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Resistance to Change and Conflict of Interest: A Case Study

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Abstract

Change for organizations is a necessity. Today’s businesses are aware of the need to keep up with the environmental changes and change demands. If the change process is not handled properly in the business, it will bring major problems with it. Every change will absolutely and definitely face resistance. Similarly, conflicts are considered to be inherent in organizations. The important thing is to prevent conflicts from taking over organizational interests. If conflicts arise in situations where personal interests constitute a source, it is an issue that needs to be discussed seriously. This study is intended to reveal elements that create a potentially resilient potential, in particular protecting personal interests. A case study method was utilized in the study. This method is preferred because it is appropriate to examine in detail the history, current situation and environmental functioning of a particular person or group and to obtain appropriate information in order to provide statistical methods. In particular, the case study, which reveals a reflection of the conflict of interest that is valued as a consequence of the functions of exchange resistance and as a consequence thereof, reflects the relationship between resistance and conflict of interest.

Keywords: resistance to change, conflict of interest, change, conflict, organizational interests

1. Introduction

An important part of organizational life is change. Without change, no business can survive in today’s competitive environment. Modern managers are faced with permanent progressive technological change. The most important tasks are to initiate organizational change and to ensure that a new position is achieved by keeping it under control among existing business
structures. If they do not discuss the new methods, equipment and management policies, they can face with very serious moral and manufacturing problems [1].

The globalization of the markets in the 1980s and 1990s witnessed an unprecedented period of change, thanks to increased external competition and rapid technological movements. Strategic initiatives, mergers, acquisitions and operational initiatives have gained momentum in this process; applications such as just-in-time production, total quality management, process innovation and MRP have contributed to the change process. New requests coming to organizations in the control of these processes, the efforts to bring the performances of the organizations to the upper levels and new designs have provided the development of change management [2].

Organizational change efforts are often met with strength by people. Although managers are aware of this resistance, they do not make too much effort to understand why and how they will be handled. One of the most important problems encountered in making changes in organizations is to manage resistance to change and handle it correctly. Resistance to change emerges in different and unexpected ways [3]. Resistance to change is like a pain. It does not say exactly where the error is, but it allows you to understand that it is a problem [4]. However, the resistance to change must be perceived as reasonable. This is natural, and a change that is essentially not encountered with resistance should not be considered as natural [5].

Similarly, conflicts are considered to be inherent in organizations. The important thing is to prevent conflicts from taking over organizational interests. If conflicts arise in situations where personal interests constitute a source, it is an issue that needs to be discussed seriously.

This study includes a relationship between resistance to change and conflict of interest. The main goal of the research is to see how these two parameters will interact in the change process. I believe that conflict of interest is a very important issue but we could not see it in the literature as a scale or in relation with other factors. From this point, the aim of this study is to draw attention to the issue.

2. Resistance to change

Why do people show resistance to change? According to Caruth et al. [1], the reason for resisting the changes made to employees’ work conditions is due to a variety of reasons, such as their individual personality. While some respond positively, others may get angry. Starting from this, resistance to change submitted by the administration, the resistance shown by the nature of mankind (generally people do not like change) and resistance about fears and threats (fear of unknown, reduced job security, suffering economic loss, reduced job status, change in work-group relationships) have divided the reasons in two main groups [1].

Change is considered an annoying phenomenon because of the necessity of departing from known with the deterioration of the status quo and anticipation to give up; resistance to change can be assimilated to friction in physics. As it is necessary to apply more force without friction to move an object, it is necessary to apply force to change with regard to people [6]. Managers and employees detect the change in different ways. While senior executives see
change as an opportunity to overcome problems and improve their careers in a positive sense, middle-level managers do not welcome well the change very much. Change is destructive and unexpected for them, and this can disrupt the balances [7]. Resistance resulting against change can be assessable as a destructive force working in the interests of competing firms [8]. Kotter and Schlesinger stated that managers should be aware of four common situations in which people are motivated to show resistance to change. These are [9]: narrow interest, misunderstanding and lack of trust, different evaluations and low tolerance for change.

