

**THE EFFECTS OF ORGANIZATIONAL CONFLICT TYPES ON DYNAMIC CAPABILITIES IN SMALL AND MEDIUM-SIZED BUSINESSES IN TÜRKIYE****Mohammad Amin Bassiri**

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**ABSTRACT**

This study explores the relationship between organizational conflict and dynamic capabilities, focusing on task conflict, relationship conflict, and process conflict, and their impact on the dynamic capabilities of sensing, seizing, and transforming. Drawing on data from a sample of organizations, multiple regression analyses were conducted to elucidate these relationships.

The results reveal that process conflict consistently emerges as a significant negative predictor for all three dynamic capabilities. Specifically, high levels of process conflict are associated with reduced abilities to sense new opportunities, seize these opportunities, and transform operations to maintain competitiveness (De Dreu & Weingart, 2003). Task conflict, while generally viewed as potentially beneficial for innovation, was found to negatively impact sensing and transforming capabilities, and to a lesser extent, seizing capabilities (Jehn, 1995). In contrast, relationship conflict did not show a significant impact on any of the dynamic capabilities, suggesting that interpersonal disagreements, while potentially disruptive, do not directly hinder an organization's adaptive processes (Amason & Sapienza, 1997).

These findings underscore the detrimental effects of process conflict on organizational adaptability and highlight the nuanced role of task conflict. Managing and mitigating process conflict appears crucial for fostering an environment conducive to dynamic capabilities. The study provides practical implications for managers, emphasizing the need for conflict management strategies that focus on reducing process-related disagreements to enhance organizational performance and innovation (Eisenhardt & Martin, 2000).

The limitations of the study include its cross-sectional design, which restricts the ability to draw causal inferences, and the reliance on self-reported data, which may introduce bias (Podsakoff et al., 2003). Future research should consider longitudinal designs and the inclusion of objective performance measures to validate and extend these findings.

In summary, this research contributes to the understanding of how different types of conflict affect organizational dynamic capabilities, providing actionable insights for improving conflict management practices to support organizational agility and resilience.

**Keywords:** Organizational Conflict, Dynamic Capabilities, Task Conflict, Relationship Conflict, Process Conflict, Sensing, Seizing, Transforming, Conflict Management, Organizational Adaptability.

**1. INTRODUCTION**

In the tumultuous arena of contemporary business, organizational conflict is an omnipresent force shaping the dynamics of SMEs worldwide (Eisenhardt, 2000). In Turkey, where SMEs are vital economic contributors, understanding the interplay between organizational conflict and dynamic capabilities is critical. Research highlights the significant impact of organizational conflict on performance and innovation capabilities (Jehn, 1995; Eisenhardt & Martin, 2000). As businesses strive to adapt and innovate amidst constant change, examining how conflict influences dynamic capabilities is essential (Rouleau, 2005).

Organizational conflict, an inevitable facet of organizational life, involves divergent perspectives, goals, and interests (Jehn, 1995). The three primary types of conflict—task, relationship, and process conflict—each play distinct roles within organizations (Jehn, 1995). Task conflict arises from differences in goals and objectives, relationship conflict stems from interpersonal friction, and process conflict results from disagreements about methods and procedures (Jehn, 1995).

Dynamic capabilities, central to modern business theory, refer to an organization's capacity to sense environmental changes, seize opportunities, and transform resources to meet evolving needs (Eisenhardt, 2000). For SMEs, characterized by resource constraints and volatile environments, developing dynamic capabilities is particularly important (Eisenhardt, 2000). These capabilities—sensing, seizing, and transforming—enable

organizations to detect and interpret environmental signals, capitalize on opportunities, and reconfigure processes and structures as needed (Eisenhardt, 2000).

While traditional literature highlights the negative impacts of conflict on organizational efficiency, recent studies suggest that certain types of conflict can catalyze innovation and adaptation (Jehn, 1995). Not all conflict is detrimental; some can foster creativity, constructive dissent, and organizational learning (Jehn, 1995). Thus, understanding the relationship between conflict types and dynamic capabilities is crucial for enhancing organizational resilience and competitive advantage (Jehn, 1995).

This article explores the relationship between organizational conflict types—task, relationship, and process—and dynamic capabilities—sensing, seizing, and transforming—in Turkish SMEs. By elucidating how different forms of conflict influence dynamic capabilities, this research aims to shed light on their impact on the development and application of these capabilities in SMEs.

## 2. LITERATURE REVIEW

### 2.1. Organizational Conflict

Conflict is defined as an awareness on the part of the parties involved of discrepancies, incompatible wishes, irreconcilable desires. Conflict is inevitable in groups and organizations due to complexity and interdependence of organizational life (Limbare, 2012).

Conflicts are commonly perceived as undesirable occurrences in organizations, often prompting efforts to prevent or eradicate them. This perception stems from the misconception that conflict is inherently unpleasant, harmful, and detrimental to achieving organizational goals. However, contemporary organizational theorists acknowledge that conflict is an unavoidable aspect of organizational dynamics, capable of yielding both beneficial and detrimental outcomes depending on how it is handled. As a result, there is an increasing recognition among managers of the necessity to acquire effective strategies for conflict management (Samantara, 2004).

