Jordan Journal of Business Administration, Volume **21**, No. **6**, **2025**
DOI: https://doi.org/10.35516/jjba.v22i2.746

A Study on the Positive and Negative Effects of Conflict in Financial Performance of Channel Partners with Work Relationship As A Mediator

A. Ameer Hussain [1], Suresh Chandra Padhy [2], Vijayakumar, N.C. [3]

ABSTRACT

Conflict in the workplace is usually viewed with a negative connotation. Though there are different classifications of conflict depending on its nature, managers generalize that conflict hampers the working relationship and financial performance of the organization. This research paper focuses on grouping various types of conflict and their relative impacts on financial performance in B2B channel environment. The study also focused on assessing the role of work relationship as a mediating variable using SPSS process macros. A sample of 262 respondents was recruited *via* online and field visits among industrial pump distributors across India. Industrial pump distributors have been considered in this study, as they have their vested interest which is different from the manufacturer's objective, leaving a potential conflict environment. The findings of the study conclude that cognitive conflict results in positive financial outcomes, whereas affective conflict results in a negative financial outcome. Process conflict on its own does not have either positive or negative impacts. Moreover, work relationship acts as a full mediator between cognitive conflict and financial performance, whereas it acts as a partial mediator between affective conflict and financial performance. Hence, managers of channel partners need to encourage cognitive conflict and discourage affective conflict in their workplaces to have a constructive financial output. They also need to give special attention to the work relationship between the channel partners to have healthier conflict.

Keywords: B2B conflict, Conflict management, Work relationship, Channel performance, Channel management, Mediation.

1 Associate Professor, School of Management, Presidency University, Itgalpur Rajanakunte, Bengaluru-560064, India. ameerhussain84@gmail.com
2. President (Vice Chancellor), Poornima University, Ramachandrapura, Jaipur – 303905, India. president@poornima.edu.in
3. Assistant Professor, School of Commerce, Presidency University, Itgalpur Rajanakunte, Bengaluru-560064, India. ncvijayakumar@gmail.com

Received on 23/12/2022 and Accepted for Publication on 6/8/2023.

دراسة عن الأثر الإيجابي والأثر السلبي للتعارض في الأداء المالي لشركاء القنوات مع علاقة العمل كوسيط

أ. أمير حسين[1]، سورش تشاندرا بادهي[2]، فيجايا كومار، ن. س[3]

ملخص

عادة ما يُنظر إلى الصراع في مكان العمل بدلالة سلبية. وعلى الرغم من وجود تصنيفات مختلفة للصراع اعتمادًا على طبيعته، فإن المديرين يعممون أن الصراع يعيق علاقة العمل والأداء المالي للمنظمة. تركز ورقة البحث هذه على تجميع أنواع مختلفة من الصراعات وتأثيرها النسبي على الأداء المالي في بيئة قناة B2B. كذلك تركز الدراسة على تقييم دور علاقة العمل كوسيط باستخدام وحدات الماكرو لعملية SPSS. تم جمع عينة من 262 ردًا عبر الزيارات عبر الإنترنت والزيارات الميدانية بين موزعي المضخات الصناعية في جميع أنحاء الهند. وتم أخذ موزعي المضخات الصناعية في الاعتبار في هذه الدراسة، لأن لديهم مصالحهم الخاصة التي تختلف عن هدف الشركة المصنعة، مما يخلّف بيئة صراع محتملة. وقد خلصت نتائج الدراسة إلى أن الصراع المعرفي يؤدي إلى نتائج مالية إيجابية، بينما يؤدي الصراع العاطفي إلى نتيجة مالية سلبية. ولا يؤدي الصراع في العمليات في حد ذاته إلى نتائج إيجابية أو سلبية. علاوة على ذلك، تعمل علاقة العمل كوسيط كامل بين الصراع المعرفي والأداء المالي، بينما تعمل كوسيط جزئي بين الصراع العاطفي والأداء المالي. ومن ثم يحتاج مديرو شركاء القنوات إلى تشجيع الصراع المعرفي وتثبيط الصراع العاطفي في أماكن عملهم للحصول على مخرجات مالية بناءة. وهم يحتاجون أيضًا إلى إبداء اهتمام خاص بعلاقة العمل بين شركاء القناة للحصول على صراع أكثر صحة.

الكلمات الدالة: B2B، الصراع، فض النزاعات، علاقة العمل، أداء القناة، إدارة القناة، الوساطة.

1 أستاذ مشارك، كلية الإدارة، جامعة بريزيدنسي، إتجالبور راجانا كونتي، بنغالور، الهند.

2 رئيس (نائب المستشار)، جامعة بورنيما، راما تشاندرا بورا، جايبور، الهند.

3 أستاذ مساعد، كلية التجارة، جامعة بريزيدنسي، إتجالبور راجانا كونتي، بنغالور، الهند.

تاريخ استلام البحث 2022/12/23 وتاريخ قبوله 2023/8/6.

1. INTRODUCTION

The term "conflict" refers to some form of friction, disagreement, or discord arising between individuals or groups; that is when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group. Conflict pertains to the members going through tension for real or perceived opposing ideas and actions of different entities (Tschannen-Moran, 2000). The belief or difference of opinion may be a real one or a perceived one (Wall & Callister, 1995), The opinion of one person or group of people may not be liked by others or another group, which gives birth to conflict. The difference may be due to differences of opinion pertaining to task performance, individual perspectives to work, or strained workplace relationships (Amason, 1996).

The word "conflict" does not give a positive feeling whether it is in personal life or in professional life. Many of us tend to avoid conflict to the maximum extent possible and at times we are unsuccessful at avoiding it. Is it true that all forms of conflict have to be viewed with negative connotations? Is it possible to avoid conflict completely in our life, especially at our workplace? These are some of the questions that need to be answered in a specific context. The current study is aimed at answering these crucial questions by honoring the previous research work in this area. The context of conflict that arises between industrial pump manufacturers and distributors is considered in this study. Due importance is given to the work relationship and its role in mediating the relationship between conflict and financial performance.

