PREVENTING DYSFUNCTIONAL CONFLICT: EXAMINING THE RELATIONSHIP BETWEEN DIFFERENT TYPES OF MANAGERIAL CONFLICT IN VC BACKED FIRMS

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PREVENTING DYSFUNCTIONAL CONFLICT: EXAMINING THE RELATIONSHIP BETWEEN DIFFERENT TYPES OF MANAGERIAL CONFLICT IN VC BACKED FIRMS

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Abstract

This study explores the interactions between task, process and affective conflict in entrepreneurial teams of venture-backed firms. Our results show that task conflict is positively related to affective conflict and that this relationship is partially mediated by process conflict. Furthermore, we find that team size moderates the relationship between task and process conflict. Our results provide a potential explanation for the previously reported inconsistent results on the outcomes of different types of conflict and suggests that especially nascent entrepreneurs with small management teams should be wary of all types of conflict – also those labeled as “functional” by the prior literature.

Introduction

Entrepreneurial teams are often faced with uncertain, ambiguous, and changing environments. In these situations, interpretation of market signals and other environmental factors can vary significantly between individuals, paving the way for conflict in decision-making (Sapienza & Gupta, 1994). This can be particularly true for management teams in high potential firms such as those backed by venture capitalists as they often operate in highly uncertain environments. The lack of accepted decision making norms or organizational history in new ventures, coupled with an uncertain environment, invites differing perceptions of the correct course of action among the decision making team. Undoubtedly, creative debates and conflicts can lead to more thorough decisions. However, disagreements can also hinder decision making processes. If different types of conflict are examined in isolation, we may be overlooking key interactions that ultimately determine whether a particular level of conflict is beneficial or detrimental to the decision process and outcomes.

Jehn and Mannix (2001) address three types of conflicts: affective, task and process conflicts. In short, affective conflict regards tension and relationship friction between decision making parties. Task conflict within management team regards the awareness in differences of viewpoints and opinions regarding a task. Process conflict within management team refers to perceptions of how task accomplishments will proceed (Jehn & Mannix, 2001: 239). While each of these types of conflict have often been examined individually, researchers have more recently called for new directions for understanding how managerial decision makers can capture the benefits of certain types of conflict without incurring the costs associated with other types (Eisenhardt & Zbaracki, 1992). Accomplishing this requires examining the relationship between the various types of conflict, which led Jehn and Chatman (2000) to propose that it is the proportion of total
conflict attributable to each type of conflict that is important rather than the degree of each type of conflict alone.

While this line of reasoning has yielded some interesting results, it still ignores potential relationships between the various types of conflict. In short, it looks at the amount that exists, but fails to examine how the different types of conflict may influence each other. It is possible that conflicting results in previous research are due to these relationships. In other words, if increasing task conflict, which is generally argued to be beneficial, also increases affective conflict, which is generally regarded as detrimental for decision processes, then examining task conflict in isolation could very well lead to different conclusions. In order to improve our understanding of these relationships, we develop a theoretical model that proposes that increases in task conflict will lead to increases in affective conflict and that this relationship will be mediated by process conflict. Additionally, drawing on work in group dynamics, we suggest that this relationship will be moderated by top management team size. We believe that improving our understanding of the potential relationships between “good” and “bad” conflict is the a key first step in being able to provide entrepreneurs and managers with effective guidelines for managing conflict in the decision process.

This study makes two important contributions to the current literature. First, the study improves our understanding of the relationship between different types of conflict in entrepreneurial teams. As affective conflict has been shown to be detrimental to decision making processes and team performance, a better understanding of the drivers of affective conflict is a key step for managing this type of conflict in entrepreneurial teams. Second, this study helps to shed light on the conflicting results of past studies. Task conflict has long been considered to be beneficial to team performance, but studies of this construct in isolation have failed to produce consistent results. It is possible that this is due to the fact that task conflict can ultimately lead to other types of conflict that negatively affect team performance, which is what our study proposes.

