A Systemic Model for Conflict Management and Evaluation in Organizational Change

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ABSTRACT
Change management is often complex as it relies on an organized methodology to complement on organization’s commitment and participation. An ambiguous environment surrounding change mechanism tends to develop unintended attitudes, resulting in resistance and conflict. The study proposes a model for the management of such conflicts among change participants (involved and affected) in an organizational context. The authors consider organizational change as an innovation diffusion project that treats change and conflicts holistically with the Ulrich’s notion of boundary considerations (boundary critique). A social network setting of multiple stakeholders is considered to effectively help in resolving problematic situations that hinder organizational learning and change. The proposed model is based on Critical Systems Heuristics (CSH), change theory, stakeholder theory and conflict management.

Keywords: Systemic model; conflict; critical systems thinking; organizational change

INTRODUCTION
Organizational change is a complex phenomenon that involves a collective effort of multiple actors (Bower, 1997). Change implementation always creates some resistance (O’Connor, 1993) and conflicts (Montana & Charnov, 2000). Resistance can be anticipated if proposed changes or innovations alter values and visions as stakeholders often perceive that these actions cause disenfranchisement and redistribute benefits (Trader-Leigh, 2001).

Despite the wealth of literature available to dealing with this challenge, many problems still occur within organizations from a stakeholder’s view point. Cooper and Markus (1995) indicate that organizations often fail to realize that the resistance offered by people is not to the change per se, but the way they are treated and the roles they play in the change process. The authors emphasize that the identification of stakeholders, their roles and the resistance factors must be an essential part of conflict management in organizational change. The paper proposes a conflict management model based on a systemic perspective, focusing on multiple stakeholders, to help in successfully providing a smoother pace for organizational learning and change. The model has its theoretical foundations on the concepts of Critical Systems Heuristics (CSH), change theory, stakeholder theory and conflict management.
LITERATURE ANALYSIS

A management perspective of stakeholder theory

Stakeholders are a consistent dimension in any organizational life cycle (Rowley 1997). It was Freeman (1984) who brought stakeholder theory into the mainstream of management literature (Frooman 1999), defining a stakeholder as, ‘any group or individual who can affect or is affected by the achievement of the firm’s objectives’ (1984: 25). He conceptualized the firm or the focal organization (F.O.) as the hub of a wheel and stakeholders as the ends of spokes around it (Frooman 1999). This was extended by Freeman and Evan (1990) as a series of multilateral contracts among stakeholders, giving birth to a network of influences, as shown in figure 1. Thus, explaining an organization’s response to its stakeholders requires an analysis of a complex array of multiple and interdependent relationships among stakeholders rather than just their individual relationships with the organization. For conflict evaluation and management, the extended view of stakeholders by Freeman and Evan (1990) would be considered to analyse multiple stakeholder perspectives for the proposed model.

Systems Thinking and Critical Systems Heuristics (CSH)

Systems or Holistic Thinking views a system as a whole considering how its parts affect the ‘whole’ through their interactions (Ackoff 1995), and studying their multiple cross level interactions over time (Waldman 2007). According to Jackson (1995), the most interesting and important problems for managers surface when the parts interact and produce emergent properties which are not directly related to those of individual parts.

The methodology of Critical Systems Heuristics, proposed by Ulrich (1983) is a systems thinking-based framework for a reflective practice using ‘boundary critique’ (Midgley 2007). It considers a social system design by defining its boundary which comprises of those who are involved in and affected by it. From a change perspective, those involved can have an influence on a change effort where as those affected do not have. Boundary critique coherently defines what issues are to be included or excluded and who is to be involved (stakeholders) with these issues (Midgley 2003).
Achterkamp and Vos (2007) have proposed a method for stakeholder identification using boundary critique. The way this method underpins the proposed model is discussed later in the paper.