Caruth et al. [1] suggested that people with varying degrees of resistance would show it in three different ways. These are carried out directly as attacks, secret attacks and passive behaviors [1]. Resistance to change can be realized individually or organizationally. The signs of individual resistance are usually complaints, mistakes, anger, indifference, withdrawal, absenteeism to work due to health reasons and stubbornness. As for that, organizational resistance is work accidents, increase in compensation claims of employees, increasing absenteeism, sabotage, increase in expenditures due to health and decreasing productivity, and these are only some common signs [10].

Koçel lists the events that cause people to show resistance to change in reasons regarding to the business, due to personal reasons and for social reasons [6].

2.1. Function of resistance to change

While resistance to change is performed individually or in groups, it can also appear in open or hidden forms. What is important here is the fact that there are individuals at the beginning of resistance. Even the emerging resistance in groups is realized as formal or informal structures strengthened by the gathering of individuals.

When the causes of change resistance, which are revealed by various researchers and partly seen as a repetition of each other, are considered together, the factors that constitute resistance to change are mainly expressed under six headings. They are personality traits of individuals, which are emerging as uncertainties about whether they will bring change or take it, insecurity against oneself or those who perform change, an interest appraisal resulting from the changes that will take place between the current situation and the future situation, commitment to past experiences and group-effect result.

2.1.1. Personality

Individual differences, known as personality, are defined as how individuals think and behave in different situations [11]. Personality traits usually tend to be based on the emergence of personal hostilities, being disturbed on being guided, seeing as being excluded and on the edge of being thrown away with change, characteristic stupor, anger, personal conflicts, ignorance, lack of interest and the emergence of personal hostilities against those who make the change.

2.1.2. Uncertainty

One of the most important elements in the individual dynamics of changing resistance is uncertainty. People are afraid of unknowns and uncertainties [12]. The fact that those who
perform the change are not sufficiently clear, that the change is not fully explained and the uncertainties that occur with them can be listed as fear from the unknown, loss of control and concerns about the future and business.

2.1.3. Insecurity

In situations where the safety of individuals is threatened, sabotages occur [5]. Trust-minded thoughts such as insecurity, not being self-confident, being afraid of failure and misunderstanding against those who manage change or those who are part of it come under the heading of insecurity.

2.1.4. Loyalty to the past

Many studies pointed out that the mistakes in the institutional change process stem from the fact that past knowledge has not been abandoned [13]. Markets are places where experience is gained, but lessons are changed frequently. We must learn from the past all the time, but we do not need to worship it [14]. It is required that they should not be tied tight to the past for organizations to survive. Before the organizations try out new ideas, they need to discover that their old ones are inadequate and get rid of them [15]. To give up knowledge of the past requires that you come from above the change barriers and that you re-evaluate the cognitive organizational competencies, circumstances, threats, opportunities, strategies and old ways of achieving success [16]. A culture of resistance to change developed with frustrations from the past during the change process, low tolerance for change, the difficulty of giving up on habits, the difficulty of learning new things, the disruption of well-known comforts, close-mindedness, old experiences, past performances and past mistakes can be counted as the causes of resistance to change, which can be ranked under the framework of commitment to the past.

2.1.5. Group effect

The concept of group dynamics refers to the changes and reactions that occur on any part of the group, the influence and reaction that the group members and the group make on the structure [17]. The group effect comes from the interactions between individuals and is shaped by the light of factors above mentioned. However, the relationship between group members influences strengthening these factors or changing their shape [18]. Groups are units formed in informal and formal structures within the organization. Disagreements between the aims of change and group norms and similar groups within the organization should take a negative attitude toward change, the possibility of deterioration of existing relations, the majority of group members support resistance, the probability of the group losing its disintegration or status, in short, the idea that change can change social interactions, can be regarded as the resistance dynamics that the groups to which the individuals belonging are exposed.

