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Conflicts and Social Capital in Organizations

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Abstract

Social capital (SC) is a comprehensive concept, which refers to benefits derived from social interaction. In organizations, SC can be divided into 3 levels: personal SC, which refers to the benefits the individual receives from personal social connections, inside and outside the organization; intraorganizational SC, which refers to the benefits derived from good relationships within organizational units, and the organization as a whole; and external SC, which refers to the profits derived from interfaces of role holders, such as the CEO, with stakeholders. Organizational SC and conflicts in an organization are ostensibly very different in nature, whereas SC is an intangible that fits the positive psychology domain; conflicts are usually unwanted occurrences in organizations. Scholars noted that conflicts affect employee’s SC and usually reduce it, but the opposite was hardly investigated. This chapter examines how and why the conversion of social relationships into capital can result in conflicts at all organizational SC levels. To do this, the interface between the levels of SC in organizations and types of conflicts was examined. In conclusion, developing “C-type” conflicts, which are desirable conflicts, and avoiding “A-type” conflicts, which are destructive conflicts, depend on a good match between the different organizational SC levels.

Keywords: social capital, organizational conflicts, gossip, A-type conflict, C-type conflict

1. Introduction

This chapter aims to provide a conceptual framework of conflicts and social capital (SC) in organizations. These two variables are multifaceted theoretical concepts; conflicts and their positive and negative consequences have been studied intensively, while conflicts are usually categorized as negative behavior and as one of the “dark side” constructs such as aggression, incivility, deviance and bullying [1], but most of the conflict researchers also mention
their positive consequences such as promoting subjects and finding solutions [2]. De Dreu and Gelfand [1] divided conflict management in organizations into three levels such as the individual level, the group level, and the organizational level. They claimed that each level of conflict can result in either harming or improving the quality of performance and satisfaction in organizations. The outcome (positive or negative) depends on the context of the conflict. The argument of this chapter is that an important contextual variable is SC. In this chapter, the author introduces the effect of social capital (SC) in various organizational levels and discusses its possible influence on organizational conflicts.

SC has many definitions and segmentations; it is considered a “positive psychology” variable [3] because it refers to the benefits derived from social interactions [4, 5]. The interface between organizational conflicts and SC is interesting because of their contrasting nature. Moreover, SC can lead to conflicts, and conflicts can lead to SC in every organizational level.

In order to make the discussion about conflicts simpler and clearer, the author prefers to use the segmentation of “A-type” and “C-type” conflicts, according to Amason et al. [6] and tries to examine their compound relationship with different levels of SC in organizations, that is, personal, intraorganizational, and external SC.

2. Conflicts in organizations

The debate whether the organizational conflict is positive or negative is an old one, scholars agree that conflicts are a natural part of the organizational life, and that the context and the management of the conflict will determine whether the conflict will be beneficial or harmful.

In their classical paper, Amason et al. [6] distinguished between two types of conflicts among teams in organizations: “C-type” and “A-type.”

“C-type conflict” is a cognitive conflict that reflects disagreements among members of a team. This kind of conflict focuses on substantive, issue-related differences of opinion. The researchers claim that “C-type” conflict leads to better decisions and increased commitment, cohesiveness, empathy, and understanding among the team members.

“A-type conflict” is an affective conflict that contains disagreements over personalized, individually oriented matters that are largely detrimental to team performance. The roots of this type of conflict are very often tacit; therefore, it is difficult to manage or to solve it. According to Amason et al. [6], this type of conflict often provokes animosity among team members and may lead to poor decision quality, reduced progress and decreased commitment, cohesiveness, and empathy among the team members.

Amason et al.’s [6] conflict type resembles Jehn’s [2] conflict dimensions: relationship conflict and task conflict. Relationship conflicts are disagreements regarding personal issues that are not related to the group’s task such as personality clashes and annoying behavior of other group members. Task conflicts are disagreements among group members about opinions, ideas, and suggestions regarding the group’s task [16]. The sum of these two dimensions is an
indicator of overall conflict. Considering the similarity of Amason et al.’s [6] types and Jehn’s [7, 8] dimensions, the relationship conflict can be defined as an “A-type” conflict, and the task conflict can be defined as a “C-type” conflict.

