

*I.O. NOVIK***LEADERSHIP AND CONFLICT MANAGEMENT IN INTERNATIONAL ECONOMIC RELATIONS**

The article is devoted to the issue of conflict management in international economic relations. The idea that conflict is an inevitable process in any organization is grounded. The main positive and negative sides of the conflict are considered. All difficulties that arise in the process of conflict management in international economic relations are systematized. The paper provides a comparison of two main types of conflicts: positive and negative, as well as examples illustrating them. The author comes to the conclusion that good conflicts are a lever for the development of the company, and they are potentially positive for the business. The idea is substantiated that for most companies the main reason was and remains a conflict of interests of employees. The reasons for the leader's time spent on conflict resolution are identified. Particular attention is paid to ways of resolving conflict situations, namely: the right timing, awareness of one's boundaries, respect for others and the fight against stress. The article also discloses information on the five main strategies for behavior in a conflict situation and each of them is considered in detail. The following conflict strategies are highlighted: avoid, collaborate, compete, adapt and compromise. Compromise is seen as one of the most effective strategies for managing conflicts in international economic relations. A vivid example of successful resolution of conflicting information based on the adoption of the point of view and values of another person is given. The conclusions are formulated based on the results of the study.

**Keywords:** leadership, conflict management, organization, business, workplace, conflict resolution, . international economic relations

*I.O.НОВИК***ЛІДЕРСТВО ТА УПРАВЛІННЯ КОНФЛІКТАМИ В МІЖНАРОДНИХ ЕКОНОМІЧНИХ ВІДНОСИНАХ**

Стаття присвячена питанню управління конфліктами в міжнародних економічних відносинах. Обґрунтовується ідея про те, що конфлікт - це неминучий процес в будь-якій організації. Розглянуто основні позитивні і негативні сторони конфлікту. Систематизовані всі труднощі, які виникають в процесі управління конфліктами в міжнародних економічних відносинах. В роботі дається порівняння двох основних видів конфліктів: позитивних і негативних, а також наводяться приклади, що ілюструють їх. Автор приходять до того, що хороші конфлікти є важелем, що сприяють розвитку компанії, і вони є потенційно позитивними для бізнесу. Обґрунтовується думка про те, що для більшості компаній основною причиною був і залишається конфлікт інтересів співробітників. Виявлено причини витрат часу лідера на вирішення конфліктів. Особливу увагу приділено способам вирішення конфліктних ситуацій, а саме: правильний вибір часу, усвідомлення своїх кордонів, повага по відношенню до інших і боротьба з напругою. Також в статті розкривається інформація з приводу п'яти основних стратегій поведінки в конфліктній ситуації і кожна з них розглядається детально. Виділено наступні стратегії конфлікту: уникати, співпрацювати, конкурувати, пристосовуватися і йти на компроміс. Компроміс розглядається як одна з найбільш ефективних стратегій в правлінні конфліктами в міжнародних економічних відносинах. Наводиться яскравий приклад успішного вирішення конфліктної інформації, заснований на прийнятті точки зору і цінностей іншої людини. Сформульовано висновки за результатами проведеного дослідження.

**Ключові слова:** лідерство, управління конфліктами, організація, бізнес, робоче місце, вирішення конфліктів, міжнародні економічні відносини .