**Organizational complexity and conflicts**

The participation of people in organizations is a complex phenomenon (Rashford & Coghlan 1994) with increasing levels of complexity from the relationship of an individual with the organization to the whole organization and its environment taken as a whole (McIlduff & Coghlan 2000), as shown in figure 2. Jackson (1995) defined these relationships as unitary, pluralist and conflictual as possible ‘ideal-type’ problem contexts. He positioned these concepts in two dimensions, based on the divergence of values and interests of those involved in or affected by a problem as a horizontal axis and complexity as a vertical axis. Relationship are: unitary when people share values and interests; pluralist if their values and interests diverge but still share enough in common to form a worthwhile coalition; and conflictual or coercive if their interests diverge irreconcilably (Jackson & Keys 1984). The problem contexts become more cumbersome to manage with the increasing divergence of values and interests with an increase in complexity, as shown in figure 3. A brief description about the values and interests, in the context of the proposed model, is presented later.

**Resistance and conflicts in organizational change**

The term resistance was introduced by Kurt Lewin in his field theory related to group dynamics (Lewin 1947). An organization is composed of diverse groups of people having different issues of concern and is seen as coalition of interest groups in tension (Cao et al. 2003). Organizational participants who are vaguely aware of the change process can cause rumours and anxiety resulting in attitudes different from those intended by management, which ultimately lead to resistance and conflicts (Jick 1993; Trader-Leigh 2001). A conflict is a state of disagreement perceived by two or more parties on issues such as interests, values, actions, objectives, positions, beliefs (Midgley & Pinzón 2000).

This paper treats conflict as a dynamic process in an organizational change scenario and is underpinned by its management rather than resolution as a conflict may or may not have a well-
defined ending. The authors view change as a purposeful innovation diffusion project triggered to bring about improvement in a complex organizational setup. Innovation diffusion is described as ‘the process by which an innovation is communicated through certain channels over time among the members of a social system’ (Rogers 1995). It should be noted that the text in this paper uses change and innovation diffusion interchangeably. The authors suggest that the determination of resistance factors when woven together with social network stakeholder theory and Critical Systems Heuristics, could serve as a nucleus for innovation diffusion and conflict management in organizational change.

THE MODEL

An axiological subjectivism-based model that is most commonly used for conflict evaluation in alternative dispute resolution (ADR) literature, mentioned as F1 by Midgley and Pinzón (2000), considers only the interests of those directly involved or participating in the conflict. Thus it ignores the ‘affected’ category of people by putting them beyond the boundary of the model. Midgley and Pinzón (2000) evaluated F1 using ‘Colombian guerrilla conflict’, while proposing a systemic model (F2) for conflict evaluation in social contexts. F2, while providing a basis for the model proposed here, cannot be directly applied in an organizational change scenario as it only provides a conflict evaluation scheme and not a mechanism for conflict management. The proposed model couples F2 with network stakeholder theory to establish a system of stakeholders (Figure 5). It highlights causes of possible resistance factors resulting in a system of conflicts (Figure 6) and recognises the applicability of network-based mechanisms for conflict management in the of context organizational change. The components of the proposed model, shown in figure 4 are explored below.

Identification of stakeholders using boundary critique

Identifying stakeholders means that a line is drawn between the parties to be involved and the parties not to be involved (Vos 2003). Freeman’s (1984) definition provides clues for deciding which parties to be included in, or excluded from a system of stakeholders (Achterkamp & Vos 2007). To practically conduct boundary critique, Ulrich (1983) offers a list of twelve questions which can be
employed by those involved in and affected by planning to interrogate what the system currently is and what it ought to be.

More specifically, Achterkamp and Vos (2007), propose a four-step method for project-based stakeholder identification using boundary critique that focuses on two key points: roles of involvement and phasing this involvement. They define a project broadly as an innovation project especially set up for pursuing the development of new products, services or processes, or a project concerning a (temporary) task inside or outside an organization. The roles of involvement are underpinned by Ulrich’s notion of boundary critique (Ulrich 1983) while phasing of involvement relates these roles to the dynamic processes of a project encompassing its four phases of initiation, development, implementation, and maintenance. Table 1, maps the roles stakeholders play in the context of the proposed conflict management model to the categories mentioned by Achterkamp and Vos (2007), as the proposed model also views organizational change as an innovation project.