#### 2.1.1. Conflict Types

Guetzkow (1954) outlined a distinction between conflicts arising from the nature of the task performed by a group and conflicts rooted in the interpersonal relationships within the group. Priem (1991) echoed this differentiation, identifying cognitive, task-related conflicts and social-emotional conflicts that emerge from interpersonal disagreements unrelated to the task as distinct types. Wall (1986) further categorized conflicts into those centered around interpersonal relationships and conflicts concerning the substantive content of the task. More recently, Pinkley (1990), utilizing multidimensional scaling analysis to explore disputants' interpretations of conflict, identified a discernible differentiation between task-related and relationship-focused conflicts (Jehn, 1995). Contemporary research continues to build on these foundational distinctions, highlighting their relevance in modern organizational contexts. Recent studies have further explored how task and relationship conflicts impact organizational outcomes, particularly within SMEs (Parayitam, Olson, & Bao, 2010; Huang, 2020; Wu et al., 2021).

Relationship conflict emerges when there are interpersonal mismatches among group members, involving tension, animosity, and irritation within the group. On the other hand, task conflict arises when there are discordant views, ideas, and opinions among group members regarding the substance of the tasks at hand (Jehn, 1995).

In recent investigations, a distinct form of conflict has been recognized, termed process conflict. Process conflict is characterized by an awareness of controversies surrounding the procedural aspects of task accomplishment. Studies by Behfar, Peterson, Mannix, and Trochim (2008) and De Wit, Greer, and Jehn (2012) have highlighted the implications of process conflict on team dynamics and performance. Behfar et al. (2008) found that process conflicts often involve disagreements over roles and resource distribution, which can impact team efficiency. Similarly, De Wit et al. (2012) emphasized that process conflicts, if not managed properly, can lead to negative outcomes such as decreased team morale and productivity.

To be more precise, it involves disputes related to duty and resource delegation, encompassing questions about task allocation and the distribution of responsibilities among individuals. For instance, where group members differ on whose responsibility it is to fulfill a specific duty (Jehn, 2001).

Jehn (1997) categorized conflicts into task, relationship, and process conflicts. Research syntheses on conflict types indicate that both relationship and process conflicts tend to have negative impacts on outcomes, while the consequences of task conflict are more nuanced and can be advantageous in specific situations (Zhang, 2023).

In the existing literature, relationship conflict is also named as affective conflict:

When two parties—whether they be individuals, groups, or organizations—collaborate to address a shared challenge, they may come to recognize that their sentiments and emotional states are discordant and emotional conflict (Riaz, 2010).

Task conflict is also named as substantive conflict: This form of conflict arises when members within an organization hold differing views regarding their assigned tasks or the content of their jobs and as cognitive conflict (Riaz, 2010).

## **2.2. Dynamic Capabilities**

Dynamic capabilities refer to a firm's ability to effectively blend, construct, and adapt both internal and external resources and competencies to navigate and influence swiftly evolving business landscapes (Teece, 1997). While dynamic capabilities may occasionally stem from established change routines, such as product development following a predictable path, and analytical processes, like evaluating investment decisions, they more commonly originate from innovative managerial and entrepreneurial endeavors, such as pioneering new markets. These capabilities demonstrate how quickly and to what extent a company's unique resources and competencies can be adjusted and realigned to suit the opportunities and demands of the business environment while also shaping it. An organization equipped with robust dynamic capabilities stands poised to attain exceptional returns (Katkalo, 2010).

Expanding upon Nelson and Winter's (1982) concept of organizations evolving through interdependent operational and administrative routines influenced by performance feedback, Teece (1997) characterizes "dynamic capabilities" as the firm's capacity to merge, construct, and adapt internal and external competencies to tackle swiftly shifting environments. While this sheds light on the purpose and function of dynamic capabilities, it raises questions about their origins. Additionally, the definition seems to imply that dynamic capabilities only arise in rapidly changing environments, yet firms engage in integrating, constructing, and reconfiguring competencies even in less dynamically shifting environments (Zollo, 2002).

A dynamic capability can be understood as an established and enduring pattern of collaborative actions within an organization. These actions are systematically employed to create and adjust operational routines with the aim of enhancing overall effectiveness (Zollo, 2002).

In addition to sidestepping the potential redundancy of defining capability as ability, this definition offers the advantage of explicitly pinpointing operating routines, rather than the more generic term "competencies," as the focus of dynamic capabilities. Moreover, it begins to delineate some of the characteristics of this concept. The phrases "learned and stable pattern" and "systematically" emphasize that dynamic capabilities are structured and enduring; an organization that responds to crises in a creative but disjointed manner isn't exercising a dynamic capability. Instead, dynamic capability is illustrated by an organization that refines its operating procedures through a consistent activity aimed at process enhancements. Another instance is when an organization develops a systematic and relatively predictable approach to managing acquisitions or joint ventures based on its initial experiences with such projects (Zollo, 2002).