2. Functional and Dysfunctional Conflicts

Conflict can be categorized as a functional conflict or a dysfunctional conflict based on its outcome. Literature on conflict has a common consensus that it is impossible to avoid conflict. So, conflict management study aims to convert dysfunctional conflict into functional conflict and to stop the conflict to go beyond a particular threshold where it becomes dysfunctional (Luk, 1998).

Much of the early literature in the area of conflict management was of the view that conflict negatively influences the performance of an organization (Jehn, 1995). Wall and Nolan (1986) conducted a study on a sample of 375 students and concluded that conflict affects the satisfaction among students. Not only early research, but also contemporary research, provided evidence that conflict can result in a negative output. An empirical research study in China investigated 107 Chinese hotels on the issue of the relationship between conflict, decision quality, and firm performance. It revealed that both cognitive conflict and affective conflict were found to be negatively related to decision quality and negatively related to the performance of the organization (Yang, 2011). Similarly, another study conducted by de Dreu and Weingart (2003) found that there is a negative correlation between cognitive conflict and the performance of the organization. In contrary, other latest research studies claimed that there can be occasions where conflict can be productive (Maia & Lima, 2020). Conflict is one of the factors that enhance the quality of decisions and promote better understanding among people. On the other hand, it creates negativity and dissatisfaction among the participants, which may also affect the execution of the work. During strategic discussion, if a disagreement arises due to any specific task, it is referred to as cognitive conflict. It helps improve the quality of strategic decisions, as it is derived out of the exchange of different thoughts, ideas and information. If the disagreement arises out of personal dissatisfaction, it is referred to as affective conflicts which may create mistrust, personal enmity and suspicion among the members (Amason, 1997). Therefore, conflict is considered to be both helpful as well as harmful to the strategic decision-making process. This indicates that the problem is not with the conflict; it is rather with our understanding of the conflict and tactics for handling it (Amason, 1996). Jehn (1995,1997) has proposed that conflict may arise in any organization. So, it is advised to encourage conflict in the workplace within certain limits (de Wit et al., 2012). Hence, conflict may not necessarily result in an unproductive output, as at times it may also result in a positive outcome as well. This is dependent on the nature and context of the conflict being dealt with.

Conflict among channel partners is very common because of goal incompatibility. Manufacturers follow a volume-based approach to sell their products. They don't mind selling with a loss, whereas distributors follow a margin based sale approach and cannot sell with a loss. Due to these different approaches, although they are involved in selling the same products, their goals differ, which results in conflict at the workplace, leading to an unhealthy work relationship. Based on previous studies (Cosier & Schwenk, 1990; Maia & Lima, 2020; Jehn et al., 1999; Costa et al., 2018; Amason, 1996; Jehn, 1995), conflict among channel members can be classified into:

- Cognitive conflict;
- Process conflict;
- Affective conflict.

2.1 Cognitive Conflict

The task-related conflict, which is better known as cognitive conflict, is due to a difference of opinions related to the task. If the conflict is related to the task, it is beneficial to the organization when working on non-routine tasks or where there is no standard solution available. Task-oriented disagreement helps find out various alternatives and gives scope to understand the different approaches to solve the problem, which is considered to be good for the organization. It is an objective-oriented conflict, where the channel members collide with each other only for numbers. They don't attack any channel members for their incompetence. This type of conflict results in an overall benefit for both the channel members. Past research proved that when the situation is normal, cognitive conflict results in a productive outcome (Cosier & Schwenk, 1990). There is growing evidence in various studies which indicate that conflict, disagreement and dissent are required to improve the quality of the decision-making process. Maia and Lima (2020) in their research on the decision-making process in small enterprises (SE) found that the occurrence of cognitive conflict in the team prompts questioning during the discussion, which helps take quality strategic decisions. Both the quality and process of decisions are improved due to the presence of cognitive conflict (Loughry & Amazon, 2014). It enhances the creativity of the channel members, as they discuss with each other to solve the common problem through available alternatives, thereby promoting creative decision-making. This is one of the important outcomes of cognitive conflict (Tjosvold, 2008). It is also seen that cognitive conflict encourages more alternatives related to various aspects of tasks, resulting in enhanced performance and quality decisions (Mitchell et al., 2008). It also improves the communication between the channel members, so that they can openly discuss issues about work, which results in taking better quality decisions. In this type of conflict, channel members fight only for numbers, like sales target, margin, … etc. More often, manufacturers question distributors for not achieving the target to find the reason behind it, so that remedial action can be taken to fill the gap or revise the targets as per the market conditions.

Hence, considering the previous literature (Cosier & Schwenk, 1990; Maia & Lima, 2020) on this area of study, the following hypothesis is framed to check whether it holds true or not in the current context.

H1: Cognitive conflict significantly and positively affects financial performance.

2.2 Process Conflict

Process conflict is the one that distracts the team from executing the task with dedication (Jehn, 1997).

Team members get rather into a disagreement regarding the resources and responsibilities than executing the task. They argue about who will do what job as well as who will report to whom, which negatively affects the team performance. Therefore, it is considered that process conflict or relationship conflict negatively impacts team performance (Jehn 1997).

Process conflict is a context-specific conflict, as the situation plays an important role in categorizing it as functional conflict or dysfunctional conflict. So, unlike cognitive conflict or affective conflict, we cannot generalize the nature of the conflict. It arises due to vagueness in understanding the roles and responsibilities of the channel members. It is a natural outcome of not having proper clarity on the set of tasks that the person has to do. Members are not aware of the task and the way to achieve the same (Jehn & Mannix, 2001). Tasks are not allocated properly and the channel members think that it is the other member's responsibility. Usually, this type of conflict results in a negative output and hampers the working relationship and financial performance of the organization (Jehn et al., 1999). If the roles and responsibilities are clear, this results in better financial performance (Bouqalieh, 2023). Even though it is a context-specific conflict, which may not necessarily result in a negative output, research conducted on process conflict concludes that it gives an unproductive outcome. Hence, the following hypothesis has been framed to find out whether process conflict is dysfunctional or not.

H2: Process conflict significantly and positively affects financial performance.

