

ORGANISATIONAL CHANGE MANAGEMENT AND PERFORMANCE IN SMEs: THE INTERVENING ROLE OF INTERPERSONAL CONFLICT

Milica Branković^{1*} , Nemanja Lekić¹ , Snežana Lekić¹ 

¹Belgrade Business and Arts Academy of Applied Studies, Department of Business and Information Studies, Belgrade, Serbia,
e-mail: milica.brankovic@bpa.edu.rs, nemanja.lekic@bpa.edu.rs, snezana.lekic@bpa.edu.rs

Abstract: Organisational change affects not only structures, processes, and work practices but also the relationships through which employees respond and adapt to new organisational requirements. Interpersonal tensions that emerge during this process may weaken cooperation and become relevant to the performance outcomes associated with change. Against this background, the research investigates the relationships among organisational change management, interpersonal conflict, and organisational performance in small and medium-sized enterprises, considering interpersonal conflict as a possible pathway connecting change management with performance. Empirical evidence was obtained from 588 employees of small and medium-sized enterprises in Serbia between November 2025 and March 2026. The measurement model comprised three constructs assessed through 15 statements on a five-point Likert scale. Confirmatory factor analysis established the adequacy of the measurement model, including construct reliability and convergent and discriminant validity, while structural equation modelling was used to examine the proposed relationships. Organisational change management was negatively associated with interpersonal conflict and positively associated with organisational performance. Interpersonal conflict showed a negative relationship with organisational performance. Mediation analysis additionally identified a significant indirect relationship between change management and performance through interpersonal conflict, while the direct relationship remained significant, indicating partial mediation. These results suggest that the performance implications of organisational change are connected with both managerial practices and the interpersonal conditions accompanying change. Managing change effectively therefore involves attention to emerging tensions and disagreements rather than treating interpersonal problems as separate from the change process. Timely managerial responses, guidance, and employee support may help maintain cooperation while organisational adjustments are being implemented. As the evidence reflects relationships observed at a single period of the change process, longitudinal research could determine whether the importance of interpersonal conflict varies as organisational change develops and across different forms of change.

Keywords: *organisational change management; interpersonal conflict; organisational performance; small and medium-sized enterprises; change implementation.*

Field: Social Sciences (Management and Business)

1. INTRODUCTION

Organisational change requires more than the formal introduction of new structures, processes, or working practices. Its implementation depends on managerial capacity to provide direction, prepare employees for change, support implementation, and respond to difficulties as they emerge (Çalışkan, 2025). In SMEs, clear guidelines for organisational change and leadership engagement in motivating and supporting employees have recently been identified among the most important factors for managing change successfully (Miziara et al., 2025). Effective change management can therefore be viewed as a managerial capability that connects planned organisational adjustments with the way employees experience and respond to the change process.

Interpersonal relations may become particularly vulnerable when employees adjust to altered responsibilities, routines, and expectations. Uncertainty and resistance accompanying change can intensify disagreements and tensions among employees. Recent evidence shows that resistance to change is positively associated with both task and relationship conflict (Dar, 2026). Leadership, psychological safety, interactional justice, and team cohesion have also been identified as conditions shaping the level of interpersonal workplace conflict (Saikrishna, 2025). Interpersonal conflict may therefore represent an important relational consequence of the conditions under which organisational change is managed.

Organisational performance represents another important dimension of the change process. Effective change management can support performance by aligning managerial actions, employee responses, and implementation activities with organisational objectives, while inadequate management may weaken the expected benefits of change. Recent studies report positive associations between

*Corresponding author: milica.brankovic@bpa.edu.rs



change management practices and organisational performance (Githinji et al., 2024; Hasan et al., 2025). At the same time, interpersonal conflict can interfere with cooperation and work-related behaviour, with empirical evidence linking conflict to poorer individual and contextual performance outcomes (Paul et al., 2023; Banerjee & Malik, 2025). Performance during organisational change may therefore depend not only on how change is managed but also on the interpersonal conditions that develop as the process unfolds. This interplay may be particularly relevant in SMEs, where limited organisational resources and closer working relationships can make the interpersonal consequences of change more immediately visible in everyday operations.