Dynamic capabilities are characterized as routinized activities aimed at both crafting and adjusting operational routines. These capabilities encompass three key elements: (1) the accumulation of experience, (2) the articulation of knowledge, and (3) the codification of knowledge processes. These factors play pivotal roles in the evolution of dynamic routines, as well as operational ones (Zollo, 2002).

### **2.2.1. Dynamic Capabilities Attributes**

**Sensing:** In rapidly evolving, globally competitive contexts, consumer demands, technological advancements, and competitive dynamics are in a constant state of flux. This volatility presents both opportunities and threats to established enterprises, as new entrants and existing competitors vie for market share. Teece (1997) highlights that while certain trends in the marketplace, such as miniaturization in microelectronics or advancements in information and communication technology, are readily identifiable, many others are less apparent.

The sensing attribute of dynamic capabilities becomes paramount in this context. Sensing involves the ongoing process of scanning, creating, learning, and interpreting information to identify and understand emerging opportunities. It requires a proactive approach to recognizing shifts in the market landscape and adapting strategies accordingly. Investment in research and related activities is often essential to enhance this sensing capability.

The enterprise identifies opportunities through two main categories of factors. Firstly, as highlighted by Kirzner (1973), entrepreneurs may have varying degrees of access to existing information, which influences their ability to recognize opportunities. Secondly, opportunities can arise from new information and knowledge, whether originating externally (exogenous) or internally (endogenous), as emphasized by Schumpeter (1943) and Teece (2007).

Enterprises must continually engage in scanning, searching, and exploration across various technologies and markets, both local and distant, in order to identify and shape opportunities. This endeavour encompasses not only investing in research activities and investigating customer needs and technological potentials but also understanding latent demand, the evolutionary trajectory of industries and markets, and potential reactions from suppliers and competitors.

As business enterprises invest in research and leverage external research outputs, they can create technological opportunities while concurrently gaining insights into customer needs, thereby expanding their array of opportunities for commercialization (Teece, 2007).

**Seizing:** Once a new technological or market opportunity is identified, it needs to be pursued through the development and commercialization of new products, processes, or services. This typically involves making investments in development and commercialization activities. Initially, there are often multiple competing investment paths to consider.

This concept, initially proposed by Abernathy and Utterback (1978) and further elaborated upon by Teece (1986, 2007), has garnered substantial empirical support across various technologies. It acknowledges key turning points in technological and market evolution, which influence investment needs and strategic decisions. These implications for investment decisions, as discussed elsewhere Teece (1986), include maintaining flexibility until a dominant design emerges, and then committing significant resources once a winning design is identified (Teece, 2007).

Seizing opportunities entails continuously enhancing technological capabilities and complementary assets. When the opportunity is deemed favorable, significant investments should be made in the specific technologies and designs with the highest potential for market acceptance (Teece, 2007).

**Transforming:** The transforming attribute of dynamic capabilities refers to the capacity of firms to fundamentally change and reconfigure their resource base in response to changing market conditions, technological advancements, or other environmental shifts. This involves not only adapting existing resources and capabilities but also creating entirely new ones when necessary.

For example, a company may need to pivot its business model, retrain its workforce, or invest in new technology to remain competitive in a rapidly evolving industry. This ability to transform allows firms to not only survive but also thrive in turbulent environments by continuously renewing and reshaping their competitive advantage (Teece, 2007).

### 3. THEORETICAL FRAMEWORK AND HYPOTHESES

Conflict is defined as an awareness on the part of the parties involved of discrepancies, incompatible wishes, irreconcilable desires (Limbare, 2012). Conflict is inevitable in groups and organizations due to the complexity and interdependence of organizational life (Limbare, 2012). Conflicts are commonly perceived as undesirable occurrences in organizations, often prompting efforts to prevent or eradicate them. This perception stems from the misconception that conflict is inherently unpleasant, harmful, and detrimental to achieving organizational goals. However, contemporary organizational theorists acknowledge that conflict is an unavoidable aspect of organizational dynamics, capable of yielding both beneficial and detrimental outcomes depending on how it is handled. As a result, there is an increasing recognition among managers of the necessity to acquire effective strategies for conflict management (Samantara, 2004).

DCs represent a pivotal strategic approach for companies to adapt and reshape both internal and external competencies amidst swiftly evolving landscapes (Teece, 1997). Generally, it can be derived that it is a change in organizational dynamics. Rather than relying on ad hoc problem-solving or repetitive good practices, DCs concentrate on cultivating managerial aptitudes and forging distinct amalgamations of organizational, functional, and technological proficiencies (Teece, 1997). Noteworthy in the evaluation of SMEs, DCs are esteemed for their comprehensive outlook and the adaptable nature they demand across various functional domains, roles, and personnel (Thai, 2023).

