

ABSTRACT

Limited research focuses on the role of conflict during strategy implementation, and still less examines the dynamics of that relationship over time. We address this oversight by using longitudinal data from 183 strategy implementation meetings and 125 interviews to follow the relationship between conflict and strategic tasks. Adopting a dynamic view of conflict, we trace patterns of conflict in three strategic deliveries. In so doing, we demonstrate that conflict (1) occurs during strategy implementation, (2) decreases over time but never disappears entirely, (3) peaks at certain points throughout the deliveries, (4) changes in content as actors move through strategy implementation stages, and (5) impacts the achievement of strategic tasks.

Introduction

The direct and indirect impact of conflict on organisations and their performance makes it an important issue for organisations (De Dreu & Gelland, 2008), yet we know little about how it plays out in the strategy process. Indeed, inherent in many textbook definitions of strategy is the assumption that strategy is holistic and unitary: "the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations" (Johnson, Scholes & Whittington, 2007, p. 9). With theory emphasising the consolidation of skills and resources, highlighting harmonisation and focusing on key underlying or uniting threads like core competencies (e.g. Prahalad & Hamel, 1999), there is little room for pluralism and conflict. Thus, despite acknowledging organisations as diverse and complex, few works address that elements of strategy may be in conflict. While work discusses the role of conflict in strategy formulation and decision-making (e.g. Amason, 1996; Amason & Schweiger, 1994; Eisenhardt et al., 1997), little work has looked at the issue post-formulation, for instance during strategy implementation. As De Dreu, Harinck & Van Vianen (1999, p. 387) state: "Research has failed to address the aftermath of resource conflict, that is, the implementation of negotiated contracts (Pruitt, 1981; Saunders, 1985)."

Conflict. Conflict can be defined as "a dynamic process that occurs between individuals and/or groups who are in interdependent relationships" (Hartwick & Barki, 2004, p.4-5), which produces a state of discord based on perceived discrepancy in needs, values and interests (Walton, 1969). Conflict has traditionally as something problematic needing to be avoided, suppressed or overcome to facilitate progress toward organisational goals (Brown, 1983; Pondy, 1967). However, this notion has been challenged by recent theory, which re-conceptualizes conflict as neither good nor bad, but rather as a natural, dynamic and inevitable part of human interaction (Hartwick & Barki, 2004; Jehn & Mannix, 2001). Defining conflict as dynamic and shaped by changing conditions, suggests that conflict evolves processually over time and across longitudinal work (De Dreu et al., 1999; Jehn & Mannix, 2001). The strategy literature provides some insight into the relationship between strategy and conflict, particularly how strategy may lead to conflict and how conflict may impact strategy. However, research in this area is neither extensive nor systematic, and often only considers conflict indirectly. Our overarching research aim is thus to further investigate the connection between strategy and conflict. In so doing, we address three blind spots in the literature. First of all, the strategic management literature has done little to investigate horizontal relationships and conflict in organizations: "the focus to date on vertical interactions between senior management and others has obscured the importance of horizontal interactions within organizations" (Balogun & Johnson, 2004: 524). Although recent research has started to investigate the role of middle managers, relatively little has been said about conflict (see Woodrudge et al., 2008 for a review). Our first guiding question is thus: *Does horizontal conflict occur during strategy implementation?*

Secondly, conceptualization of conflict as dynamic implies that we need to study conflict over time, something researchers have been disinclined to do (for a notable exception from the conflict literature see Jehn & Mannix, 2001). Indeed, most conflict research has been cross-sectional, despite relative acceptance in the literature that the nature (Jehn, 1997; Jehn & Mannix, 2001) and frequency of conflict (De Dreu & Van Knippenberg, 2005; Rubin, Pruitt & Kim, 1994) change over time. The strategic management literature has not been better at incorporating these developments: "The focus on micro processes is a welcome addition to what has been traditionally a black box between inputs and outcomes" (Kolb, 2008: 428). Responding to this call, we ask: *Which patterns of organisational conflict occur during strategy implementation?*

Finally, little is known about the impact of conflict on strategy, although there are indications that conflict can subvert and redirect strategy (Burgelman, 1994; Guth & MacMillan, 1986). We thus ask: *What is the impact of conflict during strategy implementation on the attainment of specific strategic tasks?*