**Theory and Hypotheses**

Research on group processes has illustrated the impact of decision processes on group outcomes as well as organizational outcomes (Olson, Parayitam, & Bao, 2007). As noted by Steiner (1979), the manager’s decision quality will be dependent on the process that the group uses to make their decision, a key aspect of which is how the individuals in the group and the group as a whole collect and analyze information relevant to the decision at hand. Information Processing theory suggests that decisions are based on what information a particular individual pays attention to and how that information is interpreted (Barr, Stimpert, & Huff, 1992). While the theoretical origins were initially related to how organizations process information (Galbraith, 1973), the theory has been expanded to the consideration of groups as information processors in our efforts to understand the decision processes of teams (Hinsz, Tindale, & Vollrath, 1997).

At the individual level, the mind can be considered a human information processing system (Lord & Maher, 1990). Consistent with the behavioral theory of the firm (Cyert & March, 1963), managers are considered to be boundedly rational as well as having multiple and conflicting goals and aspiration levels. In addition, they often have unique backgrounds and experiences which will influence not only the parts of environment that a manager pays attention to, but how they interpret those inputs as well (Hambrick & Mason, 1984). The end result is that managers will
often interpret environmental inputs differently, leading to differing opinions on an appropriate course of action, paving the way for conflict in decision making (Sapienza & Gupta, 1994). This can be particularly true for management teams in high risk, high potential firms such as those that attract venture capital financing. The environment in which these entrepreneurs find themselves is often one of rapid change and uncertainty. They are often focusing on new products or processes, often in emerging markets with little or no history to rely on when making key decisions. As such, it is likely that individuals faced with these conditions will often have differing interpretations of the environment based on their own unique backgrounds. Given the lack of existing heuristics or organizational experience, differences of opinions regarding what action should be taken and how it should be executed could be expected to be more common for entrepreneurial teams dealing with the unknown.

As a result, one aspect of the process that has garnered much attention is that of conflict in decision making resulting from real or perceived differences among team members (De Dreu & Weingart, 2003; Wall & Callister, 1995). Early theorists considered conflict to be a unidimensional construct which was detrimental to group decision processes and outcomes (Brown, 1983; Pondy, 1969; Wall & Callister, 1995). However, later researchers proposed that there were three different types of conflict that must be considered and which may have different effects on organizational and group outcomes (Amason, 1996; Amason & Sapienza, 1997; Jehn & Chatman, 2000; Jehn & Mannix, 2001). These are affective conflict (involving personal issues such as dislike among group members), task conflict (conflict about ideas and differences of opinion about the task itself) and process conflict (disagreement about how to accomplish the task).

Affective conflict, also referred to as emotional conflict (L.H. Pelled, Eisenhardt, & Xin, 1999) and relationship conflict (De Dreu & Weingart, 2003; Jehn & Mannix, 2001), involves disagreements based on personal and social issues that are not work related (Jehn & Chatman, 2000). It is theorized that this type of conflict impairs the processing of information in the decision process (L.H. Pelled, et al., 1999), adversely affecting the decision process. Increasing levels of affective conflict can create a hostile environment in which members become reluctant to share differing perspectives (Pelled, Eisenhardt, & Xin, 1999), decreasing the amount of information available to the group. Others have argued that affective conflict decreases group member’s satisfaction, which inhibits their performance (Jehn, 1995). Similarly, the animosity associated with affective conflict can lead team members to disregard information and viewpoints that are shared within the group or result in time and energy being expended trying to resolve the conflict rather than working on the task at hand (Jehn, 1997; Jehn & Bendersky, 2003; Simons & Peterson, 2000).

Support for the negative effects of affective conflict have been found for decision quality (Amason, 1996), group performance (Jehn & Mannix, 2001), decision commitment (Parayitam & Dooley, 2009), innovation (Collewaert, 2009), and firm performance (Eisenhardt, Kahwajy, & Bourgeois, 1997). While some studies have reported a positive relationship between affective conflict and team performance (e.g., Barsade, Ward, Turner, & Sonnenfeld, 2000; De Dreu & Van Vianen, 2001), De Dreu and Weingart’s (2003) meta-analysis reported a mean corrected correlation of $\rho = -0.22$, providing support for a negative relationship.

Due to the fact that managers will have different backgrounds that will influence the information they pay attention to as well as how they interpret that information, task conflict has been considered to be inevitable in decision making (Amason, 1996). However, it has long been argued that task conflict can be beneficial in that it forces people to consider different perspectives
and confront issues (Coser, 1956; Deutsch, 1973). Task conflict essentially expands the information available and provides a variety of information filters that lead to a wider view of the issue in question, resulting in higher quality decisions and organizational performance (Simons and Peterson, 2000). Researchers have reasoned that exposure to opposing views provides additional information for the team members to process, allowing them to develop a more complete understanding of the problem and potential solutions (L.H. Pelled, et al., 1999). A lack of task conflict may result in “groupthink” (Janis, 1982), with managers overlooking important details or considering different alternatives, resulting in sub-optimal solutions.