2.3 Affective Conflict

Affective conflict, unlike cognitive conflict, does not focus on the objective or issue, but on the people involved in that issue. Affective conflict indicates the difference of opinions, which are personal and emotional (Costa et al., 2018). It is the by-product of an individual's specific disagreement, and it discourages the understanding of the other's point of view while taking a decision, which leads to demotivation and dissatisfaction. Affective conflict is bad for the organization and should not be encouraged (Amason, 1996; Jehn, 1995). The channel members personally attack the other channel members by highlighting their incompetence (Amason, 1996). It might be a stinker mail with a copy to others or an insult in the boardroom/conference room, which results in negative output and strained relationships at work. It not only affects the financial performance of the organization, but also leads to an unhealthy work relationship among the channel members. If the conflict is related to the relationship issue, it is detrimental to the organization and brings dissatisfaction among the team members, which affects their performance. However, not all affective components are bad in any work relationship; at times, affective conflict mediates the relationship between performance and work behaviour (Mohammad Thneibat, 2022).

In our research study, we want to verify the findings of previous research works (Amason, 1996; Jehn, 1995) in this area concerning our context, as well as to find out the magnitude of influence of affective conflict on channel partner relationships. Hence, the following hypothesis has been framed.

H3: Affective conflict significantly and negatively affects financial performance.

3. Work Relationship As a Mediator

Work relationship is the support and sympathy that one member has for the other member, where the success or failure of any member affects the other member's performance (Anderson,1990). The work relation has been studied concerning channel management. A work relationship is a relationship that exists between any members (Agarwal & Singh, 2014). There is a necessity to build a strong relationship between manufacturers and distributors, as this has become a significant aspect due to its impact on the work (Morgan & Hunt, 1994; Sheth & Parvatiyar, 2000; Payen et al., 2010). The main objective to build a strong channel work relationship is to create value in the chain and amplify the benefits for the channel partners. There were numerous studies undertaken in this field to suggest different strategies that manufacturers and distributors can adopt for having a successful work relationship. According to Claro et al. (2005), to be successful in work relationship and performance, distributors follow transactional relationships and suppliers follow soft relationships. Trust, satisfaction, relational communication, collaboration and environmental factors are the most important attributes that contribute to channeling work relationship through a metric called the partner relationship management (PRM) index (Agarwal & Singh, 2014). These factors work as catalysts for seamless flow of information, business process and collaboration among the members. Effective work relationship is the outcome of all these factors. The role of work relationship as a mediating variable between conflict and financial performance in the channel has not been studied in the past. The current research work fills the gap by studying the crucial role of work relationship as a mediating variable in the model. Hence, the following hypotheses have been framed:

H4: There is a significant mediation effect of work relationship between cognitive conflict and financial performance.

H5: There is a significant mediation effect of work relationship between process conflict and financial performance.

H6: There is a significant mediation effect of work relationship between affective conflict and financial performance.

4. Objectives

The research study is aimed to achieve the following objectives:

1. To understand the concepts of functional conflict and dysfunctional conflict based on their relative impact on the work relationship.
2. To find the influence of conflict on financial performance.
3. To examine the role of work relationship as a mediating variable between conflict and financial performance.

5. Research Methodology

This research work was carried out among the industrial pump distributors across India. Online questionnaires were shared with all the pump distributors spread across different parts of the country. The researchers followed up with respondents for filling up the questionnaire forms through regular reminder calls. For a few of the distributors, responses were collected in person. A total of 276 responses were collected, out of which 262 were considered for analysis due to missing information.

5.1 Demographic Profile of Respondents

From the data collected from industrial pump distributors across different regions of India, the collected data is given in tabulated form in Table 1. It was found that 47.7% of the industrial pump distributors served the territory where other pump distributors were already present for selling the same product, whereas 52.3% of the distributors served the territory where there were no multiple distributors. From Table 1, it can be observed that 9.2% of channel partners were associated with each other in the pump industry for less than 3 years; 26% of the distributors were associated with the pump manufacturers from 3 to 6 years. 8.4% of the distributors were associated with the pump manufacturers from 6 to 9 years. 56.5% of the distributors were associated with the pump manufacturers for more than 9 years. It was also observed that 57.5% of industrial pump distributors were from the west, 16% of the distributors were from the central and east, while 13.4 % of the distributors were from the south and 13.4% of the distributors were from the north.

Table 1
Demographic profile of the respondents

Demographic Characteristics		**Frequency**	**Percentage**
Multiple distributors in the same territory	Yes	125	47.7
	No	137	52.3
Channel partners' association	< 3 Years	24	9.2
	3 - 6 Years	68	26
	6 - 9 Years	22	8.4
	> 9 Years	148	56.5
Region	West	150	57.5
	Central and East	42	16
	South	35	13.4
	North	35	13.4

6. Data Analysis

The data has been analyzed using a simple linear regression and mediation model. The questions were tested for their reliability and validity using exploratory and confirmatory factor analyses. Before studying the influence of cognitive conflict on performance through linear regression, its critical assumptions were tested.

The impact of different types of conflict, including cognitive conflict, process conflict and affective conflict, on the financial performance of the organization is analyzed separately using simple linear regression. The rationale behind using simple linear regression instead of multiple linear regression is that we can avoid the interaction effect of different independent variables among themselves. Moreover, in channel conflict usually, one type of conflict occurs at a particular point of time. So, we are interested in studying the individual effect of different conflicts on financial performance instead of studying their combined interactive effect on financial performance.

Before performing the linear regression, as per Brace et al. (2012), its preliminary assumptions, like the continuity of dependent variable, linearity, normality, homoscedasticity, multi-collinearity, autocorrelation and outliers are checked through different statistical techniques, like scatter plot, normal pp plot, collinearity statistics and Durbin Watson using SPSS. It was found that the data meets all the assumptions of linear regression.

6.1 Reliability and Validity Checks

The variables of interest of the research, including cognitive conflict, process conflict, affective conflict, financial performance and work relationship, have been considered as constructs that were measured using multiple indicators. The indicators were framed based on an extensive literature review and modified according to the context. A total from 4 to 6 indicators have been added to measure each construct. After running Exploratory Factor Analysis (EFA), it was found that a few indicators were having a factor less than 0.6; so, they were not considered for further analysis. After performing Exploratory Factor Analysis (EFA), a total of 15 indicators have been finalized for running confirmatory factor analysis to check the reliability and validity of the questionnaire.