While Achterkamp and Vos (2007) distinguish four phases of a project, the authors of this paper do not identify these as the required phases for change implementation as change strategies may differ among organizations based on the organization size and the nature or degree of change. The authors, however, emphasize on the ongoing requirement of the identification of stakeholders and its repetition as required with the progression of change, as shown in figure 4. This identification will generate the system of stakeholders (see figure 5) while its repetition will sweep-in more information based on the effectiveness of the conflict management strategies applied in the previous cycle. This will eventually result in the re-definition of the boundaries under consideration, establishing the system of stakeholders as a function of time.

The roles of stakeholders listed in table 1 fall into two main categories of involved or affected (named as actively and passively involved respectively), while the other roles may fall into either of these categories. In figure 5, W, X, Y, and Z have been shown to exemplify stakeholders in the involved or affected category playing the roles neither of a client, nor a decision maker nor a
designer. Client has been shown at the intersection of involved and affected as an example, as this may vary among different project scenarios.

**Determination of Resistance factors**

Resistance, on one hand, is a phenomenon which can undermine organizational change by delaying or slowing down its beginning, hindering its implementation, and increasing its costs (Ansoff 1990) but can also be an information source for developing a more successful change process (Beer & Eisenstat 1996; Goldstein 1988).

The authors suggest that factors causing resistance must be determined, assessed and managed as a part of the conflict management strategy. McIlduff and Coghlan (2000) point out that organizational change involves the responding behaviour from individuals, teams and groups in the light of their perception of the change process (see figure 2). They mention *perception of change, assessment of the impact of change* and *response* to be as three critical elements in the dynamics of change process for individuals, teams and interdepartmental groups.

The numerous causes of resistance mentioned in the literature can be broadly classified as individual and organizational factors. The former include selective perception and retention, self interest, frustration, fear of unknown, low motivation, feelings of failure, self-distrust, conservatism, and loss of control (Coch & French 1948; Conner 1998). The latter can encompass conformity to norms and values (culture), past experiences and threats to power or influence (Mullins 1999).

Trader-Leigh (2001) conducted a study for identifying resistance factors for change management in US State Department using variables identified by O’Toole (1986). Trader-Leigh (2001) suggests that identification and understanding of the factors underlying resistance may improve outcomes of change implementation and proposes a model with an organizational analysis of resistance factors as its basic ingredient. Table 2 provides a summary of the resistance factors identified in her study.
In the proposed model, the determination of resistance factors will bring about the system of conflicts (see figure 6), comprising of conflicts emerging both from individual and organizational resistance forces. Similar to the system of stakeholders, it is also dynamic i.e. a function of time. Each conflict is considered to have two sets of elements (Midgley & Pinzón 2000):

1. The subjects/actors who participate in the conflict; the substance or object seen as having characteristics of triggering specific actions/reactions in individuals (Maturana & Varela 1992) and the context pertaining to culture and politics.

2. Interests and values related to the conflict’s participants. Figure 6, instead of showing values and interests for each conflict, portrays them as a collective set of understandings for the whole system of conflicts.

Now, the authors provide some discussion on the nature of values and its relation with interest from the positions of axiological objectivism and axiological subjectivism, by touching on a few representative ideas. The authors use the words objective and subjective for the two terminologies respectively. Values are said to be objective in nature if they are thought to exist independently of an individual having an evaluation consciousness, and considered subjective if they are said to owe their existence to the act of evaluation of one or more individuals (Midgley & Pinzón 2000). Scheler (1973) regards objective values as true objects free from the state of feelings and are immutable, absolute and unconditional. Frondizi (1966) describes that an object has a value or is valuable as long as it attracts interest.