Avgar [9, 10] claimed that task conflict, that is, “C-type” conflict, amplifies the social capital in organizations, and relationship conflict, that is, “A-type” conflict reduces it. However, this statement is general because SC is a complex concept, and there are three levels of SC in organizations, and each level can influence conflicts and be affected by conflicts differently. The next section introduces the concept of SC and its levels in organizations.

3. Social capital (SC)

Social capital (SC) is a comprehensive concept, which refers to the benefits derived from interactions between people. The concept of SC became widespread following Jane Jacobs’ study in 1961. In her book: “The Death and Life of Great American Cities,” Jacobs [10] argued that interpersonal relations that are based on trust, cooperation, common goals, and common activities can lead to better quality of life in urban neighborhoods, and eventually will raise the property values.

Leaning toward this observation, Coleman [11] looked at the concept of “SC” as a bridge between sociology [12, 13] and economics [14], that is, social connections that lead to a measurable intangible asset.

There are many definitions of SC, Putnam [4], for example, claimed that SC refers to features of social organization such as trust, norms, and networks. SC is a relational resource [11], and its function appears to be related to enabling some societal good within the boundary of a specific social level. Because SC is a broad concept, researchers tried to make it more accurate and refine it by distinguishing between its different levels [15].

Halpern [16] distinguished between three levels of SC in the upbringing and educational research: SC at the microlevel—the family level, SC at the macrolevel—state level, and a level that is in-between—the community level. Similar to Halpern’s [16] typology, the SC in organizations is also divided into three levels such as personal SC, intraorganizational SC, and the macro level—external SC [15].

3.1. Personal SC

The first level of SC refers to the individual’s profit from his/her positioning in social networks [17] inside and outside of the organization. Stofer et al. [18] defined personal SC as the set of resources that individuals bring to the performance of their tasks through their own personal relations.

Personal SC is measured by parameters such as the number of social relationships the individual maintains in the organization and their hierarchical level, the number of social events to which he/she is invited, the degree to which he/she attends these events, and the individual’s involvement in various activities in the organization, est. [19, 20].
The concept of personal SC leans on Granovetter’s network theory [21]. The main difference between the position of an actor in the network and personal SC is the emphasis on the outcomes—the “capital,” which the individual wins due to his/her position in the social network.

Shipley and Berry [22] proved that individuals who have high levels of personal SC receive more social benefits than the individuals who have low levels of personal SC. Some of these benefits in organizations are as follows: the status of the individual in the organization [23] receiving information and knowledge, amassing personal power, finding jobs and promotion—both within and between organizations [20, 24], and even earning higher salary [25].

3.2. Intraorganizational SC

The middle level intraorganizational SC [26] is derived from interactions within the groups, between them, and up to interactions in the whole organization [27, 28]; therefore, it can be conceptualized as a public good rather than a private good [29]. It entails the premise of mutual objectives [27], trust [30] reciprocity [31], respect and appreciation [32], sharing of information and knowledge [33], and common norms [34].

The benefits of intraorganizational SC are better cooperation inside the organization, better employee performance [35, 36], and even better health, physical [37, 38] and mental [39] for members of units and organizations with high intraorganizational SC.

3.3. External SC

The upper level of SC is created by the connections of leaders [40] and agents from the organizations with external interfaces such as competitors, investors, external directors, customers, and suppliers.

The benefits from external SC are access to key external providers of resources [41], reputation [42], investments [43], productivity [44], and so on.

Zhao and Roper [45] claimed that external SC is a type of personal SC. This is partly true, but the use of the SC must be taken into consideration. If an organizational position holder uses the SC for his/her own benefit, it is clearly personal SC, but if the use is for the organizations’ good, this is an external SC. This distinction may seem a bit simplistic because the SC types are interdependent, but usually, use of SC by a representative of the organization [46] for the good of the organization will be categorized as external SC.