2.1.6. Valuation of interest

Every change means losing for someone [5]. In the new situation that the valuation of interest individuals will emerge with change, they are seen to pursue their personal interests and
evaluate their possible consequences. Generally, it can be listed as the causes of interest-based resistance of individuals who think like the expectation of unemployment, the possible increases in the current work load, the loss of status and the possibility that the material situation will change in the negative direction, which comes with technological change.

3. Valuation of interest and conflict of interest

Concept of interest is defined as the indirectly obtained profit, gain, benefits or the benefits that only one person provides for himself. The fact that it is a matter of interest requires that something related to the subject be requested; the fact that we have called it interest has the power to abolish even the strongest associations. The presence of such power results leads to the presence of a conflict.

Conflicts are one of the elements that can reduce or increase the efficiency, effectiveness, change and development levels of organizations and on the basis of which lies individual differences [19].

In a rapidly developing and changing world, because we call the invariance of change, non-homogenous social groups are being formed and it is inevitable that these groups are differentiated from each other. This situation creates a natural ground for conflicts [20].

Even if individuals or groups assume an agreement on the purpose of organization, the differences in unit-based intentions lead these conflicts to interests or priorities.

Individuals or groups on certain topics may have different interests. Any decision to be taken or a decision taken by a group may affect the interests of the other party. Along with such differences, the effort to expand the strengths of the organization’s employees or groups can also be a major source of conflict [6].

The inevitability of the conflict is due to the three tendencies of the human being [21]:

- People’s attitudes, beliefs, levels of knowledge and life experiences are different between them.
- These differences cause people to become self-centered and have difficulty in understanding the perspectives of other people.
- People usually tend to protect and bring their own personal interests into the forefront.

With regard to the concept of conflict, it can be said that the negativity state proposed in classical approaches is inherent in organizational structures together with modern thought. Even with proper management, conflicts are expected to have a very positive effect on disruptive outcomes [22]. While constructive conflicts encourage change and innovation, the conflicts that are being destructive bring out the interests of the parties, the negative situations that are brought about by the purposes of the organization [23]. In organizations where there are no conflicts, it is observed that the members of the organization are closed to change and innovation because of indifference and monotony [24].
Concerning the concept of conflict, it can be said that the negativity state which is proposed in the classical approaches is inherent in organizational structures together with modern thought. The encounter with resistance of a change process is considered as a sign of the beginning of change. Just as it cannot normally be mentioned from a change without resistance, it would not be right to talk about an organization that does not have a clash. However, the fact that the clerk has personal interests and elements that can prevent the company’s objectives would have a negative impact on the change process and no contribution to corporate interests. Here, the moral and ethical dimension of work is prominent.

According to an international survey conducted in 300 large companies in 1987, it emerged that at the beginning, of the moral problems encountered in enterprises, employees think it is a conflict of interest [25].

Businesses have important principles to follow about their own behavior. One of them constitutes the basis of this principle that those who find themselves able to give themselves the image of a conflict of interest in relation to themselves or close family members, to declare it and to exclude themselves if there is really a conflict. A similar situation is declared by authors during academic studies.

Another element of conflict can be expressed as approaches against innovation and change. J. March and H. Simon, who analytically examined the causes of conflict in organizations, expressed one of the causes of the sources of conflict in organizations as conflicts arising from differences in perception. The source of this conflict is the source of information and opinions required by the innovations. In consequence of these, disagreements and conflicts arise because organizations are constantly open to innovations and exchanges, and the information, however, experience and flexibility required for performing changes are not perceived by some former administrators [17].

One of the stages of the conflict process is intentions. Intentions are among people's perceptions, emotions and open behaviors. Decisions of intent are decisions to behave in a certain way. In order to be able to respond to the behavior of the person, his intent must be determined. Many conflicts are growing by increasing the severity of the parties because one of them has attributed bad faith to the behavior of the other. There is often a difference between intentions and behaviors, so behavior does not accurately reflect the intent of the individual. Different structures of behavior depending on intentions are listed as competitive, collaborative, avoidant, harmonious and compromising. The way of behavior, which takes the form of competitive intentions, is expressed as the effort of one person to satisfy his interests without considering others [26]. The new qualities predicted by changing circumstances and the necessity of people playing different roles can cause conflicts. In particular, change-specific situations such as restructuring studies and transfer of undertaking are capable of generating significant conflicts.