This line of reasoning has received some empirical support. For example, Olson, Parayitam and Boa (2007) found that task conflict positively influenced decision understanding, decision quality and decision commitment in a study of 85 senior management teams in hospital. Similarly, Amason (1996) found that task conflict was positively related to decision quality, decision understanding and affective acceptance and Ehie (2010) found that task conflict in manufacturing decisions led to higher company performance. In spite of these examples, a meta-analysis of 30 empirical studies on team conflict conducted by De Dreu and Weingart (2003) found that the corrected mean correlation between task conflict and team performance was significant and negative with $\rho = -0.23$. In a similar vein, Collewaert (2012) reports a positive relationship between task conflict and entrepreneurs’ intent to prematurely exit from their ventures.

While much of the empirical research has focused on task and affective conflict, researchers have also identified a third type of conflict, labeled process conflict which has received less attention (Amason, 1996; Jehn, 1997; Jehn & Mannix, 2001). Process coordination is often considered a critical aspect of group effectiveness (Behfar, Mannix, Peterson, & Trochim, 2011; I. D. Steiner, 1972), but disagreements regarding how a task is to be done is not captured in either task or affective conflict. As opposed to task conflict, which focuses on differences with regards to what needs to be done, process conflict is defined as an awareness of controversies about aspects of how the task will proceed (Jehn & Mannix, 2001). Researchers have argued that process conflict interferes with the implementation of a decision, resulting in a negative relationship with team performance. Furthermore, since process conflict focuses on task strategy and delegation of duties and resources, conflict in this area may be interpreted as questioning one’s abilities or making a political move to control resources and power within the organization. As noted by Amason (1996), if managers cannot agree on how a decision will be implemented, the quality of the decision itself will mean little.

The studies that have examined process conflict have had mixed results. Some studies have found process conflict to be negatively related to team outcomes such as perceptions of innovativeness (Kurtzberg & Mueller, 2005; Matsuo, 2006), productivity (Jehn, Northcraft, & Neale, 1999) and attitudes towards the group (Greer & Jehn, 2007; Passos & Caetano, 2005). However, other studies have shown a positive relationship between process conflict and factors that would be expected to improve group performance such as encouraging members to ask for help, clarify roles and allocate work more effectively (Jehn & Bendersky, 2003; Jehn & Mannix, 2001).

The fact that task and process conflict are often perceived as being positively related to desirable outcomes leads people to think of them as functional conflict as opposed to affective conflict which is generally seen as dysfunctional conflict, leading to the idea that increasing task and process conflict while decreasing affective conflict will lead to superior outcomes. However, the conflicting studies and the results of the meta-analysis suggest that the issue is more complicated.
Some researchers have tried to explain the lack of consistency through the examination of various potential moderators of the conflict-performance relationships to explain the different results (e.g. De Dreu and Weingart, 2003). Others have suggested that it is not a particular type of conflict in isolation that is important, but rather the proportion of the total team conflict that each type of conflict comprises (Erikson & George, 2010; Jehn & Chatman, 2000). While this approach does attempt to better understand the three types of conflict involved simultaneously, the results of research in this area have yet to provide clear direction.

One of the challenges for researchers has been the fact that the different types of conflict are often highly correlated. De Dreu and Weingart (2003) found that the average corrected correlation between task conflict and affective conflict was 0.54 and other studies have found correlations between task conflict and process conflict to be between 0.44 and 0.90 (Behfar, et al., 2011). Again this had led researchers to examine potential moderators such as trust (Simons & Peterson, 2000), while others have theorized that they occur together due to the fact that they have common antecedents (Amason & Sapienza, 1997; Kellermanns, Walter, Lechner, & Floyd, 2005; Mooney, Holahan, & Amason, 2007).