4. SC and conflicts

According to many definitions (such as 1), SC is a unifying factor, and it aids in bridging conflicts. Varshney [47] supported this by claiming that SC is a peace-building mechanism. Argyle and Furnham [48] suggested that conflict may be more accepted in strong relationships. On the other hand, conflicts are not pleasant and may lead to negative consequences, and to drastic changes in social relations between people, and therefore can undermine existing SC [49].
However, as Aghajanian [50] explained, all forms of social capital cannot be incorporated under one heading, rather there need to be a separation and narrowing down the measurements to achieve meaningful results. For example, individuals experience conflict differently than groups, and thus, their levels of social capital are likely to change differently. Therefore, we need to inspect the different relationship between every level of SC and conflicts in organizations.

4.1. Personal SC and conflicts

A person with a lot of personal SC is probably a person with many friends, and indeed, in organizations, it is possible that a high portion of personal SC results due to expert positioning outside or inside the organizations or formal power (such as managerial or high rank positioning), but the social component is very important in amassing personal SC. Usually, a person with many friends has the practical knowledge of how not to get involved in harmful conflicts [51]. Moreover, personal SC may contribute to avoiding conflicts generally. For example, Guo et al. [52] found that the more friends Chinese older adults in the United States have, the less conflicts they have with their spouse and family. On the other hand, affective conflicts (“A-type”) are usually personal and based on hurt feelings; therefore, they are being created in the personal SC level. Ibarra et al. [53] thought that this dilemma could be answered only by relating the different SC levels at the same time, they created a 2 x 2 matrix in which they presented the possibilities of the interactions between high and low personal SC and high and low intraorganizational SC. If a person has high personal SC and high intraorganizational SC, then this person’s situation is ideal and most of his/her conflicts are “C-type” conflicts. If, however, the person has a low personal SC and low intraorganizational SC, then he/she does not connect with others and has bad relationships with them. If he/she has conflicts, they are “A-type” conflicts because his/her communication with others is bad. If this person has low personal SC and high intraorganizational SC, a rare situation that can be found in totalitarian institutions such as a monastery, then there might be some few “A-type” conflicts, but they would not harm the organization or the groups in it. This perspective was supported by Gilligany et al. [54], who found that people who suffer from conflicts in the personal level tend to have less conflicts in the community level if this community has high SC. The fourth possibility was if this person has high personal SC and low intraorganizational SC, then he/she will have an “A-type” conflicts with people that are not in his/her “in group” or if his/her personal goals contradict the group’s goals [55]. Ibarra et al. [53] called this kind of conflict “a tragedy of commons”; they claimed that this situation can be especially harmful to the management of the organizations. In Table 1, all four combinations are presented.

<table>
<thead>
<tr>
<th>Personal SC</th>
<th>Intraorganizational SC</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Tragedy of commons</td>
<td>Network congruence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“A-type” conflicts</td>
<td>“C-type” conflicts</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Atomized market</td>
<td>Total institution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“A-type” conflicts</td>
<td>Very few conflicts</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. The interactions of personal and intraorganizational SC with conflict type, adapted from Ibarra et al. [53].
4.2. Intraorganizational SC and conflicts

Researchers claim that intraorganizational SC is the most important level for the organizations’ success [56, 36]; therefore, this SC level is very vulnerable for “A-type” conflicts, whereas “C-type” conflicts will strengthen this level because good and valuable interactions are essential for success.

There are two main perspectives about good relationships inside groups, focusing on informal relationships [57]. One perspective is that high intraorganizational SC can lead to “free riding” by part of the group members that often creates dissatisfaction and a feeling of being exploited among the other part of the members. A similar opinion is expressed by Willem and Scarbrough [58] who claimed that intraorganizational SC can be instrumental if it reflects power relations and opportunism, and therefore, can lead to “A-type” conflicts. The other perspective claims that the better the informal relationship, the more the trust and transparency are, and therefore, the common type of conflicts in the group will be “C-type” conflict. In this context, gossip is an important means of communication, if the intraorganizational SC is high, it can be used for receiving information and raising disputes on the surface and then lead to “C-type” conflict, but if the intraorganizational SC is instrumental of low, then gossip can be evil and harming and can lead to “A-type” conflicts.