By running confirmatory factor analysis, the reliability and validity of the data were tested using the AMOS output. The details of reliability and validity output are given in Table 2. According to Hair et al. (2011), for the data to meet convergent validity, construct reliability should be more than 0.7; AVE should be more than 0.5 and construct reliability should be more than AVE. For the data to meet discriminant validity, the square root of the AVE of the construct should be higher than the correlation between the construct and other constructs. The details of the output are given in Table 2, which proves that both the reliability and validity of the data are met. It was observed that all the critical values, including Composite Reliability (CR), and Average Variance Extracted (AVE), were above the recommended thresholds of 0.7 and 0.5, respectively, which confirms the reliability and discriminant validity of the measurement model (Hulland, 1999).

Hence, we can confirm that the questionnaire that has been designed to capture the constructs fulfills the critical conditions of reliability and validity. The final set of indicators with their respective constructs and their sources are given in Table 3.

Table 2
Reliability and validity

Constructs	CR	AVE	Cognitive Conflict	Process Conflict	Affective Conflict	Work Relationship	Financial Performance
Cognitive Conflict	0.756	0.544	0.712				
Process Conflict	0.745	0.52	0.398	0.988			
Affective Conflict	0.795	0.513	0.654	0.348	0.941		
Work Relationship	0.811	0.543	0.788	0.788	0.733	0.874	
Financial Performance	0.811	0.593	0.585	0.094	-0.185	0.751	0.944

Table 3
Final list of indicators of the constructs

No.	Indicators of Constructs	Source
	Cognitive Conflict	Cosier & Schwenk (1990)
C1	We only fight regarding the target and plans to achieve the same.	
C2	We debate our difference in opinions on achieving the target.	
C3	Our fights are related only to numbers.	
	Process Conflict	Jehn & Mannix (2001)
P1	We have tension concerning who is responsible for what to complete the task. (we have tension regarding who is responsible for the completion of the assigned task and the nature of the task).	
P2	We have friction related to the distribution of tasks among us.	
P3	We have controversies concerning the process that we follow to achieve the target.	
	Affective Conflict	Amason (1996); Jehn (1995)
A1	At times, we blame each other's incompetence for not achieving the target.	
A2	There were instances when my pump supplier verbally scolded me for my incompetence.	

A3	My pump suppliers send me stinker mails on my incompetence.	
	Work Relationship	Agarwal and Singh (2014)
W1	Please, indicate the level of closeness that you have in the working relationship that you share with your pump supplier.	
W2	Please, indicate the level of discomfort that you have in the work relationship that you share with your pump supplier.	
W3	How much are you satisfied with the work relationship between you and your pump supplier?	
	Financial Performance	Fatihudin et al. (2018)
F1	Please, rate the sales turnover of your pump manufacturer's product in your company.	
F2	Please, rate the profit that you earn by selling your pump manufacturer's product in your company.	

6.2 Impact of Conflict on Financial Performance

To achieve objective 2, the impact of various types of conflict, including cognitive conflict, process conflict and affective conflict, on the financial performance of the organization is analyzed using SPSS by simple linear regression. The impact of cognitive conflict on financial performance is shown in Table 4. The influence of cognitive conflict on financial performance is significant at a 5% level of significance, with a coefficient of 0.516 and a p-value of 0.000. Hence, cognitive conflict significantly and positively affects financial performance. This confirms the findings of previous research studies in this area, stating that cognitive conflict which is purely based on numbers results in a positive outcome for the organization (Cosier et al., 1991).

Table 4

Impact of cognitive conflict on financial performance - coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.661	0.229		20.333	0.000
	Cognitive Conflict	0.516	0.058	0.486	8.966	0.000

a. Dependent variable: financial performance.

The impact of process conflict on financial performance is shown in Table 5. The influence of process conflict on financial performance is not significant at a 5% level of significance, with a coefficient of 0.054 and a p-value of 0.518. This shows that in the current research study, process conflict on its own does not have any significant strength to either positively or negatively influence financial performance.

Table 5

Impact of process conflict on financial performance - coefficients[a]

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.452	0.239		26.984	0.000
	Process Conflict	0.054	0.083	0.040	0.647	0.518

a. Dependent variable: financial performance.

The impact of affective conflict on financial performance is shown in Table 6. The influence of affective conflict on financial performance is significant at a 5% level of significance, with a coefficient of -0.155 and a p-value of 0.013. Hence affective conflict significantly and negatively influences financial performance of the organization. This confirms the previous research finding that if the channel partners blame each other personally, this hampers the financial performance of the organization (Amason, 1996; Jehn, 1995).

Table 6

Impact of affective conflict on financial performance - coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.939	0.163		42.521	0.000
	Affective Conflict	-0.155	0.062	-0.153	-2.495	0.013

a. Dependent variable: financial performance.

6.3 Work Relationship As a Mediator between Conflict and Financial Performance

After finding out the individual influences of cognitive conflict, process conflict and affective conflict on work relationship through linear regression to achieve objective 3, the role of work relationship as a mediator between conflict and financial performance is studied using Preacher and Hayes (2004) bootstrapping method *via* SPSS macros of Andrew Hayes (Hayes, 2018).

6.4 Conditions for Mediation

According to Baron and Kenny (1986), the first condition for mediation effect is that the independent variable should significantly influence the dependent variable. This is referred to as total effect and it is denoted by path c in Figure 1. Next, when the mediating variable is introduced between the independent and dependent variables, the independent variable should significantly influence the mediating variable (denoted as path a) and the mediating variable should significantly influence the dependent variable (denoted as path b). Both these effects are referred to as indirect effects. Hence, to find out the mediation effect in the data, both the total effect (path c) and indirect effect (paths a & b) should be significant.