According to Ven (1995), there are four theories applicable to organizational change: life cycle, teleology, dialectics, and evolution. The dialectic theory posits that an organizational entity operates within a pluralistic environment characterized by conflicting events, forces, or values vying for dominance and control. These conflicts can be internal, stemming from multiple competing goals or interest groups within the organization, or external, arising from the organization's interactions with other entities pursuing different directions. Dialectical theory requires at least two opposing entities to engage in conflict. This theory explains stability and change by the power balance between these opposing forces. Stability is maintained through struggles and compromises that preserve the status quo, while change occurs when opposing forces gain enough power to challenge and

alter the status quo. The emergence of a new state, or synthesis, happens when an antithesis mobilizes sufficient power to contest the current thesis. Conflict, therefore, plays a crucial role in driving organizational learning and adaptation, leading to the development of new capabilities and strategies (Ven, 1995). However, dialectical conflicts do not always result in creative outcomes; sometimes, opposition groups may simply overthrow and replace the existing state of affairs. Conversely, some organizations may sustain themselves by retaining enough power to suppress and prevent opposition mobilization.

**Hypothesis H1a: Task conflict positively affects sensing dynamic capabilities.**

Task conflict, which involves disagreements related to the content and outcomes of tasks, can foster critical thinking and the exchange of diverse perspectives. These interactions enhance an organization's ability to sense environmental changes and opportunities, as employees engage in rigorous discussions that challenge assumptions and generate novel insights (Jehn, 1995; De Dreu & Weingart, 2003). Task conflict encourages a deeper analysis of the external landscape, leading to more accurate and comprehensive sensing capabilities (Li & Hambrick, 2005).

**Hypothesis H1b: Task conflict positively affects seizing dynamic capability.**

The engagement in task conflict can also enhance an organization's capacity to seize opportunities. By fostering a culture of open debate and critical evaluation, task conflict helps in identifying the most viable strategic options and facilitates the mobilization of resources necessary to capture these opportunities (Tjosvold, 2008). The constructive nature of task conflict ensures that diverse viewpoints are considered, leading to more informed and effective decision-making processes (Jehn & Mannix, 2001).

**Hypothesis H1c: Task conflict positively affects transforming dynamic capability.**

Task conflict contributes to the transformation aspect of dynamic capabilities by promoting continuous improvement and adaptation. As teams discuss and resolve task-related disagreements, they are more likely to innovate and refine processes, thereby enhancing the organization's ability to transform and reconfigure resources to meet changing demands (Eisenhardt & Martin, 2000). The iterative nature of task conflict resolution supports a dynamic environment conducive to transformation (Farh, Lee, & Farh, 2010).

**Hypothesis H2a: Relationship conflict will negatively affect sensing dynamic capability.**

Relationship conflict, characterized by interpersonal tensions and animosities, can impair an organization's ability to sense environmental changes. Such conflicts create a hostile work atmosphere that distracts employees from external scanning activities and reduces collaboration and information sharing (De Dreu & Weingart, 2003). The negative emotional climate associated with relationship conflict undermines the focus and cooperation needed for effective sensing capabilities (Jehn, 1995).

**Hypothesis H2b: Relationship conflict negatively affects seizing dynamic capability.**

The presence of relationship conflict can also hinder an organization's ability to seize opportunities. Interpersonal disputes erode trust and cooperation among team members, leading to fragmented decision-making and inefficient resource mobilization (Amason, 1996). The lack of cohesion and shared vision resulting from relationship conflict impedes the strategic actions necessary for seizing opportunities (Simons & Peterson, 2000).

**Hypothesis H2c: Relationship conflict negatively affects transforming dynamic capability.**

Relationship conflict adversely affects the transformation aspect of dynamic capabilities by creating resistance to change and reducing organizational flexibility. The negative emotions and mistrust associated with relationship conflict discourage collaborative problem-solving and adaptation, making it difficult for the organization to effectively transform and reconfigure resources (Jehn, 1997; De Dreu & Weingart, 2003). The resulting organizational rigidity hampers the continuous evolution needed for dynamic capabilities (Teece et al., 1997).

**Hypothesis H3a: Process conflict negatively impacts sensing dynamic capability.**

Process conflict, characterized by disagreements over how tasks should be accomplished, is theorized to significantly and negatively impact sensing dynamic capability. According to conflict management theories (Jehn, 1997; Greer, Jehn, & Mannix, 2008), unresolved or mismanaged process conflict can hinder organizational learning processes. Specifically, Jehn (1997) suggests that conflict, if not effectively managed, can divert attention and resources away from effective monitoring and interpretation of external environmental cues, essential for sensing dynamic capabilities. This distraction may lead to confusion about priorities, responsibilities, and ultimately impair the organization's ability to adapt and respond to changes in its environment effectively. Thus, process conflict is expected to undermine rather than enhance sensing capabilities within organizations.

**Hypothesis H3b: Process conflict negatively affects seizing dynamic capability.**



Process conflict often disrupts workflow and coordination, negatively impacting the organization's ability to seize opportunities. Disputes over task execution and role responsibilities can delay decision-making and reduce the effectiveness of resource allocation (Jehn & Bendersky, 2003). The inefficiencies and delays caused by process conflict hinder the organization's responsiveness to market opportunities (Greer, Jehn, & Mannix, 2008).

**Hypothesis H3c: Process conflict negatively affects transforming dynamic capability.**

Process conflict can similarly impede the transformation aspect of dynamic capabilities. Conflicts over procedural matters can create bottlenecks and reduce organizational agility, making it difficult to implement necessary changes and reconfigurations (Jehn, 1997). The disruption of workflows and the lack of consensus on procedural matters can slow down transformation efforts and reduce their effectiveness (Amason, 1996).

