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Strategic Design as a vehicle for organizational conflict management

Building relationships that
generate shared value

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Credits

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Introduction

In today's organizational environment, particularly in businesses, relationships with stakeholders are essential for ensuring both, sustainability and the social license to operate. The latter concept refers to the acceptance and legitimacy a company gains from its communities and key actors—an intangible asset crucial for the stability and long-term viability of its operations in a given context.

In sensitive sectors such as mining, energy, and agriculture, where social and environmental impacts are significant due to the nature of operations, the social license to operate is critical. Losing it can lead to reputational and financial risks that may compromise the viability of the business.

A fundamental element in obtaining and maintaining this social license is the ability to cultivate a virtuous relationship from within the company's operations. This entails fostering relationships that acknowledge the importance of trust-building, generate value for different stakeholders, and strategically contribute to both, business sustainability and territorial development.

However, relationship management is not solely an external concern. The internal dimension of organizational relationships—particularly among operational teams, decision-making executives, and external affairs teams—plays a key role in ensuring strategic coherence and effectiveness in engaging with external stakeholders. These internal actors often have different perspectives, priorities, and responsibilities, which can lead to either tensions or to foster synergies, depending on how these relationships are managed.

Operational teams are primarily focused on the technical and logistical execution of the organization's activities, prioritizing efficiency and the achievement of specific objectives. Meanwhile, mission-driven executives define broader strategic directions, seeking to align them with organizational values and long-term goals. External relations teams, such as corporate social responsibility (CSR) or public relations departments, act as mediators between the organization and its social environment, conveying external concerns to strategic decision-makers and providing responses that reflect organizational interests.

This triangulation requires seamless communication and mutual understanding to prevent misalignment between strategic decisions, daily operations, and external perceptions of the organization, all of which can impact the company's social license to operate.

The relationship between a company and its stakeholders, as well as the interactions among different operational areas, exhibits characteristics of complex systems. According to Donella Meadows (2008), a complex system consists of interconnected elements forming a coherent whole, driven by feedback loops and mutual dependencies. These systems display nonlinear behaviors, meaning that interactions among their components produce outcomes that are neither proportional nor entirely predictable.

This implies that relationships and conflicts within organizations are neither linear nor entirely foreseeable; rather, they are interdependent and adaptive. A perspective that applies complex system characteristics to stakeholder relationships manifests in the following ways:

- **Interdependence:** Various stakeholders influence each other and the company reciprocally. Changes in corporate policies or specific incidents can directly impact stakeholder perceptions, triggering chain reactions that affect other groups in unforeseen ways. This creates a network of mutual influences, complicating relationship and conflict management.

- **Nonlinearity:** Complex systems are characterized by disproportionate responses to minor stimuli. In a highly interdependent environment, even a slight shift in the perception of a single stakeholder group (such as a local community or a key client) can trigger significant reactions across others, ultimately impacting the company's operations and profitability.

- **Emergence and Adaptability:** In business relationships, conflicts are not isolated events but ongoing processes that evolve over time, influenced by changing environmental conditions. This evolution, or the system's functional dynamics, is governed by feedback loops, which can be either positive or negative depending on multiple factors.

    - **Positive Feedback:** A successful collaboration program between the organization and a stakeholder group can build trust, strengthening commitment and cooperation in future initiatives.

    - **Negative Feedback:** Conversely, a poorly managed reputational crisis can breed distrust, escalate conflicts, and reduce opportunities for dialogue.

These elements make stakeholder relationships and conflict management inherently complex problems. Addressing them requires interventions grounded in systems analysis —flexible and tailored to the specific context of the company and its interactions. This is where a discipline like strategic design can contribute to the discussion on building trust-based relationships and transforming conflicts.

Strategic Design as a Framework for Addressing Relationship Challenges and Conflict

Strategic design is an approach that integrates design tools and methods to address complex challenges and problems in a systemic and collaborative manner. Unlike traditional design approaches focused on specific products or services, Strategic design seeks to understand the underlying relationships and dynamics that shape systems, including the relational systems in which a company or organization operates.