6.5 Full Mediation and Partial Mediation

When the above conditions for mediation are fulfilled, we have to study whether the mediator, M, creates full or partial mediation between the independent variable and the dependent variable. Path c' represents the direct effect of the independent variable on the dependent variable with the controlled presence of a mediator, M. When path c' denoting the direct effect of the independent variable, X, on the dependent variable, Y, is still significant even after mediator introduction, the type of mediation that has occurred is referred as partial mediation. Partial mediation cannot completely explain the reason for the association between the independent variable and the dependent variable. It provides only a partial reason and another reason has to be examined. When path c' denoting the direct effect of the independent variable, X, on the dependent variable, Y, has become insignificant after the introduction of the mediator, the type of mediation that has occurred is referred to as full mediation. Full mediation completely explains the reason for the relationship between the independent variable and the dependent variable (Preacher & Kelley, 2011).

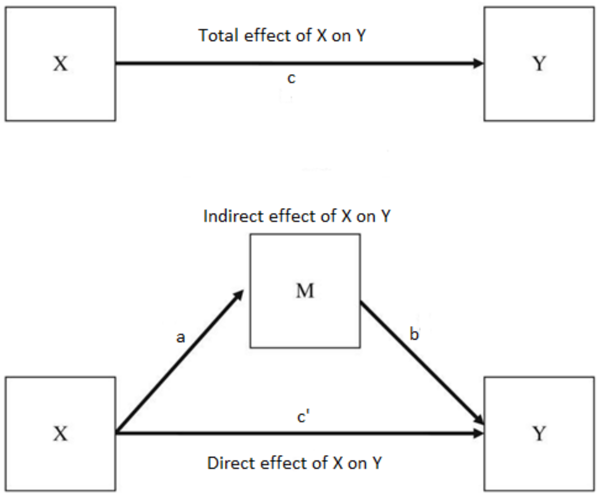

Figure (1)
Simple mediation model

6.6 Cognitive Conflict

To test hypothesis 4, which focuses on the mediation effect of work relationship between cognitive conflict and financial performance, bootstrapping test by Preacher and Hayes (2004) is used with SPSS macros. The output of the test result is given in tables 7-11. The graphical representation of the tabulated output is given in Figure 2.

Table 7
Total effect of cognitive conflict (X) on financial performance (Y) - hypothesis H4

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Constant	4.667	0.2292	20.3333	0.0000	4.2094	5.1121
Cognitive Conflict	0.5164	0.0576	8.9661	0.0000	0.4030	0.6298

Outcome variable: financial performance (Y).

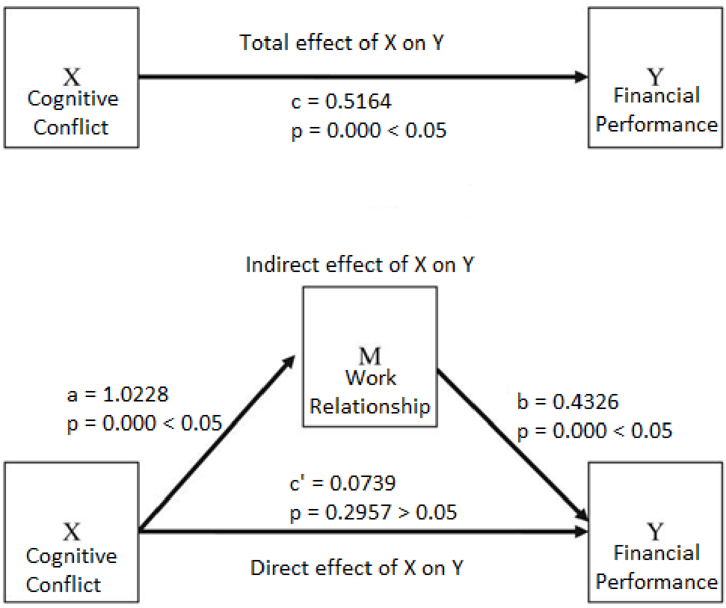

Figure (2)

Mediation effect of work relationship on cognitive conflict and financial performance - hypothesis H4

Table 8

Direct effect of cognitive conflict (X) on work relationship (M) - hypothesis H4

	Coefficient	SE	t	p	LLCI	ULCI
Constant	3.4958	.2581	13.5430	.0000	2.9876	4.0041
Cognitive Conflict	1.0228	.0649	15.7715	.0000	.8951	1.1505

Outcome variable: work relationship (M).

Table 9

Direct effect of work relationship (M) on financial performance (Y) - hypothesis H4

	Coefficient	SE	t	p	LLCI	ULCI
Constant	3.1484	.2619	12.0205	0.0000	2.6326	3.6641
Cognitive Conflict	0.739	0.0705	1.0478	0.2957	-0.0649	0.2127
Work Relationship	0.4326	0.0482	0.89781	0.0000	0.3377	0.5275

Outcome variable: financial performance (Y).

Table 10

Direct effect of cognitive conflict (X) on financial performance (Y) - hypothesis H4

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Cognitive Conflict	0.0739	0.0705	1.0478	0.2957	-0.0649	0.2127

Outcome variable: financial performance (Y).

Table 11

Indirect effect of cognitive conflict (X) on financial performance (Y) - hypothesis H4

	Coefficient	**Boot SE**	**Boot LLCI**	**Boot ULCI**
Cognitive Conflict	0.4425	0.0627	0.3243	0.5678

Outcome variable: financial performance (Y).

The first condition of mediation is fulfilled, as the total effect or path c, which shows the influence of cognitive conflict on financial performance is significant, with a coefficient of 0.5164. The second condition of the indirect effect (or paths a and b), which shows the influence of cognitive conflict on work relationship and the influence of work relationship on financial performance, is significant, with coefficients of 1.0228 and 0.4326. The indirect effect of cognitive conflict on financial performance is significant, with a coefficient of 0.4425 which is a product of path a (1.0228) and path b (0.4326) of Fig 2. Finally, the model is checked to find whether there is an effect of full mediation or partial mediation. Path c', which shows the direct influence of cognitive conflict on financial performance, is examined. The direct effect of cognitive conflict on financial performance, under the controlled presence of work relationship as the mediating variable is insignificant with a coefficient of 0.0739. Once work relationship is introduced as the mediating variable between cognitive conflict and financial performance, the relationship between cognitive conflict and financial performance comes down from significant to insignificant. This shows that there is a full-mediation effect by work relationship between cognitive conflict and financial performance and this is the reason for the relationship between the two.