*И.А.НОВИК***ЛИДЕРСТВО И УПРАВЛЕНИЕ КОНФЛИКТАМИ В МЕЖДУНАРОДНЫХ ЭКОНОМИЧЕСКИХ ОТНОШЕНИЯХ**

Статья посвящена вопросу управления конфликтами в международных экономических отношениях. Обосновывается идея о том, что конфликт – это неизбежный процесс в любой организации. Рассмотрены основные положительные и отрицательные стороны конфликта. Систематизированы все трудности, которые возникают в процессе управления конфликтами в международных экономических отношениях. В работе дается сравнение двух основных видов конфликтов: позитивных и негативных, а также приводятся примеры, иллюстрирующие их. Автор приходит к тому, что хорошие конфликты являются рычагом, способствующим развитию компании, и они являются потенциально положительными для бизнеса. Обосновывается мысль о том, что для большинства компаний основной причиной был и остается конфликт интересов сотрудников. Вывявлены причины затрат времени лидера на разрешение конфликтов. Особое внимание уделено способам решения конфликтных ситуаций, а именно: правильный выбор времени, осознание своих границ, уважение по отношению к другим и борьба с напряжением. Также в статье раскрывается информация по поводу пяти основных стратегий поведения в конфликтной ситуации и каждая из них рассматривается детально. Выделены следующие стратегии конфликта: избегать, сотрудничать, конкурировать, приспособляться и идти на компромисс. Компромисс рассматривается как одна из наиболее эффективных стратегий в правлении конфликтами в международных экономических отношениях. Приводится яркий пример успешного разрешения конфликтной информации, основанный на принятии точки зрения и ценностей другого человека. Сформулированы выводы по результатам проведенного исследования. .

**Ключевые слова:** лидерство, управление конфликтами, организация, бизнес, рабочее место, разрешение конфликтов, международные экономические отношения

**Introduction.** Leaders with conflict management skills have the ability to address and resolve the contradictory interests of two or more parties in a high–emotion, low–trust environment. When conflict is managed effectively, it can bring new levels of understanding, empathy and trust between parties.

Conflict is inevitable in project teams involving more than one person. Project managers and team members must manage conflict effectively for successful project delivery. The ability to manage conflict is considered to be a core leadership competence and can help project teams to grow and advance. However, conflict management is one of the

most difficult soft skills that someone can master and develop.

**Actuality.** Conflict doesn't just appear out of nowhere. There are always signs warning that a conflict is developing. Managers who know what these signs are can be more effective leaders by confronting the problem before it rages out of hand. By understanding conflict in the early stages, your organization will run much more smoothly and overall productivity levels will be increased considerably. What are these subtle signs of conflict to look for?

**Literature analysis.** The founders of the first leadership concepts are Leigh Richards, Jayne Thompson [1], Miranda Brookins, Michelle Seidel, S. Kilbourne [3],

Ruth Mayhew [4], Dan McCarthy [5], David Ingram [7] and others.

Beginning in the 1970s, interest in leadership studies increased even more, as the evidence there appeared the works of D. McGregor, R. Likert, R. Blake and D. Mouton, F. Fiedler, P. Hersey and C. BlancShar, V.Vrum and F. Yetton, T. Mitchell and F. Haus, R. Tannenbaum, W. Schmidt and others.

**Problem statement.** The world we live in always seems to contain wars and conflicts. Just by looking back over 100 years, history is filled with major wars like the two World Wars, the constant scare of escalation of threat during the Cold War and more recently The Afghan and Iraq War. Despite the fact that people always talk about the need for peace, the world is instead filled with fear and constant security threats. Since the First World War many theorists and political scientists have tried to come up with a solution on how to create a peaceful international environment but with no real achievement. This leads to a natural conclusion that there are certain obstacles that prevent cooperation between states. This essay will analyse the main difficulties to cooperation. In order to do that, it is necessary to look at some present theories that suggest they have the answer to why cooperation is so hard to accomplish [10].

**Main part.** In general, conflict is divided into good and bad conflict. Conflict can be good for organizations because it encourages open-mindedness and helps avoid the tendency toward group think that many organizations fall prey to. The key is learning how to manage conflict effectively so that it can serve as a catalyst, rather than a hindrance, to organizational improvement.

Although it is often assumed that people avoid conflict, many people actually enjoy conflict to a certain degree because it can be the stimulus for new thinking. Considering a different point of view — which represents conflict—can open up new possibilities and help to generate new ideas that might otherwise have not been considered.

Organizational conflict usually leads to a series of questions for those on both sides of any issues. Those questions can lead to new ideas and breakthroughs in thinking that can benefit individuals, departments and organizations. When there is no conflict, nothing changes. There is no need to question or challenge the status quo. Conflict represents an opportunity to reconsider, which can lead to breakthrough thinking.

On the opposite side, bad conflict lowers team energy or morale, reduces productivity, prevents job accomplishment, creates destructive behavior, and fosters poor performance [2].