Organizational conflict can serve as a catalyst for the development and enhancement of dynamic capabilities within a firm. When conflicts arise, they often highlight areas of inefficiency, ambiguity, or rigidity within the organization's systems, processes, or resource allocation (Eisenhardt & Martin, 2000). In response to these challenges, firms can leverage their dynamic capabilities to adapt, innovate, and reconfigure their resources and processes to effectively address the underlying issues driving the conflict.

For instance, conflicts may arise due to outdated practices or lack of alignment between departments. By recognizing and addressing these underlying issues, firms can deploy dynamic capabilities such as learning, flexibility, and resource reconfiguration to implement changes that enhance organizational effectiveness and competitiveness.

Thus, organizational conflict can act as a stimulus for firms to develop and deploy dynamic capabilities, enabling them to navigate challenges, capitalize on opportunities, and ultimately achieve sustainable performance and growth.

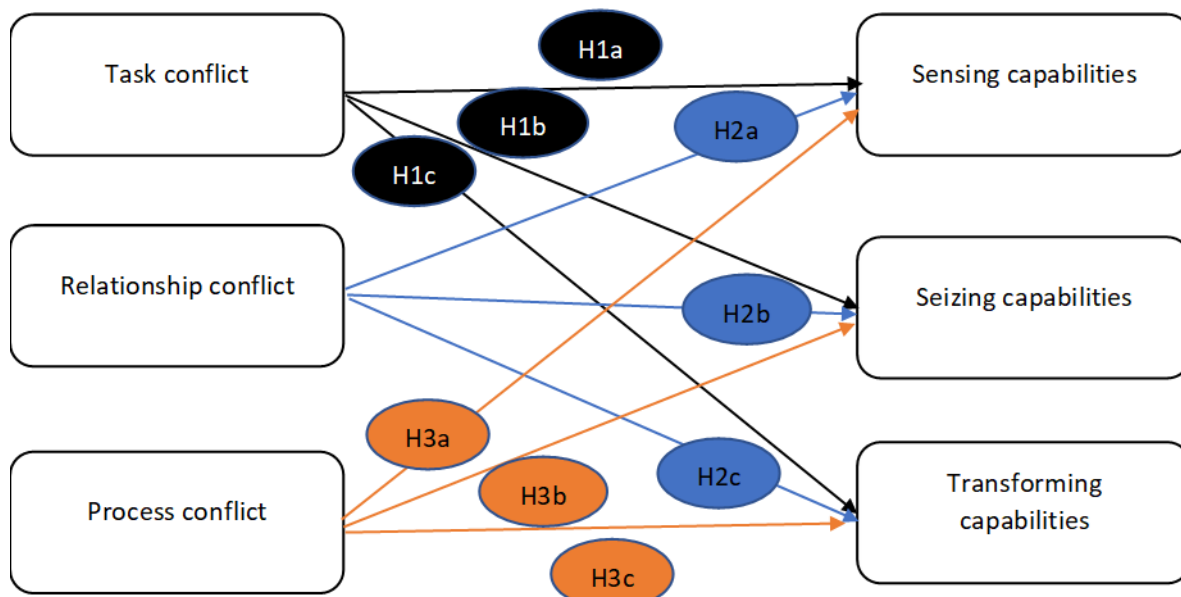


Figure 1: The structural model of the study

#### 4. METHODOLOGY

The hypotheses were investigated by a data set that was collected by a survey.

##### 4.1. Research setting and sample

This study exclusively utilized primary sources to investigate the relationship between organizational conflict types and dynamic capabilities in SMEs in Turkey. Primary data were collected through the distribution of a meticulously designed survey tailored to the study's objectives. The use of primary data collection methods provided significant advantages, such as full control over the data collection process and the ability to gather fresh, up-to-date information. This approach was particularly suitable given the rapidly evolving context of SMEs in Turkey.

Participants, consisting of 193 respondents, accessed an online survey that included reliable and valid questionnaires aimed at accurately measuring the impact of organizational conflict types on dynamic capabilities. The demographic characteristics of the respondents were diverse and provide a comprehensive profile essential for understanding the context and nuances of the findings.

Among the respondents, 62.2% were male and 37.8% were female. The age distribution was as follows: 23.3% were between 20-30 years old, 41.5% were between 31-40 years old, 25.9% were between 41-50 years old, 7.8% were between 51-60 years old, and 1.5% were 61 years or older. This varied age range helps capture perspectives across different stages of professional life.

In terms of educational background, 14.5% of the participants had completed high school, 57.0% held a bachelor's degree, 23.3% had a master's degree, and 5.2% had attained a doctorate. This level of educational diversity is important as it reflects a wide range of expertise and insights relevant to organizational dynamics in SMEs.

The respondents also varied in their years of experience within their current organizations: 10.4% had less than 1 year of experience, 25.9% had 1-3 years, 33.7% had 4-6 years, 20.7% had 7-10 years, and 9.3% had more than 10 years. This range of experience levels allows for a thorough analysis of how tenure might influence perceptions of organizational conflict and dynamic capabilities.