Research investigating the correlations between the different types of conflict have focused predominately on the relationship between task and affective conflict. The predominant theoretical basis for explaining this relationship has been that of misattribution. As we noted previously, the uncertainty inherent in new venture environments coupled with the effect of differing backgrounds among senior managers will lead to differences in interpretation of the situation and the actions that need to be taken, or task conflict. While this has long been advocated as a positive thing for decision making, empirical results have suggested otherwise. One reason for this may be that in the process of working through task conflict, members of the management team may use harsh language (Lisa Hope Pelled, 1996), which may be interpreted as a personal attack. This may cause team members to attribute the disagreement to a personal difference, leading to affective conflict (Jehn, 1997; Simons & Peterson, 2000). In fact, several scholars have suggested that team members may have difficulty distinguishing between cognitive conflicts and personal attacks (Amason & Sapienza, 1997; Jehn & Mannix, 2001; Mooney, et al., 2007; Simons & Peterson, 2000). Past studies have provided support for this line of reasoning and we expect to find similar results in our study, leading to our first hypothesis:

H1: Task conflict will be positively related to affective conflict

Task conflict involves disagreement over what should be done while process conflict is defined as an awareness of controversies about aspects of how the task will proceed (Jehn & Mannix, 2001) (Jehn & Mannix, 2001). Previous research has shown that these two types of conflict are highly related with correlations ranging from 0.60 to 0.93 (Greer, Jehn, & Mannix, 2008; Jehn & Chatman, 2000; Jehn & Mannix, 2001). In situations involving high levels of task conflict, there is a lack of agreement as to what should be done. It goes without saying that groups with undefined or vaguely defined tasks will have difficulties in agreeing on how those goals should be achieved. In addition, even when groups may eventually come to a consensus on the task, high levels of task conflict have been shown to result in lower team member satisfaction and commitment (Amason, 1996; Amason & Sapienza, 1997; Jehn, 1997; Jehn & Mannix, 2001) as well as increasing the stress and anxiety levels in team members (Jehn & Mannix, 2001). If team members have a low level of commitment to the decision, they are more likely to disagree on the approach for implementing it.
as well. Team members who disagreed with the decision may consciously or subconsciously try to subvert the implementation of the decision in an effort to continue championing their resistance to the decision. Therefore, we expect that increasing levels of task conflict will result in increasing levels of process conflict.

**H2: Task conflict will be positively related to process conflict**

As we noted previously, while the relationship between task conflict and affective conflict has received considerable attention, less attention has been paid to the role of process conflict. If we are to believe that disagreements over tasks would lead to misattribution and affective conflict, we would expect the same causal linkage to be present when examining the relationship between process conflict and affective conflict. In fact, whereas task conflict involves disagreement over what should be done, process conflict involves disagreement over how to accomplish the task. Even if a group agrees on what should be done, determining how to accomplish this now involves the allocation of people, time and resources. In this environment, individuals may become concerned about the intentions of the other party as well as protecting their own interests. Disagreements over process can lead to suspicions regarding the other team member’s intentions or call into question political motivations or other hidden agendas, leading team members to become more defensive and resulting in the perception of personal attacks and affective conflict within the group. Therefore, we suggest that:

**H3: Process conflict will be positively related to affective conflict**

Past research has provided consistent results with respect to the negative effect of affective conflict on team performance. However, we have seen conflicting results for the relationship between task conflict and group performance. Furthermore, while we consistently see high correlations between the different types of conflict, the causal mechanisms at work are less well understood (Behfar, Mannix, Peterson and Trochim, 2011). This has lead researchers to look for common antecedents as well as moderators of the relationships.

De Dreu and Weingart (2003) found that the group type moderated the negative relationship between task conflict and performance with the relationship being weaker in teams with simple, well-learned tasks. These types of tasks have standard procedures and there is general agreement on the process involved, so we would expect a lower level of process conflict when compared to teams dealing with non-routine tasks. Their results also implied that the weaker the relationship between task and affective conflict, the more likely that task conflict would have a positive relationship to performance (Rispens, 2012).

Tidd et al. (2004) found that role ambiguity also weakened the relationship between task and affective conflict. Role ambiguity has been defined as a lack of understanding regarding how a task is to be accomplished (Kahn, Wolfe, Quinn, & Snoek, 1964). This lack of understanding how to accomplish a task would be expected to lead to process conflict as different members of the group may have different interpretations of how to proceed in an ambiguous situation. Similarly, Simons and Peterson (2000) found that trust negatively moderated the relationship between task and affective conflict such that the correlation between task and affective conflict was weaker for teams with high levels of trust. While not part of their study, we contend that teams with high levels of trust are less likely to allow task conflict to lead to process conflict. While they may have disagreed
on the decision, they are less likely to try to subvert the decision through disagreements on the process. In addition, they are less likely to be concerned about underlying political motivations if there is a high degree of trust among members.