6.7 Process Conflict

To test hypothesis 5, which focuses on the mediation effect of work relationship between process conflict and financial performance, bootstrapping test by Preacher and Hayes (2004) is used with SPSS macros. The output of the test result is given in Tables 12-16. The graphical representation of the tabulated output is given in Figure (3).

Table 12

Total effect of process conflict (X) on financial performance (Y) - hypothesis H5

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Constant	6.4517	0.2391	26.9837	0.0000	5.9809	6.9225
Process Conflict	0.0535	0.0827	0.6471	0.5181	-0.1093	0.2164

Outcome variable: financial performance (Y).

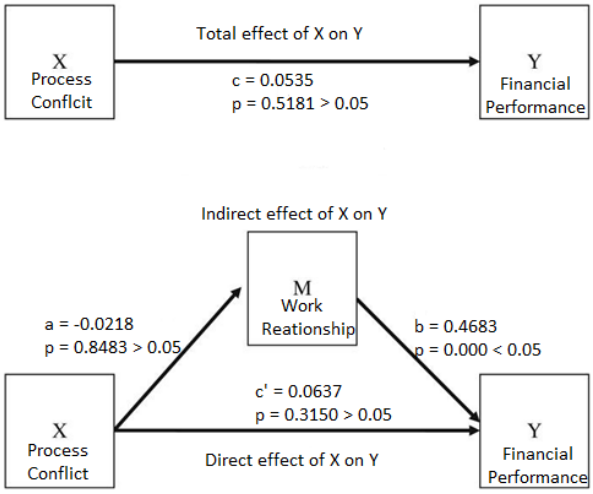

Figure (3)

Mediation effect of work relationship on process conflict and financial performance - hypothesis H5

Table 13

Direct effect of process conflict (X) on work relationship (M) - hypothesis H5

	Coefficient	SE	t	p	LLCI	ULCI
Constant	7.3868	0.3294	22.4244	0.0000	6.7382	8.0355
Process Conflict	-0.0218	0.1140	-0.1914	0.8483	-0.2462	0.2026

Outcome variable: work relationship (M).

Table 14

Direct effect of work relationship (M) on financial performance (Y) - hypothesis H5

	Coefficient	SE	t	p	LLCI	ULCI
Constant	2.9921	0.3135	9.5447	0.0000	2.3748	3.6095
Process Conflict	0.0637	0.0633	1.0067	0.3150	-0.0609	0.1884
Work Relationship	0.4683	0.0345	13.5924	0.0000	0.4005	0.5362

Outcome variable: financial performance (Y).

Table 15

Direct effect of process conflict (X) on financial performance (Y) - hypothesis H5

	Coefficient	SE	t	p	LLCI	ULCI
Process Conflict	0.0637	0.0633	1.0067	0.3150	-0.0609	0.1884

Outcome variable: financial performance (Y).

Table 16

Indirect effect of process conflict (X) on financial performance (Y) - hypothesis H5

	Coefficient	**Boot SE**	**Boot LLCI**	**Boot ULCI**
Process Conflict	-0.0102	0.0544	-0.1194	0.0934

Outcome variable: financial performance (Y).

In this case, the first condition of mediation is not fulfilled i.e., the total effect or path c which shows the influence of process conflict on financial performance is insignificant. Hence, one cannot apply the mediation model to this relationship. So, there is no need to examine the indirect effect and the direct effect.

6.8 Affective Conflict

To test hypothesis 6, which focuses on the mediation effect of work relationship between affective conflict and financial performance, bootstrapping test by Preacher and Hayes (2004) is used with SPSS macros. The output of the test result is given in Tables 17-21. The graphical representation of the tabulated output is given in Figure 4.

Table 17

Total effect of affective conflict (X) on financial performance (Y) - hypothesis H6

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Constant	6.9392	0.1632	42.5212	0.0000	6.6178	7.2605
Affective Conflict	-0.1554	0.0623	-2.4950	0.0132	-0.2780	-0.0327

Outcome variable: financial performance (Y).

Table 18

Direct effect of affective conflict (X) on work relationship (M) - hypothesis H6

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Constant	8.6121	0.2069	41.6308	0.0000	8.2047	9.0194
Affective Conflict	-0.5803	0.0789	-7.3503	0.0000	-0.7357	-0.4248

Outcome variable: work relationship (M).

Table 19

Direct effect of work relationship (M) on financial performance (Y) - hypothesis H6

	Coefficient	**SE**	**t**	**p**	**LLCI**	**ULCI**
Constant	2.5512	0.3456	7.3816	0.0000	1.8706	3.2318
Affective Conflict	0.1403	0.0524	2.6794	0.0078	0.0372	0.2434
Work Relationship	0.5095	0.0374	13.6150	0.0000	0.4358	0.5832

Outcome variable: financial performance (Y).

Table 20

Direct effect of affective conflict (X) on financial performance (Y) - hypothesis H6

	Coefficient	SE	t	p	LLCI	ULCI
Affective Conflict	0.1403	0.0524	2.6794	.0078	.0372	0.2434

Outcome variable: financial performance (Y).

Table 21

Indirect effect of affective conflict (x) on financial performance (y) - hypothesis H6

	Coefficient	Boot SE	Boot LLCI	Boot ULCI
Affective Conflict	-0.2957	0.0574	-0.4144	-0.1889

Outcome variable: financial performance (Y).

