MANAGING CONFLICTS IN INTERNAL AND EXTERNAL AUDIT PROCESS

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Abstract. Employees and auditors deal with conflicts in a variety of ways in the organization, therefore they need different conflict resolution strategies. To avoid getting stuck in a situation where an auditor does not have any options, in advance he needs to develop policies and ways to manage conflicts. The problem of the research - how to help with managing conflicts in the audit process. The objective of the paper is to find ways how to deal with managing conflicts in internal and external audit process. Methodology of the research - analysis of scientific literature, based on the comparative aspect and methods of systematization, logical analysis and generalization. The paper considers different methods of handling the conflict situations. The results of this study showed that some general methods of conflict management can be applied to the managing conflicts in the audit process, but the specifics of the audit situation should be considered when choosing them.

Keywords: auditor, employee, conflict, managing conflicts.

INTRODUCTION

"No workplace can ever be totally devoid of conflict, simply because conflict is a natural outcome in environments where employees with varying priorities, ideas and behaviours work together toward a common goal"[1]. Conflict will inevitably arise in the organization, such is the nature of all human interactions.

Conflict is an integral part of the audit profession, and auditors must be its managers. Internal and external auditors regularly resolve organizational conflicts. Disagreements can arise in negotiations with management on the implementation of audit recommendations or on

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[1] Bacal, R. Organizational Conflict – The Good, the Bad, and the Ugly. *The Journal for Quality and Participation*. 2004, 27(2): 21–22.

something as simple as the wording of the audit report. Regardless types of conflicts, they are sometimes difficult to solve. Financial costs associated with audit conflicts can be huge, that is why it is important to manage conflicts or avoid them in the audit process.

To make the conflicts as effective as possible for the organization and its members, to make them creative but not destructive, they should be wisely managed. Good conflict management skills are an advantage in most positions, as conflict is virtually impossible to avoid. It is human nature to disagree, and disagreements are in fact healthy when approached correctly. Eliminating conflict entirely would cause its own problems: there would be no diversity of opinion and we are unable to detect and correct erroneous plans and policies.

There is a substantial amount of literature on the impact of conflict within organisations. But most of the existing scientific literature discuses conflict management in general.

Scientists Caputo A., Marzi G., Maley J. and Silic M.[2] after analysis "of ten years of conflict management research identified five key themes that help to track the direction of conflict management research: negotiation, mediation, trust, conflict management styles, and performance. These themes show a wider diversification of topics in the field than in the past, confirming previous results about the reputation and maturity of conflict management as an independent scientific field of research".

We found that in previous studies (Thomas, K. W[3], Rahim, M. A.[4], Callanan G. A., Perri D. F.[5]) have focused on conflict management styles in organization in general.

Recent research conducted by Chen H. X., Xu X., Phillips P.[6] suggested that there is the relation between conflict management style and emotional intelligence. Zhang S.J., Chen Y.Q. and Sun H.[7] found out that emotional intelligence is positively and significantly associated with integrating, compromising and dominating conflict management styles. According Allen R. D.[8] conflict is an inherent reality in the auditing profession and auditors should develop expertise

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[2] Caputo, A., Marzi G., Maley, J., Silic, M. Ten years of conflict management research 2007-2017: An update on themes, concepts and relationships. *International Journal of Conflict Management*. 2018, 30 (1): 87–110.

[3] Thomas, K.W. Conflic and conflict management: Reflections and update. *Journal of organizational behavior.* 1992, 13: 265–274.

[4] Rahim, M. A. A measure of styles of handling interpersonal conflict. *Academy of Management Journal. 1983, 26*(2): 368–376.

[5] Callanan, G. A., Perri, D. F. Teaching Conflict Management Using a Scenario-Based Approach. *Journal of Education for Business*. 2006, 81(3): 131–139.

[6] Chen, H. X., Xu, X., Phillips, P. Emotional intelligence and conflict management styles. *International Journal of Organizational Analysis*. 2019. Available at: https://doi.org/10.1108/IJOA-11-2017-1272.