It is a strategy that targets the personal interests that have no cooperation and have a destructive effect based on a win-lose approach and is maintained in a competitive environment. The application of the strategy of domination in conflict may cause aggressive behavior and sabotage by increasing tension between the parties. Instead of questioning the cause of the conflict, one side to applying domination to the other side to turn the situation into its own is the opponent’s loss approach. People make an interest appraisal in the process of change. If the change that will take place is against their own interests, they can adopt a course of action,
a resistance decision, to create protection against it. They enter a conflict with a competitive intent and struggle for their own interests. The conflict that comes with the resistance decision will allow the conflict of interest to be staged in a visible way.

When we look at the literature, we could not find a study related to conflict of interest and resistance to change together. Resistance to change had used a lot of researches but literature hasn’t got a scale of the conflict of interest. Therefore, the case study method is used in this study.

4. Method

The research has also been carried out in Istanbul, a company operating in the construction sector. Observes had taken record by assistant of the general manager and it includes a 1-year period. The case study method was utilized in the study. This method is preferred because it is appropriate to examine in detail the history, current situation and environmental functioning of a particular person or group and to obtain appropriate information in order to provide statistical methods. The event was dealt with by an observation technique and the most important feature of this technique is that the individuals who are observing are in their natural environment. Many behaviors can be identified and assessed in their actual state as long as the individual is in a natural environment; in other studies, it is known that the individuals studied do not behave as they are but rather behave or reply in a frame that they want to be, that the community wants to be or as they can be accepted by their surroundings. This issue stands out as one of the common problems of non-observational study techniques. Observations were made in a participatory manner and all the information was recorded in a systematic manner during the process by taking part in the event throughout the process. The actual names of the person subject to the case study and of the company are indicated by symbols on the specific requests of the persons.

The main questions to be answered in the sample case prior to study are mentioned below:

- **Q1:** Do self-interests prevent the interests of the organization?
- **Q2:** Do self-interests return to conflict between individuals or groups?
- **Q3:** When individuals who make valuation of interests show resistance to change, does resistance to change be open or implicit?
- **Q4:** Is it possible to break the resistance of people who have the potential of resistance through communication?

5. Case study

5.1. General information about the case study

XYZ Engineering Inc. is one of the well-known, recognized and trusted companies operating in the construction sector in Istanbul/Turkey. It has 30 years of history. In this process, hundreds of successful projects have been carried out and have created added value by employing
hundreds of people. On the basis of the sector/industry, the market demand is continuous, and an opinion and the work of the company show a positive trend. In parallel to these, the human resource has also increased.

Constructively, it is a family-owned business. Company partners are family members but soon, with the public offering, there will be a conversion to a structure that is now traded in the stock market. Company employees now constitute the professionals who are out of the family predominantly. The annual turnover of the company is 80 million dollars and it has 160 staff.

Operating functions are vertical organizational structures that are integrated with each other. It is involved in the case study; it includes the general manager of the company, the operation director, the purchasing manager (PM) and the finance manager (FM).

The abbreviations and explanations used in the case study are as follows:

- XYZ Engineering Inc. Case Study Company
- FM: Finance/Accounting Manager
- OM: Operations Director
- PM: Purchasing Manager
- GM: General Manager

5.2. History of case study

The company, which has been handling the stages of institutionalization more professionally since 2004, in order to be able to execute processes that are more integrated and manage all flows with a single software, decided to switch to a new ERP software in 2016.

In the present case, no integrated software was being used. While the finance department used its own software, the procurement department also carried out its activities with an autonomous computer program. As for that, the operation department has run processes from the proprietary software, with forms that are required by business-building methods and procedures.

Thanks to the software, project costs, procurement status, stocks, accounting records, communication between field staff, reporting and many more possibilities would be put into practice on a single platform, with all the business involved, including the relationships.