Despite growing evidence on change management, workplace conflict, and organisational performance, their interrelationships remain insufficiently examined in SMEs, particularly with interpersonal conflict considered as a mechanism through which change management may affect performance. This study therefore aims to examine the relationships among management of organisational change, interpersonal conflict during organisational change, and organisational performance in SMEs, and to determine whether interpersonal conflict mediates the relationship between change management and organisational performance. Accordingly, the following hypotheses are proposed:

H1: Management of organisational change is negatively related to interpersonal conflict during organisational change.

H2: Management of organisational change is positively related to organisational performance.

H3: Interpersonal conflict during organisational change is negatively related to organisational performance.

H4: Interpersonal conflict during organisational change mediates the relationship between management of organisational change and organisational performance.

2. MATERIALS AND METHODS

A quantitative, cross-sectional research design was applied to examine the relationships among management of organisational change (MOC), interpersonal conflict during organisational change (ICC), and organisational performance (OP) in small and medium-sized enterprises (SMEs). Data were collected between November 2025 and March 2026 from employees of SMEs operating in Belgrade, Novi Sad, Niš, and Užice, Serbia. A total of 700 printed questionnaires were distributed through participating enterprises, of which 588 complete questionnaires were retained for analysis, yielding a response rate of 84.0%. No identifying information was collected, and participation was based on respondents' free consent. All responses were used solely for research purposes.

Measurement was based on 15 statements representing three constructs, accompanied by sociodemographic questions on respondents' gender, age, educational level, total work experience, business sector, and enterprise size. Five MOC items captured managerial support, guidance during change, role-modelling behaviour, support provided to employees, and timely managerial response. Five ICC items reflected tensions, disagreements, deterioration of interpersonal relations, conflicts, and misunderstandings arising during organisational change. OP was operationalised through five items referring to process efficiency, work productivity, product or service quality, achievement of organisational goals, and customer satisfaction. Each statement was rated from 1, indicating strong disagreement, to 5, indicating strong agreement. The operationalisation of the three constructs was informed by established and recent literature: Raineri (2011) and Çalışkan (2025) for MOC, Jehn (1995) for ICC, and Delaney and Huselid (1996), Andrews and Boyne (2006), and Singh et al. (2016) for OP.

Data analysis proceeded in several stages. Descriptive statistics provided an initial overview of the constructs, after which the measurement structure was evaluated by means of CFA (confirmatory factor analysis). Cronbach's α and McDonald's ω were used as indicators of internal consistency, whereas convergent validity was evaluated from the standardised factor loadings and AVE (average variance extracted) (Hair et al., 2019). Discriminant validity was examined using the Heterotrait–Monotrait ratio (HTMT) (Henseler et al., 2015). Model fit was assessed using CFI, TLI, RMSEA, and SRMR following established SEM recommendations (Kline, 2023). Relationships among the constructs were examined through bivariate correlations and structural path estimates, with R^2 used to assess the explained variance in the endogenous constructs. Mediation analysis was performed to test the indirect effect of MOC on OP through ICC, with statistical significance evaluated using 5,000 bootstrap samples and 95% confidence intervals (Hayes, 2022). All analyses were performed in jamovi (Version 2.7.38), with CFA and structural model estimation conducted using the SEMLj module (The jamovi project, 2025; Gallucci & Jentschke, 2021).

3. RESULTS

Analysis examined the relationships among management of organisational change (MOC), interpersonal conflict (ICC), and organisational performance (OP), including the mediating role of ICC. Results are presented through sample characteristics, descriptive statistics, measurement model assessment, correlations among the constructs, structural relationships, and mediation analysis.

Sample characteristics

The study included 588 respondents, with complete sociodemographic data available for all participants. As shown in Table 1, the sample was nearly balanced by gender and enterprise size, while respondents aged 46–55 and those with undergraduate academic or professional education represented the largest groups within their respective categories. Services accounted for the largest share of enterprises, and respondents with 11–20 and 21–30 years of work experience were equally represented.