According to Ezio Manzini (2015), Strategic design is oriented toward systemic change, aiming to develop solutions that maximize impact and sustainability in complex environments. This discipline helps shape the direction and purpose of a complex system through an iterative and adaptive process that aligns reflection and action. It enables companies to anticipate several key elements, such as creating shared value, mitigating or reducing environmental and social risks associated with their operations, and the ability to proactively understand the needs and expectations of both internal and external stakeholders—ultimately granting legitimacy to their operations.

Some of the specific approaches or principles of Strategic design that contribute to relationship and conflict management include:

1. **Systemic Analysis and Deep Understanding:** Strategic design allows organizations to map and comprehend their relationships with stakeholders and internal teams, visualizing interactions and tensions among different actors. A systemic approach to conflict and relationship management helps identify interdependencies, key influencing variables, and feedback loops—both positive and negative. This understanding allows organizations to pinpoint factors that reinforce conflicts as well as leverage points that offer opportunities to transform both, the system and the conflict at hand.
2. **Co-Creation of Solutions:** Instead of imposing decisions, Strategic design involves stakeholders in the development of solutions. By engaging relevant actors in the design process, companies create solutions that address real needs and are more likely to be accepted and supported. This collaborative approach fosters a sense of ownership and legitimacy among stakeholders.

3. Iteration and Continuous Adaptation: Since complex systems are constantly evolving, Strategic design embraces an iterative and adaptive approach. Solutions are implemented in phases and adjusted based on results and stakeholder feedback. This adaptability enables companies to respond swiftly to unforeseen changes in their environment, ensuring the legitimacy and sustainability of their relationships.

(**Figura 1. Elaboración Propia**)

While the process and methodological approach to design can vary, at Mediar, we utilize one of the most fundamental frameworks in design methodology: the Double Diamond, developed by the Design Council. We adapt and complement this model with a focus on conflict transformation and complexity management.

1. Immersion: Systemic Understanding of Challenges and Conflicts in the Business Environment

The immersion phase is the first step in strategic design and focuses on conducting a more comprehensive and systemic analysis of the context, encompassing the relational and structural elements that define the company's operating environment. Beyond identifying relationships, it involves analyzing how conflicts or challenges arise and are sustained within the complex system in which the company operates. This approach allows for a holistic vision that includes both, external factors (political, social, and environmental) and internal factors (cultural and operational).

A systemic approach in the immersion phase provides a complete view of business challenges and conflicts, identifying factors such as the economic, social, and environmental interests of key stakeholders and how they interact. When addressing relationships, it is essential to consider:

- **Positions and Motivations:** The immersion phase helps identify not only what each stakeholder wants (explicit positions) but also their deeper motivations (underlying interests), which can be critical for effectively and sustainably resolving conflicts.

- **Emotionality and Perceptions:** The emotions and perceptions surrounding conflict, directly impact how stakeholders react to business decisions. Understanding these emotional dynamics helps anticipate potential resistance and facilitates a more empathetic and sensitive intervention.

A systemic approach to conflicts can provide key elements essential for their transformation:
- **Stakeholder and Relationship Mapping:** The immersion phase helps identify key actors and analyze their roles and interactions within the system. This mapping reveals connections and potential points of tension that help anticipate the impact of decisions and detect areas where conflict may escalate or be mitigated.

- **Anticipation of Future Scenarios:** This systemic analysis also enables projections of future scenarios based on the current functioning of the system while considering its positive or negative feedback loops.

A systemic analysis of the environment also enables the identification of opportunities to intervene strategically in conflicts, whether by adjusting policies, changing practices, or developing initiatives that generate value for multiple stakeholders.

2. Definition: Precise Delimitation and Action Within the System

The definition phase synthesizes the findings from the immersion phase into a comprehensive diagnosis of the conflict, including the forces and actors involved. This process helps identify specific elements that can be addressed and establishes shared objectives to guide the conflict resolution process. Understanding the problem with precision within a complex system allows the company to focus its efforts on key aspects of the conflict that are actionable and transformable, avoiding superficial and short-term solutions.

- **Establishing Common Goals:** This phase is fundamental in conflict transformation, as it enables the creation of a shared foundation for addressing conflicts. This common ground aligns stakeholders around shared objectives, fostering cooperation and strengthening the legitimacy of the company's actions by ensuring alignment with stakeholder expectations. In cases of internal conflict, this phase also helps orient organizational actions toward a common goal, enhancing the organization's effectiveness in addressing the issue.