[7] Zhang, S.J., Chen, Y.Q. and Sun, H. Emotional intelligence, conflict management styles, and innovation performance: An empirical study of Chinese employees. *International Journal of Conflict Management*. 2015, 26 (4): 450-478. Available at: https://doi.org/10.1108/IJCMA-06-2014-0039.

[8] Allen, R. D. Managing internal audit conflicts. *Internal Auditor*. 1996, August: 58–61.

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in how to deal with it. Auditors who deal effectively with conflict can improve their performance, organizational contributions and personal effectiveness.

This our study responds to the shortcomings of the current research on conflict management among internal and external auditors and employees.

The problem of the research – how to help with managing conflicts in internal and external audit process.

The objective of the paper is to find ways to help with managing conflicts in internal and external audit process.

Methodology of the research – analysis of scientific literature, based on the comparative aspect and methods of systematization, logical analysis and generalization. This study on managing conflict in the audit process is based on an analysis of the works of predecessors on conflict management in general. Our research was facing some methodological limitations. First, we analysed scientific works on general conflict management in organizations. The second limitation of this study is that we used the personal experience of the auditor, and we tried to apply the general conflict management scenarios to the audit project using the method of logical analysis. This methodology has been adopted because no similar studies have been conducted recently and there was no research experience in the managing conflicts in the audit process.

THE NATURE OF CONFLICTS AND THEIR MANAGEMENT STYLES

What is organizational conflict in general? The term "conflict" has no single clear meaning. Much of the confusion has been created by scholars in different disciplines who are interested in studying conflicts. After reviewing a number of recent definitions of conflict, we concluded that definitions are not identical.

Early definitions of conflict have focused on a wide variety of different phenomena: antecedent conditions, emotions, perceptions and behaviours. Thomas K.W. and Killman R.H.[9], the same Thomas K.W.[10] have defined conflict as the process which begins when one side perceives that another side is frustrated or is about to frustrate. Often conflict is defined as disagreement where parties involved perceive a threat to something that the first party cares about. It involves perception: 'clash of interests, values, actions, views or directions.' On the

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[9] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 1974. Tuxedo, NY: Xicom.
[10] Thomas, K.W. Conflic and conflict management: Reflections and update. *Journal of Organizational Behavior.* 1992. 13: 265–274.

other hand, conflict is the clash that occurs when the goal-directed behaviour of one group blocks or threatens the goals of another.

According Thomas K.W.[11] conflict occurs when one or two social entity(ies):

1) There is an obligation to engage in an activity that does not meet his or her needs or interests;

2) There are behavioural preferences, the satisfaction of which is incompatible with another person's implementation of his or her preferences.

Conflict may be classified according to these sources. The classification may be based on the organizational levels (individual, group, etc.) at which it may originate.

According to Dontigney E.[12] the causes of conflict range from philosophical differences and divergent goals to power imbalances. In any situation involving more than one person, conflict can arise. Unmanaged or poorly managed conflicts generate a breakdown in trust and loss of productivity.

After analysis of conflict definition, we identified, that conflict is defined as an interactive process in the form of incompatibility, disagreement, or dissonance within or between social entities (i.e., individual, group, organization, etc.).

Although conflict is often perceived as something negative, research suggests that some conflicts can improve organizational effectiveness.

The study conducted by Ratajczak-Mrozek, M., Fonfara, K., Hauke-Lopes, A.[13] exposes the existence of both negative (e.g. financial consequences) and positive (e.g. gaining new experience) outcomes of conflicts. It shows that positive conflict handling often constitutes a significant challenge for firms and that the authors cannot really talk about one optimal method of conflict handling. Regardless of the method adopted, the costs involved should be taken into detailed consideration.

Bacal R.[14] describes two views of considering conflict:

1) *traditional view* of organisational conflict, in which all workplace conflicts are believed to be dysfunctional. Most people have an inherited desire for an orderly environment.

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[11] Thomas, K.W. Conflic and conflict management: Reflections and update. *Journal of Organizational Behavior.* 1992. 13: 265–274.

[12] Dontigney, E. 5 Conflict Management Strategies. *Small Business - Chron.com*. Available at: http://smallbusiness.chron.com/5-conflict-management-strategies-16131.html. 06 March 2019.

