Conflict management during the process of organizational change

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Abstract: **The paper presents different approaches to solve conflict that arise in organization during change process. Their proper implementation is a key for organization management to receive successful and sustainable change as well as to gain support from the employees. Several case studies in Bulgarian state and private companies are examined in order to analyze the main factors to overcome conflicts and resistance to change.**

Index Terms:**Conflict Management, Organizational Change, Change Management, resistance to change**

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I. INTRODUCTION

Modern business world is an equivalent of rapid changes that guarantee flexibility of the companies in order to respond of the growing customers' requirements and to compete innovatively at the market. But organizational changes, especially major reforms always are connected to the resistance and conflicts in organization. That is the reason why the management of the company should be very sensible during the change process and to detect, capture and react even on the weakest signals of the internal organizational environment. In order to achieve successful and sustainable change the management should be prepared to manage conflict properly and to avoid resistance of the employees.

II. LITERATURE OVERVIEW

There are different approaches explored so far under the general subject of the conflict management both in theoretic and practical point of view. Madalina (2015) defines conflict management as a new challenge in front of the modern leaders. He explains conflict referring "to some form of friction, disagreement, or discord arising between individuals or within a group when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group". The origin and arise of conflict he finds in the specific of relationship and type of work between employees: "In institutions, conflict occurs between various individuals because of their frequent interaction with each other. Conflict is an expression of hostility, antagonism and an

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understanding between the staff member" (Madalina, 2015). The scientist outlines four types of conflict:
- Interpersonal conflict – according to Madalina, this conflict is between two employees and the origin is based on the differences mainly in their characters;
- Intrapersonal conflict – within a person, based on the psychological conditions, when experience and the individual values, understanding, knowledge and attitudes of employee are in disharmony and disorder with the present situation. In this case the person could deny the new way of work, due to the lack of accordance with the previous rules, but also it is really possible to stay silent in order not to disappoint the management (so called conformist behavior).
- Intragroup conflict – occurs between people of one team. The reasons for the conflict could be various, but most common reason could be explain with the unequal tasks in terms of level of complexity, time-consuming or their number. The tension between different team members could be extra provoked by the stress, deadlines or past relationships.
- Inter-group conflict – that arises between different teams of an organization. Again the reasons could be multifarious – Madalina describes them as follows: "There are other factors which fuel this type of conflict, some of these factors may include a rivalry in resources or the boundaries set by a group to others which establishes their own identity as a team" (Madalina, 2015).

Wang, Jiang and Pretorius (2016) focus their attention on the role of culture in the process of conflict management. "Conflict management, with the effective recognition and use of high-context skills, is a basic requirement for success. The manner of managing conflict varies in different cultures… conflict-resolution behaviour is influenced by people's cultural orientations. From historical research, some have suggested various techniques to overcome and avoid conflict situations. Avoidance, accommodation, compromise, competition and collaboration, are such behaviour-related strategies, which are widely recognised and used in a conflict environment."

International scientific team from United Kingdom and The Netherland explores the group decision making. According to them "the need for group decision making arises because a single individual's perspective, knowledge, or information processing capacity is too limited to cope with the organisational challenges brought about by the fast changing and interconnected world of the 21st century. For a group decision making process to be

effective, group members should be able to surface, share and transform their different perspectives about the decision problem being considered" (Franco, Rouwette, Korzilius, 2016). O'Neill and McLarnon (2017) examine the conflict dynamics for high performance teamwork. They "advance the Team Conflict Dynamics Model to connect conflict profiles with key variables in the nomological net: psychological safety, conflict management, and team performance. This model considers dynamics by examining conflict transformations over time, reciprocal effects of conflict management processes, and negative feedback loops".

Group of German scientists studies the role environment and its influence on the individual behavior, especially of mediated and moderated effects of dim warm light on collaborative conflict resolution (Kombeiz, Steidle, Dietl, 2017). After sequences of studies they conclude that "among self-oriented individuals, dim warm light activates interdependent self-construal, which in turn promotes collaborative conflict styles". They admit that in order to "facilitate collaborative conflict resolution, it may be favorable to allow individuals to view each other in a different light".

Other researchers (Shin and all, 2017) explore the benefits of distance and mediation in a modern context, namely how people react to conflicts in video chat (widely used in modern companies). They understand that "conflicts come as natural elements in human relationships and they are experienced in face-to-face as well as mediated interactions." They have conducted an experiment in order to "examined whether different communication modalities (video chat: mediated-distal vs. face-to-face: non-mediated-proximal) affect emotional arousal, partner evaluation, and communication satisfaction in conflict-laden interactions." Their findings clearly show that conflicts in mediated channel lead to less emotional reactions that is precondition to achieve easier consensus. They conclude: "Based on our results, one piece of practical advice we can give for those who are likely to encounter a conflict situation is that it is okay to communicate by using a mediated channel such as video chat. It can actually turn out more satisfactorily than an in-person meeting as the medium provides a comfortable distance between conversants so that they can discuss their issues in a less aroused and more accommodating manner."

