The Relationship between Multiple Conflicts and Supporting Innovation and Mediating Role of Resistance against Change, Organizational Trust and Psychological Empowerment among the Employees of Keshavarzi Bank in Western Azerbaijan of Iran

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ABSTRACT

This study aimed to examine the relationship between multiple conflicts and supporting innovation and mediating role of resistance against changes, organizational trust and psychological empowerment among the employees of Keshavarzi Bank in Western Azerbaijan of Iran. This study is correlation using descriptive methods and structural equation modeling. Statistical population included 627 employees of Keshavarzi Bank in Western Azerbaijan. Using Morgan Table and stratified random sampling, the sample size of 366 people was obtained. To gather data, standard questionnaires were used. Using Chronbach Alpha, reliability values of organizational trust (0.92), psychological empowerment (0.70), resistance against change (0.82), multiple conflicts (0.82), and supporting innovation (0.90) were estimated. To evaluate the relationship between latent and measured variables in the conceptual pattern, structural equation modeling was used. Results showed that the correlation coefficient between multiple conflicts and resistance against change is positive and significant. Also, multiple conflicts and empowerment are significantly and negatively correlated. A positive correlation was found between trust, empowerment, and their likely consequences, supporting innovation and a negative correlation with resistance against change. Thus, multiple conflicts could predict innovation with the mediation of psychological empowerment and resistance against change, indicating the importance of concerning multiple conflicts and the resulting climate from it in work environments.

KEYWORDS

Psychological Empowerment, Organizational Trust, Resistance Against Changes, Multiple Conflicts, Supporting Innovation

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Introduction

Despite competition in all technical, organizational, and other areas, managers try to recognize and create a climate of good understanding to innovate and increase productivity. All organizations need new ideas for
survival. Creating new ideas and processes is a path by which organizations can adopt themselves with the environment, gaining competitive advantages. Obtaining competitive advantages, keeping pace with changes, advances in international societies, response to various expectations of the customers lead organizations to search for a key factor for the continuance and survival of organizations and meeting their goals which is innovation or creativity. They should predict it in all organizational levels and prepare its processes and continue it comprehensively to avoid organizational fall or failure (Rastgar and Hashemi, 2015). Innovation and producing new ideas by the employees of an organization have great significance. Nowadays, the organizations are successful and able to survive which permanently use new ideas and this is possible by the help of creative managers and employees (Seyedi et al., 2015). Different definitions of innovation can be found in the organizational literature. One definition of innovation refers to it as the first use of new knowledge; while, in another definition, innovation is identified as a new thing in relation to a specific organization. Two main aspects of innovation’s definition relate to newness and its relationship with creativity (Azad and Arshadi, 2009). Different theoreticians examined each specific aspect of innovation in the banks. Some believe that banks are involved in different aspects of innovation such as market structure, competitors, and customers’ demands. Others think that innovation in technology has many advantages for the banks. A group identifies innovation in services as the source of innovation in technology. In their ideas, new services require new technology. Some suggest the structure of banks as the source of innovation but studies have shown that human resources (bank employees) are concerned as the main engine of innovation (Gopalakrishan and Damanpour, 1992). Some main differences exist among innovation theoreticians. Some believe that innovation is time-consuming. In contrast, others believe that innovation occurs suddenly at different time intervals. Apart from the fact that innovation is a process or inspiration in the minds of people, pioneer banks look at innovation as a life method. Managers of these banks believe that innovation occurs when there is real risk-taking and commitment to innovation among all employees. This attitude requires looking at innovation as a kind of lifestyle. In this method, innovation is used in the whole organization. In this vein, first, a question is created in the minds of the employees (curiosity). Then, this question is posed to reach enthusiasm point. Enthusiasm point is a point in which an individual gains much interest in knowing about an issue. When innovation and enthusiasm in knowing about it develops across the organization, this point turns into the enthusiasm arena. Enthusiasm arena depends on the factors such as change culture, attitude and behavior of employees towards innovation and belief in learning ability of the bank. Thus, Innovation development depends on various personal and social factors such as intelligence, family situation, personal traits, and etc. Although the ability of creative thinking and innovation is in-born but its appearance needs proper education (Mirkamali and Khorshidi, 2009).

