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for every opinion now accepted
was once eccentric.”**

Bertrand Russell



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Review of Applied Socio-Economic Research Volume 17 Issue 1/2019

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Editorial Foreword

Dear readers,

Welcome to a new exciting issue of our scientific journal ***Review of Applied Socio-Economic Research – Volume 17 / issue 1 / 2019!***

The themes approached by the authors focus this time more on business & administration field, primarily financial and accounting. Abas Salem Rawashdeh and Ahmad Hashem Al-Assaf have raised the issue of the impact of factors causing internal conflict on the effectiveness of managing and handling conflict in the Jordanian banks, and Deaa Al-Deen Al-Sraheen, Raneem Mohammed Saleh and Mohammad Husain Alsmadi have investigated cosmetic accounting practices among Jordanian firms.

Another important topic of research in this issue is that of human resources management. Al-Fawaee, Moayyad; Ridha, Mahmood B. and Yousif, Abdul Sattar H, have presented a documented investigation into the relationship between Business Processes Re-engineering (BPR) and employees performance.

Managerial innovation is also a current subject of interest in the field of business & administration and Najm, Najm A. and Alhmeidiyeen, Mohammad S., had offered an attempt to interpretation and evaluation of this subject.

Following an already traditional line opened by REASER journal, the papers published in this issue are authored by researchers from various countries, uniting their voices to put up points of common concern. An interesting research paper is that offered by Dieu Ne Dort Talla Fokam, Paul Ningaye, and Fourier Prevost Fotso Koyeu, who pave the way for debating on the management of ethnocultural diversity in Africa.

We want to thank our authors who found in our review a suitable forum of academic and research debate, and to all those who contributed to this issue! All the articles presented a solid foundation on concepts and research methodology, paving the ways for future research directions.

Enjoy your reading!

Cristina Barna

Managing Editor

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An investigation into the Relationship between Business Processes Re-engineering (BPR) and Employees' Performance: An empirical study at the Jordanian public shareholding companies

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Abstract. *This study is aiming at exploring and analyzing the relationship between the three dimensions of Business Re-engineering Processes (Organization's Structural, Procedural and Technological) (BPR) and the three aspects of employees' performance (knowledge, skill, and attitude). The main results of this study have revealed that there is a positive, strong, and significant relationship between the BPR dimensions and employee performance. It also indicates that there is a statistically significant effect of the BPR dimensions on the employee's performance.*

Keywords: Business Processes Re-engineering, Employees' Performance, Organization performance.

JEL, Codes: M1, M11, L6

1. Introduction

BPR concept first emerged during the decade of the 90s. It was defined as “essential rethinking with a radical redesign of business processes to achieve considerable improvement in the main contemporary measures of performance, such as cost, quality, service, and speed,” [1]. It has been considered as a change in management program, of improving efficiency of the major processes throughout the implementation of some new approaches of modifying or/and eliminating the non-value adding activities to renewing process structure, organizational culture, improving the quality of services and reducing work time [2], [3], [4].

Willmott, [5], has stated that markets are witnessing essential changes that need an adaption of modern technologies particularly in terms of production operations, traditional innovation process to maintain a level of mass production of goods and services to satisfy the global market demand. If businesses do not adopt programs for changing their old systems, policies, and strategies, they will be out of the competition locally and globally or even totally disappeared [3], [6]. Childe et al. [7] argued that all types of changes adopted by a firm are customer satisfaction that is aiming at pleasing, aiming at pleasing, attracting, and retaining the firm's customers. Furthermore, encouraging and bolstering innovation activities to reinforce the firm's competitive position and ensuring efficient use of advanced technologies are other reasons for organizational changes. According to this direction, some other companies undertake changes to assure quality enhancement and cost reduction.

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On the other hand, very few firms adopt changes to carry out a re-engineering program that leads to an expansion of products and services diversity. Biazzo, [8], field study results have indicated that business environment has been changing rapidly, which has urged companies to change their operating methods to be able to meet customer expectations and maintain their survival. Many other studies were focusing on the importance of the strategic dimension of the re-engineering process [3], [9], [10], [11].

Some other studies were focused on the importance of the strategic dimension of the re-engineering process [12], [13]. Chan and Choi [14] study are concerned with the importance of linking BPR programs with the vision and strategic objectives of the organization. According to that, a group of researchers was interested in linking BPR to dramatic of the organization's competitive position [3], [15]. As traditional administrative methods have become inappropriate for the current working environment, in terms of tools, or tactics, therefore many contemporary business organizations have been highly concerned about the efficiency of their operations [16], [17], [18]. Zucchi and Edwards [19] have investigated a group of organizations that were implementing BPR program. Their main objective was to explore how the process of changing the role of a manager was handled. Jan has highlighted the impact of value-related information on operations managers' decisions, of supporting a redesigning process [20]. Box and Platts [21] considered the BPR as an administrative approach which includes a group of mechanisms for improving the way organizations is operating. It is a facilitating mean for improving managers' competitiveness capabilities by implementing several related strategies. Neglecting the emphasis on employees has been considered as one of the main reasons for the unsuccessful implementation of BPR system [22].

This neglecting is also led to a failure in the process of implementing a reengineering. Zucchi and Edwards, [19], believed that an organization's employees are the essential keys for a successful implementation of any new BPR procedures, processes, or modify organizational structures. It might be relevant to mention that the likelihood for a successful application of any type of technological advancement suitable for the organization's working environment totally depends upon its employees. Based on the results of the previous studies, it can be concluded that convincing qualified employees and equipped them by required skills, experiences, and relevant technological support would be a critical criterion for an organizations success. In other words, the reengineered processes cannot be successfully implemented without the presence of skillful, experienced, competent and empowered employees. BPR also requires a general review of each individual process, individual worker, and their activities using value and workflow analysis. Thus, business organizations need to provide an innovative means to maintain sustainable professional development of their employees, for example; the business organization needs to train their employees on the intensive use of information technology and computer networks to replace the paperwork, by an electronic work procedure especially in the developing countries. In this context, many researchers have emphasized the importance of measuring workers performance related to the implementation of BPR which should be followed by the introduction of appropriate modifications in the incentive and reward system to be in parallel with a successful implementation of BPR [16], [23].

2. Literature Review

2.1 Framework of BPR & Employees Performance

Business Processes Re-engineering (BPR) is a platform for wide change focusing on the core processes of an organization. Poirier and Walker [24] and Dissler [25] have pointed out that BPR is a fundamental rethinking and a radical re-design of an organization operations to achieve a super-intuitive improvement in the governance standards such as cost, quality, service, and speedy delivery. Harvey and Brown [26] asserted that BPR depends on re-examining and evaluating of each process related to its effects on the company

customers to achieve a significant leap in the total performance. BPR can be viewed as an operationally-oriented process that directly linked with product and customer, as well as; it is actually a management-oriented process that primarily based on organization resources. In general, the main sake of a BPR is to achieve the desired level of efficiency in all organizational processes and tasks by using means of assembling, shortening, and redesigning that overriding the currently used traditional methods. Barrier [27] has stated that the concept of BPR is actually focusing on customers through a restructuring of various organizational processes. The main requirements for BPR implementation include organizational structure re-design, providing high technological capability, increasing the effectiveness of completion processes, and an overall improvement of quality standards [28].

Management commitment, availability of IT infrastructure, effective training programs for employees, and enough financial resource all have been considered as the most important factors for a successful implementation of BPR [29]. Anand et al., [30] argued that the implementation of a BPR, can be accompanied by a deep analysis of business processes and systems, and periodically expand the organization database to maintain the redesign capacity. Gunasekaran and Kobu [31] have plainly determined BPR requirements according to the suggested model they have developed (organizational restructuring, behavioral changes, information technology). It might be reasonable to suggest that BPR is one of the modern development approaches directed towards a realistic and ambitious improvement covering all performance facets, particularly service, productivity, customer satisfaction, quality, and fast completion of work [32]. Therefore, this study has considered BPR as an administrative approach based on the use of a set of structural, technical and procedural processes to build a broad changing platform covering all types of the organizational tasks and smoothing out the improvement of employees' performance.

2.2 BPR implementation Requirements

The main requirements for BPR implementation by any business organization are the following: organization' structural, procedural factor, technological factor

2.2.1 Organization's Structural

The researchers have emphasized the importance of carrying out changes on the organizational structure to satisfy BPR implementation requirements. Carrying out an organizational structure changes is an essential step for a successful implementation of BPR programs [9], [10], [24], [27], [28], [30], [33], [34], [35], [36]. The existing unstable business environment requires a flexible organizational structure to maintain cooperation and coordination between all administrative units. This will also facilitate the transformation toward work teams as an effective method of doing business, shortening the time for transactions completion time, enhancing employees' performance level, boosting service delivery, and that will consolidate the competitive advantage of the firm. Hence, this sort of development would urge managers to dispense traditional organizational structures. Besides the challenges of the intensive competition, the contemporary organizations working environment is characterized by its volatility, fluctuations, and uncertainty. Therefore, to maintain their competitive advantage, business organizations need to rethink about the flexibility of their organizational structure. To assure a high level of organizational performance, employees' and customers' welfare must be taken into account weight when designing the organizational structure [37].

2.2.2 Procedural Factor

The adopted administrative and regulatory procedures to provide all the required resources for running the business should be compatible with the expected situations that emerge during BPR implementation phases. It is incorrect to state that a change in a company's internal procedures and practices is a prerequisite

for achieving the intended innovation and growth [31]. Business organization senior management should be called on to adopt appropriate methodologies for conducting a change in their business activities in response to the needs of the environmental changes or the internal needs of their organizations [38]. Business leaders need to consider the internal environment of their firms in the light of their external environments to be able to adopt the appropriate procedures and take the necessary actions during the stages of BPR implementation. It might be serviceable to mention that many researchers have individually addressed and analyzed the implications of this dimension in their studies. Some studies have focused on some other dimensions such as the commitment and support of senior management, related working environment, and organizational culture capable of absorbing change, [29], [33], [34], [35], [39].

Salimifard et al., [35], and Ahmad, et al., [34] argued that providing adequate financial resources is an important element for ensuring a successful implementation of BPR across the organizations.

Anjali and Dhruv [40] have suggested that the reengineering process is a radical change that causes work resistance. Organization's work procedures that directly impact customers and employees need to be under the focus of top management. To meet the intended application level of these procedures, management should encourage an employees' participation in setting organizational objectives, adopting an employees' empowerment procedure-in-place, enhancing workers skills, ability, and creativity. The implementation of BPR should be in parallel with an enlightening executive plan targeting the newly established procedures, the adoption of new policies, to rise the level of employees' assimilation of training programs and to encourage teamwork practices.

2.2.3 Technological Factor

Generally, technological factor includes the adoption, activation, and usage of advanced communication technology and networks to accelerate and activate the communication with customers in solving their issues promptly. As a distinguished approach, BPR is used to create an efficacious computer-based system able to facilitate the management of supply chain traceability with ensuring a flow-in for all types of information [41].

Organizations usually handle a great amount of data and information during their daily operations [42]. Besides the task of accelerating the data processing operations, information technology is also executing the integrating of operations to minimize errors and improving organization productivity [29], [43], [44]. Moreover, modern organizations have capitalized their incredible technological development to increase their productive capacity and improve the quality of their outputs. The macro-environmental forces viz technological, political, economic factors, etc. are among the major challenges facing contemporary business organizations. The macro-environmental forces viz. technological, political, economic, etc. are among the major challenges for contemporary business organizations [30]. The current advancement in the field of information technology has made the possession of modern IT as an imperative action has to be taken by business organizations to acquire the latest production and communication equipment and to attain mastery in term of optimizing their utilization. So, securing the intended expertise through technology-dependent learning and training program is a necessary step for the successful implementation of a BPR program.

2.3 Employees Performance

Neglecting the human being side will definitely lead to the failure of the BPR implementation program [45]. Champy [46] have suggested that employees should no longer be paid according to the old traditional way. In sated, employee's compensation should commensurate their performance, and their role in creating value-added [1], [47]. Due to a changing organizational structure, the executing of a BPR requires extra information about the effective ways for providing valuable feedback on employees' performance [48].

Apart from that, adopting a BPR usually leads to a dramatic change in the style and modes of operations across the organization [49]. This dramatic change requires adequate and constant executive management's support to meet the desired performance level. Contemporary organizations need competent employees to realize the re-engineering strategies, implement and facilitate change processes in their operations [48], [50].

Ivan [51] stated that to achieve organizational goals, it would be very important for employees to realize the priorities of their daily activities and practices. Since employees' performance represents an activity or program implementation, to pursue organizational objectives, therefore, the behavior of all individuals and teams must be directed towards the accomplishment of those objectives and maintaining an enhancement of organization competitive position which must keep under a very effective, and efficient, monitoring system. In fact, managers and employees are primarily accountable for identifying the gaps of competency level and objectives formulation process of their organizations to be in line with the main organizational goals to ensure performance improvements that lead to a sustainable increase of organizational productivity. It might be necessary to criticize what has been investigated by all studies mentioned above regarding the concept, importance, and implementations requirements of a BPR. First of all, we must admit that Business Processes Re-engineering is a must according to the nature of our current environment. A change has become a compulsory action has to be taken by all organization in general and business organizations in particular to ensure its survival. All that has been investigated by the previous studies is partially correct because it is one dimension-focus. A very necessary primary step for a successful implementation of BPR by any business organization is the conducting of a SWOT analysis to make the leaders and management team aware about the nature of the internal and external environments a company operates in. This awareness will positively affect all the following actions, such as building plans, formulating objectives, determining resources, finding funds.... etc. We must not forget that at the summit of all what has been stated is the human being who is the driver of the performance vehicle toward intended goals.

3. Methodology

This study concentrates on the re-engineering of the business organization's process as a necessity to maintain business efficiency and consolidate competitive advantage. It seeks to examine the relationship between a business's process re-engineering dimensions (BPRD) and employee's performance at a group of Jordanian public shareholding companies.

3.1. Participants

All the managers of the 14 Jordanian companies under study (the Jordanian public shareholding companies) were targeted by this study based on the Human resources department's records. The main characteristics of the study sample are portrayed by table (1). This table shows that 83.75 % of the participants are male, and 16.25 % are female. The majority of the sample is bachelor holders (65 %) while the lowest percentage is that of the Doctorate holders. (3 %). In term of tenure, it was found that 36.25 % of the sample have a service of 16--20 years and. In term of age, about 32% of the participants are 51 years. Table (2) illustrates the questionnaires distribution and percentage of return by the company.

Table 1: Sample Characteristics

Description	Category	Frequency	Percentage %
Sex	Male	67	83.75
	Female	13	16.25

	Total	80	100%
Education	Diploma	12	15
	Bachelor	52	65
	Master	13	16.25
	Doctorate	3	3.75
	Total	80	100%
Age	30 – 35 Years	19	23.75
	36 – 44 Years	11	13.75
	45 – 50 Years	24	30
	51 ---- Years	26	32.5
	Total	80	100%
Tenure	3 – 9 Years	8	10
	10 – 15 Years	21	26.25
	16 –20 Years	29	36.25
	21--- Years	22	27.5
	Total	80	100%

3.2. Study Hypotheses

Ho1: There is no statistically significant collective effect of Business's process re-engineering dimensions on employee's performance elements at the Jordanian public shareholding companies.