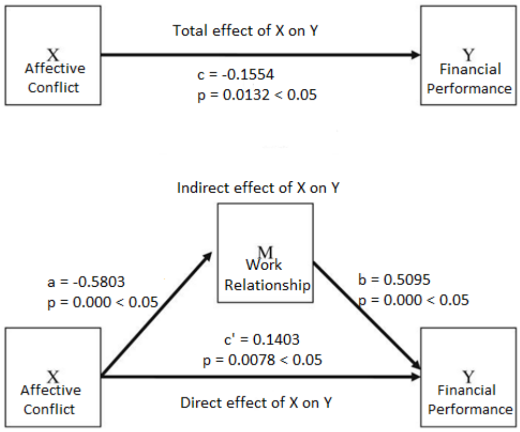

Figure (4)

Mediation effect of work relationship on affective conflict and financial performance - hypothesis H6

The first condition of mediation is fulfilled, as the total effect or path c, which shows the influence of affective conflict on financial performance is significant, with a coefficient of -0.1554. The second condition of indirect effect (or paths a and b), which shows the influence of cognitive conflict on work relationship and the influence of work relationship on financial performance is significant, with coefficients of -0.5803 and 0.5095. The indirect effect of cognitive conflict on financial performance is significant, with a coefficient of -0.2957, which is a product of path a (-0.5803) and path b (0.5095) of Fig. (4). Finally, the model is checked for the effect of full mediation or partial mediation. For this, path c', which shows the direct influence of affective conflict on financial performance is examined. The direct effect of affective conflict on financial performance under the controlled presence of work relationship as the mediating variable is significant, with a coefficient of 0.0078. Once work relationship is introduced as the mediating variable between affective conflict and financial performance, the relationship between affective conflict and financial performance is still significant. This shows that there is only a partial-mediation effect by work relationship between affective conflict and financial performance, and this is the reason for the partial relationship between the two.

7. Managerial Implications and Conclusion

In this research paper, the influence of the different types of conflict based on their nature, including cognitive conflict, process conflict and affective conflict, on the financial performance of the organization has been discussed and analyzed in detail from the data that was collected from industrial pump distributors. Objective 2 which links the influence of conflict with financial performance has been achieved by using hypotheses H1, H2 and H3. Objective 3, which examines the role of work relationship as a mediating variable between conflict and financial performance has been achieved using hypotheses H4, H5 and H6. As an outcome of the study, it can be concluded that generally, cognitive conflict results in a positive outcome. It significantly impacts the financial performance of the organization, affecting its top line and bottom line. This type of conflict is referred to as a functional conflict. Hence, it is highly recommended that both pump manufacturers and pump distributors have to restrict their conflict at work only to cognitive conflict, where they fight with each other only for achieving the target to attain mutual benefit. Our findings also report that process conflict does not significantly affect the financial performance of the organization in any way. It neither has a positive effect nor a negative effect. Hence, managers of channel partners need not to worry in case when they are experiencing any process-related conflict at work. The best approach would be to convert process conflict into cognitive conflict, so that it can have a positive impact on the sales and profitability of the organization. Affective conflict, on the other hand, has a significant negative influence on the financial performance of the organization. It can be categorized as a dysfunctional conflict. Hence, channel partners need to avoid this type of conflict and should avoid attacking each other personally.

Our research confirms the findings of previous studies on conflict management stating that whenever the decision is taken based on a task, the quality of the decision improves and the commitment of the team members improves, resulting in satisfaction among the team members, whereas if the decision is taken from an individual perspective, the decision quality, commitment and satisfaction among the team members decline (Amason. 1996; Jehn. 1994). If the conflict is programmed and channelized properly, it will lead managers to challenge, criticize, and review the task-oriented viewpoints and will come out with various quality alternative ideas (Cosier & Schwenk, 1990). Therefore, the top-management team needs to encourage cognitive conflict and discourage affective conflict for diverse viewpoints and high-quality decisions (Parayitam & Dooley, 2008).

The role of the work relationship as a mediator between the type of conflict and the financial performance of the organization is also studied in this research work. It acts as a full mediator between cognitive conflict and financial performance, which completely explains the reason for the relationship between the two. The research study also indicates that work relationship does not have a mediation effect between process conflict and financial performance. Moreover, the work relationship acts as a partial mediator between affective conflict and financial performance which partially explains the reason for the relationship between the two. Hence, work relationship between pump manufacturers and pump distributors acts as a crucial variable, especially during cognitive conflict and affective conflict which influence the financial performance of the organization. So, channel partners need to work on improving work relationship among them at the workplace, as it is the root cause of the healthy relationship between the type of conflict and the financial performance of the organization.

8. Limitations and Scope for Further Research

The outcome of this study is applicable only to channel conflict environments in the pump industry and cannot be generalized to other industries without any empirical evidence. In this study, due importance is given to work relationship as a mediating variable. In further studies, work relationship can be considered as a moderating variable along with the different types of conflict and their impacts on channel performance can be studied. In this research, the individual impact of different types of conflict along with work relationship as a mediating variable on channel performance is studied. In further studies, the combined effect of all three types of conflict along with other factors, like experience, the internal environment of conflict, the magnitude of conflict, … etc., on channel performance can be studied in detail to draw out more structured and robust conclusions.

REFERENCES

Agarwal, A., & Singh, D. (2014). PRM index: An innovative tool for measuring partner relational aspects in Indian automobile sector. *International Journal of Value Chain Management*, *7* (2), 171-189. https://doi.org/10.1504/IJVCM.2014.062954

Amason, A.C. (1996). Distinguishing the effects of functional and dysfunctional conflicts on strategic decision making: Resolving a paradox for top management teams. *Academy of Management Journal*, *39* (1), 123-148. https://doi.org/10.2307/256633

Anderson,J.C., & Narus, J.A. (1986). A model of the distributor's perspective of distributor manufacturer working relationship. *Journal of Marketing, 48* (4), 45.

Baek, S.-G. (2003). Measurement and assessment in teaching (8th edition). *Asia Pacific Education Review*, *4* (2), 210-211. https://doi.org/10.1007/BF03025364

Bouqalieh, B.K. (2023). The impact of corporate governance principles on financial performance in Jordanian family companies. *Jordan Journal of Business Administration*, *19* (1). https://doi.org/10.35516/jjba.v19i1.740

Brace, N., Snelgar, R., & Kemp, R. (2012). *SPSS for psychologists*. Macmillan International Higher Education.