While both of these concepts have been criticized (Midgley & Pinzón 2000), the authors consider them to be useful for the construction of the proposed model. The proposed model considers values as shared understandings of a community or a culture. This assertion relies on a subjectivist stance which is the basis for many modern writings on negotiation (see, for example, Lewicki and Litterer 1985; Ury 1991). Nevertheless, the authors also couple this understanding with the concept of judgement as it is crucial to acknowledge the multiple possibilities of viewpoints by sweeping-in a variety of judgements as part of boundary critique. The challenge lies in mollifying, if not completely
satisfying the interests of various stakeholders by creating a culture that encourages expression and avoids suppression of viewpoints of the participants in the conflict. This stance brings with it some ethical responsibility and the need for a people-centred approach aimed at changing not only individual behaviours but attitudes and motivations at collective level as well.

Let us now discuss about the anatomy of the system of conflicts exemplified in figure 6. It comprises of two conflicts involving W, X, Y, Z and the client (represented by C). Stakeholder X is involved in both of the conflicts. The client is a stakeholder whose purposes are being served by the change process (see table 1) and as such is involved in and affected by all of the conflicts hindering the change progress.

**Intervening with the conflict participants**

After discovering who is resisting and why, the next challenging issue is to use this information for conflict management. This section discusses how resistance can be managed in conflict situations during organizational change. According to Bate (2000), entering into non-emotional debate with resistors can reveal new ways to improve the change project and guide resistors in reframing their thoughts related to that process. For establishing communication channels regarding change, the authors emphasize on the establishment of a ‘networked organization or community’. This will bring about transformations in culture, relationships and skills to effectively deal with conflict situations. This configuration is characterised by a flat authority structure and multiple horizontal linkages between the inner core of a firm and its outside suppliers, contractors and customers. This framework of stakeholder relationships can be studied and analysed using social network analysis. This analysis has been used by researchers to refine and extend the human understanding of various behavioural and social phenomena, including community elite decision making, social influence, power and innovation diffusion (Rowley 1997; Cao et al. 2003).

In the context of our proposed model, ‘networked organization’ is about the establishment of a ‘framework of little niches’, based on interventions and polycentric decision-making processes. This
sharing of power results in partnerships, which may not always lead to an end to a conflict but engages co-operation and negotiation between its participants (Bate, 2000). Network theorists argue that through relational, positional and spatial proximities, such networks influence perceptions and opinions and are capable of changing interpretations associated with and reducing uncertainty about an event, idea or phenomenon (Rogers & Kincaid 1981). A detailed description as to how these mechanisms operate in a network setting is restricted due to space limitation. Singh (2005) has empirically shown the effectiveness of collaborative networks in knowledge flow and its diffusion. The authors of this paper argue that this capability of networks can be used in managing conflicts by influencing perceptions of conflict participants about the change process.

Together with these network mechanisms, the authors suggest the use of interventions for information propagation about change process. In the context of change process, an intervention is an action or event that influences the individuals (positively or negatively) involved or expected to be involved in the process (Hall & Hord, 1987: 143). McIlduff and Coghlan (2000: 724), view interventions as ‘...all conscious and deliberate actions and behaviours on the part of a manager, consultant or facilitator ...’. Focusing on various intervention types is not the subject of this writing. Hall and Hord (2006) provide a detailed discussion on various intervention sizes, functions, their levels and anatomy.

The authors of this paper recommend that the following observations should be made while conducting interventions for managing challenges pertaining to individuals or teams/inter-departmental groups (see figure 2) in the system of conflicts. The word participants in the following points, encompasses both involved and affected categories of stakeholders.