Additionally, the participants came from a variety of fields of work, providing a broad perspective on the issues at hand. The inclusion of employees from diverse sectors further enriches the data, making the findings more generalizable across different types of SMEs.

The job positions of the respondents also varied significantly, encompassing roles from entry-level positions to senior management. This diversity in job positions is crucial for capturing the full spectrum of organizational conflict experiences and dynamic capabilities, as perspectives can vary greatly depending on one's role within the organization.

By carefully selecting and engaging with a representative sample of SME employees, this research offers valuable insights that can inform both academic understanding and practical applications in the field of organizational behavior and strategic management.

## **4.2. Measures**

### **4.2.1 Organizational Conflict Types**

To assess the organizational conflict types, scale, originally developed by Jehn & Mannix (2001) was used. The Turkish version of the Scale was adapted by Dağlı and Sığırı (2014). There are 9 items which are scored on a 5-point Likert scale. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was "0.870" which is considered "meritorious", indicating that the sample is adequate for factor analysis. The Cronbach's Alpha value of 0.870 for Factor 1, which includes task conflict and process conflict, indicates good internal consistency. This means that the items within this factor reliably measure the same underlying construct. The Cronbach's Alpha value of 0.814 for Factor 2, which includes relationship conflict, indicates good internal consistency. This means that the items within this factor reliably measure the same underlying construct.

### **4.2.2 Dynamic Capabilities**

To assess dynamic capabilities, the scale originally developed by Lopez-Cabrales, A., Bornay-Barrachina, M. and Diaz-Fernandez, M. (2017), was used. The Turkish version was developed by Korkarar (2022). There are 14 items which are scored on a 5-point Likert scale. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was "0.941". A KMO value closer to 1 indicates that the sample is adequate for factor analysis. Cronbach's alpha of "0.943" indicates a very high level of internal consistency among the items in the scale. Communalities are all above 0.3, indicating that each variable shares enough variance with the factor.

## **5. RESULTS**

### **5.1 Overview**

This section presents the results of the statistical analyses conducted to examine the relationship between organizational conflict and dynamic capabilities. The analysis focuses on the impact of task conflict, relationship conflict, and process conflict on the dynamic capabilities of sensing, seizing, and transforming within organizations. The data analysis was performed using multiple regression techniques, and the results are presented in the following sections.

### **5.2 Descriptive Statistics**

Table 1 summarizes the descriptive statistics for the study's variables, including means, medians, standard deviations, ranges, skewness, and kurtosis. Table 2, which includes correlations, indicates that the levels of task conflict, relationship conflict, and process conflict were relatively moderate across the sampled organizations.

| Variables               |                           | Central Tendency |        | Dispersion     |       | Distribution |          |
|-------------------------|---------------------------|------------------|--------|----------------|-------|--------------|----------|
|                         |                           | Mean             | Median | Std. deviation | Range | Skewness     | Kurtosis |
| Organizational Conflict | Task Conflict             | 2.88             | 3.00   | 0.709          | 4.00  | 0.256        | 0.641    |
|                         | Relationship Conflict     | 2.81             | 3.00   | 0.826          | 4.00  | 0.091        | -0.012   |
|                         | Process Conflict          | 2.69             | 2.66   | 0.870          | 4.00  | 0.254        | 0.130    |
|                         | Overall                   | 2.79             | 2.77   | 0.681          | 3.89  | 0.314        | 0.845    |
| Dynamic Capabilities    | Sensing Capabilities      | 3.71             | 3.75   | 0.792          | 4.00  | -0.714       | 0.823    |
|                         | Seizing Capabilities      | 3.54             | 3.60   | 0.830          | 4.00  | 0.175        | 0.348    |
|                         | Transforming Capabilities | 3.55             | 3.80   | 0.773          | 4.00  | -0.577       | 0.313    |
|                         | Overall                   | 3.60             | 3.70   | 0.736          | 4.00  | -0.774       | 0.843    |

Table 1. Descriptive Statistic of research variables

| Variables               |                              | Organizational Conflict |          |          | Dynamic Capabilities |          |          |
|-------------------------|------------------------------|-------------------------|----------|----------|----------------------|----------|----------|
|                         |                              | 1                       | 2        | 3        | 4                    | 5        | 6        |
| Organizational Conflict | 1. Task Conflict             | 1                       | 0.530**  | 0.674**  | -0.109               | -0.241** | -0.219** |
|                         | 2. Relationship Conflict     | 0.530**                 | 1        | 0.540**  | -0.123               | -0.276** | -0.236** |
|                         | 3. Process Conflict          | 0.674**                 | 0.540**  | 1        | -0.207**             | -0.313** | -0.304** |
| Dynamic Capabilities    | 4. Sensing Capabilities      | -0.109                  | -0.123   | -0.207** | 1                    | 0.778**  | 0.705**  |
|                         | 5. Seizing Capabilities      | -0.241**                | -0.276** | -0.313** | 0.778**              | 1        | 0.838**  |
|                         | 6. Transforming Capabilities | -0.219**                | -0.236** | -0.304** | 0.705**              | 0.838**  | 1        |

