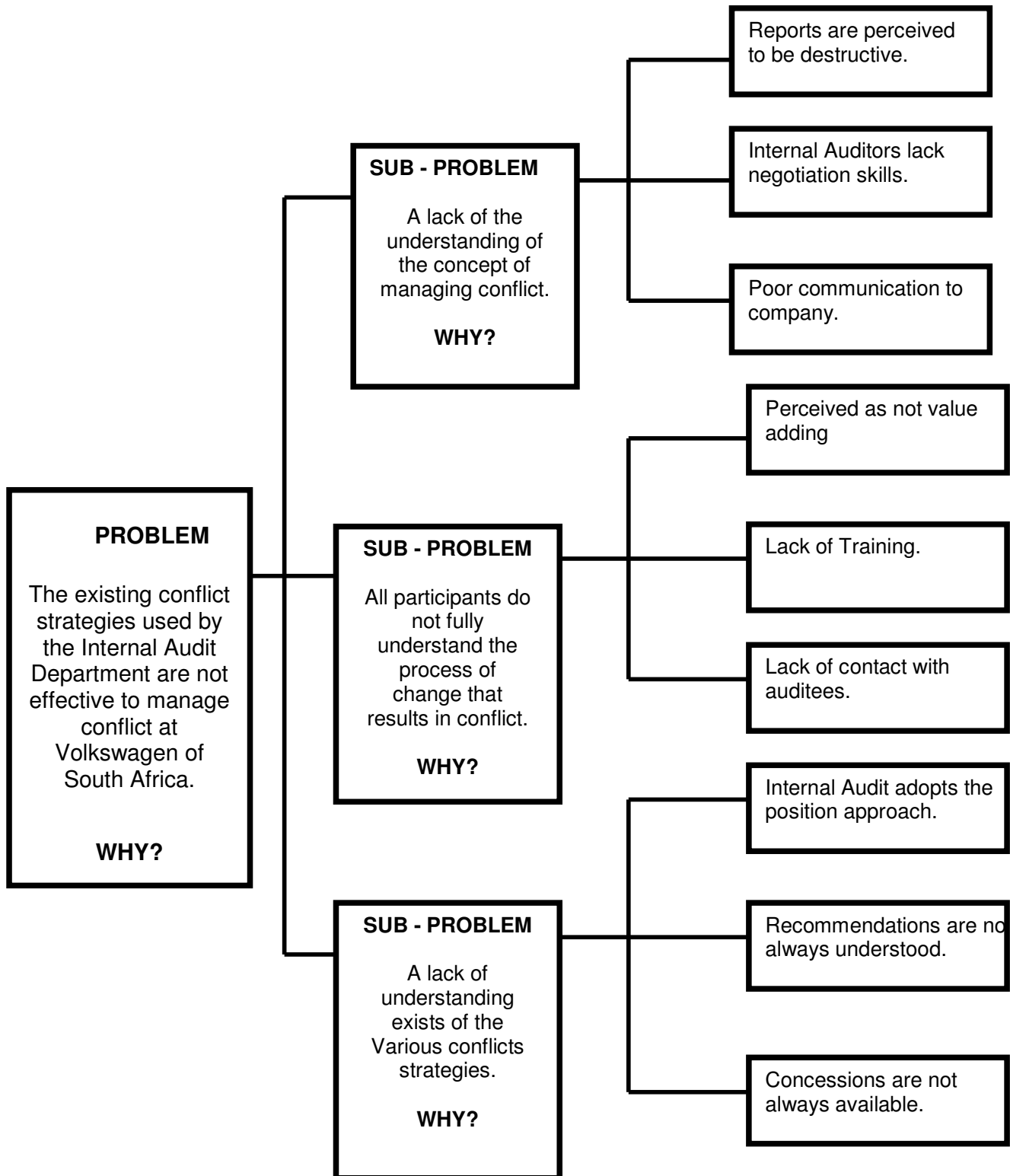
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WHY-WHY ANALYSIS



GUIDE FOR THE CONSTRUCTION OF A QUESTIONNAIRE

QUESTION	HOW DOES IT RELATE TO THE RESEARCH PROBLEM?	TYPE OF QUESTION			
		MULTIPLE CHOICE	YES / NO ANSWER	OPEN ENDED QUESTION	COUNTER-CHECK
Section A:					
1 What is the nature of the position that you hold?				X	
2. How many people report to you?				X	
3 What is your highest educational qualification?		X			
4 What is your age?		X			
5 Have you ever received conflict management training?	Main and Sub Problem 2		X		
6 What do you believe are the main causes of conflict at VWSA?	Main			X	
7 Do you believe that conflict has only negative results and should be eliminated	Main	X			
8 Does your organisation try to stimulate conflict?	Main	X			
9 Do you believe that there are benefits in stimulating conflict under certain circumstances?	Main	X			