Thus, many variables can play a role in developing organizational innovation. One important variable in developing organizational innovation and especially banks is organizational conflict. Cooperation in organizational conflict and its management in the organizations leads to creativity and offering innovative solutions for solving problems (Thomas and Kilmann, 1977). Our age is the era of changes and revolutions and the main origin of cooperation and healthy
relations and the lack of organizational conflicts is human being. Nowadays, growing complexity in the organizations and difference in the thoughts, attitudes, and beliefs of people has made conflicts inevitable parts of organizational life. Conflict is like a coin with two positive and negative sides and the way of confrontation with it identifies its effect on the organization. For the incorrect management, conflict sometimes turns into pugnacity. Although conflict and our perception about it tends to turn into negative attitudes about it, it is not necessarily negative and the ability to manage it identifies its consequences (Jahanian and Shayeste, 2014). If the conflict is constructive, it can lead to creativity and innovation in the organization, helping managers to reach their organizational goals; while, if it is destructive, it can ruin the whole organization. Increased innovation in the organizations can improve quantity and quality of the services, decrease costs, prevent resource waste, and reduce bureaucracy, increase competition and productivity, promoting motivation and job satisfaction in the employees (Nekooei Moghadam et al., 2010). Innovation is not developed in vacuum in an organization but organizational conflict provides the grounds for its development. Organizational conflict indicates the relationships of its units and the level of their flexibility. Organizations with destructive conflicts are disturbed while creating cooperation and integrity in crisis. Whereas, organizations with constructive conflicts create positive and effective factors for stimulating creativity and innovation in the organization (Nargesi, 2012). Williams (1996) found that the existence of conflicts among group members increases creativity, innovation, and production. Some studies have shown a significant correlation between organizational conflict and creativity (Nargesi, 2011; Jahanian and Shayeste, 2013). Meanwhile, the relationship between these variables were reported to be contradictory or not significant. One likely explanation for such results could be the role of mediating variables such as resistance against change, psychological empowerment, and organizational trust in these relations. In recent years, some studies have been conducted on this issue inside and outside Iran. There seems to be a gap in studying organizational conflicts in relation with these important and effective variables in job behavior concerning the mediating roles of resistance against change, psychological empowerment, and organizational trust. Therefore, this study aims to fill this gap from one hand. On the other hand, regarding the importance of significant structures in work place (e.g. organizational creativity) for the organizations and considering the sensitivity and importance of responsibility and function of banks in the society that highlights the role of these elements in the organizational employees, this study aims to examine the variables of resistance against change, psychological empowerment, and organizational trust as the mediators between organizational conflict and supporting innovation in the study population. Nowadays, the necessity of creating change and innovation has been recognized in a way that no manager can ignore them in long-term. Since organizational changes especially in banks are inevitable, managers should accept innovations courageously; they should know that the world is a system with an organization dependent on the changes and innovation. Managers of present and future organizations not only should conform to the changing environment but also they should recognize problems and use revolutionary plans. Accepting every change in the organization may not be favorable by the managers. But, confronting many of these changes is inevitable and people and organizations should try to adopt themselves with the
occurred changes and have maximum use of occurred situations (Taheri lari, 2008).

Exercising changes is not always simple and successful. Its reason is the lack of inclination, readiness, not understanding and finally the resistance employees, people and consumers reflect towards changes. Like pain, resistance doesn’t suggest what is incorrect; instead, it just shows that there is something wrong. Thus, wherever resistance appears, a problem should be searched (Orouk and Darvishpour, 2009). On the other hand, empowerment is an important challenge of managers in this century. The presence of fast changes and revolving conditions cause new attitudes towards human resources and the employees are considered as organizational capital not merely some tools for their managers’ success, turning into the main runners of work flow and organizational partners (Rui and Sena, 2005); thus, empowered employees can save organizations in the likely crises, using empowerment dimensions and creating golden situations for their organization (Canger and Kanongo, 1985).

When the employees who are innovative at work and provide the grounds of organizational growth and development are considered and seen by their managers, they feel that managers need their innovation. When people feel that their thoughts are considered and valued they will feel empowered (Salehi et al., 2014). Damani and Imani (2013) found a significant correlation between empowerment and teachers’ creativity. Thus, by increasing empowerment, creativity increases.

From the other hand, trust is a controversial issue in the organizational studies. In those studies, trust is linked to the effective organizational performance. As already mentioned, trust is associated with the proper performance of organizations; then, it is supposed that trust can positively affect the performance and effectiveness of organization although banks are considered as a specific organizational type. Employees’ trust improves organizational effectiveness since trust-based relations are inseparable part of social life in every organization. Trust among people improves social capital in an organization, positively influencing the organizational effectiveness (Kazemzadeh and Hasani, 2015).