For example, unresolved conflict threatens the psychological safety of employees, management and the organization. Where workplace conflict exists, people are typically in a defensive mode and feel the need to protect themselves for fear that they will be disciplined or punished for their actions. On an individual level, workplace conflict can result in the absence of psychological safety. The absence of psychological safety then can result in poor performance and job dissatisfaction. For the organization, the effects may be absenteeism, diminished productivity and lack of employee engagement.

As organizations strive to achieve their goals, they are often met with challenges they must overcome as a team.

Challenges leave room for conflict between members, other organizations, communities and other parties involved in the organization's mission. While "conflict" often has a negative connotation, the effects of conflict within an organization can be positive and negative [6].

There can be lots of causes of organizational problems. However, according to the image 1 the most important reason is conflicts and arguments among employees.

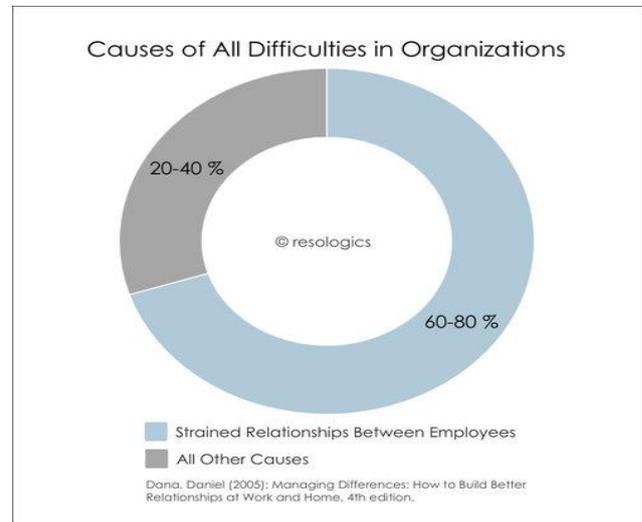


Image 1. Causes of all difficulties in organizations

Each manager in an organization has to perform the following five functions: set objectives and establish the goals; organize tasks and arrange the right roles for the right people, motivate and communicate effectively in order to get staff do what they have to do; establish targets and measure results and finally develop people through training and nurturing. It sounds like a lot of work for a manager but instead of doing all of these, a manager spends, on average, one third of this time on conflict resolution, according to image 2.



Image 2. Managers time spent on workplace conflict

It means that a lot of valuable time is spent on conflict management and it makes this activity very important for every organization to prosper [8].

To assist in creating and sustaining workplace momentum, employee engagement, and healthy outcomes, here are four ways to deal with conflict resolution at work.

- **Right Timing.** People often create unnecessary conflict. Leaders who avoid conflict at all cost will find themselves regretting it later. Timing is everything when it comes to managing conflict, and the best time to take action is when there is hard evidence/proof that an employee has a track record of wrong doing that is negatively impacting the performance of others.

If everyone around knows it must be dealt with and the leader is still waiting to act, he is losing the respect of his peers and those he leads. Leadership is about taking action and confronting the issues before it's too late. If a leader waits too long during times of adversity, those around him will begin to make the decisions that he was hesitant to make – and he loses momentum as a leader. When others see that he is not mature enough as a leader to act, this puts the leadership reputation at risk.

- **Know Your Boundaries.** Conflict can become something much more complicated and unmanageable if a manager doesn't know the limitations and boundaries of his employees. Everyone deals with conflict differently, so we must know the risks and rewards of conflict resolution within the boundaries of each of our employees.

- **Respect Differences.** It is not a good idea to impose your own influence, hierarchy or rank. Rather, each manager must respect the unique differences in people and learn to see things from differing points of view to better understand how to avoid conflict in the future. Conflict resolution is rarely black and white. In fact, there are more and more grey areas these days as the workplace becomes more generationally and culturally diverse than ever before.

Beyond the understanding of how conflict could have been avoided, respecting differences in people can help better understand how to manage conflict with people in general.

- **Confront the Tension.** Leadership is often about doing the things that most other people don't like doing. Conflict resolution is one of those things – but all leaders must confront the tension head-on. It is important to active leadership to address the conflict before it is too late.

Conflict can yield an emotional state of mind that makes it more difficult to manage it. That is why, it is important to confront the adversity when it first became apparent.