The focus of Clercq and Belausteguigoitia research (2015) is the family business and more concrete – the "potential contingency roles of two conflict management approaches (cooperative and competitive) and two dimensions of social capital (goal congruence and trust), in the context of intergenerational interactions". They believe that "although cooperative conflict management may invigorate the relationship between intergenerational strategy involvement and innovation pursuits, competitive conflict management likely attenuates it. Moreover, it proposes that both functional and dysfunctional roles for social capital might arise with regard to the contribution of intergenerational strategy involvement to family firms' innovation pursuits". Scientists develop their interest in the

conflict management field exploring the role of transformational leadership, tenacity and passion for work as a way to overcome the organizational conflict (Clercq and Belausteguigoitia, 2017). According to them, "The baseline relationship pertains to the link between employees' task conflict and job satisfaction, moderated by transformational leadership as a critical leadership style and the two personal resources that tap employees' energy reservoirs (tenacity and passion)… we argue that task conflict reduces job satisfaction levels, but this effect is mitigated when transformational leadership, tenacity, and passion for work are higher. We also theorize that the usefulness of the two personal resources for mitigating the task conflict – job satisfaction relationship increases when employees cannot rely on transformational leaders" (Clercq and Belausteguigoitia, 2017), also can see (Zinoviev 2010)

The scientific interest of Taiwanese research team (Yang, Chen, Wang, 2015) is directed to the role of the interpersonal conflict. They refer to the other researchers in this field and define the interpersonal conflict as a "conflicts that occur between different individuals, groups, and organizations". They highlight that the "lack of understanding about conflict and its dysfunctional impact may lead to project failure." They use the developed framework from Barki and Hartwick in 2004 to explain dimensions of the interpersonal conflicts. According to them "the first dimension is associated with the three fundamental properties of interpersonal conflict: disagreement, interference, and negative emotion. On the other hand, the second dimension pertains to two main targets of interpersonal conflict: task and interpersonal relationship. The prior research defined interpersonal conflict as a dynamic process that occurs between interdependent parties as they experience negative emotional reactions to perceived disagreements and interference with the attainment of their goals" (Yang, Chen, Wang, 2015).

Nordin and all (2014) study the connection between organizational climate, level of communication and conflict management through different cases in Oil and Gas Companies. They explain that "the climate sets the atmosphere in the organization that either encourages or discourages communication. Organizations with supportive environments encourage worker participation, free and open exchange of information, and constructive conflict resolution. In organizations with defensive climates, employees keep their views to themselves, make only guarded statements and suffer from reduced morale. Thus effective communication is important for the establishment of a collaborative communication climate. However, management of controversy and divergent thoughts as part of the communication climate forms a crucial task to be achieved in an organization" (Nordin and all, 2014).

The scientific discourse on the different aspects of change management and conflict management are completed on the national level with researches of authors such as: Kuzmanova (2012, 2016), Stoyanov (2013), Anguelov (2012), Alexandrova (2015), Stoyanova, Mironova, Stoyanov (2017) (Hristov, 2015) etc.

III. Conflicts during organizational transformation

Organizational change provides graceful environment to occur conflicts due to the specifics of its nature – in some degree – the denial of the organizational processes and procedures and manner of work so far on one hand and the way of imposing new ones as well as the level of their acceptance on the other. There are several main directions of potential conflict zones that management should have in mind at the initial phase of change relevant to the type of transformations. Conflicts are direct result and consequence from the resistance of employees to implemented change. In this regards the conflict management could be consider as a strategic way of overcoming resistance where the degree of communication engagement of all managerial levels play crucial role.

To achieve the goal of this paper, namely to define different types of conflicts during change process of organization, we will explore different cases studies from Bulgarian enterprises and public authorities.