[13] Ratajczak-Mrozek, M., Fonfara, K., Hauke-Lopes, A. Conflict handling in small firms' foreign business relationships. *Journal of Business & Industrial Marketing.* 2019, 34(1): 240–252. Available at: https://doi.org/10.1108/JBIM-10-2018-0316

[14] Bacal, R. Organizational Conflict – The Good, the Bad, and the Ugly. *The Journal for Quality and Participation*. 2004, 27(2): 21–22.

However, in practice, many organisations are characterised by constant change, and therefore require frequent adaptation. For this reason, attempting to design structures that eliminate conflict/disagreement while operating in a dynamic environment can absorb a lot of unnecessary organisational energy. At the same time, it can suppress all the positive results that might have arisen from healthy disagreements.

2) *functional view* of organisational conflict, in which workplace disagreements are viewed as a productive force for stimulating employees to increase their knowledge and skills, leading to a contribution through innovation and efficiency. This functional view of conflict regards conflict resolution as a mechanism for providing employees with ongoing operational feedback. In this environment, organisations manage positive conflict avoiding situations where conflict might reduce team unity and productivity.

The presence of conflict in the workplace can lead to good and bad outcomes. To our mind, if the parties involved understand the nature of conflict, then it is possible to apply its positive energy and direct it toward problem solving and organisational improvement.

To obtain meaningful strategic insights into conflict management and thus contributing to informed decision making in audit process, at first, we analysed conflict management styles in general. To emphasize the importance of being able to resolve auditors and employees' controversies, a review of studies on the conflict management styles is provided and the peculiarities of styles are identified.

Employees deal with conflict in a variety of ways, therefore it needs different conflict resolution strategies. After analysing the literature of organizational behaviour and management, we identified that the definition of conflict management style and conflict resolution strategies has the same meaning. In many studies[15],[16],[17],[18] on conflict management have been used adapted Thomas-Kilmann conflict mode instrument. Kenneth Thomas and Ralph Kilmann[19] developed five conflict resolution strategies that people use to handle conflict, including avoiding, defeating, compromising, accommodating, and collaborating (Table 1). It is helpful to understand the five methods, particularly when you want to move a group forward.

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[15] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 2008.
http://www.kilmanndiagnostics.com/sites/default/files/TKI_Sample_Report.pdf
[16] Rahim, M. A. A measure of styles of handling interpersonal conflict. *Academy of Management Journal. 1983, 26*(2): 368–376.
[17] Dontigney, E. 5 Conflict Management Strategies. *Small Business - Chron.com*. Available at:
http://smallbusiness.chron.com/5-conflict-management-strategies-16131.html. 06 March 2019.
[18] Durden, O. Ways of Managing Conflict in Organizations. *Small Business - Chron.com*.
http://smallbusiness.chron.com/ways-managing-conflict-organizations-2655.html. 27 November 2018
[19] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 1974. Tuxedo, NY: Xicom.

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The Thomas-Kilmann Conflict Mode Instrument[20] assesses an individual's behaviour in conflict situations – that is, situations in which the concerns of two people appear to be incompatible.

Table 1. Conflict resolution strategies [21], [22],[23],[24],[25]

No.	Conflict resolution strategy	Description of conflict resolution strategy
1.	Avoiding	Avoiding is when people just ignore or withdraw from the conflict. They choose this method when the discomfort of confrontation exceeds the potential reward of resolution of the conflict. While this might seem easy to accommodate for the facilitator, people have not really invested value in the conversation and may be withholding valuable ideas. When conflict is avoided, nothing is resolved.
2.	Competing	Competing is assertive and uncooperative, a power-oriented mode. When competing, an individual pursues his or her own concerns at the other person's expense, using whatever power seems appropriate to win his or her position. Competing might mean standing up for your rights, defending a position you believe is correct, or simply trying to win.
3.	Accommodating	Accommodating is a strategy where one party gives in to the wishes or demands of another. They're being cooperative but not assertive. This may appear to be a gracious way to give in when one figures out s/he has been wrong about an argument. It's less helpful when one party accommodates another merely to preserve harmony or to avoid disruption. Like avoidance, it can result in unresolved issues.
4.	Collaborating	Collaborating is both assertive and cooperative. Collaboration, an individual attempt to cooperate with the other parties to find a solution that fully satisfies the concerns of both. It involves digging into an issue to identify the underlying concerns of the two individuals and to find an alternative that meets both sets of concerns. Collaborating between two persons might take the form of exploring a disagreement to learn from each other's insights, resolving some conditions.
5.	Compromising	Compromising is an intermediate in terms of both assertiveness and cooperativeness. Compromise aims to find an expedient, mutually acceptable solution that partially satisfies both parties. Compromising manifests itself in the middle between competing and accommodating, giving up more than competing but less than accommodating. Likewise, it addresses an issue more directly than avoiding but doesn't explore it in as much depth as collaborating. Compromising might mean splitting the difference, exchanging concessions, or seeking a quick middle-ground position.