Ho2: There is no statistically significant relationship between Business's process re-engineering and employee's performance at the Jordanian public shareholding companies.

3.3. Data collection

To collect the required data, a three parts questionnaire was designed, its statements were formulated, and then it was evaluated, refereed, modified, tested, finalized, and distributed to the sample individuals. The first part was assigned to the participant's demographic information. The second part was concerned with measuring the independent variables, while the third part of the questionnaire was related to the dependent variable measurement. The Likert five scales measurement was used to quantify the participant's response to the questionnaire's statements. One hundred forty questionnaires were directly handed to the participants (all managers at the 14 Jordanian companies under study) by the researchers. Eighty questionnaires were correctly filled in and returned (57.14 %) which were used to conduct the intended statistical tests and analysis. Table (2) illustrates the distribution of the questionnaire and return by the company.

To classify the importance of the study variables (BPR Dimensions and employee's performance elements) according to the respondent's opinions, the averages and the standards deviations for these variables were calculated. Correlation coefficient analysis and multiple regression tests were executed to

identify the type of relationships between the study variables and to determine the Impacts, if any, of independent variables on the dependent's ones.

Table 2: Questionnaires Distribution

Company Name	Number of Questionnaires Distributed	Number of Questionnaires Return	% of Questionnaires Return
1-General Company for Mining	10	6	60
2- Arabian Aluminum Manufacturing Company	10	6	60
3- Jordanian Phosphate Mines Company	15	8	53.3
4- Jordanian Wood Industries Company	8	5	62
5- Jordanian Cement Factories	10	7	70
6- Arabian Potash Company	15	7	46.6
7- Jordanian Iron Company	9	6	66.6
8- National Aluminum Manufacturing Company	8	5	62.5
9- Magnesia Jordan Company	7	4	57.1
10 Jordanian Petroleum Refinery	10	5	50
11- National Steel Manufacturing Company	10	6	60
12- Paper and cardboard factories	10	5	50
13- National Chlorine Manufacturing Company	8	4	50
14- National Steel Manufacturing Company	10	6	60
Total	140	80	57.14

4. Results Discussion & Conclusions

4.1. Results Discussion

To classify the study variables (BPR Dimensions), the averages and the standards deviations for these variables were calculated. Table (3) portrays the results of this analysis, which indicate that the technological dimensions and the skills element were the top-ranking variables according to the participant's classifications. Correlation coefficient analysis and multiple regression tests were executed to identify the

type of relationships between the study variables and to determine the impacts, if any, of independent variables on the dependent variable.

Table 3: Respondent Classification of independent and Dependent Variables

Independent Variables	Mean	Standard deviation	Ranking	Importance level
Organizational structure	2.23	0.673	2	Low
Procedural	2.11	0.540	3	Low
Technological	2.51	0.740	1	Medium
Total	2.28	0.570		Low
Dependent Variables	Mean	Standard deviation	Ranking	Response level
Knowledge	2.22	0.51	2	Low
Skills	2.32	0.94	1	Low
Attitudes	2.13	0.76	3	Low
Total	2.22	0.62		Low

Table (4) portrays the correlation testing results. These results have indicated that the Business Process Re-engineering (BPR) Dimensions are collectively highly, positively, and significantly correlated with employee's performance. Where the correlation coefficient value is (0.858) and the determinant coefficient is (0.736) at 0.000 level of significance with calculated F value = 59.741 against (3.960) tabulate F value. These results mean that employees' performance at the companies under investigation is strongly correlated by Business Process Re-engineering (BPR) Dimensions and a change of one unit of these dimensions collectively will interpret about 70% of the change in the level of employee's performance change. These results confirm that the first null hypothesis (Ho1: There is no statistically significant collective effect of Business's process re-engineering dimensions on employee's performance elements at the Jordanian public shareholding companies.) should be rejected and the alternative hypothesis should be accepted.

Table 4: The Correlation between Business Process Re-engineering (BPR) Dimensions and the Employee's performance

Source of change	Total squares	Degrees of freedom Df	Average number of squares MS	R	R ²	F Calculated	F Tabulated	Level of Sig.
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Regression	6.789	3	6.786	0.858	0.736	59.741	3.96	0.000
Error	5.740	76	0.076					
Total	12.527	79						

In term of examining the impact of Business Process Re-engineering (BPR) dimensions on Employees performance regression analysis was conducted where the results of simple regression and stepwise regression analysis are presented in tables (5 & 6). Table (5) results ensure that the organizational structure dimension of Business Process Re-engineering (BPR) has a significant appositive impact on employee's performance at the 14 investigated companies as the Beta value is (0.488) at (0.002) level of significance with 4.988 calculated T value against (1.99) tabulated one. Table (6) results point out that organizational structure dimension has the best impact among other Business Process Re-engineering (BPR) dimensions on Employees performance at the 14 companies where its Beta value is (0.712) at 0.000 level of significant and (0.501) value of R2. These results are clearly suggested the second null hypothesis (Ho2: There is no statistically significant relationship between Business's process re-engineering and employee's performance at the Jordanian public shareholding companies) has to be rejected, and the alternative hypothesis needs to be accepted.

Table 5: The impact of Business Process Re-engineering (BPR) dimensions on Employees performance.

Dimensions of the independent variable	Unstandardized coefficient		Beta	T Calculated	T Tabular	Sig	R2
	β	Standard error					
Constant	1.023	0.312		2.332	1.99	0.002	0.597
Organizational structure	0.271	0.092	0.488	4. 988		0.002	
Procedural	0.320	0.062	0.155	5.981		0.007	
Technological	0.308	0.076	0.311	2..307		0.000	

Table 6: The stepwise regression of Business Process Re-engineering (BPR) dimensions against Employees performance

Dimensions	Unstandardized coefficients		Standardized coefficients	R	R2	Sig
	β	Standard Error	B			

Constant	1.779	0.244	0.712	0.712	0.501	0.000
Organizational structure	0.523	0.059				0.000
Constant	1.120	0.291				0.000
Organizational structure	0.389	0.066	0.530	0.762	0.580	0.000
Procedurals	0.310	0.086	0.326			0.001
Constant	1.015	0.284				0.000
Organizational structure	0.345	0.299	0.492	0.773	0.689	0.000
Procedurals	0.312	0.076	0.293			0.000
Technological	0.305	0.102	0.241			0.000

4.2. Conclusions

The above-discussed results have plainly indicated that business process reengineering has a positive, strong, and significant relationship with employee's performance at the 14 Jordanian companies under study. That might be due to the modernization of the organizational structure that conducted by these companies in response to the huge and rapid environmental changes, especially in the field of IT and its applications. The organizational structure impact on employee's performance must urge the management teams of these companies to pay extra attention to the possibility of conducting a periodical program for re-designing their company's organizational structure. The nature of their business imposes on them the use of new technologies and systems to keep their companies on track and maintain the intended level of satisfaction for their customers, and stockholders. Company good results, meeting its goals, its success, and having a distinguished competitive advantage is all the product of organization employees. That means that a business organization needs to satisfy and qualify its employees. Employee's satisfaction would achieve through a fair compensation system, good working conditions, and humanitarian organizational culture. Qualifying employees need sustainable training programs that provide them with the necessary skills to make them able to handle the new technologies, systems, methods, and devises.

It might relevant to suggest that management teams of the Jordanian public shareholding companies are called to maintain a sustainable acquisition of an updated IT means and systems by adopting a regularly-based business re-engineering policy to ensure a continuous improvement of their employee's performance, a high level of efficiency, good return and strong competitive advantage.

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Cosmetic Accounting Practices among Jordanian Firms? The Role of Ownership Concentration and Political Influence

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Abstract. *Cosmetic accounting is a process used by accountants who have a vast knowledge of accounting rules to address the figures reported in the financial reports. This study focuses on the crucial role of the concentration of ownership and the political influence on the quality of earnings among Jordanian industrial firms listed on the ASE during the period 2014-2017. The results of regression indicate that there is a negative impact of both of ownership concentration and political connection on the quality of earnings reported in financial reports. This means that the most significant shareholders use their power, and the political role of board members to manipulate earnings to be consistent with their interests. The study found that other important factors may affect the quality of earnings such as foreign ownership, especially with the migration of some capital to Jordan as a safe environment for investment, particularly under the political and economic tension in neighboring countries.*

Keywords: Cosmetic Accounting, Earnings Quality, Ownership Concentration, Political Influence

JEL Codes: M41

1. Introduction

Creative accounting is also referred to as earnings management, income smoothing, cosmetic accounting, and financial engineering. All these terms apply to the exploitation of the flexibility found in some accounting rules to show the figures in the financial reports according to the needs of the company's management (Karim, Fowzia & Rashid, 2011).

Persakis (2018) reported that the earnings quality falls in a financial crisis, and this is consistent with Li (2011) who found that managers of companies that go bankrupt often managers exhibit opportunistic behaviors. This diminishes the quality of the earnings of companies around the world; additionally, managers are less able to predict earnings and tend to reserve accruals receivables and manipulate earnings. Also, Persakis (2018) noted weakness in the earnings quality in companies that have offered weak protection mechanisms for investors, which is consistent with Dimitrios et al. (2013). Dechow, Ge & Schrand (2010) considered the impacts of earnings quality on corporate continuity and bankruptcy and the cause of

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bankruptcy of many companies around the world is the earnings quality. High earnings quality reflects the increased reliability of the information in financial reports and provides information on the financial performance of a company. This protects decision-makers with regards to earnings quality and reduces bankruptcies.

Hashim and Devi (2008) mentioned that low earnings quality was the reason for the occurrence of the Asian financial crisis of 1990. In no small measure, this was the product of inadequate corporate governance mechanisms, which weakened the application of the system and laws to managers in Asian companies. Earnings quality is critical in measuring the continuation of companies and preventing companies from falling into bankruptcy. Empirical evidence reveals that firms with higher ownership concentration are more apt to engage in earnings management practices (Darmadi, 2016). The structure of ownership in the United Kingdom and the United States firms is highly disbursed, unlike Jordanian firms, where it is highly concentrated. This phenomenon may impact earnings management activities because high ownership concentration leads to agency problems (Al-Sraheen & Al-Daoud 2018).

Al-Sraheen and Alkhatib (2017) stated that Jordan is a small nation in which political influence plays a critical role in the capital markets in many business dealings aspects. They also documented that political connection contributes to a decrease in the quality of financial reporting. Besides, Mohammed, Ahmed, and Ji (2010) reported that political influence has a negative contribution to accounting conservatism. They have documented that a high level of accounting conservatism practices is related to a higher quality financial report, and thus, conservative accounting is a qualitative characteristic of high-quality reporting.

Managing earnings, it's also called cosmetic accounting practices, which is considered an opportunistic behavior that managers utilize to transfer the corporate wealth to their accounts. Will, by extension, harms the financial reporting quality; therefore, the board members who have power and political connections facilitate the practicing the earnings management in the firms to achieve their interests such as incentives, rewards and attract the investors (Kumar, Goyal & Mitra, 2019).

The findings that are expected from this study generally will enhance the understanding of the importance of the agency theory in interpreting the behavior of the governance practices and financial reporting in the Jordan business environment. In addition, this study provides evidence that supports a tenant of agency theory that posits that an effective board of directors is a useful instrument for decreasing agency conflicts.

2. Literature Review and Hypotheses Development

2.1 Concentration Ownership and Cosmetic Accounting Practices

Al-Jaifi (2017) stated that corporations with a high-level of concentration ownership have contradictions in the financial information provided to traders when both informed and uninformed, which harms the liquidity of the stock market. In addition, one possible explanation for firms that have a high level of earnings management practices experiences greater liquidity is that companies might manage their earnings to offer special information to improve the earnings' information content. In general, the evidence suggests that earnings manipulating reference information informatively, especially in a country with a higher concentration level of ownership and a higher likelihood of expropriating minority interests.

Wang and Shailer (2015) pointed out that the concentration of ownership has a negative relationship with corporate performance across countries. In general, higher concentrated ownership leads to low levels of information disclosure. At present, the disclosure of financial and non-financial information among

Jordanian firms Jordanian is still in the integration stage between compulsory and voluntary disclosure. High level of equity concentration means that the controlling shareholders utilize their voting rights and power in controlling the chairman, directors, and managers, which lead to a decrease in the degree of information disclosure. In general, the higher ratio of the ownership concentration offers a limited level of information disclosure which reduces the quality financial report and its reliability (Al-Sraheen & Al-daoud 2018).

In general, evidence suggests that earnings manipulation informally refers to information asymmetry, especially in a country with a higher ownership concentration and a higher likelihood of minority shareholders being expropriated (Al-Jaifi, 2017). In addition, Al-Sraheen, Fadzil, and Ismail (2014) mentioned that conservatism is a key attribute of financial reporting quality that participants in the capital market often use to benchmark the earnings quality of firms. In addition, Bouvatier, Lepetit, and Strobel (2014) mentioned that ownership concentration can be associated with either lower or higher levels of earnings management.

Maswadeh (2018) is another research that focuses on ownership concentration in the Jordanian context, the result of the paper shows a significant effect of ownership concentration in imitating earnings management practices in Jordanian industrial companies. Thus, the first research hypothesis is presented as follows: *H1: The relationship between ownership concentration and earning quality is negative.*

2.2 Political influence and Cosmetic Accounting Practices

Al-Sraheen and Alkhatib (2017) noted that the Hashemite Kingdom of Jordan is a small nation in which political influence serves a critical role in the various aspects of business markets. Mohammed, et al. (2010) stated that political influence contributes negatively by offering a low quality of financial information. In particular, they (Mohammed et al., 2010) pointed out that political influence limits the practices of accounting conservatism in presenting the financial information, where the previous research has stated that a high level of conservatism practices offers a higher quality of the accounting figures in financial statements. Therefore, conservative accounting is deemed as a qualitative characteristic of the quality of financial reports. Earning management, which is considered as an opportunistic behavior that corporate managers utilize to transfer the corporate wealth to their own interests, which in turn will harm the financial reporting quality; therefore, a negative relationship exists between political influence and earning quality (Al-Sraheen & Saleh, 2017).

Liu, Li, Zeng and An (2017) documented that politically connected companies practice a high level of earnings management and thus have a low quality of earnings. Also, Rozanski, (2017) found that earnings manipulation was more common in firms that have higher levels of political activity that are by CEOs possessing relatively high levels of hubris. Managing earnings is more likely to exist in firms that having many political activities and opportunistic managers. Therefore, based on the results of the previous research that stated the political influence harms the quality of accounting information provided in the financial statements. The following research hypothesis is presented as follows: *H2: The political influence has a negative association with quality earnings.*

3. Research Elaborations

The next subsections highlight the research methodology and technique used to select the research sample, data collection process, the measurements of research variables and data analyses.

3.1 Sample and data collection

The initial research sample includes all industrial firms whose stocks were listed in the Amman Stock Exchange (ASE) over the period 2014 to 2017. There were 62 listed firms, and after excluding the firms that did not have enough data, the final sample that entered to the analysis process included 56 firms, which comprised 90% of the initially selected sample. This process leads to 224 firm-year observations in total over four years. The required data was hand-collected from the annual financial reports of the firms which are available through the Amman Stock Exchange website.