Methodology

We adopted a longitudinal, real-time, case-based approach, using theoretical sampling to select a case that reflected the phenomena under investigation (Pettigrew, 1990; Yin, 1994). We explore our research questions in Servico, a FTSE100 regulated infrastructure firm. It consisted of a corporate centre and four divisions (Distribution, Wholesale, Retail and International). Servico was implementing a new Regulatory Framework based on equivalence, which required it to functionally separate its distribution network into a new business division. This division, 'Distribution', would remain part of the corporate Servico structure but operate independently. This meant providing equal access to the distribution network to all industry players without favouring downstream Servico businesses. This necessitated the reconfiguration of products, services, systems, processes and relationships under deadlines. This strategy prompted the creation of an implementation programme formulated around core products in each division and at the Centre; we focus our analysis of conflict on this programme.

Longitudinal qualitative data were collected over 24 months from the inception of the Regulatory Framework, tracing in real-time the separation of industry products. To facilitate comparison (Pruitt, 2008), we followed the development of three products, Connectif, Lineshare and ExtraPlus. The analysis presented here centres on non-participant observation in 183 implementation meetings. Of these, 113 were divisional meetings (Distribution = 34; Wholesale = 14; Retail = 26; International = 39) and 70 were central meetings. We rely on meeting data, as it is able to more faithfully represent the temporal dimension, which is important in conflict research (Pruitt, 2008).

However, we also used a range of complementary field methods (Eisenhardt, 1989; Yin, 1994). Specifically, we conducted 125 interviews, with key managers. Interviews were typically an hour in length and were transcribed verbatim. Information from these interviews informs analysis of meetings and, in later stages, adds substance to our story. Additionally, we engaged in informal on-site interaction and collected numerous documents.

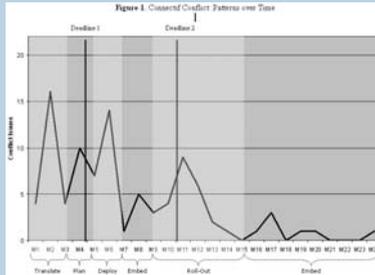
In order to make sense of these mass data, analysis progressed in five stages: (1) writing rich chronological case story of each product (Geertz, 1973; Langley, 1999), (2) coding all incidents of conflict relating to the three products and relationships, creating a list of 330 conflict issues (De Dreu et al., 1999), (3) categorising conflict issues on the basis of conflict type (De Dreu & Gelland, 2008), (4) conducting frequency counts of conflict issues per month and displaying them graphically over time to map patterns, and (5) going back to the contextual story and revisiting interview data to explain the patterns we found. In so doing, we traced conflict over time and assessed its impact on the organisation.

The Role of Conflict in Strategy Tasks

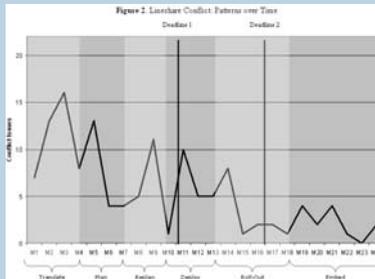
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Results

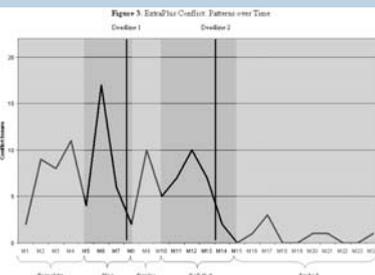
Connectif: In total, 94 conflict issues arose between Distribution and Wholesale in relation to the Connectif delivery. The overall frequency of conflict issues declined over time but there were significant peaks of conflict. The project progressed through six stages of implementation: translation, planning and trialling, deployment, embedding, roll-out and further embedding. Each of these stages demonstrated a different pattern of conflict, both in terms of frequency and conflict issue. In addition, each phase was associated with conflict surrounding different issues, which indicates an evolution of conflict issues over time, rather than 'the same thing all over again'. Ultimately, conflict subsided, although the underlying situation between Wholesale and Distribution, which produces the conflict dynamic, remained unaltered.



(2) Lineshare: In total, 129 conflict issues arose between Distribution and Retail in their interaction over Lineshare. The number of conflict issues generally decreased over time, but there significant peaks of conflict surfaced at various stages of the process. The project progressed through six stages of implementation: translation, planning and trialling, replanning, deployment, roll-out and embedding. Each phase demonstrated a unique pattern of conflict frequency and issue, providing further evidence that conflict evolved over time. The underlying situation between Retail and Distribution remained unaltered but conflict ultimately subsided.