[20] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 2008.
http://www.kilmanndiagnostics.com/sites/default/files/TKI_Sample_Report.pdf
[21] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 1974. Tuxedo, NY: Xicom.
[22] Thomas, K.W.; Kilmann R.H. *Supra note* 20
[23] Rahim, M. A. A measure of styles of handling interpersonal conflict. *Academy of Management Journal.* 1983, 26(2): 368–376.
[24] Dontigney, E. 5 Conflict Management Strategies. *Small Business - Chron.com*. Available at:
http://smallbusiness.chron.com/5-conflict-management-strategies-16131.html. 06 March 2019.
[25] Durden, O. Ways of Managing Conflict in Organizations. *Small Business - Chron.com.*
http://smallbusiness.chron.com/ways-managing-conflict-organizations-2655.html. 27 November 2018

With the basic understanding of the five conflict management strategies, managers, employees and auditors can better deal with conflicts before they escalate beyond repair.

As we can understand in five conflict management strategies, in conflict situations, we can describe a person's behaviour along two basic dimensions:

1) assertiveness, the extent to which the individual attempts to satisfy his or her own concerns, and

2) cooperativeness, the extent to which the individual attempts to satisfy the other person's concerns.

These two dimensions of behaviour can be used to define five methods of dealing with conflict (Fig. 1).
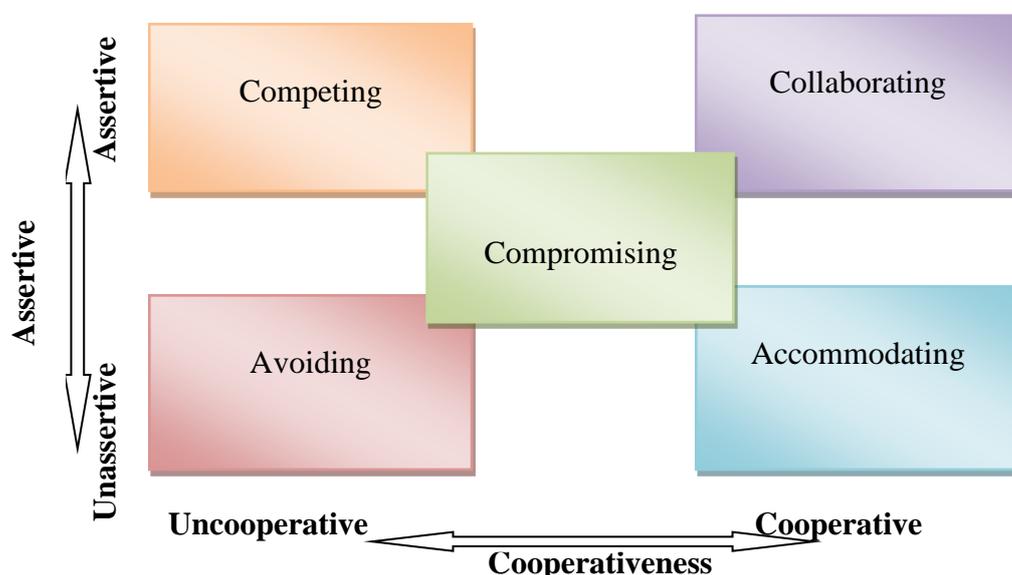

Figure 1. The choice of conflict resolution strategy (Source: created by the authors, based on the systematization of the previous research)

The choice of conflict management style is based on the assumption that people choose how cooperative and how assertive to be in a conflict.