3.2 Models and Measurements of the Variables

This current study has one main research model, which is used to test the relationship between ownership concentration and political influence on the cosmetic accounting practices in the context of Jordan. In order to reach the research objectives, a regression analysis is used to test the research hypotheses and ascertain the effects of these variables in the Jordanian business environment. The research model is presented as follows:

$$CAP_{it} = \beta_0 + \beta_1 OWCON_{it} + \beta_2 PIONF_{it} + \varepsilon_{it}$$

Where:

CAP Cosmetic Accounting Practices
 OWCON Ownership Concentration
 PIONF Political Influence

The cosmetic accounting practices term refers to the earnings management or earnings manipulation policy, which in one way or another means that companies that managed their earnings offer low-quality financial information and therefore imply the lower quality of earnings. Thus, the current study uses the modified Jones model, developed in 1991, to measure earnings management, which is a synonym term for cosmetic accounting practices, which also reflects the quality of earnings. This measurement used by previous research such as (Al-Shaheen & Alkhatib, 2017). The non-discretionary accruals (ND) is calculated using equation (1):

$$\frac{TA_{it}}{LTA_{i,t-1}} = \alpha_1 \left[\frac{1}{LTA_{i,t-1}} \right] + \alpha_2 \left[\frac{\Delta REV_{it} - \Delta REC_{it}}{LTA_{i,t-1}} \right] + \alpha_3 \left[\frac{PPE_{it}}{LTA_{i,t-1}} \right] + \varepsilon_i \quad (1)$$

Here, TA refers to Total Accruals; LTA = Lagged Total Assets; ΔREV = Change in Revenues from the preceding year; ΔAR = Change in Accounts Receivable from the preceding year; PPE represents firm's gross property, plant and equipment. Meanwhile, α_1 - α_3 entail the regression parameters and ε refers to equal error term.

Discretionary accruals (DA), equation (2) below, are calculated as the residual value after deducting non-discretionary accruals from the total accruals.

$$DA = \frac{TA_{it}}{LTA_{i,t-1}} - \left[\alpha_1 \left[\frac{1}{LTA_{i,t-1}} \right] + \alpha_2 \left[\frac{\Delta REV_{it} - \Delta REC_{it}}{LTA_{i,t-1}} \right] + \alpha_3 \left[\frac{PPE_{it}}{LTA_{i,t-1}} \right] \right] \quad (2)$$

As for ownership concentration, this study uses 10% or more as a threshold for classifying companies as concentrated ownership. Such types of measurement were used by prior studies such as Al-Sraheen, Al-Daoud and Aleqab (2019).

A dummy variable was used to measure the political influence that is equal to (1) if at least one of the board members has a political position (such as a member of parliament, minister, a state assemblyman, a person who is a government bureaucrat or head of state, either currently or in the past) and a value of (0) otherwise (Al-Sraheen and Alkhatib, 2017; Faccio, 2006).

4. Results

Before conducting the regression analysis and hypotheses testing, the regression assumptions were tested to make sure that the data of the study is free from any severe violation that may harm the results. Therefore, Outliers have any serious effect on the whole research model; Cook's Distance value was checked to test the Outliers' assumption. The ratios of Skewness and Kurtosis were examined to check the Normality assumption and Linearity assumption was also checked to show the linear relationship between independent and dependent variables in the research model (Hair, Black, Babin, Anderson & Latham, 2010).

The Pearson Correlations matrix that is shown in Table 1 provides was presented to test the multicollinearity that occurs if the correlation between independent variables is more than .90. Durbin-Watson value is used to check for autocorrelation in the residuals of regression analysis. It was concluded that none of these assumptions were violated.

Table 1: Pearson Correlations matrix

	EM	OWCON	POINF
EM	1		
OWCON	-.314	1	
POINF	-.398	.426	1

4.1 Descriptive Statistics

The average value of the EM is 48%. This value is higher than the average of Nawaiseh (2016), who documented that the mean value of EM was 41.5%. This implies that the majority of Jordanian firms practice earnings management in their financial statements. The current research uses descriptive statistics to transform the data into the meaningful interpretation.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EM	224	.00	1.00	.4839	.50382
OWCON	224	.00	1.00	.7419	.44114
POINF	224	.00	1.00	.8710	.33797

Jordanian companies suffer from the problem of ownership concentration, which negatively affects the quality of the financial statements (as it will be explained later). Where the average of ownership concentration is 74%, which indicates 74 out of 100 companies have it so that the ownership is concentrated significantly among the Jordanian companies. Also, statistics show that 87% of Jordanian companies have at least one person with political influence that harms the quality of the financial statements, as shown in the results of the regression test.

4.2 Basic Regression Results

Table 3 below shows that the research model is statistically significant based on the value of ($F=8.984$; Sig .000). The findings also show that the R^2 and adjusted R^2 are 0.233 and .207, respectively, these values mean that the model explained approximately 23.3% of the variation of earnings quality in Jordanian industrial firms. These results imply the model of the study provides a proper compensation of variables that contributes positively in explaining the variance in the earnings quality.

Table 3. The Result of OLS Regression Analysis

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
OWCON	-.315	.131	-.276	-2.409	.019
POINF	-.550	.171	-.369	-3.221	.002
R^2	.233	F sig.	.000		
Adjusted R^2	.207	F Value	8.984		

As seen from Table 3, ownership concentration (OWCON) has a negative direction, as predicted in the first research hypothesis and it is statistically significant at 5 % ($t = -2.409$, $P = .019$). The evidence shows that the OWCON contributes negatively to the earnings quality. This result has been supported by Al-Sraheen et al., (2019) who document that the higher concentrated ownership leads to a low level of earnings quality, which supports the first hypothesis of the current study.

As for political influence (POINF), the regression analysis shows that it has a negative and significant association with earnings quality ($t = -3.221$, $P = .002$). This result is consistent with the second research hypothesis that stated the (POINF) serves as a motivation to corporate managers to practice the earnings management and thus, harm the quality of earnings. This result has also confirmed by Al-Sraheen and Alkhatib (2016) who documented that the political influence positively affects the earnings management practices among Jordanian firm, which reflected negatively on the quality of earnings.

5. Conclusion

This study offers various new contributions. First, the findings of the current research may contribute through limiting the agency conflict, where the ownership concentration may have an essential and clear role on the process of financial reporting and therefore expected to harm the earnings quality by facilitating the practices of earnings management. Second, Jordan is essential in this context because the concentration of ownership is high, which disrupts the monitoring tools. Such ownership concentration exists in various countries, and thus, the findings of this research are generalizable.

The findings of this paper may help decision makers in offering a set of rules and requirements to ensure the accounting information quality through restricting the negative influence of ownership concentration on

that information. The role of foreign ownership is a significant potential opportunity to be considered in the future research in this field especially after the migration of Syrian and Iraqi capitals and investors to Jordan due to the security and political complications those countries suffer from.

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Managerial Innovation: An Attempt to Interpretation and Evaluation

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Abstract. *This study is to explore the relationship between technological innovation and managerial innovation. The great emphasis has been on technological innovation, with neglect of managerial innovation, which has had major contributions to improving technology management and increasing the availability of companies through the three main forms of managerial innovation: general managerial Innovation, the innovation of managerial concepts and Re-innovation of the company. In the post-industrial age, innovation has reached its peak in the creation of the Internet and its integrated technologies and applications. Management innovation has reached its peak in the innovation of knowledge management and the productivity of knowledge work.*

Keywords: Technology innovation, Managerial innovation, Knowledge management, Knowledge, and Work productivity.

JEL Code: O30, O31, O32

1. Introduction

Innovation is the only concept that has not been obsolete and will not be obsolete. This is because it represents a constant and continuous focus on finding what is new, whether in the new idea, the new product (or the new service) and finally in the new market. If specialization in a given field (i.e., having a field of experience of rules and procedures) represents the past, innovation is the future that develops the specialization in new concepts, tools, and applications. This applies to management as a system governed by principles and theories. Management innovation is what provides management with all that is new in improving the effectiveness of achieving the objectives and the efficiency of means.

Although managerial innovation has been an essential part of the innovation movement since ancient times, it has only received secondary attention compared to technological innovation. Perhaps this explains many things. For example, the Egyptian pyramids considered an exciting technical achievement represented in the transfer of large stones weighing 2.5 tons to long distances and then raised them at high altitudes during the era in which they were built. But the managerial achievement in the construction of pyramids has not been talked about only recently. The great achievement is the organization of more than 100,000 slaves, who were divided into groups and directed to achieve the great goals and provide them with food, water, shelter and many more (Duncan, 1995).

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At the beginning of the Industrial Revolution, we find another example: textile mills in Yorkshire in England represent a model of technological innovation that has greatly increased efficiency. However, there was no reference to the managerial innovation that accompanied it and led to a significant increase in productivity by managerial methods no less important than the efficiency of new textile machines at the time. The concept of division of labor introduced since the beginning of the Industrial Revolution was a managerial innovation. In his book "The Wealth of Nations," Adam Smith spoke of the three advantages that led to increased productivity at unprecedented rates. This great managerial innovation is still the basis of managerial thinking. The development of management concepts since the beginning of the twentieth century has contributed to the development of our ability, to exploit our resources in a way that exceeds the impact of any other innovation in other areas. Therefore, the division of labor was a managerial achievement that contributed to the transformation of technological efficiency from a technical concept to productivity, as a holistic management concept that led to the development of different aspects of life in industry. More importantly, technological innovation has been and continues to be of great importance, while managerial innovation, despite its many manifestations and great effects, has been the least interesting.

2. Overview

This study seeks to provide a vision on the interpretation and evaluation of managerial innovation as a basic process that integrates with technological innovation, by improving the technical and managerial skills of companies to achieve their objectives. This vision was covered by the following dimensions: the concept of innovation, managerial innovation and productivity, technological Innovation and managerial Innovation, managerial innovation and its dimensions, managerial innovation: the productivity of knowledge.

2.1. Concept of innovation

Innovation is a general phenomenon with no time limits (even the primitives were able to discover agriculture and its symbol is the plow) and without spatial boundaries (civilizations in its continuous geographical emphasis on the fact that innovation exists everywhere), without limits in its subject and field (both natural and human). It is also present in the knowledge cycle and its sources of basic or applied research. In today's business environment, companies seem to be in constant need for innovation because of the intense competition between centers of development across continents. This competition has created innovation as a new dimension of strategic performance along with cost, quality, flexibility, and dependability. Therefore, companies adopt large-scale plans and programs in an organized and intensive manner and create large R & D budgets to accelerate innovation. Companies have also prioritized innovative training programs for their employees. A broad survey confirmed that 25% of all US companies employing more than 100 workers provide training programs on innovation to their employees. This represents an increase of 540% in the four years. According to Business Week, more than half Fortune-500 companies send executives and employees at different organizational levels to programs that seek to improve innovation for all employees and not only for a few employees (Mealiea

and Latham, 1996). That is why Drucker (1995) points out that since World War II, research and development have become like modern fashion in companies that have spent a lot of money on it, but the results in many companies have been improvements rather than innovations.

Historically, Physiocrats have emphasized that agriculture is the source of wealth; mercantilism has advocated that trade creates wealth, and advocates of industrial revolution believe that machines make money and create wealth. In the twentieth century, technological and managerial innovation led to a significant increase in production, cost reduction, and wealth creation. Innovative companies are, therefore competitive, and new products are reaching new customers and markets faster than their competitors.

This shift towards innovation and innovation-based companies is due to the fact that companies have large resources, high technology, and technical and managerial expertise to deal with innovation, as a distinct activity, in order to reach something entirely new (radical innovation or breakthrough), or improved in small steps (gradual or partial innovation). More importantly, they have a strategic vision of innovation that enables them to achieve a competitive advantage of innovation. Innovation means, according to a common definition, that what is new. What is new in this definition can cover different areas, especially the managerial and technological fields. In the managerial field, the new approach is to arrive at new concepts (such as the concept of zero damage, zero inventory, total quality management, etc.) and their applications. In the technological field, the new is the development of new automation models, and robot generations in the industry, computers, and cellular wave in the field of computing and communication. Peters defined the concept of innovation as dealing with something new, something that has never been tested (Peters, 1995). This expands the innovation to its maximum limits, because the new thing may be in anything and any field managerial or technological.

Schermerhorn (2012, p.213) defined innovation as the process of creating new ideas and putting them into practice, emphasizing that the best companies are the ones that reach creative ideas, and then put them into practice. This is another expansion in making innovation an integrated process from idea to product, or from new concept to practice. According to Schermerhorn (2012), this new expansion, which turns innovation into a market advantage in relation to competitors, is equally important with the innovation of the product itself.

In fact, innovation is not only a technical opportunity (new technology or a new product) that is reached in the R & D labs originally but also a market opportunity. This is part of the Japanese contribution in this area, as Japanese companies believe that innovation is the distinction of opportunity in the market, and the mobilization of resources to capture it. It brings the innovator closer to the entrepreneur, who can recognize the opportunity, and able to mobilize talent and resources quickly to seize that opportunity and turn it into the business. Equally important, innovation is a managerial opportunity to improve organizational efficiency or increase productivity. Another expansion for innovation by Lau and Shani (2008), after they defined creativity (reaching the idea) and innovation (the application of the new idea), (as we suggested at the beginning of this paragraph), they emphasize that the new idea may be a new technology, new product, process organizational or managerial processes.

Innovation may also imitate of a product, person, or idea used elsewhere, and its application becomes unique when placed in a new context.

It should be noted that this expands the innovation in the application, not limited to the technology or product, but expand it to the managerial and organizational innovation, also expands it- and this is important- to the imitation to find something new from it when placed in a new context. It must be emphasized here that imitation is not all outside innovation, but duplicated Imitation can be free of the new feature of innovation, there is a kind of imitation, which we call innovative imitation that comes with new improvements to what it imitates, in many cases superior to the original innovator. Here, we must point out that imitation is not the opposite of innovation, as many may think. The opposite of managerial innovation, for example, is stalemate and bureaucratic stalemate, which is a real obstacle to all forms and types of innovation, in maintaining the status quo in the company, and the market towards the new state of innovation, and maintaining discipline against the chaos that can come from innovation, and to maintain resistance to change in the face of innovation. Schermerhorn (2012) also talked about a business model innovation that could be part of management innovation.

Finally, we note that Drucker (1994) defined innovation as a systematic abandonment of the old, confirming that Joseph Schumpeter said that innovation is creative destruction in the sense of removing the old familiar system and introducing an unknown and new system to replace it. Indeed, when Drucker speaks of systematic abandonment of the old (past), it means the systematic introduction of the new (future). To achieve innovation as a systematic process, Drucker believes that all products, services and technology, a distribution channel. And different aspects of the company are periodically tested (every three years). In the information age and knowledge-based management, knowledge has become intensive information and innovation is intensive knowledge, in the context of the interrelated chain of data - information - knowledge, and innovation (Davis and Broken, 1994). Based on this broad vision, innovation is comprehensive in scope and diversity in areas including managerial innovation. The consultants of the Chicago-based Doblin Group, in their broader view, pointed out that innovation appears in ten categories: business models, networks, enable, core processes, product performance, product systems, service, channel, brand, and customer experience (Garr, 1999, p.16). It is clear from this vision that innovation goes beyond product and process, to areas that fall within the managerial innovation, in business models, networks, channel, brand, and customer experience.