Moye, M. J. (2003) showed a positive and significant correlation between trust and creativity at micro levels. Results of Costigan et al (2002) showed a positive correlation between employees’ trust and innovation. Their conceptualization is based on the expectation that being heard and receiving advantages are reasonable. If employees don’t trust in these expectations, they won’t be creative. Thus, regarding mentioned points, testing such relations (mediating role of resistance against change, psychological empowerment, and organizational trust in the relationship between multiple conflict and supporting employees’ innovation) in Iranian organizations seems necessary. Accordingly, this study examines the relationship between multiple conflicts supporting innovation and mediating role of resistance against changes, organizational trust and psychological empowerment among the employees of Keshavarzi Bank in Western Azerbaijan. Conceptual model of these relationship is reflected in Figure 1.
Research Methods

This study is applied regarding goal and is descriptive-analytic considering the collection of cross-sectional information. In the analytic model, multiple conflicts is independent variable; resistance against change, organizational trust, and psychological empowerment are mediating variables and supporting innovation is the dependent variable. Statistical population included 627 employees of Keshavarzi Bank in Western Azerbaijan. Using Morgan Table and stratified random sampling, the sample size of 366 people was obtained. For conducting the study, first, the researcher referred to the authorities to recruit participants. Then, he explained the goals to the participants after gaining their consents and next they received the questionnaires. They were also assured about the privacy of the information. To gather data, five standard questionnaires were used as follows:

Psychological empowerment: Psychological empowerment was measured using the structure of psychological empowerment of human resources of Thomas and Veltous (1990), Spirites (1995), and Vatan and Cameron (1999) (Hasani et al., 2014). This measure had 15 elements with five point scale. Hasani et al., (2014) found Chronbach Alpha of 0.74 for this questionnaire. In this study, Chronbach Alpha of 0.86 was obtained for the questionnaire.

Organizational trust: To measure organizational trust of employees, the questionnaire of organizational trust which was used in the study of Seyedjavadin (2009) was utilized whose validity and consistency were estimated. This measure had 21 elements using 5-point Likert scale (1.completely
disagreed-5. completely agreed) for measuring organizational trust. To measure consistency of this questionnaire, Chronbach Alpha was used.

Supporting innovation: To measure this variable, questionnaire of Moghimi and Ramazan (2011) was used. This measure had 12 elements using 5-point Likert scale (1.completely disagreed-5. completely agreed). This questionnaire has been used in several foreign and domestic studies and its validity was confirmed by the experts.

Organizational conflict: Organizational conflict was measured by 15-question questionnaire of Spector and Jacks (1998), using a 5-point Likert scale (1.completely disagreed-5.completely agreed). In previous studies, Chronbach Alpha of 0.85 was obtained for this questionnaire. But, its coefficient was found to be 0.75 in this study.

Resistance against changes: This scale was suggested by Shalley, C.E., Zhou, J., and Oldham, G.R. (2004) with 12 elements. Three dimensions of behavioral resistance, emotional resistance, and cognitive resistance were posed in this questionnaire. Davoodi (2015) reported Chronbach Alpha of 0.846 for it. Content validity and consistency of this measure were confirmed in previous studies (Hadooei Nezhad et al., 2009).

Consistency of the questionnaires of multiple conflicts (0.75), supporting innovation (0.90), psychological empowerment (0.70), organizational trust (0.92), and resistance against change (0.82) were estimated. All elements of the questionnaires are standard tools; but, since the questionnaires are affected by the cultural and social factors, factor analysis was also used. This analysis was conducted using exploratory analysis by PC and Varimax rotation. KMO coefficient was 0.86 and significant at 0.01 level. This result indicated goodness of the sample and variables for factor analysis. For data analysis, descriptive statistics (mean and standard deviation) and referential methods (Pearson correlation coefficient, structural equation modeling) were used.

**Findings**

Table 1 shows descriptive statistics of the variables. Results show good distribution of the data.

<table>
<thead>
<tr>
<th>Indices</th>
<th>Organizational trust</th>
<th>Psychological empowerment</th>
<th>Resistance against change</th>
<th>Supporting innovation</th>
<th>Multiple conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.80</td>
<td>3.26</td>
<td>2.21</td>
<td>2.24</td>
<td>2.2</td>
</tr>
<tr>
<td>sd</td>
<td>0.79</td>
<td>0.80</td>
<td>0.65</td>
<td>0.69</td>
<td>0.65</td>
</tr>
</tbody>
</table>