There are five conflict strategies: avoiding, collaborating, competing, accommodating, and compromising:

- **Avoiding** tries to maintain team harmony and smooth over differences; avoids frustration and aggression; and seeks to evade the conflict entirely.

- **Competitive** approach uses force to make team members conform to one perspective. Take a firm stand and know what they want. Strategy is useful when a decision needs to be made fast.

- **Collaboration** places an emphasis on mutual goals, joint benefit, and inclusion of several views and opinions for a team solution. Try to meet needs of all involved. Cooperate effectively and acknowledge everyone is important. Strategy is useful when there have been previous conflicts in the group or the situation is too important for a simple trade-off.

- **Accommodator** conveys that the other party is accepted as effective and avoids blaming or trading insults. Not assertive, but highly cooperative. Accommodation is appropriate when the issues matter more to the other party. However, people are unlikely to return the position and accommodate later, so this approach usually does not give the best solution.

- **Compromising** tries to resolve the conflict with a solution that will partially satisfy everyone. This approach is useful when the cost of conflict is higher than the cost of losing ground, when strong opponents are at a standstill and a deadline is approaching.

Whatever conflict we have, there are only three types of conflict resolutions: win-win, lose-lose and win-lose. Comparing the conflict strategies from the one side and the conflict resolutions from the other side, we have the following two-dimensions table 1:

Table 1. conflict resolution strategies

Strategies	Resolutions		
	Win-Win	Lose-Lose	Win-Lose
Avoiding		Both parties ignore the issue	
Competing			Only one party wins
Collaborating	Meet the needs of all involved		
Accommodating			One party meets needs of other at own expense
Compromising		Both parties give up something	

An excellent example of a successful mediated conflict resolution was the Camp David Accords in 1978, where US President Jimmy Carter was successful in mediating an agreement between Egypt's Anwar Sadat and Israel's Menachem Begin. Sadat and Begin shared the 1978 Nobel Peace Prize for the Agreements that were brokered out of those Accords [12].

Legend has it that on the 12th day of 13, Sadat and Begin decided the negotiating was over; they were ready to pack their bags and leave Camp David (amazing, in retrospect, that President Carter was able to convene at Camp David in the first place). Both men were about to leave when Carter asked to walk with them, each, and talk once again about what the obstacles were to getting to agreement. Carter asked them how they felt about the Sinai. Begin told him, we must hold the Sinai, it is about our security. Sadat said we must have the Sinai returned to us, it is about our national pride and honor. Carter realized that he needed to appeal to the underlying emotional, cultural, and driving root cause interests rather than talking real estate; and explained the underlying interests of each to the other. Sadat and Begin, humanized to each other, finally began to understand and appreciate each other's positions, and reached agreement.

The agreements were far from perfect, but they did represent a powerful move towards peace in the region.

**Conclusion.** In any organization, conflicts, both major and minor, may arise. They are inevitable. These conflicts can cause far-reaching negative effects on the people in the

workplace. It's important that these problems are handled with care. However, conflicts are not necessarily bad, they can have positive consequences also.

Managing conflict is a key management competency and all small business owners should study and practice effective conflict management skills to maintain a positive workplace environment. There are several strategies to conflict resolution: avoiding, competing, collaborating, accommodating and compromising. Utilization of those strategies can help resolve conflicts easier.