2.2. Managerial innovation and productivity

Managerial innovation is the introduction of the new managerial procedures. Because the management is a conscious activity purposeful is directed towards achieving:

- the best response to the company's products and services, to the needs of customers as in the customization,
- to increase performance in a radical or gradual as in the concepts of re-engineering, the improvement of working methods and the study of work and movement,
- improving the working relations of the company, the concepts of teamwork and self-managed teams,

- improving the company relations with its external environment, as well as, the concepts of social responsibility and management ethics.

In this context, one can say that managerial innovation is to reach new concepts that are convertible into new policies, regulations, and methods that contribute to the development of performance in the company. Some of these concepts are related to the development and the organization of the innovation process, the transfer of new ideas to new products, and the speed of its creation for new markets. The ultimate goal of this innovation is to improve the use of resources to achieve better results, compared to the past period (as in historical comparison), or compared to the best competitors (as in competitive benchmarking). That can certainly be summarized by the fact that managerial innovation is at its ultimate goal is to increase productivity.

It is what one observes in the growing tendency to develop new concepts and their managerial applications to improve productivity. In fact, the creation of new concepts in management has always been the closest to productivity creation. Let us look at this from a new perspective, to point out that technology has made significant advances in development for greater speed of delivery, and higher efficiency in physical output (this is the engineering technological perspective of evolution), but the most important one has been in another area of productivity. In this context, we present an important aspect of our vision of managerial innovation. This aspect relates to Productivity Innovation. The industrial revolution was based on the technological breakthrough that took place in the textile industry in the eighteenth century. This technological breakthrough is paralleled by the managerial breakthrough, which is represented by the division of labor that led to the revolution of productivity. Adam Smith's book "The Wealth of Nations" 1776 explained the great role of division of labor to increase productivity, where the division of labor can be considered a great managerial innovation still relevant. If the tool is the symbol of the pre-industrial age, and the machine is the symbol of the industrial revolution of the eighteenth century, the arrival of new ways to use hand tools is the symbol of the revolution of productivity in the pre-industrial period. The division of labor is the symbol of the productivity revolution in the era of the Industrial Revolution. To continue the analysis, it was pointed out that the computer in the beginning and the network after that is the symbol of the revolution of information, and communication technology remotely, and that knowledge work in the beginning and management of knowledge work is the symbol of knowledge productivity revolution.

This vision suggests that the industrial revolution created blue-collar workers according to, the requirements of the machine and the production line, but the industrial revolution needed to be managed by them. Based on the division of labor, the category of managers who brought the industrial revolution to the productivity revolution emerged. Therefore, the increasing productivity at that time was the result of management more than it was the result of technology, although the latter contributed to making the productivity revolution with a strong physical - engineering ground. Similarly, the information communication technology (ICT) revolution has created knowledge and knowledge workers, but the productivity revolution in this area has only been achieved with the knowledge management that represents the new management innovation. The productivity of cognitive work has become the driving force of the 21st century (Garvey and Williamson, 2002).

2.3. Technological Innovation and Managerial Innovation

Historically, radical innovation has resulted in technological discontinuity and organizational continuity (Pavitt, 1990). S-curve innovation comes with new technology that leads to the break-up of the previous technological generation, but this is usually done within the same institutional, organizational context of the company (organizational continuity). Innovative discontinuity and organizational continuity were an inappropriate situation because what is required is that technological innovation is accompanied by organizational-managerial innovation to achieve its full objectives.

The technological revolution is a popular term and the most buzzing phrase since the 1950s. It undoubtedly points to the great fact that developments in science and technology have changed all the foundations, concepts, and methods of societies, including different industries and areas of application. With this acknowledgment of a technological revolution that seems like a real fact, another great revolution has not yet been recognized as the organizational revolution. This revolution is one of whose greatest achievements are the emergence of appropriate, effective, and innovative regulatory institutions that have been the heart of development for more than a century. These institutions represent the real organized factory of parallel productivity in its importance, and its human achievements to the achievements of the technological revolution, in terms of its technical and engineering achievements. Nobel laureate Douglas North believes that the absence of appropriate institutions was the cause of a century-long gap between the dawn of the Industrial Revolution and the 19th century Dramatic economic, technological expansion. Alfred Chandler, in his book, also argued that half of this transformation was the result of the organizational revolution and not of the technological revolution (Brown and Dayuid, 1998).

The business companies that have a great legacy of managerial development in concepts and methods have made it possible for 20th-century societies to develop with the same capacity as technology. With the fact that the technology itself, was the city of the organizational - managerial revolution, after the department of scientific research and technology management achieved a great advantages, and deep in order to make technological development possible and more rational, in the use of its great resources under the absolute uncertainty that prevails in the field of technological innovation. This does not reduce the use of the Internet as the ultimate technology because digital innovation is an extension of our previous internet management experience. In this context, we refer to two important observations:

- The Internet, which has provided the great technological potential for faster access to information, needs to be employed. That is why the management experience since Frederick Taylor till now offers great potential in how to transfer this information to the field of work (Dankbaar, 2003). With the Internet, what is required, is the transfer of management expertise to the field of information and information technology.

- In the digital economy based on the Internet, value is created across networks (Passiante et al., 2003). But if we look at the Internet as a fast and comprehensive flow of information available on the Web, all businesses and individuals enjoy this feature. Where is the excellence in creating value? This

excellence is in the management experience, and how to use that information better than others at the strategic level (which helps to achieve knowledge strategists), and technical level (which helps to achieve knowledge professionals).

2.4. Managerial innovation and its dimensions

The managerial innovation that we have identified, was the reaching of the new managerial, should raise the question about what this new managerial and what dimensions? To answer, we note that managerial innovation has many manifestations that can be summarized as follows:

2.4.1. General managerial Innovation

This set of managerial innovations refers to represent the major managerial turns in the evolution of management. The managerial schools (classical, human relations, situational, systems, etc.) represent general managerial innovations, each of which is characterized by a general and distinct managerial stage. In the managerial organization, there were important turning points, which consisted of moving from hierarchical to a matrix organization, which represented a dual organization. It was a hierarchical organization of managerial functions and a horizontal organization of technical functions, and then the transition to new types of organization such as horizontal organization, Self-managed teams. In this development, efficiency was increasing and the flexibility required in professional and knowledge-intensive work was growing. As well as, the transformation from the giant (the big is beautiful and effective), and the large production and economies of scale to small (small is beautiful and more distinctive) production of small meals (the system of Just in time) and economics of scope, and then the new turning point in the Internet era, the internet and e-management.

2.4.2. Innovation of managerial concepts

Management innovation refers to discovering entirely new ways to organize, lead, coordinate, or motivate (Hamel, 2006). This discovery of concepts is fundamentally related to finding solutions to management problems and improving management efficiency. The new management concepts have always been a source of improved efficiency and productivity, both in improving management understanding of employee needs (as in Maslow), in optimizing management decision-making (as in operational research methods), in measuring and improving financial analysis and performance (methods of financial analysis and portfolio management). In fact, this is the broader area of managerial innovation, because it is constantly loaded with new concepts aimed at improving the performance of senior, middle and lower management, and employees at all levels of the company. Total Productivity Management (TPM) in the 1970s, Total Quality Management (TQM) in the 1980s and 1990s, re-engineering in the 1990s, teleworking, the virtual company and the virtual teams at present, are all examples of managerial innovation in the field of concepts, and their applications in this or that field. Table 1 offers an important set of most recent managerial innovations.

Table 1: The innovation of concepts and managerial methods and their effects

Method	Evaluation of the validity of the decision	Performance evaluation	Returns system
T.Q.M.	√	√	
Re-engineering	√		
Outsourcing	√		
JIT system	√	√	
Balanced scorecard	√	√	
Quality circles	√	√	
Calibration	√	√	√
Costs based economic value added		√	√
Managerial empowerment	√	√	
Self-managed teams	√	√	
Venturing projects	√		
Incentive compensation			√
Reduced cycle time	√	√	
Strategic Alliances			
Management by objectives		√	
Performance Reviews (360 °)		√	
Matrix organizations	√		

Source: J. Brickley et al., (2003). *Designing Organizations to Create Value*, McGraw-Hill, New York, p. 271.

2.4.3. Re-innovation of the company

The biggest innovation for any company is the company's ability to stay in the market. To survive in the market (and perhaps grow in it), it has to constantly reconsider its assumptions about its internal environment (mission, strategy, core competencies), and its external environment (market structure, customer, competition, and society).

Since all internal environment factors (e.g., obsolescence) and external (changing market forces, changing customer needs, entering new competitors, new trends and regulations) can change a company, that cannot revise its core assumptions, and through an innovative vision, will face the most difficult fate of deterioration and exit. When competitors enter with new visions, concepts, and methods (meaning new and innovative basic assumptions), they will challenge the company's existing concept and underlying assumptions. The only way out is to re-invent the company by renewing and re-innovation of its basic assumptions in the three aspects confirmed by Drucker: assumptions about the company's environment, assumptions about the company's mission, and assumptions about the company's core capabilities to achieve its mission (Drucker, 1994).

As Drucker pointed out as a model of the challenges, the shakiest and shocking US companies were Japanese companies (which had new assumptions). If Pearl Harrier was one of the most military strikes of the US Navy, more Pearl Harrier was directed to US companies by Japanese companies. Many American companies have lost their business theory (basic assumptions and limitations) to the Japanese challenge (Drucker, 1994, p.103).

Perhaps this is the fact that companies are shocked by the increasing competition from companies, that come from different environments, and with new concepts and methods. That led John Brown to say that, the most important innovation that will come to corporate research laboratories will be to the reinvention of the company itself. This is more important than the innovation of new products. To keep pace with rapid changes in technology in increasingly unstable business environments, the company must design a new technological and organizational structure, which makes it possible to continuous innovation of the company (Brown, 1991). In this context, Gewritz (1996) argued for what he called the reinvention lifecycle in the company, as the innovation must cover the entire company, and its life to serve as a smart response to changes in its markets and external conditions. Also, he proposed a continuous cycle of re-innovation to keep the company in a constant state of change, as it changes in its markets. As this session can reveal that companies lose their strengths or weaknesses exacerbated over the time, which necessitates re-discovering the company to strengthen strengths and remove weaknesses to be able to re-locate in the market again in the light of that renewal.

After all, managerial innovation will continue to be a source of new ideas, to maximize the company's ability, to better utilize it's human, material and knowledge resources (internal efficiency), and to generate new concepts that contribute to the company's competitive advantage over its competitors (external efficiency). Also, managerial innovation is a source of new applications and practices, that make the company more capable of creating value for its customers continuously (sustainable efficiency), to keep the company in the market viable and growing.

2.5. Managerial innovation: productivity of knowledge

Knowledge management is the new managerial innovation that shifted the center of gravity in the attention and effectiveness, from material resources to knowledge as the most important new resource or asset in wealth creation, as well as, shifting focus in companies from managing stuff to knowledge management.

As noted earlier in this research, it is the managerial innovation that transformed the industrial revolution into a productive revolution. It is the new managerial innovation of knowledge management that plays a creative role in transforming the ICT revolution into a productivity revolution. In fact, information and communication technologies are all summarized today, by a single vehicle technology "the Internet", which has made information available in great quantities, in high speed and standard formats for all beneficiaries, and the forefront of these beneficiaries: business. However, it is noted that the information available in large quantities, can guide the management decision but, certainly from the perspective of competition to create a competitive advantage. The reason for this is that the information

available to all cannot create excellence, as long as, everyone has the same opportunity to access the same information, with the same amount and speed. That is why information must be transferred to knowledge. More importantly, there needs to be new management to transform information into new knowledge of core competency, and then employ it to achieve a competitive advantage.

In order to reveal the strengths of transforming the IT revolution into the productivity revolution of knowledge, some questions must be asked: What is knowledge? What does the new managerial innovation of knowledge management mean? Finally, what are the dimensions of knowledge productivity? In terms of knowledge, it is necessary to say that many definitions of knowledge have been presented, which can be summed up in two groups:

a) A set of definitions based on explicit knowledge and information technology: IT advocates tend to know explicitly and try to reduce them to the level of information. In this meaning, knowledge consists of data or information that is organized and processed to convey accumulated understanding, experience and learning applied to the current problem or activity (Turban et al., 2002, p.49). Knowledge is also what is integrated or presented in a way that can be processed by computer reside in an e-mail, voice mail, graphics, and unstructured documents as well as structured documents (Laudon and Laudon, 2017, p462).

b) Definitions based on implicit knowledge that resides in the heads of individuals: These definitions focus on the characteristics of implicit knowledge that can be shared and learned, but difficult to express or convey to others, where knowledge is defined as Knowledge is what remains in the head of the individual (Barquin, 2001, p.10). Knowledge is the fluid mix of experience, values, early information, and expert insights that provide a framework for evaluating and reporting new experiences and information.

If the first group is closer to information technology, and its superior form of the Internet, the second is closer to the managerial thought based on the human factor. Knowledge management (not the management of information as desired by the visionaries), represents the vision of managerial innovation that tries to give the company a higher value, by transforming its information into knowledge of higher value, and greater contribution to transforming it into a competitive advantage.

With the same distinction between technological engineering vision and managerial vision in the definition of knowledge, this distinction can also be clearly seen between the two visions in defining the concept of knowledge management.

It be can present two definitions of knowledge management that illustrate this distinction in this area:

- *Knowledge management* is the methodological process of directing the knowledge balance and achieving its leverage in the company. It refers in this sense to the knowledge of doing things efficiently, by leveraging knowledge (i.e., using it multiple times) so, the company can transform into a major source of profit (Davis and Broken, 1994). This definition is the minimum level in knowledge management because it uses the knowledge base (knowledge base explicit), and achieves its leverage of multiple cases or areas of use of available knowledge instead of using it to generate new knowledge.

▪ Because knowledge management is based on the fact that knowledge is the most important resource in modern companies, it does not only possess the knowledge; it seeks to enrich it by creating new knowledge. In this context, knowledge management is the systematic process of creative use and creation of knowledge. This definition is largely the concept advocated by Nonaka in what he called the Spiral of Knowledge creation and the four process model: Socialization, Externalization, Combination, and Internalization (SECI Model) (Nonaka, 1991).

It is noticeable from this distinction that technological innovation works to reduce knowledge to identifiable information. Also, innovation deals with it through a database or software, whereas managerial innovation is usually the creation of information, by transforming it into a knowledge of higher managerial value, both in the process of developing new products or providing better service in response to customer needs, or competitive advantage in the market. The dimensions of knowledge management as a managerial innovation can be determined through the following:

2.5.1 Need for knowledge management

The fact that information technology and its high application of the Internet prompted, some to put forward hasty ideas about the death or end of management, considering that the most important feature of the internet is the super-networking, (unlike the traditional system of hierarchical and limited connections). This interconnection is characterized by high speed, comprehensive connections here and everywhere, extensive and multi-faceted communication at the same time, and finally decentralization in communications, meaning that there is no center and another in the sense of communication. The question is : What does this mean in terms of management? The answer is that all companies have transferred an important part of their control over information and communications to the Internet. This means loss of management in companies for the possibility of achieving uniform control or subjecting employees to a unified base.