Table 2. Correlation Matrix ( $P < 0.05^*$ ,  $P < 0.01^{**}$ )

### 5.3. Regression Analysis

To examine the impact of different types of conflict on dynamic capabilities, multiple regression analyses were conducted. The regression results for sensing, seizing, and transforming capabilities are presented in Tables 3, 4, and 5, respectively.

| Model                | R                       | R <sup>2</sup> | Adjusted R <sup>2</sup> | F             | Sig          |
|----------------------|-------------------------|----------------|-------------------------|---------------|--------------|
| 1                    | 0.212                   | 0.045          | 0.030                   | 2.978         | 0.033        |
| Dependent Variable   | Independent Variables   | std. Error     | $\beta$                 | T             | Sig          |
| Sensing Capabilities | Task Conflict           | 0.112          | 0.066                   | 0.658         | 0.511        |
|                      | Relationship Conflict   | 0.084          | -0.031                  | -0.358        | 0.721        |
|                      | <b>Process Conflict</b> | <b>0.092</b>   | <b>-0.234</b>           | <b>-2.328</b> | <b>0.021</b> |

Table 3. Estimating the First Model for Testing Hypotheses  $H_{1a}$ ,  $H_{2a}$  &  $H_{3a}$ 

In Table 3, the significant effects of organizational conflict dimensions on sensing capabilities are highlighted in bold. The results show that among the dimensions of organizational conflict, only process conflict had a significant and negative effect on sensing capabilities ( $\beta = -0.234$ ,  $T = -2.328$ ,  $p < 0.05$ ). This indicates that an increase in process conflict reduces sensing capabilities. Therefore, hypothesis  $H_{3a}$  is supported, while hypotheses  $H_{1a}$  and  $H_{2a}$  are not supported.

| Model                | R                       | R <sup>2</sup> | Adjusted R <sup>2</sup> | F             | Sig          |
|----------------------|-------------------------|----------------|-------------------------|---------------|--------------|
| 2                    | 0.338                   | 0.114          | 0.100                   | 8.128         | 0.000        |
| Dependent Variable   | Independent Variables   | std. Error     | $\beta$                 | T             | Sig          |
| Seizing Capabilities | Task Conflict           | 0.113          | -0.010                  | -0.105        | 0.916        |
|                      | Relationship Conflict   | 0.085          | -0.148                  | -1.751        | 0.082        |
|                      | <b>Process Conflict</b> | <b>0.092</b>   | <b>-0.227</b>           | <b>-2.341</b> | <b>0.020</b> |

Table 4. Estimating the Second Model for Testing Hypotheses  $H_{1b}$ ,  $H_{2b}$  &  $H_{3b}$ 

In Table 4, the significant effects of organizational conflict dimensions on seizing capabilities are highlighted in bold. The results indicate that among the dimensions of organizational conflict, only process conflict had a significant and negative effect on seizing capabilities ( $\beta = -0.227$ ,  $T = -2.341$ ,  $p < 0.05$ ). This suggests that an increase in process conflict reduces seizing capabilities. Therefore, hypothesis  $H_{3b}$  is supported, while hypotheses  $H_{1b}$  and  $H_{2b}$  are not supported.

| Model | R     | R <sup>2</sup> | Adjusted R <sup>2</sup> | F     | Sig   |
|-------|-------|----------------|-------------------------|-------|-------|
| 3     | 0.316 | 0.100          | 0.086                   | 6.989 | 0.000 |



| Dependent Variable        | Independent Variables   | std. Error   | $\beta$       | T             | Sig          |
|---------------------------|-------------------------|--------------|---------------|---------------|--------------|
| Transforming Capabilities | Task Conflict           | 0.106        | 0.006         | 0.058         | 0.954        |
|                           | Relationship Conflict   | 0.080        | -0.103        | -1.206        | 0.229        |
|                           | <b>Process Conflict</b> | <b>0.087</b> | <b>-0.253</b> | <b>-2.586</b> | <b>0.010</b> |

Table 5. Estimating the Second Model for Testing Hypotheses  $H_{1c}$ ,  $H_{2c}$  &  $H_{3c}$

In Table 5, the significant effects of organizational conflict dimensions on transforming capabilities are highlighted in bold. The results indicate that among the dimensions of organizational conflict, only process conflict had a significant and negative effect on transforming capabilities ( $\beta = -0.253$ ,  $T = -2.586$ ,  $p < 0.05$ ). This suggests that an increase in process conflict reduces transforming capabilities. Therefore, hypothesis  $H_{3c}$  is supported, while hypotheses  $H_{1c}$  and  $H_{2c}$  are not supported.

#### 5.4. Summary of Findings

The findings of this study highlight the differential impact of various types of conflict on dynamic capabilities:

**Process Conflict:** Consistently emerged as a significant negative predictor for all three dynamic capabilities (sensing, seizing, and transforming). This underscores the detrimental effect of process-related disagreements on an organization's ability to adapt and innovate.

**Task Conflict:** Showed a significant negative impact on sensing and transforming capabilities, with a marginal effect on seizing capabilities. This suggests that while task conflict can sometimes be constructive, it often disrupts essential processes within organizations.