(3) ExtraPlus: 107 conflict issues arose out of the interaction between Distribution and International over ExtraPlus. Conflict generally decreased over time but, as in the other deliveries, several significant peaks of conflict were evident. The project progressed through five implementation stages: translation, planning and trialling, deployment, roll-out and embedding. Different conflict issues were highlighted in each phase, demonstrating the dynamic and changing nature of conflict over time. Despite the continuation of discrepant views in International and Retail, conflict eventually settled.

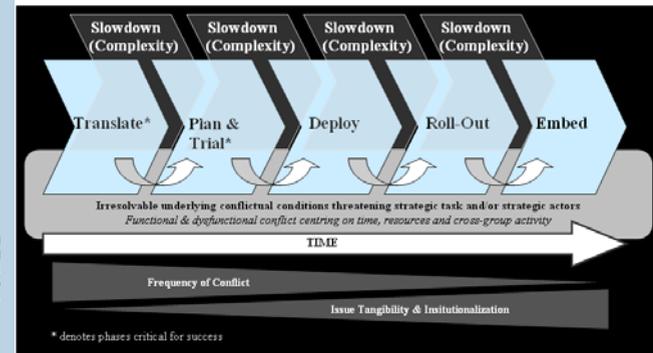


Discussion

We provide evidence of conflict during strategy implementation, specific patterns of conflict over time, and the impact of this conflict for the strategic task. Limited conflict research in the strategic management literature means that we need to go outside of the field for insight. We thus draw upon conflict theory in psychology and sociology to guide our exploration of conflict in strategy implementation processes.

Finding	Proposition
Evidence of substantial conflict in each delivery	P1: Conflict occurs in strategy implementation tasks, regardless of magnitude or complexity of task
Five stages of strategy implementation	P2: Conflict progresses through stages, becoming increasingly tangible and institutionalized over time
Total number of conflict issues steadily decreased over time	P3: As elements of conflict become incorporated into systems, processes and practices of the organization, they are institutionalized and actors grow accustomed to the condition within the business, thereby removing the perception of these issues as problematic
Clear peaks and troughs in conflict	P4: As elements of the strategic task becomes operationalized, issues emerge that act to highlight the underlying conflictual conditions which are perceived to threaten either the strategic task and/or the individual actors themselves.
Conflict never disappeared entirely in any of the cases	P5: Conflict is an irresolvable condition of complex organizational structures
Conflict in each stage was based on similar underlying concerns around resources, time and cross-group activity	P6: In complex organizations conflict is recurrent, with the similar issues resurfacing over time (which become increasingly concrete), rather than the continual emergence of new issues
Less successful deliveries (Connectif and Lineshare) were associated with additional phases	P7: Additional implementation phases represent a slowdown in progress toward strategic goal and signal threat of failure P8: Complex deliveries are more likely to experience additional implementation phases, characterized by conflict
In the most successful delivery, ExtraPlus, more time was spent in the early translation and planning phases	P9: The translation and planning phases are particularly crucial; more time invested here leads to more successful deliveries
ExtraPlus exhibits most conflict during the planning stage	P10: In terms of ensuring a successful delivery, the planning stage is more important than the translation phase
The most successful task was not the least conflictual task	P11: The function of conflict is more important than the frequency of conflict
ExtraPlus conflict is largely functional, but we also see dysfunctionality on Lineshare (blaming).	P12: Conflict has both positive and negative effects on strategy implementation (simultaneously)

Figure 4: Process Model Summarizing Propositions



Conclusion

With this work, we contribute to three underrepresented areas of research: 1) evidence of horizontal conflict during strategy implementation, 2) evidence of variations in conflict over time, and 3) evidence of the positive and negative effects of conflict on strategy. Adopting the view of conflict as a dynamic process (Coser, 1956; Deutsch, 1969), allowed us to explore notions of conflict in strategy over time. In so doing, we brought together the literature on strategy and that on conflict, thereby contributing to both. This work potentially has implications for any organization, which deals with multiple demands and is likely to increase in value as organizational complexity grows. Future research should investigate the role of conflict during less extreme conditions and pay particular attention to conflict in routine work, which are likely to be weaker (Jehn, 1997). Conflict is unlikely to be rare occurrence in day-to-day activities, as there is a constant need to prioritize issues that need to be addressed and there is never sufficient time or resources to deal with all issues simultaneously (Marginson, 2002).