As some see, this networking has transferred an important aspect of management to what Yamashita calls interoperability. The internet, which makes the company operate in a decentralized manner, leads to the availability of communication channels between employees and work with suppliers, distributors, and customers (anywhere at any time), directly and more often without the need for management. This will lead to the re-division of managerial work, which will make 99% of managerial work transfer to interoperability (Internet, rules and open standards), while managers will have only 1% of the managerial process. This ratio of 1% is that the management sets minimum rules and integrates new activities into the system (Yamashita, 2000).

There is no doubt in the technological innovation represented by the internet, and the changes that came out are correct and must be taken into account, but what can be objected to, is the conclusion that builds on this technological innovation. The standard technical rules and mechanisms on which the internet is based can be a powerful management factor when responding effectively and can be a serious challenge and a strong threat to traditional management to change, and if it does not change effectively, it must disappear.

Let us take an example that helps to understand this. The advent of railways almost a century ago as new technology could have weakened small shops. But the management in these stores quickly moved to employ these technologies to the diversified stores that collect goods from all over the country in a convenient location for customers, which moved from their homes on the outskirts of the city. All this makes railways as a source of competitive advantage for diversified stores, (a management development of a larger retailer at the expense of small shops). As well as the development of postal and telephone services, the department has developed lists and catalogs of postal orders to reach customers in the countryside. Sears has described its catalogs as the cheapest on the ground and has compensated for the lack of personal service resulting from the use of those catalogs to guarantee money back (Garr, 1999, pp.42-43). This means and clearly indicates that management is not in the face of technology. The managerial innovation, such as technological innovation, is equally important. The management is required to use its managerial innovation capacity, to achieve the best use of technological developments to create value and achieve a competitive advantage, for the company and management to remain. If it fails in this mission, the company will retreat and retreat towards its inevitable fate: the demise.

2.5.2. Problems and failures of knowledge management

Knowledge may seem to be a guarantee against failure, considering that the difference between a rational and irrational decision, in essence, is, a difference in the amount of information or knowledge available to each. However, knowledge management has its own successes and failures. Their successes clearly indicate that firms with a managerial ability or managerial innovation were more successful, while companies that did not have such capacity or innovation were more likely to fail. This means that the mere availability of information technology (which drives companies to adopt new projects) has not been enough to succeed in knowledge management projects, especially since there is no infallible or uncertain management system. Equally, there is no guarantee that the adoption of information technology in its various forms will be successful in business. In this context, it is possible to refer to many cases of failure in knowledge management projects, where failures are estimated 50-70% in these projects. This is due to the most important reasons (Turban et al., 2002, p.417):

The knowledge management projects have relied heavily on technology, without paying much attention to whether the proposed knowledge management system is appropriate to their needs and objectives from a managerial perspective:

- The lack of support and commitment of senior management in knowledge management.
- No incentives provisions for individuals employed in knowledge management.

A study by Ernst & Young Centre for Business Innovation covered 431 US and European companies. According to the answers of the executives of the companies participating in the survey it was confirmed that the key difficulties in managing knowledge are: the difficulty of changing the behavior of individuals, performance of knowledge assets, identification of knowledge to be managed, justification for the use of scarce resources in new knowledge projects, knowledge of the company's current knowledge, etc. (Ruggles, 1998).

A five-year study by Fahey and Prusak (1998) covered more than 100 knowledge projects revealed the 11 most common fatal mistakes in knowledge management. In the forefront of these errors is the lack of distinction between data and information, on the one hand, and knowledge on the other (the second error). This position explains the fact that there are little education, training, and organizational experience for the required understanding of the concept of knowledge.

2.5.3. Knowledge Strategists

Lack of interest in the distinction between data, information, and knowledge has led to failure in knowledge management projects based on the latest software and IT facilities. In knowledge management, there is an important hierarchy of data, information, knowledge, etc. Knowledge management specialists have introduced this hierarchy in multiple forms, but they all share the fact that they start from the data that is considered the raw material to go up to the highest level, the most organized and valuable. It is the model of Haeckel, which includes five ascending levels ranging from data to wisdom (Barquin, 2001, p.4); data, information, intelligence, knowledge, Wisdom (which is the synthesis of knowledge and experiences).

Knowledge Strategists are responsible for taking care of what interests are (care of why). They are also experts on strategy and competition based on knowledge in the market and the competitive knowledge gap (the internal and external knowledge gap compared to the main competitors). These are the ones who capture deeply and effectively, the new roles of knowledge within the company, as the intellectual capital. Also, they identify the new source of property rights in the company, on the one hand, and outside the company by describing the knowledge in the process of generation and sharing and its leverage is the new competitive strategic weapon, on the other hand. Knowledge strategists are the ones that reassess or build a company's strategy not only based on its products, services, and processes, but also based on its knowledge, knowledge excellence, and production pattern. The crossing symbol for this category is that they are experts of competitive knowledge. In fact, it is this category that accommodates the cognitive purpose and is the expert in dealing with the external knowledge gaps of competitive knowledge. They are finally and simply responsible for innovation in the knowledge management strategy.

On the other hand, there are knowledgeable professionals, those who deal with knowledge as a subject. They are responsible for causal knowledge or know-what and know-how. This category is the expert in the methods of acquisition, assimilation, treatment, and effective methodology to make it able to work in different areas of use. This category is the core competency based on knowledge and the company's technical expertise in using knowledge. It is the core of the company's intellectual capital and its renewed ability to generate knowledge.

Knowledge workers work in the knowledge field to provide support to knowledge professionals. They collect, classify, schedule, store, deliver, and respond to all requests related to raw materials. They are truly in the knowledge-based economy, which corresponds to manual labor workers in the industrial

economy. The members of this group know very well what the knowledge professionals are talking about, what they need, and how to implement what they are asking for. Therefore, the members of this category represent the detailed operational efficiency related to the implementation of what the knowledge professionals ask them to make them more capable of carrying out their tasks. The code for this category is authentication and delivery.

3. Discussion

This study attempted to explain the dimensions of managerial innovation in which it has not received sufficient attention because of the dazzling of technological innovation since the industrial revolution has contributed to this inappropriate situation. Management innovation has become a major concern. Many studies have confirmed that technological innovation has been constantly associated with managerial innovation. New technology always needs new forms of management and organization. The technological innovation was the quickest to verify, followed by managerial innovation, which represented each time a process of balance of vision and disclosure of additional advantages and dimensions of more important in the recruitment and use of technological innovation.

Management innovation has become more important than in the past, even from the perspective of technological innovation because innovation management has been introducing new concepts and methods that make technological innovation more feasible and efficient. This is evident that the Internet and the internal and external business networks (technological innovation) have found their effective and more efficient effects in the virtual factory (Upton and McAfee, 1996) virtual organizations (Liston et al., 2008), the virtual value chain (Gunasekaran and Ngai, 2004), virtual teams (Blackburn et al., 2003). Virtual companies today represent an effective use of network technology in order to use the minimum number of employees within the company, and benefit from the largest number of specialists from outside the company to work on certain opportunities.

Technological innovation has always been the largest financial investment. It is also a shock in individuals (shock is the feature of the rapid adoption model of change). One of the reasons for the failure of technological change is the lack of integration with cultural change and increasing resistance to change as well as the failure of managers to achieve organizational response in the company (Daft, 2010, p291), especially in light of the historical experience associated with the technological substitution of the machine. While managerial innovation was less in need of large financial investments, introducing more organizational efficiency to technological innovation is related to greater managerial innovation capacity. The management innovation, which is associated with technological innovation, has contributed to improving performance and increasing productivity through new management concepts and methods of work. Technology management has also contributed to improving the performance of the technology itself and decreasing the dangers of new technology (Marcus, 2016, p.66).

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Impact of Factors Causing Internal Conflict on the Effectiveness of Managing and Handling Conflict in the Jordanian Banks

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Abstract: *The purpose of this paper is to investigate whether the factors causing internal conflict affect the effectiveness of the methods used in handling these conflicts. The main instruments of research used in this study were the survey questionnaire. Data gathered from the (192) respondents were statistically treated and analyzed using arithmetic weighted mean, it was interpreted based on the Likert scale, in testing the hypotheses multiple regression was used. The results showed that the following causes of conflict, task interdependencies, different goals of subunits, bureaucratic factors, communication problems, competition for scarce resources, differences in the performance standards, and differentiation were noted to be linked to the effectiveness of the conflict handling methods. Management, departments, units, division's heads, and team leaders of the Jordanian commercial banks favor resolving conflicts. It was found that, regardless of what causes conflicts, they were able to contain and resolve conflicts, using all different styles and modes of conflict handling methods. The result of the multiple regression test revealed that there was a significant positive effect of the factors causing conflict on all different styles and techniques, used in handling conflicts. It was concluded that avoidance style, would not resolve the conflict, and it might negatively affect the behavior of individuals, so it should be averted. Using the collaborating mode would encourage positive interactions among members of the organization, resulting in a more cooperative working environment. The compromising method should be used in a way that will satisfy all conflicting parties, to ensure that, the focus would be on achieving goals of the entire organization.*

Keywords: Accommodating, Collaborating, Compromising, Conflict, Goal incompatibility.

JEL Codes: M21, M120.

1. Introduction

Conflict is inevitable and cannot be avoided in a business organization, as long as there are employee's interaction and task interdependencies, goal incompatibility, incompatible performance criteria, and when employees compete for scarce resources. It is considered a natural phenomenon in a business organization and viewed by some as a necessary condition for the development and growth of individuals and organizations. According to Rahim, conflict is "*an interactive process manifested in incompatibility, disagreement or dissonance within or between social entities (i.e., individual, group, organization, etc.)*"[1]. Conflict occurs in business organization and is viewed by some to be healthy and necessary for the growth

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and development of individuals. Without conflict there would be no need for a change, management will not pay attention to problems that the organization is facing [2], these conflicts are indicative of hidden problems and inhabitation of new ideas.

Conflict can be sometimes favorable and sometimes unfavorable. In their research, Schuz-Hardt, Mayer, and Frey [3] state that decision making by teams usually is better, when a pre-discussion of preference were in disagreement rather with an agreement. Although the pre-discussion, disagreement may appear good and it will stimulate a quality group decision making, Dreu and Weingrat [4] in their research claim that, the positive effect of the decision making might break faster and quickly if the conflict becomes more intense. When disputes arise, there would be a need to resolve it to achieve organizational growth and survival, which will lead to enhance performance. What matters and what is essential to an organization is how to handle and manage these conflicts effectively.

Management should be able to contain favorable conflict and resolve harmful ones, to ensure the future success of the organization, through the achievement of organizational growth and development. Disputes and conflict are the results of the personalities and value differences of individuals. Conflicts do not happen by itself, these are caused. Therefore, unless it is managed effectively, it can destroy both sides of the controversy. To maintain and create a healthy workplace environment, management should analyze and understand the cause of the conflict; to handle such issues, and resolve it before a simple conflict grows into a major problem if it was not resolved. In their research Omisore and Abiodun [5] stressed that, efforts must be made to address the causes of conflict as soon as they appear, and that conflicts will be the results of factors causing conflicts, they further mentioned some of those factors such as; competition for supremacy, leadership style used, and limited or the scarcity of common recourses.

Effectiveness of the method of managing, dealing and handling conflict, needs that management to carefully analyze and understand the factors that trigger those conflicts; so that the appropriate method would be applied. Factors causing conflict analysis is crucial, this analysis is considered as the most important and vital step, that must be undertaken before selecting the proper method of handling conflict, the analysis of the factors that may cause the conflict must be carried out with the aims of gaining deeper, closer, and more understanding of the nature and origin of the conflict.

It is necessary that management must understand causes of conflict, know how to deal with conflict, reducing or resolving conflict, and be capable to stimulate these conflicts in a positive manner when appropriate. The finding of the research of Dreu, and Weingrat [4] suggest that conflict usually would interfere with some tasks less than other tasks; the emphasis should concentrate and be placed on how management and team members manage and handle their tasks and the relationship conflicts. The proper analysis of what causes conflicts are the basis to select the method or mode of handling conflict, thus, the task of the management is to analyze the causes of conflict in each situation, then selecting the proper and effective method of handling internal conflict.

A review of the related literature pointed out that, Thomas [6] has identified five methods of handling conflict which are: competition, compromising, collaboration, avoidance, and accommodation. The proper method and its effectiveness will depend on understanding the factor that causes the conflict, and the situation and circumstances of the conflict. In deciding how to resolve a conflict, management should assess the implications of the factor on the method of managing and handling these conflicts. Therefore, it is necessary and essential that management understand the causes of conflict, know how to resolve and reduce conflict, as well as be able to stimulate it positively when appropriate.

2. Theoretical framework

Conflict prevails in business organization due to several factors or reasons. According to Jones [7], there are specific and certain organizational characteristics that will generate conflict, he pointed that the sources of conflict are: task interdependencies, goal incompatibility, bureaucratic factors, incompatible performance criteria, and competition for scarce resources. Miscommunications were identified as a major source of conflict by Robbins and Judge [8]. In addition to those factors, differentiation has been identified by Daft [9] as a source of conflict in organizations.

2.1. Task interdependencies

Task interdependence means, the need and dependence of certain unit or group on another unit or department for the resources, these resources might be material, information, or any other resource that would be needed by other groups or units to complete their work [9]. In all organizations, different departments depend on each other and work must be coordinated between the different departments and functions. The greater is the extent that there are interdependence or interactions between departments, the greater is the chance or possibility that conflict will exist [10].

Functions within organizations overlap, where the works of the certain department would be the inputs of other departments. To be successful all employees should know not only their role, but they must know and understand the importance of the work of others, and the roles of other employees for the entire organization. All different functions, departments, and different parts of the organization depend on each other; they involve the exchange of information between them, decision making most of the time would be taken cooperatively [11].

Gibson and others pointed out that, Thompson [12] identified three types of task interdependencies which are: pooled interdependence, sequential interdependence, reciprocal interdependence. Pooled interdependence usually does not require interaction between different groups. Each group will work separately from other groups, and the success of all different groups will be determined by the pooled performance of the entire organization, sequential interdependence, require that one department or group must finish or complete their task before the other group, or department can complete their task, reciprocal interdependence, where the output of one group or unit, will serve as the input of the other unit or group within organization [2].

2.2. Goal incompatibility

As a consequence of the needs for specialized subunits and divisions in the organization, different and dissimilar goals of different subunits and divisions would be developed. These different goals would result in having different expectations among members of the different units and divisions when members of the different units and divisions interact with each other, the conflict would be the result of these different goals which might be incompatible [2].

Goal incompatibility is considered as one of the greatest factors of conflict within organizations. Achievement of department goals would interfere with other department's goals due to the fact that the goal of one department would reflect a specific goal that members of the department are attempting to achieve [9]. Different group goals would result in a different perception. Differences in subunits and department orientation would certainly affect the way that each department or function views the environment, this would result in attempting to achieve different goals which are incompatible [7]. The greater there is variance, or differences between the goals of subunits, and departments, the greater that conflict would raise [13].