GM has pursued the study and demonstration of the related software himself and he/she was convinced that he/she would get all the flows he wanted, thanks to this software. Purchasing contracts for the software are over and an opening kick-off is applied. He/she did not want to think about the possibility of software failure; however, in parts where the employees cannot be involved in the process, the investment made would be a significant loss, and GM would not be able to give it to himself.

There had never been a similar study previously done in the company. GM knew that the process demanded change management and that change had given him the task of leadership. Thus, he/she believed that it would make it easier to identify resistance and remove the obstacles.
GM gathered all the responsible persons before the software developers arrived to the company and held an informative meeting on the subject. By persuading meeting attendees to require a new writing transition and aimed to create a guidance coalition to support everyone to take over the project and get the best result for the company as soon as possible.

The shortcomings of the current situation during the meeting, the new situation, the convenience, the negative side of the software used. Everyone asked the participants to support the process and the purpose of the meeting was complete. It was then time to invite the ERP company to start the process.

The software was installed and the training process started. Integrations were created and new processes were established with separate participation of the departments. Everything went well in sight. All the employees had taken the directives and it appeared that they were doing their job. Nobody showed any sign of dissatisfaction. After 3 months passed, some reports from software developers were pointing to negative situations. Information from the finance department was experiencing delays.

The requested information was not given in time, the entries that needed to be done were not completed in time and the chronic records were constantly entered in the created records. Even simple information was prepared and delivered to the software for weeks. GM assembled a meeting to tackle the situation and asked FM to make a statement on the topic. The description is classic. Unit workers had begun to voice that the old software is more useful in informal meetings, and they defended the new writing. Even though he was aware of the FM situation that could not manage the process properly. The workers acted slowly, the work went on systematically and the FM did not wish to increase resistance by intervention.

GM, in consultation with FM, has reached the following result: He/she did not want to engage in combat with the FM team. GM gave some directives to him. He/she wanted to find out why his subordinates showed resistance. Under this resistance, he wanted to determine whether there was a situation that could directly affect his personal interests, such as fear of failure, not to give up on habits and to spend more labor in the adaptation process, and he wanted him to report the situation.

Similar problems began to emerge in the purchasing department. Since he/she used different software in this department before, he/she started to set new and old benchmarks, and this led to constant conflict with the software group. They were doing it easily in the old software but they could not do it in the software, and the discourse was intense and made an important intervention compulsory. In short, the purchasing department resisted.

GM also held a similar meeting with PM. Acting as if the issues are the same, PM was being stimulated like FM, and various directives were transferred to him. But there was a difference. GM noticed that the PM had taken the lead of this resistance and had channeled his own team in this direction. By making the implication that PM will directly increase their workload, that he/she spent time working on the negative side of the new software and was doing it clearly. Even under normal conditions, some activities carried out by FM would walk through the PM in the new process and this was not really in the interest of the PM. Moreover, this shift in the business division and the workload shifting from the FM to the PM have caused serious conflicts between the two units, and these two units, which had to work in co-ordination, had almost begun to enter the process on their own.
With regard to the operation side, there was another resistance profile. OM and its team did not use the standard software in the normal situation. They were running a process in the form of manual forms. Many times, they terminated the processes without filling these forms and then filling them backwards and leaving them open in the system. The new software did not give chance this comfort. All transactions had to be recorded via software when they were instant and when needed. OM and the team were not very keen on this issue as integration of new software restricted their activities in full liberty and it would require time to run this software. In addition, the necessity of opening purchase requisitions through the software emerged but the fact that they did not do it in a healthy way also created an atmosphere of conflict between the PM and OM. They also made choices and began to resist. But the resistance on the OM side is cryptic. It had not expressed clearly the utility of the software that is being made, as if it is being defended from the background and the software sabotaged.

5.3. Analysis of case study

GM has analyzed the whole situation and was aware of his attitude. There were organizational problems that could be clearly diagnosed medially. The most important of these is resistance to change. The others were negative conflicts among the groups. The worst of all told all units how important this software is for the organization. However, unit managers and/or subordinates put their personal interests in front of their interests.