- Reaction and view of conflict participant(s) about the intervention.
- Perception of conflict participant(s) about the way change process is being carried out.
- Perceptions about the impact of change on values and interests of the participant(s) of the conflict.
• Any indication (positive or negative) from the conflict participant(s) about the change in attitude(s) about or level of involvement in the change effort, as compared to the one observed in previous cycle(s) (if applicable).

• Need for boundary refinement to redefine system of stakeholders and/or system of conflicts.

• Need for refining or changing currently or previously applied intervention strategy.

The authors emphasize that an intervention must be characterised by the philosophy underpinning a helping and supportive attitude for reducing learning anxiety and creating psychological safety for the conflict participants.

DISCUSSION

A systemic model, proposed earlier by Midgley and Pinzón (2000), for conflict evaluation in social contexts cannot be directly applied in organizational change scenario as it only provides a conflict evaluation scheme. It, thus, deprives of providing any mechanism for conflict management. The proposed model extends it for organizational change management by combining it with change and network stakeholder theories. This section highlights the impact of proposed model on the management of conflicts in organizational change. The main questions addressed in this section are: What are the guidelines offered by the model in the comprehension and management of organizational conflicts? What are the overall implications of these guidelines?

Certain clarifications are to be made before going into any further discussion. Firstly, the proposed model is not intended to provide a definite solution to conflict management, but it is rather an attempt to looking at conflicts in a more holistic way. This will definitely pave the way for the development of such models in the future. Secondly, like other models, it is a simplified version of the complex nature of conflicts involving multiple stakeholders and thus, has some limitations which are presented at the end of this paper.
Coming down to the above mentioned questions leads us to discuss about the two closely interrelated concepts of ‘systems’ and ‘complexity’. As a system, taken as a whole, can enable and/or disable the functioning capacity of its parts, so conversely the parts can also contribute to and/or challenge its functionality. Complexity is not only related to the number of parts and their interactions, but also to systems which are dynamic in nature and exhibit ‘emergent’ properties over time. Allen (1988) has discussed this phenomenon quite in detail. Social systems become complex by the introduction of different normative or subjective perspectives about a situation (e.g. a conflict) where people have to reconcile and shun their taken for granted perceptions (Midgley 1992). Analyzing these perceptions from a dynamic frame of reference makes it even more complex and thus limits our ability to understand the overall scenario and predict system’s behavior.

The proposed model presents some guidelines for conflicts and their management by considering both of them as dynamic processes. Emergence, in this context, sees today’s most relevant criteria to be ineffective, redundant or in need to be supplemented by others tomorrow. The implication of this guideline provided in the proposed model opens up a venue for decision makers, evaluators and change leaders to regularly rethink about the variables (e.g. resistance) as a system’s comprehensiveness cannot be grasped at only one point of time. It rather needs viewpoints to be revisited and boundaries redefined. A different system boundary may result in the problem analysis from a new and entirely different angle and, accordingly in different solutions or changes. Care, however must be taken that the redefinition of boundaries does not ever miss out on the ethical responsibility change proponents have on the rest of the stakeholder set. Their role must always be as change facilitators rather than change enforcers.

The other guideline is related to practicing boundary critique. The model applies it beyond the matter of just including or excluding stakeholders. Flood and Jackson (1991) mention that boundary critique may not produce effective social analyses until used in combination with other planning and evaluation methods. To generate an effective knowledge flow about change or innovation project, the proposed model couples boundary critique with the application of network mechanisms over the mesh of stakeholders to mitigate the effect of conflict generating causes. Singh (2005) has empirically
shown the effectiveness of collaborative networks in knowledge flow and its diffusion. The implication of this guideline, at one hand, makes change initiators to not only define the relevant roles stakeholders play overtime inside the system of stakeholders (Figure 5) and the system of conflicts (Figure 6) but also to refine their knowledge about these two dynamic systems. This continuous learning will make change managers to be exactly aware of the concerns of the conflict participants and eventually help them to reevaluate their intervention strategies applied in the previous cycle(s) and to revamp the network structure for an improved knowledge flow.