QUESTION	HOW DOES IT RELATE TO THE RESEARCH PROBLEM?	TYPE OF QUESTION			
		MULTIPLE CHOICE	YES / NO ANSWER	OPEN ENDED QUESTION	COUNTER-CHECK
Section B					
1. How Do You Perceive Internal Audit	Main Sub-problem 1-3	X			
2. Confrontation Techniques Used	Main Sub-problem 1-3	X			
3. Communication	Main Sub-problem 1 Sub problem 3	X			
3.1 Sufficient notice is given regarding the audit.	Sub problem 3	X			
3.2 Sufficient notice is given regarding the investigations.	Sub problem 3	X			
3.3 The audit process has well-understood and clear policies.	Sub problem2 Sub problem 3	X			
3.4 The auditors are accessible and approachable.	Main Sub problem 3	X			
4. Audit Review		X			
4.1 The most significant risks are clearly identified and addressed.	Main	X			
4.2 The review covers all areas agreed upon.	Main Sub problem 1-3	X			
4.3 The overall audit review results in improvements	Sub problem 1-3	X			
4.4 The audit draft review process makes use of problem solving sessions.	Sub problem 2	X			

QUESTION	HOW DOES IT RELATE TO THE RESEARCH PROBLEM?	TYPE OF QUESTION			
		MULTIPLE CHOICE	YES / NO ANSWER	OPEN ENDED QUESTION	COUNTER-CHECK
Section B (Continued)					
5. Perception					
5.1 The audit reflects the events correctly.	Sub problem 1 Sub problem 3	X			
5.2 The audit is objective and fair.	Main Sub problem 3	X			
5.3 The audit is relevant.	Sub problem 2	X			
5.4 The audits are value adding.	Main Sub problem 1-3	X			
5.5 The audits identify system inadequacies.	Main	X			
5.6 Internal Audit is retrospective bureaucrats.	Main	X			
6. The Styles Used To Manage Conflict					
6.1 The auditors are usually firm in pursuing their goals.	Sub problem 2 Sub problem 3	X			
6.2 The auditors generally try to win their own positions.	Sub problem 3	X			
6.3 The auditors generally try to find a position that is intermediate between the other person and themselves.	Sub problem 2 Sub problem 3	X			
6.4 In approaching negotiations, the Auditors are generally considerate of the other party's wishes.	Sub problem 3	X			

QUESTION	HOW DOES IT RELATE TO THE RESEARCH PROBLEM?	TYPE OF QUESTION			
		MULTIPLE CHOICE	YES / NO ANSWER	OPEN ENDED QUESTION	COUNTER-CHECK
Section B (Continued)					
6.5 The auditors generally try to show the logic and benefits of their own position.	Main Sub problem 2	X			
6.6 The auditors generally lean towards a direct discussion of the problem.	Main Sub problem 2	X			
6.7 The auditors generally try to find a fair combination of gains and losses for all the parties involved.	Main Sub problem 1-3	X			
6.8 The auditors generally try to avoid creating unpleasantness for all parties.	Main	X			
6.9 The auditors generally try to soothe the other person's feelings and to preserve the relationship with that party.	Main Sub problem 1-3	X			
6.10 The auditors avoid taking a position that can create controversy.	Main Sub problem 3	X			
6.11 The auditors generally attempt to get all concerns and issues into the open immediately.	Main	X			

Source: Leedy and Ormrod (2001:205)

Dear Sir or Madam:

EVALUATION OF CONFLICT MANAGEMENT STRATEGIES

It would be greatly appreciated if members of the organisation who fall within the middle and top management structure can complete the attached questionnaire. The aim of the questionnaire is to gather research data for a project titled: AN ANALYSIS OF STRATEGIES USED BY INTERNAL AUDIT AT VOLKSWAGEN OF SOUTH AFRICA TO MANAGE CONFLICT.

The questionnaire has been prepared in such a way that it will require no more than 20 minutes to complete. The questionnaire will be treated as strictly confidential.

Kindly return the completed questionnaire in the enclosed envelope to the contact person,

Ms Gaily Conybeare before 29 November 2007.

Should you require any further information, please contact Gaily Conybeare at telephone 0419945811 or 08325890063.

Thank you for your cooperation.