Case study 1: Bulgarian Small and Medium Enterprise Promotion Agency (governmental body)

Bulgarian Small and Medium Enterprise Promotion Agency is a public authority under the Minister of Economy, responsible for implementation the government policy for the small and medium enterprises sector. Since the Republic of Bulgaria became a member-state of the European Union in 2007, the Agency had functions as an Intermediate Body of the Operational programme "Development of the competitiveness of the Bulgarian Economy" (2007-2013). These new responsibilities have imposed the transformation of organizational structure of the Agency in order to increase the number of employees in Intermediate Body of the programme. As a result of this, for the really short time (especially when we talk for the agency, part of the public administration) – for the period of two-three months were launched public job competitions and a large number of experts were hired in different positions at the newly formed directorate within the Agency. Just for the comparison – the new experts from the Intermediate Body were the half of the total number of all employees of the Agency. Only few employees from the previous staff of the Agency were re-appointed to the new directorate (on two of the five positions from the middle management were "old" experts as well as few experts in the administration). In order to describe the real situation which occurred after change and also to be precise in our analysis, we have to explain that due to the lack of enough office place, the Intermediate Body was physically separated from the other part of the Agency (including from the top-management). Intermediate Body with more than 92% new employees (including management staff) was at the office building located at the periphery of the city while the "old" part of the Agency was at the center of Sofia. The other major difference were locked at this time at the legislation – there was a Council of Ministers Decree

in compliance with which all experts who were responsible for the implementation and management European Structural Funds were paid much better than other experts from the public administration. All these circumstances represented good prerequisites for multilayered conflict based on the classical line "old-new" employees.

The analysis of situation requires to define type of change, the way of internal communication, different level of interaction (between middle management and top management, between managers from middle management, between experts from different directorates), the type of conflicts and their origin and the conflict management. According to the Change Management Theory, the present organization change is positive due to the enlargement of the organization. The way of its communication is adequate based on the fact that all employees were aware of new responsibilities of the Agency and the resulting consequences including formation of new directorate and hiring new employees. The conflicts has occurred after the change implementation and we could claim that their origin is on one hand based on the different technic preconditions (including level of wages, different level of average age of the staff and the location of offices) but on the other hand – the lack of strategy managerial decisions at the first moment of conflict. As a result – there were at the beginning sporadic misunderstandings that have led to the poor coordination and poor achievements. Thus has reflected to interaction between all employees and the new ones in the Intermediate Body – the conflict in its apogee was as real war activities and the two sides had an irreconcilable antagonistic attitude. As an extremely late experiment, the management has decided to organize team building programme, but unfortunately with negative result. This strategy has only led to consolidation of the initial attitude of the two major groups and not to compromise decisions. The right moment for the managerial decision and action was irretrievably lost and as a result – the change was unsuccessful.

Case study 2: The Bulgarian Council of Ministers Administration

In 2014 there were structural reforms in the Council of Ministers Administration, concerning two directorates – Programming of EU Funds Directorate and Information and Management Systems for EU Funds Directorate. The general function of EU funds for information and publicity was transferred from the former Information and Management System Directorate (after change from the name of this Directorate was dropped the term "information") to the Programming Directorate. At first glance the change seems to be insignificant with no resistance, consequences, negative emotions and conflicts. But the inappropriate way that this transformation was initiated and managed led to indirect conflicts at the first months of its implementation that reflected to the quality of work of transformed unit. The reform was implemented with lack of any information from manager level and employees were under direct and permanent attack of

rumors and different conspiracy theories. The change was accompanied by the internal transformations within the two directorates. Initial staff responsible for implementation EU measures for information and publicity was reduced from four to two experts, who became new employees of Programming of EU Funds Directorate. The other two experts lost their jobs. "Old new" experts were faced with hidden disapproval from their colleagues of the present directorate. It took several weeks to realize the reason of such unfriendly behavior. Due to the lack of adequate official information from top manager, all employees from the Programming of EU Funds Directorate believed that newcomers will be hired at their positions. The menace of losing job was the activate key for conflict occurrence. In order to secure the implementation of information and publicity measures with enough human resources, other three experts were prequalified to work for these new responsibilities of the directorate. As a result of the change, after few months two of all 5 experts for information and communication left this prestigious work after that the chief of the unit also quitted. From the human resources point of view in order to achieve sustainable reform, the change was unsuccessful implemented. The main reason for the conflict was the lack of adequate information accompanied by absolutely neglecting and disregarding the individual needs of experts. The unit for information and communication still exists today within the major directorate named Central Coordination Unit at the Council of Ministers Administration, but only one from its founders is working in it. The terms such as institutional memory or building administrative capacity rest without any sense when reforms were implemented without clear strategic goal.