Most of the researchers believe that the second perspective (i.e., that intraorganizational SC is only positive) reflects the reality better [59]; therefore, they believe that high intraorganizational SC leads to “C-type” conflicts. These two perspectives also reflect the tension between the personal and intraorganizational levels of SC. If the person is loyal mostly to himself/herself or to a small group, then the conflicts that will be created are “A-type,” and if he/she is more loyal to the group, then the odds for “C-type” conflicts are higher.

Additionally, this level raises the dilemma of conflicts between groups, that is, each group can have a high level of intraorganizational SC, but the groups do not interact well and there are “A-type” conflicts between them or “A-type” conflicts between the subunit and the whole organization [60]. Because of loyalty to the subgroup, its goals can contradict the organization’s goals. Therefore, even if there is a “C-type” conflict inside the group, an “A-type” conflict can develop among different groups.

4.3. External SC and conflicts

The interfaces of the organizational agents with entities outside of the organization range from connections with stakeholders to connections with rivals (and it is only natural to have conflicts with them). Nevertheless, conflicts can occur with all the external connections of the organizations. Conflicts with competitors have a survival value [61], and therefore, “C-type” conflicts are essential for developing new ideas and finding creative solutions. A person with high external SC should leverage his/her connections for creating “C-type” conflicts with stakeholders and competitors. Nevertheless, “A-type” conflicts with important interfaces are common [62] because of negative feelings that develop toward outside entities as a result of conflicting interests. Consequently, the external SC should be separated from personal SC.
because this level of SC is subjective and emotional, and resentment and anger can develop faster at the personal level. Developing skills of separating personal conflicts from external conflicts are essential for the organizational survival.

5. Conclusion: conflicts and three levels of SC in organizations

As emerges from the review of each of the different SC levels, the development of “C-type” conflicts depends on the interaction between the different SC levels. Ibarra et al.’s [53] SC model leads to the understanding that aptness between personal and intraorganizational SC will form “C-type” conflicts in the team and group levels, and a good match between personal SC and external SC will support “C-type” conflicts in the organizational level.

The distinction between the different levels is not always clear. For example, there is a lot of writing about conflicts in organizations’ mergers. Allegedly, mergers are in the external level, but once the merger has taken place, the two sides are supposed to create mutual intraorganizational SC, and even if each of the merging sides has a high intraorganizational SC, it is very hard to build a common intraorganizational SC without having “A-type” conflicts. Nevertheless, even if the personal or external SC is low, high intraorganizational SC will usually lead to “C-type” conflicts. Because employees cherish this kind of SC, it is pleasant and causes good atmosphere [15].

Of course, there are many more parameters influencing conflicts in organizations such as personality, personal situation [63, 64], gender [62], organizational culture and organizational climate, market situation, nationality [65], and so on. Nevertheless, SC is a very important variable in maintaining “C-type” conflicts in organizations. A dispute can easily deteriorate into an “A-type” conflict, but a solid personal, external, and especially, intraorganizational SC will aid in preventing “A-type” conflicts, and if they nevertheless appear, it will be easier to solve them.

Future research can establish and expand these understandings and connect the two variables (SC and conflicts) to organizational performance. The study of “A-type” conflict is challenging because of its tacit nature, as well as the study of the hidden parts of organizations [66]. Consequently, an investigation in qualitative tools such as observations in organizations and employees’ interviews is required in addition to a quantitative study about the connections of the variables to the performance. Therefore, a dual methodology of using qualitative and quantitative research tools [67] is needed. Another implication that should be sharpened is the organizational need for matching the SC levels to avoid “A-type” conflicts. The intraorganizational level can be controlled by the organization, but it is much more complicated to control the personal SC level. Empowerment of the mid-level managers’ role will allow them to better match the SC levels. For example, if a middle manager identifies an employee whose personal SC does not match their intraorganizational SC, the manager can act accordingly (e.g., support the employee and help expand his/her social network) in order to avoid future “A-type” conflicts.
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