K. Thomas and R. Kilmann[26] argue that all five conflict management strategies are useful in some situations: each represents a set of useful social skills. Our conventional wisdom recognizes, for example, that often "Two heads are better than one" (collaborating). But it also says, "Kill your enemies with kindness" (accommodating), "Split the difference" (compromising), "Leave well enough alone" (avoiding), and "Might makes right" (competing).

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[26] Thomas, K.W.; Kilmann R.H. Thomas-Kilmann conflict mode instrument. 2008. http://www.kilmanndiagnostics.com/sites/default/files/TKI_Sample_Report.pdf

The effectiveness of a given conflict-handling mode depends on the requirements of the specific situation and the skill with which you use that mode.

The results of research conducted by Chen H. X., Xu X., Phillips P.[27] shows that managers at different levels possess different emotional intelligence and adopt different conflict management styles when dealing with their subordinates, peers and superiors. Specifically, when subordinates were involved in a conflict, junior managers and female managers were more likely to use the dominating style, while when peers were involved in a conflict, male managers were more likely to use the dominating style. When peers were involved in a conflict, managers working in public sectors were more likely to adopt the integrating, avoiding, obliging and compromising style. Zhang S.J., Chen Y.Q. and Sun H.[28] has highlighted conflict management styles that are positively and significantly associated with emotional intelligence. Those are integrating, compromising and dominating conflict management styles.

So, we can claim that there is a link between conflict management style and emotional intelligence.

In the organizational conflict management, the importance of feedback emphasized. This was analysed in our study because the feedback is necessary in the audit process. According Seppala E.[29] giving feedback may be one of the most difficult challenges a manager faces. On the one hand, you must be honest; on the other hand, you do not want to alienate this employee. There is a fine line between maintaining cordiality and successfully getting to the point. A positive workplace culture is essential for employee engagement and productivity. Empathy at work creates psychological safety. Psychological safety improves learning and performance outcomes. Despite this need for a positive workplace culture, there is no doubt that giving critical feedback is essential. The question is how to deliver it. Most advice in this area focuses on what to say — for example, give more praise than criticism, and listen more than you talk. Those are important things, but nonverbal communication is just as important as the words we use. Chappelow, C., McCauley, C.[30] research demonstrates that feedback — both positive and

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[27] Chen, H. X., Xu, X., Phillips, P. Emotional intelligence and conflict management styles. *International Journal of Organizational Analysis*. 2019. Available at: https://doi.org/10.1108/IJOA-11-2017-1272.
[28] Zhang, S.J., Chen, Y.Q. and Sun, H. Emotional intelligence, conflict management styles, and innovation performance: An empirical study of Chinese employees. *International Journal of Conflict Management*. 2015, 26 (4): 450-478. Available at: https://doi.org/10.1108/IJCMA-06-2014-0039.
[29] Seppala E. When giving critical feedback, focus on your nonverbal cues. January 20, 2017. Available at: https://hbr.org/2017/01/when-giving-critical-feedback-focus-on-your-nonverbal-cues
[30] Chappelow, C., McCauley, C. What Good Feedback Really Looks Like. May 13, 2019. Available at: https://hbr.org/2019/05/what-good-feedback-really-looks-like

negative – is essential to help managers improve their best qualities and deal with the worse so that they can bring out the leadership. Harsh feedback does not help people thrive and excel. Indeed, effective criticism needs to be delivered with respect and care. Frequent or exclusively negative comments can cause defensive reactions that obscure perception and reduce motivation. Positive feedback is critical for learning. People are often quick to notice what is wrong, but it is equally important to pay attention to and provide input on what is working to support development. One of the things that cause conflicts is when one party explicitly tells the other party that they are wrong and the accused party gets defensive. No one likes to be wrong and so no one ever wants to hear someone else telling them that they are wrong. According Chappelow, C., McCauley, C.[31] telling someone how to deal with the problem is often the wrong approach. You will foster more learning by asking questions that stimulate reflection and coaching people into exploration and experimentation. In our opinion, this approach is inappropriate in the audit process. Both external and internal audits provide an audit report that identifies problems as required by audit standards.