In each of these cases we would expect the moderators that have been investigated to be antecedents to process conflict, suggesting that process conflict is a potentially critical component in understanding the relationship between task conflict and affective conflict. In fact, Jehn and Chatman (2000) note that the positive effects of task conflict are only present when there are low levels of process conflict. Taken together, these studies suggest that process conflict acts as a mediator between task conflict and affective conflict, leading to our fourth hypothesis:

\[ H4: \text{Process conflict partially mediates the relationship between task conflict and affective conflict} \]

Team size is often equated to cognitive capability (Haleblian & Finkelstein, 1993). The larger the team, the wider the range of backgrounds and experiences from which they can draw, providing them with the ability to process a wider range of options. Previous studies have shown a significant correlation between top management team (TMT) size and both functional heterogeneity and educational heterogeneity (Bantel & Jackson, 1989; Wiersema & Bantel, 1992). This higher cognitive capability has been shown to be positively related to task conflict (Amason & Sapienza, 1997). While Amason and Sapienza (1997) also found a weakly significant \((p<.1)\) relationship between team size and affective conflict, we suggest that this is due to the role team size plays in the relationship between task conflict and process conflict. While larger teams will experience higher levels of task conflict, we suggest that in a larger group this is less likely to lead to misattribution among team members. Larger groups will experience conflict more often due to the diversity of their backgrounds and are more likely to be able to accept the decision of the group. In smaller groups it is more likely that task conflict will be taken more personally and that dissenting members will be more inclined to continue championing their own solution or focusing on the negative aspects of the agreed up decision as the conversation moves on to implementation. Therefore, we would expect that team size would negatively moderate the indirect effect of task conflict on affective conflict by weakening the relationship between task conflict and process conflict such that smaller teams will see a more positive relationship between task conflict and process conflict.

\[ H5: \text{TMT size will negatively moderate the relationship between task conflict and process conflict such that the relationship will be less positive as TMT size increases.} \]

The overall theoretical model is shown in Figure 1.

**METHODS**

**Data and Sample**

In order to examine the proposed hypotheses, a survey was sent to 240 firms currently or newly exited from Norwegian venture capital funds. We received 70 responses, but have only valid data from 59 companies for an effective response rate of 25%. The sample of firms reflects the portfolios of the prime members of the Norwegian Venture Capital Association in 2004.
Measures

Task Conflict, Affective Conflict and Process Conflict. The Intragroup Conflict Scale of Jehn (1995) was used for measuring task conflict and affective conflict. These scales consist of three items for each measure of conflict. Process conflict was measured using three items from Shah and Jehn (1993). A 5 point Likert scale was employed for each item in the scales. Each of the items were translated into Norwegian and back-translated to check for accuracy. A factor analysis was run on all of the items to ensure that they retain their factor structure following translation. The factor analysis indicated problems with one item on each of the scales in that they failed to load sufficiently on the appropriate factor. Because these items have been shown in numerous previous studies to be reliable, it is quite possible that the interpretation of the translated version of the items resulted in their not reflecting the intended construct. Due to concerns regarding the item validity of the translated items, a decision was made to drop each of the items and use two item scales for each construct. Chronbach’s alpha for the three constructs are .834 for affective conflict, .724 for task conflict and .919 for process conflict, which is beyond the recommended .70 by Nunnally (1978).

Data Analysis

Hypotheses 1-4 suggest an indirect effects model where the relationship between task conflict and affective conflict is transmitted through process conflict. In the past, many researchers have used the multistep approach proposed by Baron and Kenny (1986). However, more recently methodologists have identified several shortcomings with this method (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; Preacher & Hayes, 2004). For example, the first step in the Baron and Kenny approach suggests that it is necessary to show a significant direct effect of the independent variable (in this case, trust) on the dependent variable (performance) in order to support mediation. However, as mediation processes become more complex, and distal (as in the case in the current study), it has been noted that there is increasing likelihood that the effect gets smaller as “it is (a) transmitted through additional links in a causal chain, (b) affected by competing causes, and (c) affected by random factors” (Shrout & Bolger, 2002, p.429).