2.3. Bureaucratic factors

A potential source of conflict is the way of developing the task relationships within an organization, due to status inconsistencies which developed between different layers, groups, and subunits in an organization bureaucracy, conflict would be inevitable, an example is the conflict between staff and line functions, where employees and individuals in the line function would view themselves as the most important individuals, and the staff functions are there to play a secondary role only [7]. Many different statuses would result in many hierarchies that would source conflicts among different groups. Status conflicts would be the result of, which group responsibility is to initiate the work and which group will respond to it [2].

2.4. Communication problems

Communication plays a vital and important role in the success of any organization, it helps individuals and organizations in achieving their goals through understanding, but communication may break down due to miscommunication or communication problems. In the research of Isa [14] he stated that poor communication is a major factor that causes conflicts in a business organization, which is the result of differences in the communication style or a failure to communicate effectively.

Communication problems refer to the opposing forces that resulted from either semantic difficulty, or misunderstandings, and any noise that may or would interfere with every aspect of the communication channel. Barriers to communication usually would result in miscommunication, misunderstanding, and incomplete clarity of meaning; these barriers might include differing word connotations, jargon, insufficient exchange of information between individuals, information overload. Some or all of these barriers would lead eventually to the rising of conflict within the organization [8].

Faulty communication, communicating in a way that would result in different interpretations of symbols or the message, and unintentionally will annoy or lead to the anger, and frustration of others is known as a major cause of conflict [15].

2.5. Competition for scarce resources

Another prime reason or major cause of organizational conflict involves competition for limited and scarce resource between members of the groups, departments, divisions, and subunits. The occurrence of the win-lose competition usually would be the result of limited resources situation. Whenever the resources are scarce or limited and they must be distributed and allocated between the different parts of the organization, conflicts will be more apparent between groups and different departments [2].

Isa, Ahmad pointed in his research that, in allocating, distributing, and sharing the available, scared, or limited resources to resolve conflicts; in an equitable and sustainable manner, so conflict would be avoided, because limited resources sharing play an essential role in resolving organizational conflicts, thus leading to the improvement of the overall performance of the organization.

According to Jones [7], Coser [16] stated that, when resources are limited, decisions about allocating these resources must be made; different subunits and departments have to compete for their share. To grow faster different departments, divisions, and subunits of the organization would fight to gain an increased and more share of funding to invest, different parts and functions promote their interest and importance over other departments and divisions to have increased access to resources [7].

Most of the time, organizations are characterized by limited resources, that are needed by different subunits and departments to carry their tasks, duties, works, and do their jobs successfully; then the struggle would be, to win more of these resources, which is considered as a major factor of organizational conflict [15]. Organizations have limited resources such as money, facilities, materials, human, and other resources to

share. According to Daft [9] different departments, subunits, and groups with the desire of achieving goals of their units want to increase their share of these resources, and this would result in a conflict.

2.6. Differences in the performance standards

When designing a reward system organization must take into consideration a common performance standard. A conflict would arise if the reward system is structured and build based on individual, group performance rather than entire organizational performance [2]. The attitudes and prejudices of the members of the different divisions, departments, and subunits will lead to dividing the organization into "us" versus "them" that will bring conflict between them [15].

The major aim of designing a reward system must be the creation of coordination among and between the different subunits of the entire organization which affects the potential for conflict; the major priority of an organization's management's must be restructuring the reward system so it will not promote disputes between the different divisions and subunits [7].

2.7. Differentiation

As the organization grows more substantial, operations become more complex, organizational departments and functions become more specialized, and then functional specialization would be required and needed to run operations more effectively [9]. This will necessitate and create a growing need for specialized knowledge, special technical skills, and expertise, which would force organizations to hire a variety of individuals, with different personal abilities, skills, special expertise, and behavior. These differences among individual's abilities, traits, and skills would certainly affect and impact the interpersonal relationships of the individuals, and among them leading to a conflict.

3. Conflict Management Methods

Conflict cannot be avoided, not all conflict can be eliminated and some are desirable, that is why business organization managers must know how to deal with, and manage conflicts. In fact the analysis of the Chartered Institute of Personnel and Development of the replies of (660) practitioners of Human resources in organizations is supporting that, it is important for organization executives, department or unit managers, and team leaders to learn how to manage and handle conflicts. The analysis showed that (44%) of the respondents indicate that handling and managing disputes and conflicts are continually in the workplace and that managers are spending almost (3.4) hours weekly in solving problems and in handling conflicts [17].

In the review of related literature, many of the previous studies and research have adapted Thomas five suggested methods or approaches of handling conflicts that can be viewed in terms of, the degree of cooperativeness and assertiveness. These conflict approaches certainly would be affected somehow by the factor that causes the conflict. Thomas's approach can be used as a model to explain the major conflict resolution methods or techniques, which this research is focused on:

3.1. Competing

Where there is a high level of assertiveness and not cooperation. This approach is a win-lose situation, but the competition should adhere to certain rules. The assertiveness person will not seek to harm the other's self-image, and would not serve to change and improve the organization. According to Robbins and Judge

[8] competing refer to the desire to satisfy the self-interest without any consideration to the effects, or impact on the other party of the conflict. The competing mode will be more appropriate in an emergency situation when quick action must be taken and a vital issue needs to be resolved [18].

3.2. Collaborating

In this approach, there is a high level of assertiveness and a high level of cooperation. This mode is characterized by a real and genuine attempt, and trial to reach solutions that will satisfy all the needs of the different parties of the conflict. It differs from a compromise in the attitudes of the participants: while they are trying to achieve their own objectives (assertiveness), they would be more increasingly cooperative.

3.3. Compromising

This conflict handling method encompasses moderate assertiveness and cooperation. This is a give-and-take situation. Both parties of the conflict usually give up some of their needs through negotiations. In compromising there is no winner or loser, and the decision made is not the ideal solution for both parties of the conflict, but still it can be used effectively if the goal of both parties can be divided equitably, and if this not possible one group should give up something of value, so concession would be reached [2].

3.4.Avoiding

In this method there is no assertiveness or cooperation. Most unpleasant things can be avoided; the problem can only be postponed or delayed, but not solved. Gibson and others [2] stated that avoidance will not effectively resolve or eliminate the conflict, and this mode will not result in any long-run benefits to the organization, but it will work in the short-run.

3.5.Accommodating

In this technique, there is no assertiveness, but a high level of cooperation. In order to meet the needs of others, one may give in and surrender to accommodate others, so that harmony can be achieved and to foster a better productive environment [18]. In the win-lose situation, there must be always a loser. The main purpose to accommodate other people or individuals is to maintain harmony at the expenses of losing the ability to compete more effectively.

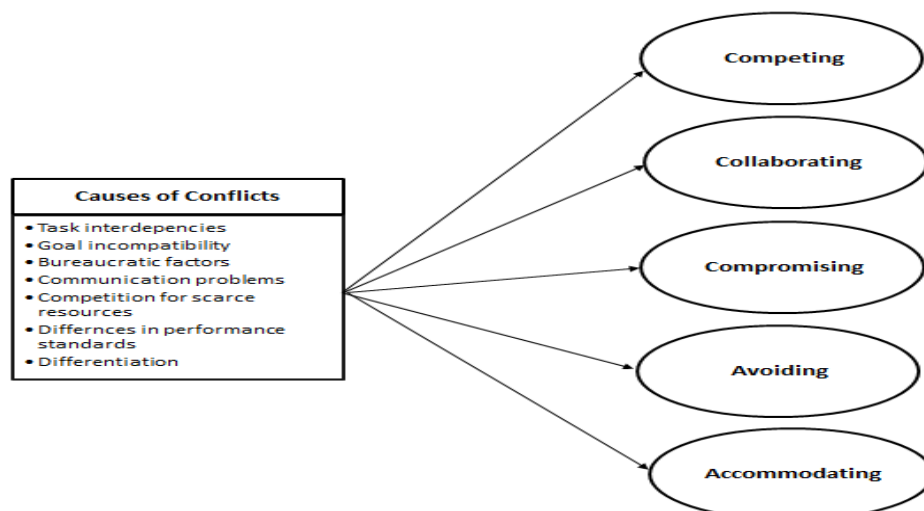


Fig. 1 Research Framework

4. Statement of the Problem

This research focuses on investigating the linkage of the factors causing internal conflicts, with the effectiveness of the methods of handling and dealing with these conflicts within business organizations. Specifically, this research sought to answer the following specific question:

To what extent do the factors causing internal conflicts (task interdependencies, goal incompatibility of subunits, differences in the performance standards, and competition for scarce resources, differentiation, and communication problems), impacts the effectiveness of the methods of managing and handling these conflicts being practiced and employed by the banks?

5. Hypotheses Setting

In all business organizations, there are several causes of conflicts. Factors causing conflict, such as; task interdependencies, goal incompatibility of subunits, differences in the performance standards, and competition for scarce resources, differentiation, and communication problems. What causes conflict, would certainly affect the methods of managing and handling internal conflicts. A deep analysis, and proper understanding of the factors that causes the conflict is considered to be the inputs of, determining the selection of the proper method of dealing with these conflicts. Based upon discussion, the following hypotheses can be proposed:

H1: There is a significant positive effect of factors that causes conflict on using the competing method in handling internal conflicts.

H2: There is a significant positive effect of factors that causes conflict on using the collaboration method in handling internal conflicts.

H3: There is a significant positive effect of factors that causes conflict on using the compromising method in handling internal conflicts.

H4: There is a significant positive effect of factors that causes conflict on using an avoidance method in handling internal conflicts.

H5: There is a significant positive effect of factors that causes conflict on using the accommodation method in handling internal conflicts.

6. Related Studies

The research Paluku Kazimoto, [18] titled “Analysis of Conflict Management and Leadership for Organizational Change” to examine the sources of the conflicts, types and its effect on organizational change, found that managers should encourage an open communication policy, so that individuals will be capable to get the accurate information at the right time, according to him conflict is inevitable, to deal with conflict more effectively, managers must accept the fact that conflict exists. According to him, managers must understand conflict to enhance the ability of the administrators to deal more effectively with the problems of organizational efficiency, stability, governance and change, and not to view conflict in a negative manner, but rather if managed and handled in a proper conflict management style, it will enhance the efforts of the school administrators in achieving their goals. He further stated that if conflict managed

effectively it can be healthy, and conflict may represent a dynamic force of organizational development, growth, change, and adaptation to survive. To achieve a positive outcome the key element in resolving conflict is, to look for a win-win situation, while cutting or minimizing losses and to formulate proactive conflict management strategies, by an effective negotiation and communication while appreciating the cultural differences among individuals. He concluded that it should be noted conflict is a reality that exists within an organization, and it will affect the individuals and groups. This study somehow is related to the present study, it supports the concept that conflict, prevail in an organization, managers must understand conflict if managed well with the proper style, an organization would achieve growth and development.

The study of Ongori, Henry [19] on "Organizational Conflict and its Effects on Organizational Performance" with the aim to explore what causes conflict within the organization, the types, the effects and the strategies of managing conflict effectively to enhance the organizational performance. He found, that a major cause of conflict is the limited resources and task interdependence, according to him competition among individuals about promotion, financial, manpower equipments and information resource. He stated that if plans are not interpreted or not communicated effectively to employees at the right time for the implementation this will lead to conflict. He concluded that one of the prime responsibilities of management is to ensure that scarce resources must be utilized for the beneficiary of the organization and for other stakeholders of the organization, and performance evaluation of employees must be clearly spelled out and communicated to all individuals with consideration of the performance set. He also concluded that management and employees should work together to achieve the positive effect of the conflict by implementing a certain procedure to be followed in resolving conflict, he stated if a disagreement arises among employees then management should get statement from parties involved, then brainstorm the issue and recommend ways of resolving the conflict so that it would be binding to all parties of the conflict and they will commit themselves to continue to resolve future conflict. According to Ongori, [19] the findings of his study will inspire managers to develop the best strategies in resolving conflicts by understanding what causes the conflict, which will then assist them to develop appropriate strategies to resolve and manage conflicts at the infancy stage. This study is consistent with the present study, in identifying some of the causes of conflict such as limited resources, task interdependence, and communication. It supports the present study in that, proper understanding of the causes of conflicts would lead and inspire management to select the proper method of handling conflicts within their organization.

The research conducted by Omisore, and Abiodun [5], titled "Organizational Conflict: Causes, Effects, and Remedies", to investigate what are the things that lead to conflict in organizations? The findings of their research were, that conflict generates a considerable duality and contradiction which leaves the administrators as well as the scholars uncertain about the meaning of conflict, its relevance and how best to cope with those conflicts. They stated that conflict is an aspect that cannot be separated from people or organizational life. According to them conflict is inevitable in an organization. Also, their study discovered that conflicts occur in organization due to factors such as completion for supremacy, leadership style, limited resources, and other factors. Their study revealed that conflict situation is not always bad; they stated that if the conflict is timely well managed the outcomes will be a positive result, but if it was not timely, well managed it will lead to low productivity. According to them effort must be made to address the causes of conflicts once they are noticed. They concluded that in resolving conflict, early recognition and paying attention to the conflicting parties and the negotiation of the involved parties must be adopted, and not to use the force or intimidation to resolve the conflict. This study is related to the present study in that, conflict is a part of human or organization life, it supports the concept of resolving conflicts by addressing all causes, through the selection of the best way of coping with conflicts, and handling it.

The research of Ahmad Adamu Isa [14], titled "Conflict in Organizations: Causes and Consequences", identifies the causes of conflicts as poor communication, maltreatment of employees, inadequate reward system, favoritism, and nepotism. He further identifies other causes such as; the scarce or limited resources to share, stress, and sexual harassment. The study also investigates the positive and negative implication with regards to the decline of productivity and absence of employee retention capacity. He concluded that there

are many causes of conflict, and conflict is an inevitable consequence of industrial relation. According to him, there is a need to establish annual performance review with regards to, working relationship between employees to achieve the optimal growth of the organizations, and provide fair compensation policies and reward system, which would ensure fairness in pay rates based on an objective and updated job description. He stated, to handle and resolve all cases of disputes between labors, it is important to establish a conflict resolution committee. This study is somehow related to the present study in that, there are factors that generate conflict, some identified by the present study such as poor communication, inadequate reward system, and it differs in identifying other factors such as: different maltreatment of employees, favoritism, and nepotism. The study is similar in that, to resolve the conflict, it is important to understand the causes

The study of Huan, and Yazdanifard, [20], on "The Difference of Conflict Management Styles and Conflict Resolution in Workplace", they found that unresolved conflict would affect job satisfaction and employee loyalty, management should mediate the conflict by using the right and proper method. According to them the employee's commitment would be affected by the conflict which would result in increasing the rate of absenteeism. They concluded that there are many ways and styles in resolving and handling conflict and for each style, there are benefits and weaknesses. Identifying the best or appropriate conflict resolution style would depend on the situation and circumstances of the conflict. They stated, conflict serves as a learning curve, and it is needed for the growth and improvement of the organization, without conflict there would not be any improvement for the organization. This study supports the current research in that, there are many styles and methods that can be used by management to deal with conflict, and resolve it in an organization. Inconsistency with the current study, the selected or used style in resolving the conflict would depend on the situation or circumstances, supporting the concept that, analysis of the cause would lead to select the proper and appropriate style of handling conflict.