**Table 1. Descriptive statistics of the variables**

Table 2. Correlation matrix of endogenous and exogenous variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Supporting innovation</th>
<th>Psychological empowerment</th>
<th>Organizational trust</th>
<th>Resistance against change</th>
<th>Multiple conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple conflicts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Resistance against change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>0.14</strong></td>
</tr>
</tbody>
</table>
The correlation between research variables are shown in Table 2. As seen in Table 2, there is a positive and significant correlation coefficient between multiple conflicts and resistance against changes (0.14). Also, it is observed that there is a negative and significant correlation between multiple conflicts and empowerment (-0.16). No significant correlation was found between multiple conflicts and trust. As seen in Table 2, there is a positive and significant correlation between trust and empowerment with their likely consequences, supporting innovation and a negative correlation between them and resistance against changes. Maximum correlation coefficient existed between trust and innovation (r=0.61). From the correlation analysis of latent and observable variables, it was concluded that any increase in multiple conflicts enhances resistance against changes. Also, increased score in trust and empowerment leads to the increased score in supporting innovation. For a better recognition of casual relations and the effects of likely predictors and outcomes of resistance against changes, trust, and empowerment, the path model was examined using structural equation modeling. As seen in the output of the software from standard estimations and significant numbers related to path analysis in the research hypotheses, goodness of fit of the model was confirmed.

Results of structural model analysis are represented in Table 3.

Table 3. Indices of goodness of fit of the structural model

<table>
<thead>
<tr>
<th>Indices</th>
<th>CFI</th>
<th>NNFI</th>
<th>RMSEA</th>
<th>IFI</th>
<th>GFI</th>
<th>df</th>
<th>X²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final value</td>
<td>0.91</td>
<td>0.90</td>
<td>0.073</td>
<td>0.91</td>
<td>0.89</td>
<td>984</td>
<td>2538.83</td>
</tr>
</tbody>
</table>

Based on Table 3, maximum effect relates to innovation with the coefficient of 0.48 (β=0.48, t=7.91) and the next rank of effect relates to empowerment with the coefficient of 0.39 (β=0.39, t=5.12). In this study, direct effect of multiple conflicts on trust was not found. In the casual relations of multiple conflicts with its consequences, maximum effect relates to resistance against change with the coefficient of 0.35 (β=0.35, t=4.99) and the next rank of effect relates to empowerment with the coefficient of -0.19 (β=-0.19, t=-2.52). Except for the path of multiple conflicts to trust, all coefficients are significant. In other words, multiple conflicts have direct and significant effect on the resistance.
Fig 2. General structural model of the study (software output based on standard coefficients)

Fig 3. Software output based on the coefficients

Table 4. Coefficients of the effect of latent variables with the mediating role of psychological empowerment, organizational trust, and resistance against changes

<table>
<thead>
<tr>
<th>Hypotheses path</th>
<th>t</th>
<th>Path coefficient</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple conflicts against changes</td>
<td>4.99</td>
<td>0.35</td>
<td>Has direct effect</td>
</tr>
<tr>
<td>Multiple conflicts</td>
<td>--</td>
<td>-0.06</td>
<td>Has no direct effect</td>
</tr>
<tr>
<td>Multiple conflicts empowerment</td>
<td>-2.52</td>
<td>-0.19</td>
<td>Has direct effect</td>
</tr>
<tr>
<td>Multiple conflicts supporting innovation</td>
<td>-3.56</td>
<td>-0.23</td>
<td>Has direct effect</td>
</tr>
</tbody>
</table>
### Discussions and Conclusion

The requirement of conformity with environmental changes is creating a favorable context for generating new ideas and innovation in the organization. Unless proper climate and culture is not prevailing in the organization, the expectation of innovation and creativity is useless. Thus, for creating innovation and executing an optimization plan, attention to empowerment is necessary. When this is fulfilled new ideas flow in the organization and save it from fall. At this age, modernism and innovation is vital for the progress or even preserving current status to prevent organizational downfall. Thus, this study examined the mediating role of resistance against changes, psychological empowerment, and organizational trust in the relationship between multiple conflicts and supporting innovation among the employees of Keshavarzi Bank in Western Azerbaijan.

Concerning significance of path coefficient between multiple conflicts and supporting innovation ($\beta=0.23$, $t=-3.53$) at $p<0.01$ level, H1 is confirmed. This result agrees with Jahanian and Shayeste (2014), Marday et al. (2014), and Nekooei Moghadam et al. (2010). Jahanian and Shayeste (2014) found a significant correlation between different conflict management styles and creativity of educational managers. Nekooei Moghadam et al. (2010) found similar results. Results of previous studies like Williams (1966) showed that conflict among group members increases creativity, innovation, and production. Also, Martin and Terblanche showed that flexibility, freedom, and teamwork are important managerial factors in the organization, leading to the development of creativity and innovation of human resources.