Cosier, R.A., Dalton, D.R., & Taylor III, L.A. (1991). Positive effects of cognitive conflict and employee voice. *Employee Responsibilities and Rights Journal*, *4* (1), 7-11. https://doi.org/10.1007/BF01390434

Cosier, R.A., & Schwenk, C.R. (1990). Agreement and thinking alike: Ingredients for poor decisions. *Academy of Management Perspectives*, *4* (1), 69-74. https://doi.org/ 10.5465/ame.1990.4274710

Costa, J., Jung, M.F., Czerwinski, M., Guimbretière, F., Le, T., & Choudhury, T. (2018). Regulating feelings during interpersonal conflicts by changing voice self-perception. *Proceedings of the 2018 CHI Conference on Human Factors in Computing Systems*. https://doi.org/10.1145/3173574.3174205

de Dreu, C.K.W., & Weingart, L. R. (2003). Task *versus* relationship conflict, team performance, and team member satisfaction: A meta-analysis. *Journal of Applied Psychology, 88* (4), 741-749. https://doi.org/10.1037/0021-9010.88.4.741

de Wit, F.R.C., Greer, L.L., & Jehn, K.A. (2012). The paradox of intragroup conflict: A meta-analysis. *Journal of Applied Psychology*, *97* (2), 360-390. https://doi.org/10.1037/a0024844

Gronlund, N.E., & Linn, R.L. (1990). *Measurement and Assessment in Teaching* (Eighth Edition). McMillan Company, New York.

Hayes, A.F. (2018). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach* (Second Edition). Methodology in the Social Sciences, New York.

Hulland, J. (1999). Use of partial least squares (PLS) in strategic management research: A review of four recent studies. *Strategic Management Journal*, *20* (2), 195-204.

Jehn, K.A. (1995). A multi-method examination of the benefits and detriments of intragroup conflict. *Administrative Science Quarterly*, *40* (2), 256-282.

Jehn, K.A. (1997). A qualitative analysis of conflict types and dimensions in organizational groups. *Administrative Science Quarterly*, *42* (3), 530. https://doi.org/10.2307/2393737

Jehn, K.A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *Academy of Management Journal*, *44* (2), 238-251. https://doi.org/10.2307/3069453

Jehn, K.A., Northcraft, G.B., & Neale, M.A. (1999). Why differences make a difference: A field study of diversity, conflict, and performance in workgroups. *Administrative Science Quarterly*, *44* (4), 741-763. https://doi.org/10.2307/2667054

Lencioni, P. (2012). *The advantage: Why organizational health trumps everything else in business*. Jossey-Bass, 1st Eds.

Loughry, M., & Amason, A. (2014). Why won't task conflict cooperate? Deciphering stubborn results. *International Journal of Conflict Management*, *25* (4), 333-358. https://doi.org/10.1108/IJCMA-01-2014-0005

Luk, S.T.K. (1998). Structural changes in China's distribution system. *International Journal of Physical Distribution & Logistics Management*, *28* (1), 44-67. https://doi.org/10.1108/09600039810205953

Maia, T., & Lima, E. (2020). Cognitive conflict in strategic decision of management teams in small enterprises. *RAM. Revista de Administração Mackenzie*, *21* (3). https://doi.org/10.1590/1678-6971/eramr200177

Mitchell, R., Nicholas, S., & Boyle, B. (2008). The impact of cognitive conflict on team performance. *Asia Pacific Management Review 13* (3), 625-634.

Mohammad Thneibat, M. (2022). The role of performance-based rewards and developmental performance appraisal in promoting innovative work behaviour: The mediating roles of affective commitment and knowledge sharing. *Jordan Journal of Business Administration*, *18* (4). https://doi.org/ 10.35516/jjba.v18i4.459

Morgan, R.M., & Hunt, S.D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, *58* (3), 20-38.

Parayitam, S., & Dooley, R.S. (2009). The interplay between cognitive and affective conflict and cognition and affect-based trust in influencing decision outcomes. *Journal of Business Research*, *62* (8), 789-796. https://doi.org/10.1016/j.jbusres.2008. 02.006

Payan, J.M., Svensson, G., Awuah, G., Andersson, S., & Hair, J. (2010). A "cross-cultural relqual-scale" in supplier-distributor relationships of Sweden and the USA. *International Marketing Review*, *27* (5), 541-561. https://doi.org/10.1108/02651331011076581

Preacher, K.J., & Hayes, A.F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, Instruments, & Computers*, *36* (4), 717-731. https://doi.org/10.3758/bf03206553

Preacher, K.J., & Kelley, K. (2011). Effect size measures for mediation models: Quantitative strategies for communicating indirect effects. *Psychological Methods*, *16* (2), 93-115. https://doi.org/10.1037/ a0022658

Rungtusanatham, M., Forza, C., Filippini, R., & Anderson, J.C. (1998). A replication study of a theory of quality management underlying the Deming management method: Insights from an Italian context. *Journal of Operations Management*, *17* (1), 77-95. https://doi.org/10.1016/S0272-6963(98)00032-1

Sheth, J.N., & Parvatiyar, A. (2000). The evolution of relationship marketing. *Handbook of Relationship Marketing*, 119-146. https://doi.org/10.4135/97814 52231 310.n5

Stewart, C.D. (2009). *A multidimensional measure of professional learning communities: The development and validation of the learning community culture indicator (Lcci)*. Dissertation.

Tschannen-Moran, M. (2000). Collaboration and the need for trust. *Journal of Educational Administration*, *39*, 335-352.

Tjosvold, D. (2007). The conflict-positive organization: It depends upon us. *Journal of Organizational Behavior*, *29* (1), 19-28. https://doi.org/10.1002/job.473

Wall, J.A., & Callister, R.R. (1995). Conflict and its management. *Journal of Management*, *21* (3), 515-558. https://doi.org/10.1177/014920639502100306

Wall V.D., J., & Nolan, L.L. (1986). Perceptions of inequity, satisfaction, and conflict in task-oriented groups. *Human Relations*, *39* (11), 1033-1051. https://doi.org/10.1177/001872678603901106

Yang, Y. (2011). Effects of cognitive and affective conflict between hotels' top managers on firm performance in China. *Journal of China Tourism Research*, *7* (1), 42-61. https://doi.org/10.1080/19388160.2011.551046