GAILY CONYBEARE
(RESEARCHER)

(DR SHAUN KRAUSE: SUPERVISOR)

QUESTIONNAIRE

SECTION A - THE ORGANISATION

PLEASE ANSWER THE FOLLOWING QUESTIONS BY MARKING THE APPROPRIATE BLOCK, OR BY WRITING YOUR ANSWER IN THE SPACE PROVIDED.

1.1 WHAT IS THE NATURE OF THE POSITION THAT YOU HOLD?

--

1.2 HOW MANY PEOPLE REPORT TO YOU?

--

1.3 WHAT IS YOUR HIGHEST EDUCATIONAL QUALIFICATION?

DIPLOMA	
DEGREE	
OTHER (Please specify)	

1.4 WHAT IS YOUR AGE?

30 and Younger	
31-40	
41-50	
51 and Older	

1.5 HAVE YOU EVER RECEIVED CONFLICT MANAGEMENT TRAINING?

YES		NO	
------------	--	-----------	--

1.6 WHAT DO YOU BELIEVE ARE THE MAIN CAUSES OF CONFLICT AT VWSA?

--

1.7 DO YOU BELIEVE THAT CONFLICT HAS ONLY NEGATIVE RESULTS AND SHOULD BE ELIMINATED?

YES		NO	
------------	--	-----------	--

1.8 DOES YOUR ORGANISATION TRY TO STIMULATE CONFLICT?

YES		NO	
------------	--	-----------	--

1.9 DO YOU BELIEVE THAT THERE ARE BENEFITS IN STIMULATING CONFLICT UNDER CERTAIN CIRCUMSTANCES?

YES		NO	
------------	--	-----------	--

SECTION B

THE METHODS USED TO MANAGE CONFLICT

PLEASE INDICATE THE EXTENT TO WHICH YOU HAVE MADE USE OF THE FOLLOWING METHODS/TECHNIQUES TO MANAGE CONFLICT.

Please answer the following questions by indicating your answer with a cross (X) in the applicable box according to the following scale.

Scale:

1 = STRONGLY DISAGREE

2 = DISAGREE

3 = AGREE

4 = STRONGLY AGREE

1. HOW DO YOU PERCEIVE INTERNAL AUDIT

	1	2	3	4
1.1 POLICEMEN				
1.2 BUREAUCRATIC				
1.3 RETROSPECTIVE				
1.4 VALUE-ADDING				
1.5 CONSULTANTS				
1.6 PROBLEM SOLVING PARTNER				

2. CONFRONTATION TECHNIQUES USED

	1	2	3	4
2.1 NEGOTIATION				
2.2 BARGAINING				
2.3 MEDIATION				
2.4 ARBRITATION				

PLEASE INDICATE IN QUESTIONS 3, 4, 5 AND 6, THE EXTENT TO WHICH THE FOLLOWING METHODS/TECHNIQUES ARE USED BY INTERNAL AUDIT AT VWSA TO MANAGE CONFLICT

3. COMMUNICATION

	1	2	3	4
3.1 Sufficient notice is given regarding the audit.				
3.2 Sufficient notice is given regarding the investigations.				
3.3 The audit process has well-understood and clear policies.				
3.4 The auditors are accessible and approachable.				

4. AUDIT REVIEW

	1	2	3	4
4.1 The most significant risks are clearly identified and addressed.				
4.2 The review covers all areas agreed upon.				
4.3 The overall audit review results in improvements				
4.4 The audit draft review process makes use of problem solving sessions.				

5. PERCEPTION

	1	2	3	4
5.1 The audit reflects the events correctly.				
5.2 The audit is objective and fair.				
5.3 The audit is relevant.				
5.4 The audits are value adding.				
5.5 The audits identify system inadequacies.				
5.6 Internal Audit is retrospective bureaucrats.				

6. THE STYLES USED TO MANAGE CONFLICT

	1	2	3	4
6.1 The auditors are usually firm in pursuing their goals.				
6.2 The auditors generally try to win their own positions.				
6.3 The auditors generally try to find a position that is intermediate between the other person and themselves.				
6.4 In approaching negotiations, the Auditors are generally considerate of the other party's wishes.				
6.5 The auditors generally try to show the logic and benefits of their own position.				
6.6 The auditors generally lean towards a direct discussion of the problem.				
6.7 The auditors generally try to find a fair combination of gains and losses for all the parties involved.				
6.8 The auditors generally try to avoid creating unpleasantness for all parties.				
6.9 The auditors generally try to soothe the other person's feelings and to preserve the relationship with that party.				
6.10 The auditors avoid taking a position that can create controversy.				
6.11 The auditors generally attempt to get all concerns and issues into the open immediately.				