We also agree with other scientists on the importance of feedback. This is especially important in the case of auditing. Hardavella, G. Aamli-Gaagnat, A., Saad, N., Rousalova, I., Sreter K.B [32] argue if we do not give feedback, that will cost. The employee can assume that everything is fine and will continue practicing in the same way. This leads into a false assessment of their own skills and abilities and builds up false perception.

Considering the peculiarities of the audit process, strengths and weaknesses of the overall conflict management strategy, should be analysed and adapted to manage conflicts of the audit process.

ADAPTATION OF CONFLICT RESOLUTION STRATEGIES IN AUDIT PROCESS

The style of conflict management for employee use is a requirement for both personal aspiration and the situations in which they find themselves. On the contrary, the auditor must always remain honest and objective in relation to the employee or subject being assessed, he cannot show temper, the auditor must follow the rules of the audit process. The auditor is not entitled to hide the errors or fraud identified during the audit to avoid conflict with employees.

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[31] Chappelow, C., McCauley, C. *Supra* note 30.
[32] Hardavella, G. Aamli-Gaagnat, A., Saad, N., Rousalova, I., Sreter K.B. How to give and receive feedback effectively. *Breathe*. 2017 (13): 327-333; DOI: 10.1183/20734735.009917

That is why not all general conflict management strategies are suitable for conflict resolution in the audit process. We do not want to explore all aspects of conflict management, but we want to find appropriate conflict management methods in the audit process. Thus, in our research, we have identified the strengths and weaknesses of common conflict resolution strategies and are trying to use the strengths of conflict management strategies to resolve conflicts in the audit process.

However, some of the peculiarities of auditing that may affect conflict resolution strategies should be mentioned before. The audit can be conducted internally by employees of the organization, or externally by an outside firm.

External audit – is an independent checking of the financial statements of the audited entity and presentation of the auditor's report. The external auditor must be independent of the audited entity and conduct the audit in accordance with auditing standards. Thus, the external audit is conducted in accordance with the established rules, and the auditor's report on the financial statements is mandatory on completion of the audit. The external auditor represents the public interest and is therefore unable to compromise with the audited entity. Therefore, the auditor has serious limitations in the choice of conflict management style.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The scope of internal auditing within an organization is broad and may involve topics such as an organization's governance, risk management and management controls over: efficiency/effectiveness of operations (including safeguarding of assets), the reliability of financial and management reporting and compliance with laws and regulations. Internal auditing may also involve conducting proactive fraud audits to identify potentially fraudulent acts; participating in fraud investigations under the direction of fraud investigation professionals, and conducting post investigation fraud audits to identify control breakdowns and establish financial loss.

Internal auditors are not responsible for the execution of company activities; they advise management and the Board of Directors (or similar supervisiory body) regarding how to better execute their responsibilities. Professional internal auditors are mandated by the standards to be independent of the business activities they audit.

Usually, internal auditors routinely deal with organizational conflicts. Disagreements may arise during negotiations with management over the implementation of audit recommendations, or from something as simple as the wording in an audit report.

The internal auditor is an employee of the company. He deals with conflicts more often than the external auditor. If he works in the private sector, then he represents the interests of the owners, and therefore has a wider choice of strategies for conflict resolution than the external auditor representing the public interest.

Which conflict management strategy is suitable for external and internal audit? We will discuss this from the auditor's point of view.

Conflict resolution strategy – avoiding, although it is not the best conflict resolution strategy in organizations in general, cannot be applied to external auditing. In the event of conflicts concerning the presentation of audit results in the audit report, the following are also inappropriate strategies for conflict resolution: accommodating, collaborating and compromising. This is influenced by the regulation of the external audit process and the stringent requirements for delivering results to consumers. The external auditor represents the public interest and must therefore honestly and objectively disclose the material misstatements in the company's financial statements. However, in the course of external audit, the above-mentioned strategies can be used for the timing of audit procedures within defined time frames. No compromises or discounts can be applied when employees and management have to provide the required information to the auditor.