#### Список літератури

1. How Can Conflict Be Good for an Organization? URL: <https://smallbusiness.chron.com/can-conflict-good-organization-741.html> (accessed 16.11.2018)
2. Conflict management. URL: <http://www.thecompleteleader.org/conflict-management> (accessed 16.11.2018)
3. The Effects of Conflict Within an Organization. URL: <https://smallbusiness.chron.com/effects-conflict-within-organization-164.html> (accessed 16.11.2018)
4. Negative Effects of Conflict Within an Organization. URL: <https://bizfluent.com/list-5996525-negative-effects-conflict-within-organization.html> (accessed 16.11.2018)
5. Essential Manager Roles in the Workplace. URL: <https://www.thebalancecareers.com/the-10-essential-roles-of-a-manager-2275949> (accessed 16.11.2018)
6. Sharing Ideas Around Conflict Resilience. URL: <https://www.resologics.com/workplace-conflict-data/> (accessed 16.11.2018)
7. Examples of Conflicts & Resolutions in the Workplace. URL: <https://smallbusiness.chron.com/examples-conflicts-resolutions-workplace-11230.html> (accessed 16.11.2018)
8. What Has Business Ever Done For You? URL: <https://www.forbes.com/sites/deloitte/2018/10/26/what-has-business-ever-done-for-you/#3bf1c853a2b4> (accessed 16.11.2018)
9. What are examples of successful conflict resolution through mediation in high conflict regions across the world? URL: <https://www.quora.com/What-are-examples-of-successful-conflict-resolution-through-mediation-in-high-conflict-regions-across-the-world> (accessed 16.11.2018)
10. Leadership through conflict. URL: <https://www.pmi.org/learning/library/construction-projects-managing-conflicts-leadership-6814> (accessed 16.11.2018)

11. Common Workplace Conflicts – Scenarios & Resolutions. URL: <http://managstaff.com/common-workplace-conflicts/> (accessed 16.11.2018)
12. What Is Leadership? URL: [https://www.mindtools.com/pages/article/newLDR\\_41.htm](https://www.mindtools.com/pages/article/newLDR_41.htm)

#### References (transliterated)

1. Kak konflikt mozhet byt' polezen dlya organizatsii? URL: <https://smallbusiness.chron.com/can-conflict-good-organization-741.html> (accessed 16.11.2018)
2. Upravleniye konfliktami. URL: <http://www.thecompleteleader.org/conflict-management> (accessed 16.11.2018)
3. Effekty konflikta v organizatsii. URL: <https://smallbusiness.chron.com/effects-conflict-within-organization-164.html> (accessed 16.11.2018)
4. Negativnyye posledstviya konflikta v organizatsii. URL: <https://bizfluent.com/list-5996525-negative-effects-conflict-within-organization.html> (accessed 16.11.2018)
5. Osnovnyye roli menedzhera na rabochem meste. URL: <https://www.thebalancecareers.com/the-10-essential-roles-of-a-manager-2275949> (accessed 16.11.2018)
6. Obmen ideyami vokrug konfliktoustoychivosti. URL: <https://www.resologics.com/workplace-conflict-data/> (accessed 16.11.2018)
7. Primery konfliktov i razresheniya na rabochem meste. URL: <https://smallbusiness.chron.com/examples-conflicts-resolutions-workplace-11230.html> (accessed 16.11.2018)
8. Chto biznes dlya vas kogda-libo delal? URL: <https://www.forbes.com/sites/deloitte/2018/10/26/what-has-business-ever-done-for-you/#3bf1c853a2b4> (accessed 16.11.2018)
9. Kakovy primery uspeshnogo razresheniya konfliktov posredstvom posrednichestva v regionakh s vysokim urovnem konflikta po vsemu miru? URL: <https://www.quora.com/What-are-examples-of-successful-conflict-resolution-through-mediation-in-high-conflict-regions-across-the-world> (accessed 16.11.2018)
10. Liderstvo cherez konflikt. URL: <https://www.pmi.org/learning/library/construction-projects-managing-conflicts-leadership-6814> (accessed 16.11.2018)
11. Rasprostranennyye konflikty na rabochem meste - stsenarii i resheniya. URL: <http://managstaff.com/common-workplace-conflicts/> (accessed 16.11.2018)
12. Chto takoye liderstvo? URL: [https://www.mindtools.com/pages/article/newLDR\\_41.htm](https://www.mindtools.com/pages/article/newLDR_41.htm)

Received 15.04.2019

#### Відомості про авторів / Сведения об авторах / About the Authors

**Новік Ірина Олексіївна (Новик Ирина Алексеевна, Новик Ирина Алексеевна)** – кандидат економічних наук, доцент кафедри міжнародного інноваційного підприємництва та міжнародних відносин Національного технічного університету «Харківський політехнічний інститут», м.Харків, Україна; ORCID: <https://orcid.org/orcid.org/0000-0003-2468-581X>, e-mail [gerashenko1977@gmail.com](mailto:gerashenko1977@gmail.com)