Conflict can have different effects on innovation. De Dreu (2009) suggested that the relationship between conflict and innovation may be curved rather than linear. An average level of conflict may have positive effects on innovation while conflict at high or low level may have negative effects on innovation. However, in their meta-analysis, De Dreu and Weingart (2003) showed that conflict has negative effects on the organization. Organizations play major roles in the new world, being pervasive in all aspects of our lives. In this vein, recognizing it is a
scientific issue and inseparable part of our life. Conflict is difference in reaching the goals of today’s organizations and human resource is the main asset of these organizations; so, cooperation and empathy among these valuable sources are important factors in the success of all organizations. Conflict can spread creativity, innovation, and change or lead to the waste of energy and organizational resources. In many organizations, conflict seems to be a serious issue; it may not be that strong to dissociate the organization; but, there is no doubt it can negatively affect organizational performance or create a condition leading to the loss of effective staff in the organization. Thus, conflict should be managed not dammed or be out of control.

Results showed that psychological empowerment has also a mediating role in the relationship of organizational conflict and supporting innovation. This result agrees with Salehi et al. (2013), who found a significant correlation between creativity and empowerment. Ghani et al. (2009) examined the effect of psychological empowerment on the innovative behavior of teachers in private higher education institutes of Malaysia to probe the relationship of psychological empowerment and innovative behavior. They concluded that psychological empowerment has a significant correlation with innovative behavior. In their study titled “innovative behavior: The effect of structural and mental empowerment on nurses”, Knol and Van Linge (2009) examined the relationship between structural and mental empowerment and innovative behavior. They found that nurses experiencing higher mental empowerment tend to reflect more innovative behaviors. In this study, psychological empowerment mediated between structural empowerment and innovative behavior. Thus, the survival of organizations in the complex and competitive economy depends on their creativity and innovation and this relies on the management and empowerment of human capital as the most important resource in developing innovation. Results showed that organizational trust mediates the relationship between organizational conflict and supporting innovation. Organizational trust leads to organizational commitment, job satisfaction, knowledge share, problem solving, empowerment, organizational creativity and innovation, reduced uncertainty, and solving conflicts. Trust supports innovation in the organization and innovation is the necessity of organizational success. Joseph and Winston (2005) confirmed this result. Previous studies suggest that low level of conflict in the organization stimulates information processing but high-level conflicts decrease clear and correct thinking ability significantly. Significant reduction in information processing may lead to the decreased information transfer and trust, leading to reduced organizational creativity and innovation. Based on Leviki and Banker (2004), as involved groups in the organizational conflicts gain their own experiences and know each other’s expectations by time, trust shapes among them during times. Peterson and Befar (2006) cited that the experience of previous conflicts shows that how members react to new challenges while confronting it. Thus, previous experience can make a basis for creating trust or doubt. Especially, when people experience short-term conflicts, cooperative behaviors are limited and trust is damaged (Mousavian et al., 2009). Results showed that resistance against changes has a mediating role in the relationship between organizational conflicts and supporting innovation. In his study on a multinational company using multidimensional concept of resistance against change, Oreg (2003) defined resistance as a negative attitude towards three emotional, behavioral, and cognitive dimensions of change. For example, a
person may have high negative cognitive resistance but he may not experience any negative emotional resistance. In this case, giving more information can be a good strategy for overcoming personal resistance. In his experimental study, Oreg (2003) suggested that every person has different internal inclination to resist against innovation and this may affect the attitude of a person towards change. In a study titled “supporting creativity and innovation, resistance against change, organizational commitment, and motivation”, Samel and Devo (2007) concluded that supporting creativity and innovation of the employees has a significant correlation with staff motivation. Resistance against changes is not a significant predictor of staff motivation. In conclusion, the ability of manager in motivating employees for creating changes and confronting them is vital.

The present study had limitations including the lack of controlling all unwanted variables, not having research spirit among the employees, and newness of studied variables and not having access to wide theoretical principals.

Despite above limitations, a new and great study area is blooming. Organizational conflict and supporting innovation are the issues newly posed and noticed in management and psychology. In this respect, some issues can be examined in further studies. Further studies are required on the relationship of organizational conflicts and supporting innovation using other tools to consider the role of other mediating and modifying variables. It is suggested that the relationship between each element of psychological empowerment, organizational trust, resistance against changes with organizational conflicts and supporting innovation is examined. It is also suggested that bank managers and authorities provide necessary grounds for removing more conflicts and increase innovation of the employees by creating a proper climate in the organization.

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