Avoiding as a conflict resolution strategy for internal audit cannot be applied either. If the internal auditor identifies the problem in the company, he/she cannot circumvent it, hide it or otherwise ignore it. Even though the employee may not be satisfied, it is necessary to inform the management of the company about significant misconduct that has not been corrected quickly.

As internal auditing does not have such rigorous regulation as external auditing, in the event of a conflict, the internal auditor may use collaborating conflict resolution strategy for conflict resolution. According Allen R. D.[33] when auditees have the sense that internal auditors have a genuine interest in helping the organization improve, a spirit of cooperation is likely to flourish. Being a helpful part of the solution dramatically improved the auditors' rapport with auditees. Sometimes auditees are unwilling to implement auditor suggestions because they do

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[33] Allen, R. D. Managing internal audit conflicts. *Internal Auditor*. 1996, August: 58–61.

not understand why change is necessary and important. Internal auditors cannot assume that everyone will immediately grasp the wisdom of their audit findings. Convincing the auditee on the importance of making changes may help individuals embrace new ways of doing things that will benefit the organization. Internal auditors sometimes make the mistake of identifying a problem and telling the client how they will fix it. Instead, auditors should explain the problem early in the audit and ask auditees their opinions regarding the best possible solutions. Positive changes are more likely to occur if auditees contribute their own ideas to solve problems. Internal auditors should be as objective and factual as possible, avoiding words or phrases that make valuable conclusions. Many organizations provide auditees with a draft of the audit report and allow them to make suggestions. In many cases auditees feel better when they can suggest changes in wording that they regard as controversial.

Although excessive conflict between auditors and auditees is likely to be detrimental to an organization, some conflict is positive because it may help the organization move toward its objectives.

The compromising strategy can be useful too. When it's appropriately handled, bringing both sides of a conflict to the table to work out an agreement can be very effective. The auditor should try to anticipate and understand all potential sources of conflict, listen carefully to the auditee's point of view, and consider all viable resolution options prior to negotiation. The greater the number of options that can be identified, the greater the likelihood that both groups can benefit from the negotiation process.

The competing as conflict resolution strategy is often used by auditors who go into a conflict planning to win. It doesn't allow room for diverse perspectives into a knowledgeable total picture. Competing is rarely a good strategy for group problem solving.

Sometimes, the best way to deal with conflict is to find a way to avoid it in the first place. If conflict is unavoidable, auditors should recognize the positive effects of conflict, make compromises when necessary, learn to negotiate, seek the support of management, and avoid feeling responsible for others' problems.

Conflicts assume a variety of forms and may occur when least expected. Working to eliminate unnecessary conflict and resolve unavoidable conflict in the audit process is a worthy objective. The auditors who know how to deal positively with audit conflicts will enhance their performance, their organizational contributions, and their personal effectiveness.

The article analyses the theoretical research of conflict management strategies and the obtained research results presupposes the possibility to apply the theory in practice, i.e. to use conflict management strategies for practical application in the audit process.

CONCLUSIONS

Addressing human conflicts and disagreements can involve styles that range from collaboration to avoidance and involve varying degrees of cooperation and assertiveness. Workplace conflict is usually regarded as being counterproductive. However, if the positive conflict-related energy can be used, it may then be directed towards problem solving and organisational improvement. This viewpoint regards conflict resolution as a mechanism for providing employees with ongoing operational feedback and for encouraging creativity.

Conflict typically occurs when no issue is addressed. To avoid this from happening, the manager can hold regular meetings with the auditor who gives feedback about what is working well and what is not and brainstorms on what to do to move forward. That way, it deals with issues while they are still minor. That is why regular feedback of auditor is so important. So, instead of encouraging people to avoid negative feedback, we should focus on how to deliver negative feedback in ways that minimize the threat response. Effective criticism needs to be delivered with respect and care. It is useful when the manager and auditor ask employees to collaborate creating conflict resolution protocols.

No one likes to be the supervisor who must reprimand employees or resolve conflict. Therefore, the duty of the manager is to ensure the strategies, the auditor comes up with, are implemented and to monitor them to make sure they are being followed.

Although not all these suggestions are new, remembering and using these approaches at the appropriate time can enhance efficiency and effectiveness and help to avoid unnecessary frustration.

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