GM has worked on identifying resistance sources and what they need to do to combat them. The drawing that emerges in the coming point and schematizes the conflict situation is shown in Figure 1.

FM and PM are in conflict because of the shift in workload. OM and PM are in conflict due to the same reason. This situation is a conflict of interest originating from intentions and it is following a competitive course among the managers. There is no strong conflict among OM and FM. In addition to these, they are criticizing the new software by highlighting the past software in order not to disturb FM and PM habits. OM wants to maintain the comfort of the old software. Also, in FM employees, by not learning the new software, there is also a sense of insecurity to themselves that arises from failure.

By acting as an example, the answers of the study questions are as follows.

A1: People usually tend to protect and bring their own personal interests into the forefront [21]. Self-interests get ahead of the interests of the organization. The interest appraisal has been conducted by PM, FM and OM and they have not considered the GM’s share of the software’s interest in the organization’s interest.

A2: Self-interests have become conflicts between individuals or groups. The result of the evaluation of interest between FM and PM and OM and PM has come to an end.

A3: Recardo characterized overt and covert forms of resistance to change [27]. If the individuals making the valuation of interest show resistance to change, resistance to change
can manifest itself in open or implicit forms. In the case of the example, when PM acts in open resistance, OM shows implicit resistance because the PM is actually reacting to a workload not on the decline. This situation can be made explicit because it is seen as an injustice to her/him. However, OM will have to work harder by losing his/her comfortable position. He/she does not want to react by expressing it in terms of the moral dimension of work.

A4: Smollan emphasized the importance of communication [28]. Persons have potential resistance through communication that can be broken but since the sample event is at the beginning of the change process, it will not be very accurate to comment on this issue. Continuity of communication can solve this situation. The other source of insecurity and distrust of the past can be removed from this point.

6. Conclusion

Change for organizations is a necessity. Today’s businesses are aware of the need to keep up with the environmental changes and change demands. If the change process is not handled properly in the business, it will bring major problems with it. Every change will absolutely and definitely face resistance: sometimes at the beginning, sometimes in the middle and sometimes in the last period, but the resistance must be handled and managed properly throughout the entire process. Determination of the functions that constitute the resistance of change the approach to the issue of the problem to be done in this direction, will facilitate
the solution of the issue. People show resistance for different reasons in case of change. This study is intended to reveal elements that create a potentially resilient potential, in particular protecting personal interests. During the course of the case study, different situations were encountered, and based on conflict of interest, they found their place in this study.

As it is seen and confirmed in the case study, people carry their own personal interests unfortunately in front of their organizational interests. This situation can be thought of as a reflection of professional life as well as lack of organizational commitment or organizational citizenship feelings. Businesses may take some measures to prevent employees from engaging in conflicts of interest. First of all, institutional citizenship may have a potential to overcome this situation. In addition, by establishing a more self-sacrificing culture within the organization, motivation for the people’s support for organizational interests rather than their own interests can be provided. People can be encouraged to make their own internal evaluations in this respect by questioning the moral and ethical aspects of the situation; in this respect, individuals can reach more objective perspectives when evaluating their interests.

When we look at the individuals in the business, it seems that such conflicts and false positioning are more common where the ability to make objective assessments is not very strong. Along with false positioning, more ego and ultimately more interest demands are being encountered. Such mentality sets out a competitive intention in order to protect their interests naturally and is creating resistance to this process of change.

In particular, the case study, which reveals a reflection of the conflict of interest that is valued as a consequence of the functions of exchange resistance and as a consequence thereof, reflects the relationship between resistance and conflict of interest. In the further study point, by performing field studies in which both variables can be measured and analyzed, sample findings can be supported and/or new findings can be developed. Researchers should look over and observe other events in different companies and sectors (textile, food or chemistry, etc.). Thus, the amount of case studies will increase. Moreover, the scale of “conflict of interest” and its use for qualitative studies should develop.

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