- **Identifying Actionable Elements:** In complex systems, identifying intervention points is essential. The definition phase allows for the selection of areas within the system where intervention is feasible and can have the greatest impact, thereby optimizing resources and maximizing results.

3. Ideation: Co-Creation of Interventions with Active Stakeholder Participation

The ideation phase is where intervention proposals are collaboratively developed, directly involving stakeholders, to ensure that solutions address real needs and are viable. The co-creation process is essential for interventions to gain legitimacy and foster the commitment of those involved. By actively engaging internal or external stakeholders, companies create an environment in which solutions are built collectively, promoting trust and a sense of belonging.

Contributions to Conflict Transformation:

- **Building Legitimate and Collaborative Solutions:** Co-creating proposals with stakeholders strengthens the legitimacy of solutions, reduces resistance, and increases the likelihood of success, as participants feel their voices have been heard.

- **Thinking Outside the Box:** Encouraging creativity through methodology is crucial in this phase, as it allows for the identification of intervention alternatives that may not have been previously considered, but have the potential to satisfy all parties and contribute to the healthy evolution of the conflict or challenge.

- **Exploring Collaborative Roles:** During ideation, key stakeholders can take on specific roles in implementing solutions. Such collaboration not only enhances the effectiveness of implementation but also creates a support network that ensures the sustainability of changes over time.

4. **Delivery: Implementation, Feedback, and Continuous Adaptation**
The delivery phase prioritizes and implements interventions progressively and adaptively, allowing the company to adjust its strategies based on results and stakeholder feedback. Adaptability is essential in complex systems, where conditions and actors continuously evolve, making an iterative approach necessary to refine solutions and respond agilely to changes.

Contributions to Conflict Transformation:

- **Defining Decision-Making Criteria:** This phase allows for the establishment of criteria to prioritize interventions that will be prototyped or implemented. Defining criteria is essential, as it provides a sense of reality and key elements to consider when making decisions.

- **Pilot Implementation and Continuous Feedback:** Interventions are first applied in a controlled environment or pilot groups to assess their effectiveness and receive feedback before full implementation. This approach mitigates the risk of rejection and enables early adjustments to interventions.

- **Iterative Adjustments Based on Feedback:** Stakeholder feedback is crucial for making continuous adjustments that ensure the relevance and effectiveness of solutions, allowing for a dynamic and adaptive conflict management approach aligned with the evolving needs of stakeholders.

5. Identification and Engagement of Key Actors

One of Mediar's contributions to the double diamond model applied to conflict transformation is the inclusion of a phase dedicated to identifying and engaging key actors. The proposal suggests that, simultaneously with the ideation and implementation of interventions or solutions, a process should take place to identify and engage actors who can play a critical role in the transformation of the conflict or challenge at hand.

This process builds upon the classical stakeholder mapping approach but extends it by incorporating methodologies that analyze the value flows between actors. These flows emerge from relationships formed around a specific conflict or challenge, offering insights into potential collaborative opportunities and strategic interventions.

Conclusions

After implementing and testing this approach, Mediar recognizes strategic design as a powerful tool for organizational conflict transformation. It provides a structured and adaptable methodology that addresses challenges from a systemic and collaborative perspective. Its ability to tackle complex conflicts and challenges through manageable stages—such as those proposed by the double diamond model—enables organizations to deepen their understanding of internal dynamics and external relationships. This process not only fosters innovation in problem-solving, but also strengthens trust-based relationships and creates shared value, both essential for long-term sustainability.

Mediar's methodological approach offers organizations the opportunity to transform conflicts into drivers of positive change. Co-creating solutions with stakeholders legitimizes interventions and enhances organizational cohesion, while integrating diverse perspectives helps mitigate reputational and financial risks. Furthermore, clearly defining shared objectives and identifying key elements for action, allows companies to operate strategically and efficiently, strengthening their social license to operate and boosting their resilience in the face of future challenges.

In an increasingly dynamic and complex environment, organizational adaptability is no longer optional—it is imperative. Strategic design, with its emphasis on iteration and continuous feedback, ensures that interventions not only address immediate needs but also evolve over time. This approach enables organizations to optimize resources, reinforce their commitment to stakeholders, and establish a management model focused on sustainability and strengthening relationships at all levels.

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