7. Methodology

The main instrument of research used in this study was the survey questionnaire. This questionnaire consisted of two parts. The first part was focused on factors causing conflicts in a business organization. The second part inquired into the effectiveness of the methods used in handling these internal conflicts. A total of 250 survey questionnaires were distributed among managers, division and unit heads in the banking sector of Jordan. Of the 250 distributed, 209 were returned, 17 questionnaires were invalid, leaving a total of 192 valid. Thus the overall rate of return questionnaires was 76.8 percent.

7.1. Statistical Treatment of Data:

The participants responded to all questionnaire items for measure using a rating ranging from 5 (Strongly agree, Very effective) to 1 (strongly disagree, Not effective).

7.1.1. Arithmetic weighted mean

Responses on the items for each measure were averaged using the arithmetic weighted mean, which was interpreted based on the Likert scale of the boundary of numerals as presented in table (1).

Table 1: Responses on the items for each measure

Weighted mean	Weight	Descriptive interpretation
4.51 – 5.00	5	Strongly agree, Very effective.
3.51 – 4.50	4	Agree, Effective.
2.51 – 3.50	3	Somehow agree, Somehow effective.
1.51 – 2.50	2	Disagree, Less effective
1.00 – 1.50	1	Strongly disagree, Not effective.

7.1.2. Hypotheses testing

Multiple regression was used to test the hypotheses, to decide whether to accept or reject the proposed hypothesis, if the computed level of significance is less than 0.05, this will indicate that there is a significant positive effect of factor causing conflict, on the effectiveness of the method used in resolving the conflict, thus accepting the hypothesis, and rejecting the hypothesis if the computed level of significance is more than 0.05.

8. Results

Table (2) shows the extent of linkage of factors causing conflict with the effectiveness of the methods and styles of handling conflict, as perceived by the respondents in the surveyed banks. Respondents were asked to link factors causes conflicts with the effectiveness of the method or style of handling and dealing with conflicts based on the following criteria with a decreasing scale of 5 to 1: (a) Strongly agree, (b) agree, (c) somehow agree, (d) disagree, (e) strongly disagree.

Table 2: Factors causing conflict

No.	Factors Causing Conflict	Mean	Standard Deviation	Level
1.	Task interdependencies.	4.00	0.86	High
2.	Goal incompatibility.	4.08	0.79	High
3.	Bureaucratic factors.	4.05	1.04	High
4.	Communication problems.	3.90	0.91	High
5.	Competition for scarce resources.	3.60	0.95	Medium
6.	Differences in performance standards.	4.02	1.01	High
7.	Differentiation.	3.83	0.94	High

The factors causing conflicts when verified as to their linkage with the effectiveness of the methods, all those factors were linked. Task interdependencies, goal incompatibility, bureaucratic factors, communication problems, competition for scarce resources, differences in performance standards, and differentiation were noted to be linked with the effectiveness of the method of handling conflicts by respondents as "agree" as implied by the weighted means of (4.00, 4.08, 4.05, 3.90, 3.60, 4.02, 3.83) respectively.

Majority of the factors were rated with a high level, regarding their linkage with the effectiveness of the method, and only competition for scarce resources was rated as medium.

Table (3) represents the result of the analysis of the effectiveness of the conflict handling method used by management.

Table 3: Conflict handling styles

No.	Conflict Handling Style	Mean	Level
1.	Competing.	3.93	High
2.	Collaborating.	3.89	High
3.	Compromising.	3.73	High

4.	Avoiding.	3.77	High
5.	Accommodating.	3.98	High

The results showed a high level of the effectiveness of conflict methods, the general view was effective as implied by responses of management, departments, units, division's heads, and team leaders.

Accommodating ranked highest as effective with a mean of (3.98), and compromising ranked as lowest with a mean of (3.73). According to the responses, all conflict methods: competing, collaborating, compromising, avoiding, and accommodating were "effective" as implied by the weighted means of (3.93, 3.89, 3.73, 3.77, 3.98) respectively.

Table (4) presents the impact of the factors causing conflict on the competing style of handling conflicts. The analysis showed that there is a significant effect of factors causing conflicts on the competing style with a value of R^2 (0.17), which means changes in factors causing conflict explain (0.17) in changes using the competing style. The F value of (5.33), with a significance (0.00) of the impact of factors on the competing style, led to acceptance of the hypothesis that, there is a positive effect of the factors on the competing style, and rejecting that there is no positive effect of the factors, on the competing style.

Table 4: Impact of factors causing conflict on competing for style

No.	Factors	B	T	Sig.
1.	Task interdependencies.	0.16	3.24	0.00
2.	Goal incompatibility.	-0.02	-0.38	0.70
3.	Bureaucratic factors.	0.00	0.06	0.96
4.	Communication problems.	0.11	2.37	0.03
5.	Competition for scarce resources.	-0.09	-1.93	0.05
6.	Differences in performance standards.	0.07	1.62	0.11
7.	Differentiation.	0.10	2.18	0.03
R= 0.41		$R^2= 0.17$	F= 5.33	Sig.= 0.00

Table (5) showed the impact of the factors causing conflict on the collaborating style of handling conflicts. As depicted the hypothesis that there is a positive effect of the factors on the collaborating mode with a significant value of (0.01), which is less than the (0.05) level of significance, were accepted with the rejection of the null hypothesis that there no positive effect of the factors on the collaborating style.

Table 5: Impact of factors causing conflict on collaborating style

No.	Factors	B	T	Sig.
1.	Task interdependencies.	0.01	0.14	0.89
2.	Goal incompatibility.	0.03	0.47	0.64
3.	Bureaucratic factors.	0.06	1.48	0.14
4.	Communication problems.	0.03	0.63	0.53
5.	Competition for scarce resources.	0.06	1.32	0.19
6.	Differences in performance standards.	0.01	0.16	0.87
7.	Differentiation.	0.10	2.17	0.03
R= 0.30		$R^2= 0.09$	F= 2.60	Sig.= 0.01

The analysis resulted in that, there is a significant effect of factors causing conflicts, on the collaborating mode of handling conflict, with a value of R^2 (0.09) reflecting that changes in the factors causing conflict would clarify (0.09) of changes, using the collaborating style. The F value of (2.60), with a significance of (0.01) indicates that factors causing conflict significantly impact the collaborating mode.

Table (6) shows the impact of the factors causing conflict on the compromising method.

The analysis led to the acceptance of the hypothesis that, factors causing conflicts affect positively the compromising method with a significance value of (0.00) which is less than the (0.05), and rejecting the null hypothesis that there is no positive effect of the factors on the compromising method.

The value of R^2 (0.17) indicates that changes of factors that cause conflict would explain (0.17) of the changes in the usage of the compromising method, in dealing with conflicts. The factors resulting in conflicts, significantly affect the compromising method, indicated by the F value of (5.31) with a significance of (0.00).

Table 6: Impact of factors causing conflict on the compromising style

No.	Factors	B	T	Sig.
1.	Task interdependencies.	0.05	1.07	0.29
2.	Goal incompatibility.	-0.05	-0.85	0.40
3.	Bureaucratic factors.	0.08	1.91	0.06
4.	Communication problems.	0.06	1.26	0.21
5.	Competition for scarce resources.	0.01	0.23	0.82
6.	Differences in performance standards.	0.11	2.53	0.01
7.	Differentiation.	0.11	2.51	0.01
R= 0.41		$R^2= 0.17$	F= 5.31	Sig.= 0.00

Table (7) depicts the result of the hypothesis test on the impact of the factors causing conflict, on the effectiveness of the avoidance mode of handling, and dealing with conflicts.

The analysis resulted in accepting the hypothesis that, factors causing conflicts affect positively the effectiveness of the avoidance method, with a significance value of (0.00) which is less than the (0.05), and rejecting the null hypothesis that there is no positive effect on the effectiveness of the avoidance method.

Table 7: Impact of factors causing conflict on the avoidance style

No.	Factors	B	T	Sig.
1.	Task interdependencies.	-0.02	-0.31	0.76
2.	Goal incompatibility.	-0.17	-1.91	0.06
3.	Bureaucratic factors.	0.12	1.82	0.07
4.	Communication problems.	0.00	-0.01	0.99
5.	Competition for scarce resources.	0.06	0.83	0.41
6.	Differences in performance standards.	0.21	2.91	0.00
7.	Differentiation.	0.17	2.48	0.01
R= 0.37		$R^2= 0.14$	F= 4.19	Sig.= 0.00

Clarified by the value R^2 (0.14), changes in the factors that cause conflict will explain (0.14) of adapting the avoidance mode as a way of dealing with conflicts. The significance of the factors on the effectiveness of the avoidance method, was the result of the analysis, indicated by the F value of (4.19), with a significance of

(0.00), factors resulting in conflicts, significantly impact the effectiveness of using avoidance method in handling conflicts.

Table (8) shows the result of the hypothesis test on the effect of the factors that cause conflict, on the effectiveness of the accommodating style of dealing with conflicts.

As depicted acceptance of the hypothesis that, factors causing conflicts to affect positively the effectiveness of accommodating mode, were the result of the analysis, with a significance value of (0.02) which is less than the (0.05), and rejecting the null hypothesis that there is no positive effect on the effectiveness of the accommodation method.

Table 8: Impact of factors causing conflict on the accommodating style

No.	Factors	B	T	Sig.
1.	Task interdependencies.	-0.02	-0.41	0.68
2.	Goal incompatibility.	0.00	-0.01	0.99
3.	Bureaucratic factors.	-0.03	-0.73	0.47
4.	Communication problems.	0.09	1.71	0.09
5.	Competition for scarce resources.	0.01	0.28	0.78
6.	Differences in performance standards.	0.12	2.34	0.02
7.	Differentiation.	0.06	-1.15	0.25
R= 0.29		R ² = 0.09	F= 2.49	Sig.= 0.02

The value R² (0.09), clarify that changes of the factors leading to conflicts will explain (0.09) of using the accommodating style in handling conflicts. With a significance of (0.02) and F value of (2.49), factors generating conflicts, significantly impact the effectiveness of the adaptation of the accommodation style of dealing with conflicts.

9. Findings and Conclusion

Majority of the factors causing conflicts: task interdependencies, goal incompatibility, bureaucratic elements, communication problems, differences in performance standards, and differentiation, were rated with a high level. And only competition for scarce resources rated with a medium level resulted because of differences in culture, education, and the stress due to the nature of working in banks. Their rating of the methods and styles of handling and dealing with conflict were high, accommodation mode ranked as the highest and compromising style as low. There is an impact of the factors causing and generating conflicts, on all the methods: competing, collaborating, compromising, avoiding, and accommodating, styles of handling and dealing with internal conflicts.

This study suggests that conflicts exist among individuals and employees in the commercial banks of Jordan resulted from interdependencies of tasks and operations, conflicting goals, miscommunication, unfair performance standards, and job stress due to the nature of the job.

In this study, it was assumed that a thorough and deep analysis of the causes of conflict would give and provide management and heads of the different divisions and departments of the organization, more insight and enough knowledge, to determine and adopt the right and proper method or style in dealing with these conflicts.

Management, departments, units, division's heads, and team leaders of the Jordanian commercial banks favor resolving conflicts to establish a cooperative and collaborative working environment. Regardless of the factors generating these conflicts, the study also suggests that management, unit and department heads, and team leaders were capable of containing and resolving conflicts between individuals and employees of the banks.

Depending on the situation and circumstances, management and heads of the different units and departments were able to deal with conflicts, using all styles and modes of managing and handling the internal conflicts within their banks. This implies that situation and circumstances would direct or lead management and heads of the different divisions and departments to use the right and proper method of resolving the conflict.

Results reveal that, all factors that cause and generate conflicts impacted significantly the used styles and methods of managing, handling, and dealing with these conflicts in the commercial banks in Jordan. Management, units and department heads, should reconcile goals of the different units, division, and departments, to create harmony and coherence of the goals of individuals, and the various departments and divisions of the organization.

Continuous evaluation and review of the performance appraisal system should be conducted and updating it to design clear, and fair performance standards, for all individuals and workers, to establish employees loyalty and commitment. Before trouble troubles organization, management, units, and department heads, and team leaders should minimize and avert using the avoidance style because this would not resolve the conflict, and it might affect the behavior of the individuals and employees leading to low productivity. It is advisable to use more the collaborating mode by management, division, and department heads, and team leaders, in handling and dealing with conflicts in order to encourage and increase the positive interactions between and among employees, and the different parts of the organization. To deal with conflicts, the compromising mode should be used in a way that will ensure the satisfaction of all conflicting parties, so that all members of the organization would focus, on the achievement of the goals of the entire organization.

The study is limited in determining the impacts of the causes of conflict on the effectiveness of the methods used in handling these conflicts. Although several factors cause conflict, the analysis was limited to the following seven factors: task interdependencies, goal incompatibility, bureaucratic factors, communication problems, competition for scarce resources, differences in performance standards, and differentiation. Effectiveness of the used interpersonal conflict handling approaches such as competition, compromising, collaboration, avoidance, and accommodation were analyzed. Further studies are recommended to find out and investigate, the mediating role of organizational culture on, the impact of factors causing conflict on the used methods and styles of managing and handling conflict.

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Management of ethnocultural diversity in Africa: challenges and socio-economic consequences

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Abstract. *This paper analyzes the challenges and socio-economic consequences of managing ethnocultural diversity in Africa. Results show that the challenges of managing ethnocultural diversity in Africa are primarily historical and political. The economic implications of managing ethnocultural diversity are positive when government policies are participatory and inclusive. However, when the management of diversity leads to identitarian closure, the consequences are negative and range from popular uprisings to conflicts. As a recommendation, the governments of African countries should study the nature of their diversity and develop inclusive and equitable public policies that take into account the interests of all identity groups. Respect for the Constitution and democratic rules is also an asset for effective management of ethnocultural diversity.*

Keywords: ethnic diversity, linguistic diversity, religious diversity, economic development

JEL Codes: Z10, Z13, O10

1. Introduction

The trilogy "ethnocultural diversity," "identity conflicts" and "underdevelopment" is one of the main hallmarks of the African continent, which gradually preoccupies governments, international institutions, and researchers. The 2006 African Union Summit in Banjul outlined the extent of the problem of cultural and ethnic diversity in Africa and emphasized the need to integrate sociocultural pluralism into democratic governance processes. In 2013, the Economic Commission for Africa (ECA), in its third report on governance in Africa, analyzed the evolution of identity conflicts and its socio-economic consequences (deaths, non-voluntary migration flows, productivity losses, increased poverty). She then questioned the role of elections in managing this diversity. In effect, the last decades have been marked in many African countries by security crises and conflicts, mostly born of clashes between groups that are distinguished by their identities. The genocide in Rwanda in 1994, the conflicts in Darfur, the post-electoral conflicts in Ivory Coast, the secession phenomena in the English-speaking regions of Cameroon, the conflicts in the Central African Republic and the violent aftermath of the controversial elections in Kenya are some illustrations.