LIMITATIONS AND CONCLUSION

The model presented in this paper provides guidelines for conflict management in an organizational change scenario, not something prescriptive to reach at the final destination. It includes analysis of resistance factors (both individual and organizational) as a component of the conflict management plan. It does not, however, provide a step-by-step method as to how these resistance forces could be determined. It suggests the use of interventions, but neither does it recommend any particular intervention plan to cope up with the emerging conflicts as change progresses nor any yard stick to measure the effectiveness of an intervention strategy. It also does not provide a mechanism to indicate when these interventions transform from change facilitation to change manipulation.

The model, however, provides an organized conflict management methodology based on a systemic or holistic perspective. The systems of stakeholders and the system of conflicts are the lenses which provide an insight to the different interests and perspectives to facilitate the development and implementation of collaborative strategies for change. It urges on the need of critical attitudes for carrying out the interpretation and evaluation of conflicts, recognition of marginalized perspectives and demonstrates the need to gain a deeper understanding of the complex character of organizational affairs.
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**Figure 1: Network of stakeholders**

**Figure 2: Levels of complexity of relationships and challenges**
Figure 3: Complexity of problem scenarios versus divergence of values/interests

Increasing divergence of values/interests

Non-Coercive

Coercive

Increasing Complexity

Least complex

Moderately complex

Highly complex

System of conflicts

Identification of key resistance factors (Table 2)

System of stakeholders (Fig. 6)

Stakeholder Identification using Boundary Critique (Table 1)

Figure 4: The proposed model for conflict management in organizational change
Figure 5: System of stakeholders

Figure 6: System of conflicts
**Table 1: Definitions of the roles of involvement – based on Achterkamp and Vos (2007)**

<table>
<thead>
<tr>
<th>Role</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Party involved actively and passively (the two basic categories)</td>
<td><em>A party involved</em> is any group or individual who can affect (1) the achievement of the change objectives (<em>actively involved</em>) or (2) who is affected by the achievement of these objectives (<em>passively involved</em>).</td>
</tr>
<tr>
<td>Client</td>
<td><em>A client</em> is the party whose purposes are being served through the change process.</td>
</tr>
<tr>
<td>Decision maker</td>
<td><em>A decision maker</em> sets requirements regarding the change process outcomes and evaluates strategic effectiveness whether these requirements are met.</td>
</tr>
<tr>
<td>Designer</td>
<td><em>A designer</em> contributes expertise in the identification of stakeholders, determination of resistance factors, application of strategies and is responsible for the (interim) deliverables.</td>
</tr>
<tr>
<td>Passively Involved, representative</td>
<td><em>A passively involved</em> party is affected by the project outcomes or project process without being able to influence the process or these outcomes. A <em>representative</em> is a person who has been chosen to act on behalf of that party.</td>
</tr>
</tbody>
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**Table 2: Resistance factors in change management (information drawn from Trader-Leigh 2001)**

<table>
<thead>
<tr>
<th>Resistance Factor</th>
<th>Description</th>
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<tbody>
<tr>
<td>Self Interest</td>
<td>People offer resistance if they see ways they benefit from being eroded by change.</td>
</tr>
<tr>
<td>Psychological impact</td>
<td>Perceptions of threat in the form of job security, professional expertise and one’s social status</td>
</tr>
<tr>
<td>Tyranny of custom</td>
<td>Despotism of custom inhibits change</td>
</tr>
<tr>
<td>Redistributive factor</td>
<td>Changing policies, procedures, funding strategies</td>
</tr>
<tr>
<td>Destabilization effects</td>
<td>Change of assignments, posts or designations disrupting service levels</td>
</tr>
<tr>
<td>Cultural incompatibility</td>
<td>Conflicts with bureaucratic structures having traditional monopolies</td>
</tr>
<tr>
<td>Political effect</td>
<td>Upset in the balance of power and control</td>
</tr>
</tbody>
</table>