**Relationship Conflict:** Did not significantly affect any of the dynamic capabilities, indicating that personal disagreements may not directly hinder organizational processes related to adaptation and change.

These results provide valuable insights for managers and practitioners, emphasizing the importance of managing process conflicts to maintain and enhance dynamic capabilities. By addressing and mitigating process-related disagreements, organizations can better position themselves to sense opportunities, seize them, and transform their operations to stay competitive in a rapidly changing environment.

## 6. DISCUSSION

### 6.1. Overview of Findings

The purpose of this study was to explore the relationship between organizational conflict and dynamic capabilities within a specified population. This chapter interprets the findings presented in the results chapter, discussing their implications, limitations, and potential avenues for future research.

### 6.2. Interpretation of Results

The study's findings reveal that organizational conflict, specifically process conflict, has a significant negative impact on dynamic capabilities, namely sensing, seizing, and transforming capabilities. This suggests that higher levels of process conflict can hinder an organization's ability to detect opportunities, mobilize resources to capture these opportunities, and transform to sustain competitiveness. These findings align with previous research indicating that conflict, when poorly managed, can disrupt organizational processes and impede performance (De Dreu & Weingart, 2003; Jehn, 1995).

#### Task Conflict

Contrary to expectations, task conflict did not significantly affect any of the dynamic capabilities. This could imply that while task conflict involves disagreements about work-related tasks and content, it may not substantially disrupt the processes necessary for sensing, seizing, and transforming capabilities. Previous studies have suggested that task conflict can be beneficial when it stimulates discussion and leads to better decision-making (Amason, 1996). However, in this context, its effect appears to be neutral.

#### Relationship Conflict

Similarly, relationship conflict showed no significant impact on dynamic capabilities. Relationship conflict, which involves personal disagreements and interpersonal issues, was expected to negatively affect organizational processes. However, the findings suggest that relationship conflict may not be pervasive enough within the studied population to significantly influence dynamic capabilities, or it may be effectively managed to prevent it from impacting these capabilities.

#### Process Conflict

Process conflict emerged as the only significant predictor negatively affecting all three dynamic capabilities. This type of conflict, which revolves around disagreements about how tasks should be performed, directly impedes an organization's operational efficiency and strategic agility. This finding underscores the importance of effectively managing process conflicts to maintain and enhance dynamic capabilities. Effective conflict

management strategies could include clear communication, well-defined roles and responsibilities, and inclusive decision-making processes (Tjosvold, 2008).

### 6.3. Implications

The study's results have several practical implications for organizations:

**Conflict Management:** Organizations should prioritize managing process conflicts to avoid negative impacts on dynamic capabilities. This can be achieved through training programs on conflict resolution and by fostering a collaborative work environment.

**Enhancing Dynamic Capabilities:** To sustain and improve dynamic capabilities, organizations must focus on minimizing disruptions caused by process conflicts. Implementing structured processes and encouraging teamwork can help in this regard.

**Strategic Planning:** The findings highlight the need for strategic planning to incorporate conflict management as a critical component. By anticipating potential conflicts and planning accordingly, organizations can safeguard their dynamic capabilities.

### 6.4. Limitations

Despite its contributions, this study has several limitations:

**Sample Size and Generalizability:** The study's sample size and the specific population studied may limit the generalizability of the findings. Future research should consider larger and more diverse samples to validate these results.

**Cross-sectional Design:** The cross-sectional nature of the study prevents the determination of causality. Longitudinal studies could provide deeper insights into how conflicts impact dynamic capabilities over time.

**Measurement of Variables:** While the study used reliable and valid measures, self-reported data can be subject to biases. Future research could incorporate objective measures of conflict and dynamic capabilities.

**Contextual Factors:** The study did not account for contextual factors such as organizational culture, industry type, and external environment, which could influence the relationship between conflict and dynamic capabilities. Future studies should consider these factors to provide a more comprehensive understanding.

### 6.5. Future Research Directions

Building on the findings and limitations of this study, future research could explore:

**Longitudinal Studies:** Investigate how conflicts evolve and their long-term effects on dynamic capabilities.

**Mediation and Moderation:** Examine potential mediators and moderators in the relationship between conflict and dynamic capabilities, such as leadership style, organizational culture, and external environmental factors.

**Industry-specific Studies:** Conduct research across different industries to understand how industry-specific factors influence the dynamics of conflict and capabilities.

**Conflict Management Interventions:** Evaluate the effectiveness of various conflict management interventions in enhancing dynamic capabilities.

## 7. CONCLUSION

The study concludes that among the dimensions of organizational conflict, only process conflict significantly hinders dynamic capabilities. This underscores the importance of managing process conflict to enhance an organization's dynamic capabilities. Organizations should implement strategies to mitigate process conflict to maintain and enhance their ability to adapt and thrive in dynamic environments.

Future research could further explore the mechanisms through which process conflict impacts dynamic capabilities and investigate potential moderating variables that could influence these relationships. This study contributes to the broader understanding of organizational dynamics and provides a foundation for strategic interventions aimed at fostering organizational resilience and adaptability.

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