Research on this topic contradicts on the socio-economic impact of ethnocultural diversity. For some studies, diversity in itself is not an obstacle, and on the contrary, can be an asset for development (Ager and Brückner, 2013; Bleaney and Dimico, 2017). For other studies, ethnocultural diversity does not promote development because of identitarian closure and conflict (Barron and al. 2009; Easterly and Levine, 1997; Montalvo and Reynal-Querol, 2005; Wimmer, 1997). The relevance of the contradictory conclusions of these studies sets the issue of the impact of managing diversity that the authors raise. Hence, the purpose of this paper is to analyze the challenges and socio-economic consequences of managing ethnocultural diversity in Africa. The rest of the paper is organized as follows: section 2 presents ethnocultural diversity in Africa,

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section 3 presents the literature on the socio-economic and political role of diversity, section 4 presents diversity management policies, section 5 analyzes the challenges of diversity management in Africa, section 6 presents the economic and social costs of ethnocultural conflict, and section 7 concludes the paper.

2. Diversity in Africa

According to the Economic Commission for Africa (ECA, 2013), diversity refers to the plurality of identity markers based on which individuals are classified in society, maintain relations with each other and are different from others. These markers can be organized into two groups: primordial markers and social markers (ECA, 2011). Primordial markers may be exclusive or non-exclusive. They are exclusive when referring to innate identities such as race, ethnicity, kinship, and clan. They are non-exclusive when they can be exchanged; it is the example of religion and language. Social markers are those acquired during the evolution of the individual, such as political affiliation or belonging to a professional association.

Considering the most common identity markers, the ethnocultural diversity of African countries can be analyzed at three levels: linguistically, ethnically and religiously. At the linguistic level, the African continent has about 2,000 local languages, to which are added the so-called “official languages”, inherited from colonization. (Lewis, 2009) states that Cameroon is at the top of the ranking of countries with 279 languages spoken, plus French and English, which are the two official languages. It is followed by Sudan (134 languages), Chad (132), Tanzania (127), Ivory Coast and Ghana (79 languages each), respectively. Language, more than any other markers of diversity, is the main factor that favors identitarian closure in Africa. Two people who share the same language have a strong chance of having the same ancestors, or even common history.

At the ethnic level, Africa is the most diverse continent, with more than 2,000 ethnic groups. Nigeria is at the top of the list with about 250 ethnic groups. It is followed by Ethiopia, the Democratic Republic of Congo, Ghana and Ivory Coast. One of the peculiarities of African ethnic diversity is the presence of certain ethnic groups in several countries. This is the case of Oromos who are present in Ethiopia and Kenya, Hausas who are in Nigeria, Niger, Ghana, Chad, Cameroon, Ivory Coast, and Sudan, Ibos in Cameroon and in Nigeria, Fulani in Guinea, Nigeria, Niger and Senegal (Lewis, 2009). This situation is presented as a consequence of colonization, which was marked by the geographical delimitation of national territories, independently of the local populations and the ethnic affiliations.

At the religious level, Africa is characterized by a religious pluralism that varies from one country to another. The two dominant religious groups are Muslims and Christians (Bayart, 2015). To this religious pluralism, we have traditional African belief systems.

3. Ethnocultural Diversity: Asset or Obstacle to Development?

Identity groups exist in almost every country in the world. However, problems related to the coexistence of different homogeneous groups within the same territory, differ from one country to another and are not related to the number of existing groups.

In effect, diversity in itself should represent a source of wealth and development for society because of the multiplicity of points of view that it permits to have when a problem is posed and also because of the complementarity that can arise from the plurality of work approaches (Ottaviano and Peri, 2006). In this

perspective, several studies have presented the economic benefits of diversity (Ager and Brückner, 2013; Bleaney and Dimico, 2017). Ager and Brückner, 2013 in the context of the United States indicate that the increase in cultural diversity positively affects national production, but that a cultural polarization generates rather a contrary effect on this production. In the African context, some countries bear witness to the significant gains made by the dynamism and creativity born of interactions between different cultural, social and ethnic groups. This is the case of Ghana, Mauritius, Tanzania and Zambia, which after identity crises have made diversity a lever for development (United Nations Development Programme, 2004).

Overall, the literature that discusses the socio-economic implications of ethnocultural diversity generally concludes that diversity is a development issue in the contexts of countries lacking democracy, poor governance political and inequitable allocation of public resources among different groups (Alesina et al. 2003; Montalvo and Reynal-Querol, 2005). Wimmer and al. 2009 and Barron et al. 2009 explain that ethnocultural diversity harms development when it is accompanied by practices that increase the risk of social and political conflict. These are polarization-generating practices that are linked to government inefficiency, state diversion, corruption, unbalanced economic growth, and unequal income distribution. It is with this in mind that the UN Secretary-General said in 2011 that "while diversity can be a source of creativity and growth, the fact remains that it often gives rise to unhealthy competition, conflict, and instability, due to the lack of appropriate management". Examples of these adverse situations are numerous in African countries. However, no study has yet revealed an intrinsic hatred in ethnocultural conflicts recorded on the African continent. On the contrary, several studies argue that group conflicts emerge in diverse African societies when the state appears to be dominated by a particular group or when communities feel threatened with marginalization (Deng, 2009). The genocide in Rwanda in 1994, the conflicts in Darfur, the post-electoral conflicts in Ivory Coast, the secession phenomena in the English-speaking regions of Cameroon, the conflicts in the Central African Republic and the violent aftermath of the controversial elections in Kenya, constitute some cases among other examples. The interests pursued in the different cases of conflict are different and the claims aim at political change, equitable distribution of public resources or political and economic independence of the communities.

4. Diversity Management Policies

According to Alesina and La Ferrara, 2005, diversity management refers to the consideration of the specificities of different identity groups and subgroups by public authorities and various institutions. For equitable management in a diversified context, the proposed answers must be specific to the needs of the groups. In this section, we will present the legal and institutional arrangements for managing diversity, the forms of state influence on diversity, and the ethnocultural diversity management model.

4.1. Legal and Institutional Mechanisms for Managing Diversity

Legal and institutional arrangements for managing ethnocultural diversity have been operating in some African countries for several decades. Depending on the context, these are non-discrimination and equal opportunity agreements. In effect, the Universal Declaration of Human Rights and Freedoms, as defined by the United Nations, affirms the principle of non-discrimination and proclaims that all human beings are born free and equal in dignity and rights and that everyone can take advantage of all rights and freedoms, without distinction of any kind.

Although in practice the principle of equal opportunity and non-discrimination is not effectively adopted, almost all African countries have ratified the United Nations conventions on equality and non-discrimination. These conventions are part of the march towards democracy and the management of diversity.

4.2. Forms of State Influence on Diversity

Several models attempt to explain how the state can affect diversity in a territory. They range from the most democratic models to the least democratic models. These are individual liberal democracy, republican liberal democracy, multicultural democracy, the Herrenvolk democracy model and the control model (Smootha, 2002).

- **Individual Liberal Democracy:** In this model, the State is primarily interested in the application of non-discrimination measures through its capacity to act as an instrument guaranteeing the individual rights of citizens. The individual is at the center of the model and is perceived as an autonomous and free person. This model remained purely theoretical. One of its main limitations is that it reduces the state to a monolithic and static entity whose agents would be devoid of all emotion.
- **Republican liberal democracy:** in this model, the state is built on historical, linguistic, political elements that make it adopt one or more societal cultures. Republican liberal democracy favors in the majority of cases, the promotion of societal culture and a language that every citizen must adopt and which are the bases of the acquisition of citizenship. The main limitation of this model is related to the propensity to favor a unique model of a societal culture that tends to be considered as a problem rather than a benefit in societies, where different identities coexist despite the attachment to the republic. This model is widely used to characterize Western European societies.
- **Multicultural democracy:** Multiculturalism refers to the institutional recognition of multiple cultural, ethnic and social identities carried by specific groups within the same country. It is based on the recognition and granting of collective rights, based on the principle of the right to be different. The representation of different groups in state affairs is seen as a promotion of socio-cultural and ethnic inclusion. It is the subject of much criticism because of the promotion of communitarianism and its propensity to reduce the social cohesion of the State. These main limitations relate to the exercise of democracy and are mostly linked to the accentuation of particularisms because of the difficulties involved in the simultaneous integration of the individual approach and the collective approach in the management of diversity. This model is used in Canada. Cameroon, in line with its policy of managing national diversity, created in 2017 the National Commission for the Promotion of Bilingualism and Multiculturalism.
- **The Herrenvolk Democracy Model:** This is a very radical model since it essentially excludes non-majority groups. This model was used for the first time by the anthropologist Pierre Van Den Berghe to describe South Africa during his years of apartheid (Berghe, 1967). Apartheid in South Africa was a special case of racial diversity marked by internal colonization and dictatorship, based on racial segregation and domination institutionalized by the whites.
- **The control model:** Developed by Lustick, the control model is based on the idea of domination (in an ethnically divided society) of an ethnic group that overtly and officially takes control of the state, imposes its culture and assumes the fact that minority groups are not able to take part in the political game. According to (Smootha, 2002), a control system requires the existence of three key conditions: a high degree of isolation of minority groups from the dominant group, the economic dependence of

the minority on the majority and the ability to co-opt minority elites to maintain control over their potential claims.

4.3. Model of Governance and Management of Ethnocultural Diversity

The model of governance or political organization is often presented as one of the ways of managing diversity in different countries of the world. The challenge is that of the mode of territorial or administrative organization that is most likely to satisfy the majority and the minorities. The choice of a model depends on several factors. It concerns the size of the minorities, their concentration on a specific territory, the level of inter-identity tension, a conflictual past or not, but also a past autonomy (Malloy, 2005). Three models of governance are presented in this work: the model of participatory politics, the federalist model and the model of multicultural politics.

- **Participatory Politics:** Participatory politics tends to institutionalize the political representation of communities through formal mechanisms such as quotas, proportional representation in public affairs, the inclusion of ethnic parties. It is also based on the principle of the autonomy of the different groups for the management of a certain number of policies (Commercio, 2011). It allows the type of networks of modern associations such as political parties, trade unions, professional associations, and other non-governmental organizations at the community and national level. As a result, it tends to fail if it is imposed from outside without the consent of the elite.

Participatory policies may, in some countries, initially contribute to political instability or to various forms of demagoguery. Leaders of rival groups may engage in small power struggles. However, in the medium or long term, only a responsible democratic policy will prevail. In countries where relatively large groups are concentrated in a geographical area, “separatist tendencies” can be anticipated when the political system opens up to free expression and free voting.

There are a number of factors that favor the implementation of this participatory policy, namely the absence of a single majority group, a balance of power between groups, a lack of strong economic disparities between groups (Snyder, 2000). In a context of democratization, such a model is unlikely to be favored. Thus, the participatory model has emerged as a way of restoring confidence in post-conflict situations, with relatively limited success.

- **Federalism:** Federalism promotes unity in diversity within states (intra-state dimension) and allows established states to build a privileged relationship between them (inter-state dimension). The promotion of federalism is based on a balance of ethnic power, ethnic autonomy and the rejection of laws dictated by a single identity. One of the essential factors that determine this mode of governance is that of the ethnic distribution, the concentration of minorities and the existing balance of power. Typically, the federal idea is used to resolve tensions related to unity and diversity (Cornell 2002). However, the federal solution is rejected in many cases because it reinforces ethnic identities (Dembinska and al. 2014). Moreover, it would help increase the resources of those who question the sovereignty of nations (Anderson, 2013).
- **The policy of multiculturalism:** It consists of including all identity groups by granting general rights (linguistic, political, social and cultural) without granting a territorial prerogative or legally determining the rules of balance within the institutions. This model is based inter alia on major international texts of the United Nations setting the main principles of non-discrimination, but especially the establishment of national legislation guaranteeing a certain number of rights to minorities within the framework of a republican system or multiculturalism. This is the least

burdensome approach for the central state. Such an approach has the merit of not contributing to an intensification of identity differences or to the communitarisation of groups.

5. The Challenges of Managing Diversity in Africa

The main foundation of the problems of African diversity has its origins in the era of colonization when the colonists in their demarcation of the geographical borders of the countries forced groups of population with different cultures and ways of life to live together (Besley and Reynal-Querol, 2014).

In the aftermath of independence, the successors of the colonial regime developed projects for nation-building. These projects were based on totalitarian policies with values such as a common identity, a single nation, and a single political party. This quasi-dictatorial mode of management has not favored the inclusion of ethnocultural diversity in national policies (Olukoshi and Laakso, 1996). These measures have led to numerous conflicts, the most significant of which have been recorded in Burundi, Liberia, the Democratic Republic of Congo, Rwanda, Sierra Leone, Sudan, and Chad.

From the 1990s, some African countries adopted the process of democratic transition. In the majority of countries, this led to a change from one-party to multi-party. But this phase of entering into democratic governance has not remained flawless. The management of diversity remains unfortunate in some contexts because of the absence of political change characterized by the longevity of some heads of state in power, the non-respect of certain clauses of the constitution and electoral fraud. The consequences of these measures are numerous and range from simple popular uprisings to conflicts, resulting in enormous loss of life and material damage. However, some countries have succeeded in taking diversity into account in administrative, political and economic management (Laitin, 1994). This is the case of Uganda, Liberia, Sierra Leone, Ethiopia, and Ghana.

6. Cost of conflict over socio-economic and political development in Africa

Peace and security issues have become priorities in Africa. Caused largely by poor governance and exclusion, conflicts are real generators of underdevelopment (Alesina and La Ferrara, 2005; Easterly and Levine, 1997). They lead to the destruction or devaluation of physical capital (infrastructure, equipment), human capital and social capital. They cause deaths, involuntary migrations, refugees. The human cost is also very high in terms of the disabled, the development of transmissible diseases, malnutrition and famine. Financial spending on conflict management is also important. Beyond human costs, the economic impact of conflict also includes reduced capital expenditures and increased government spending related to conflict management (Collier and Hoeffler, 1998).

7. Conclusion

Africa is a continent with strong ethnic, linguistic and religious diversity. It is also a continent marked by many tensions between identity groups. As the management of this diversity is different from one country to another, this paper study the issue of diversity management. After analyzing the context of diversity in Africa, we focused on presenting diversity management policies and then analyzing the challenges and

consequences of managing diversity in Africa. The study presents two main challenges: the first is of a historical nature and has its origins in the era of colonization, when colonists, in their efforts to delimit the borders of countries forced several ethnic groups with different cultures to live together. The second challenge is related to political governance and concerns the non-respect of the constitution, the absence of political change and the unfair management of public resources.

The consequences of managing ethnocultural diversity in Africa are twofold: they are positive and conducive to economic, political and social development when diversity management takes into account the interests of all groups or when it is practiced in a context marked by democratic governance. On the contrary, it generates polarization and gives rise to tensions and internal conflicts with negative repercussions on economic and social development.

As a recommendation, the governments of African countries should study the nature of their diversity and develop inclusive and equitable public policies that take into account the interests of all identity groups. Respect for the Constitution and democratic rules is also an asset for effective management of ethnocultural diversity.

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