Therefore, rather than using the multistep approach outlined by Baron and Kenny (1986), researchers have more recently suggested that tests of mediation be based on formal significance tests of the indirect effect ab (Preacher and Hayes, 2004), where a represents the path between the independent variable (task conflict) and the mediator (process conflict) and b represents the path between the mediator and the dependent variable (affective conflict). The most well know test of this effect is the Sobel (1982) test. However, the Sobel test is based on the assumption that the indirect effect is normally distributed and it is known that the distribution of ab is nonnormal even when the variables constituting the product are normally distributed (Edwards & Lambert, 2007). In light of this, the use of bootstrapped confidence intervals (CIs) has been proposed in order to avoid power problems due to nonnormal distributions of the indirect effect ab (MacKinnon, Lockwood, & Williams, 2004). In order to accomplish this we used an SPSS macro developed by Hayes (2013) in order to test Hypotheses 1, 3 and 4. This macro examines the indirect effect ab using a bootstrapping method to obtain CIs for the indirect effect.

Hypothesis 5 proposes that TMT size will moderate the relationship between task conflict and process conflict. In testing this hypothesis, as well as the direct effect between task conflict and process conflict (Hypothesis 2), we use OLS regression methods for moderation. Again we use
analytical procedures and a macro developed by Hayes (2013) as these test the hypotheses through both standard OLS regression and through bootstrapping techniques that yield a 95% confidence interval for the regression coefficients. First the independent variable, task conflict is entered and then the moderating variable along with the interaction term are entered into the model.

**RESULTS**

In Table 1, we present the results of hypotheses 1, 3 and 4. The model indicated that there was a positive and significant relationship between task conflict and affective conflict ($\beta = 0.5110$, $p<.01$), after controlling for the effects of process conflict. This provides support for hypothesis 1. We also found a positive and significant relationship between process conflict and affective conflict ($\beta=0.3286$, $p<.01$) after controlling for task conflict, supporting hypothesis 3. The indirect effect of task conflict on affective conflict through process conflict, controlling for the direct effect of task conflict was also positive ($\beta=0.2091$). The upper and lower 95% confidence intervals for the bootstrapped samples did not contain 0, providing support for hypothesis 4.

Table 2 shows the results for Hypotheses 2 and 5. Model 1 in Table 2 shows the results for the direct effect of task conflict on process conflict. Our results indicate that there is a positive and significant relationship between task conflict and process conflict ($\beta=0.6365$, $p<.01$). TMT size is not significantly related to process conflict, but the interaction between TMT size and task conflict is negative and significant ($\beta= -0.1485$, $p<.05$). Therefore, we find support for all five of our hypotheses.

**DISCUSSION, CONCLUSIONS AND AVENUES FOR FUTURE RESEARCH**

In this paper, we set out to better understand the relationships and interactions between different types of conflict in entrepreneurial teams. As we noted previously, task, affective and process conflict have tended to be analyzed in isolation or in terms of the proportion of total conflict which each represents. While affective conflict has consistently been shown to be detrimental to team performance, scholars have generally considered task, or cognitive, conflict to improve team performance, prompting teams to be encouraged to increase this type of through the use of tools such as devil’s advocate, increasing team diversity, or other measures. However, empirical results examining this relationship have been mixed and meta-analyses have indicated that there is actually a negative relationship between task conflict and team performance (De Dreu & Weingart, 2003). This raises the question as to whether or not task conflict is truly beneficial and, if so, under what conditions.

Our paper contributes to the conflict and entrepreneurship literature in many ways. First the prior conflict literature has the failed to provide consistent evidence on the performance outcomes of different types of conflicts (see, for instance, Parayitam and Dooley, 2009; Amason, 1996). We believe that these inconsistent results may have been at least partly caused by the lack of understanding of the inter-relationships between the different types of conflicts. We address this gap in existing knowledge by showing that task conflict – a conflict type that has been generally theorized as “good” by its virtue of increasing the diversity of inputs for strategic decision-making - may nevertheless have negative implication by increasing the level of affective conflict. In a similar vein, task conflict was also found to increase the level of process conflict, which in turn
amplified affective conflict. Because process conflict partially mediates the relationship between
task conflict and affective conflict, it is possible that previous studies that have had mixed results
in examining the relationship between task conflict and team performance could be due to varying
levels of process conflict and its role as a mediator between task conflict and affective conflict.