CASE STUDY 3: PROXIAD BULGARIA

The French enterprise Proxiad was founded in 1997 as a company for IT services. For short time company has been booming, delivering high-tech IT services, based on the high quality professionalism of the employees. In 2004 the company has established its office in Bulgaria with branches in Sofia and Plovdiv. Today a quarter of all employees of the enterprise work in Bulgaria. Proxiad-Bulgaria as a business organization is relatively independent with its own portfolio of clients to provide full range of IT services. One of the major characteristics of the Proxiad is the fact that the company does not have its own product, and the teams are developing custom-made software. The Bulgarian offices of the Proxiad Group work for large customers including several French banks, as well as for the leader in Eastern Europe and the USA for electronic invoices. In order to respond of the client's needs for the short period of time the company has increased the number of the employees. At the beginning Proxiad Bulgaria has started with 5 experts, now they are more than 130. This enlargement reflected to the level of relationship within the software teams. The management has to secure the proper environment for new experts to adapt quickly. Thus requires more complex interactions, including the

special training programmes moderated by the more experienced team-leaders. In spite of the efforts made and the company policy, the organization`s management admits that they cannot completely avoid the conflicts young-old employees. The main reason is based on the level of responsibilities and the roles of the team.

CASE STUDY 4: RAICOMMERCE CONSTRUCTION

Raicommerce Construction was established in 1991 as a family company in Bulgaria. This family business has grown during the years and the company now is a Holding with 26 million euro annual turnover (for 2015) and more than 350 employees (181 plumbers, 41 team leaders, 30 construction managers, 55 administration, 43 specialists). The company is specialized in construction in water sector and became a leader at the national market. The organization is a member of Bulgarian Water Association, Bulgarian Association for Trenchless Technology, Bulgarian Construction Chamber etc. In 2011 the company has implemented structural organizational change in order to achieve diversification of the business activities and assets. The new structure of the holding includes four major divisions:

- Infrastructure Construction Division (mainly focused on the major infrastructure projects);
- Trenchless Technologies Division (established in 1997, focused on the building up of pipelines trough drilling machines so called "mole type");
- The WSS Construction and Maintenance division (focused on the implementation of emergency and planned repairs of the water pipeline system, specialized in urban conditions of a complex underground infrastructure);
- Logistics Division comprises the operations related to process optimization, delivery of goods and materials according to the set quality and quality indicators with minimum efforts and costs.

The new organizational structure of the company is based on the goal to achieve more flexibility and to react adequately for the growing customer requirements and needs. The process of change was connected at the beginning with short conflicts between employees due to the new process of work. The good interaction between middle management and employees as well as the broad usage of all forms both in direct (mainly) and indirect communication has prevented the expansion of conflicts.

TABLE 1.
SUMMARY INFORMATION FROM THE STUDY CASES

Organization	Type of organization	Type of Change	Type of conflicts	The reason for conflict occurrence	Change Implemen-tation
Case study 1: Bulgarian Small and Medium sized Enterprise Agency	Public administra-tion	Positive, Structural change	Intergroup conflict	Inadequate management of change process, wrong managerial decisions; geographical distance between two main offices	Unsuccessful
Case study 2: Council of Ministers Administration	Public administra-tion	Neutral with negative elements; Structural change	Intragroup conflict, based on the previous intergroup relationship	Inadequate management of change process; lack of proper communication for change	Unsuccessful from the human resources point of view
Case study 3: Proxiad Bulgaria	Private company with French capital	Positive, Structural change	Intragroup conflict	Rapid company expansion and insufficient time to adapt new employees	Successful
Case study 4: Raicommerce Construction	Private Bulgarian Company	Positive, Structural change	Interpersonal conflict	Rapid company expansion and insufficient time to adapt new employees	Successful

Every organizational change, despite of its type (positive or negative) presents a favorable precondition to occur conflict. The employees are not accustomed to new procedures, rules, colleagues, structure etc. and all new moments, direct results from the change could be interpreted as a threat for the employee's personal point of view. First few months when the change is implemented are crucial for its sustainability and this is the right moment for the management to be very accurate and precise about decisions that support implemented change. The feedback from employees on every day base for middle managers is one of the possible way to overcome at the beginning the conflicts that could be occurred.

CONCLUSION

Conflicts are inevitable part of every change despite of its character or type of organization. Their origin depends on the variety of preconditions: organizational culture, level of internal communication, relationships between employees within organization, interactions between different managerial levels as well as between managers and employees, even depends on the geographic location of offices. The paper presents an attempt to analyses types of change and the conflicts that arise during transformation process. Four different study cases are developed in order to understand the role of conflicts during the change process. The main conclusion that has to be made is that manager should not rest insensitive to conflicts or to underestimate their potential. Every conflict (including interpersonal) during change process should be consider as a resistance and on this base managers have to be prepared with adequate strategy to overcome conflicts.

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