Second, our paper implies that the boundary between functional (task and process) conflict
and dysfunctional (affective) conflict may be more blurred than previously thought. It seems that
one type of conflict easily transforms to another, effectively contaminating the whole working
relationship. We found this to be especially true for ventures with small management teams that
seem to be especially vulnerable to the negative outcomes of conflict. Therefore, it is of utmost
importance for young entrepreneurial teams to establish clear goals and processes to achieve these
goals in order to avoid the erosion of social capital so critical for the venture’s success. Additionally,
it is important for future researchers to consider this when modeling and testing their relationships
between conflict and team performance if we are truly to begin to understand the conditions
under which decision processes and performance can be improved.

From a methodological standpoint, our study demonstrated not only mediation effects, but also
moderation effects. Given that an effect functions through some kind of mechanism (mediation),
and that the effect is also contingent on something (moderation), an analysis which focuses only
on mediation or moderation has to be incomplete (Hayes, 2013). As such, we should look into
all these complex relationships with new eyes, and with more sophisticated analytical methods.

The present study could be extended in many ways. First, we collected our data from a small
and culturally homogeneous country. Thus, we call for a replication of this study in different
geographical and cultural settings. Second, the mechanisms through which task and process
conflicts transform to affective conflicts need more scrutiny. Because the study was cross-sectional
in design, we cannot rule out reverse causality. In this respect, a longitudinal case study would have
the potential of shedding light on the specific nature of the feedback loops between the different
types of conflict. Finally, a fascinating avenue for future research would include a comparison of
various conflict management strategies and their feasibility in large and small organizations alike.

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10.1037/1082-989X.12.1.1_supp (Supplemental)


Figure 1
Hypothesized Model

Table 1
Regression Results for Simple Mediation

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<th>Independent Variable</th>
<th>B</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
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</thead>
<tbody>
<tr>
<td>Direct and total effects</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Task Conflict, controlling for Process Conflict (H1)</td>
<td>0.5157</td>
<td>.1110</td>
<td>4.646</td>
<td>.000</td>
<td>.2933</td>
<td>.7380</td>
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<td>Process Conflict, controlling for Task Conflict (H3)</td>
<td>0.3286</td>
<td>.1110</td>
<td>2.960</td>
<td>.0045</td>
<td>.1062</td>
<td>.5509</td>
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</table>

<table>
<thead>
<tr>
<th>M</th>
<th>SE</th>
<th>LLCI</th>
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<tbody>
<tr>
<td>Effect (H4)</td>
<td>0.2091</td>
<td>.1292</td>
<td>0.0348</td>
</tr>
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</table>

Note: n = 59 firms. Unstandardized regression coefficients are reported. Bootstrap sample size = 1,000. LL = lower limit; CI = 95% confidence interval; UL = upper limit.
Table 2
Regression Results for Moderation

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model 1 – Direct Effect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0</td>
<td>.1013</td>
<td>.0000</td>
<td>1.0</td>
<td>-.2028</td>
<td>.2028</td>
</tr>
<tr>
<td>Task Conflict (H2)</td>
<td>0.3286</td>
<td>.1110</td>
<td>2.960</td>
<td>.0045</td>
<td>.1062</td>
<td>.5509</td>
</tr>
</tbody>
</table>

N=59. R²=0.4051. F = 38.818***

| **Model 2 – Interaction Effect** |       |       |        |         |        |        |
| Constant             | 0.2259| .2727 | 0.8283 | 0.4111  | -.3207 | .7725  |
| Task Conflict        | 1.2425| .2727 | 4.5567 | 0.000   | 0.6960 | 1.7889 |
| TMT Size             | -0.0482| .0611 | -0.7888| 0.4336  | -0.1707| 0.0743 |
| TMT x Task (H5)      | -0.1485| .0630 | -2.358 | .0220   | -0.2746| -0.0223|

N=59. R²=0.4637. F = 15.8526***

Note: n = 59 firms. Unstandardized regression coefficients are reported. Bootstrap sample size = 1,000. LL = lower limit; CI = 95% confidence interval; UL = upper limit.