Table 1. Sociodemographic characteristics of respondents (N = 588)

Characteristic	Category	Frequency	Percentage
Gender	Male	286	48.64
	Female	302	51.36
Age	Up to 35 years	129	21.94
	36–45 years	174	29.59
	46–55 years	202	34.35
	Over 55 years	83	14.12
Education level	Secondary education	92	15.65
	Undergraduate academic / professional studies	270	45.92
	Master's / specialist studies	180	30.61
	Doctoral studies	46	7.82
Total work experience	Up to 10 years	107	18.20
	11–20 years	191	32.48
	21–30 years	191	32.48
	Over 30 years	99	16.84
Business sector	Manufacturing	172	29.25
	Trade	191	32.48
	Services	225	38.27
Enterprise size	Small enterprise (10–49 employees)	295	50.17
	Medium-sized enterprise (50–249 employees)	293	49.83

Source: Authors' survey data

Descriptive statistics of the study constructs

Descriptive statistics indicate generally favourable assessments of organisational change management and particularly high evaluations of organisational performance, while interpersonal conflict during organisational change was reported at a comparatively lower level (Table 2). Skewness and kurtosis values indicate acceptable distributional characteristics, although OP shows a stronger concentration of responses toward higher ratings.

Table 2. Descriptive statistics of the study constructs

Construct	Mean	Std. Dev.	Skewness	Kurtosis
MOC	3.58	0.85	−0.36	2.42
ICC	2.59	0.96	0.28	2.28
OP	4.38	0.68	−1.44	4.61

Source: Authors' survey data

Measurement model assessment

The measurement model showed a satisfactory fit (CFI = 0.991, TLI = 0.989, RMSEA = 0.047, SRMR = 0.032). Further evaluation focused on item loadings and the measurement quality of each construct.

Table 3. Reliability and convergent validity of the measurement model

Construct	Loading range	Cronbach's α	McDonald's ω	AVE
MOC	0.788–0.839	0.886	0.887	0.671
ICC	0.816–0.865	0.901	0.901	0.701
OP	0.713–0.879	0.870	0.862	0.657

Source: Authors' survey data

Discriminant validity was assessed using the Heterotrait–Monotrait ratio (HTMT), with values of 0.853 for MOC–ICC, 0.600 for MOC–OP, and 0.578 for ICC–OP. All values remained below the 0.90 threshold, supporting the discriminant validity of the three constructs.

Correlations among the study constructs

Bivariate correlations among MOC, ICC, and OP were examined to identify the direction and strength of the relationships among the study constructs (Table 4).

Table 4. Correlations among the study constructs

Construct	MOC	ICC	OP
MOC	1.000		
ICC	–0.744***	1.000	
OP	0.519***	–0.500***	1.000

Note: *** $p < 0.001$

Source: Authors' survey data

MOC was strongly and negatively correlated with ICC and moderately and positively correlated with OP, while ICC showed a moderate negative correlation with OP. All relationships were statistically significant, indicating that more effective management of organisational change was associated with lower interpersonal conflict and higher organisational performance.

Structural model assessment

Structural relationships among MOC, ICC, and OP were examined through the estimated paths between the latent constructs. Standardised path coefficients and their statistical significance are presented in Table 5.

Table 5. Standardised structural path estimates

Structural path	β	SE	z	p
MOC $\rightarrow$ ICC	–0.854	0.0357	–26.25	< 0.001
MOC $\rightarrow$ OP	0.410	0.0927	4.00	< 0.001
ICC $\rightarrow$ OP	–0.245	0.0803	–2.52	0.012

Source: Authors' survey data

Structural estimates revealed a strong negative effect of MOC on ICC, a significant positive effect of MOC on OP, and a negative effect of ICC on OP, confirming the expected directions of the examined relationships. Regarding explained variance, MOC accounted for 73.0% of the variance in ICC ($R^2 = 0.730$), while MOC and ICC jointly accounted for 40.0% of the variance in OP ($R^2 = 0.400$).

Mediation Analysis

Mediation analysis was conducted to examine whether ICC mediates the relationship between MOC and OP. Statistical significance of the indirect effect was assessed using 5,000 bootstrap samples and 95% confidence intervals.

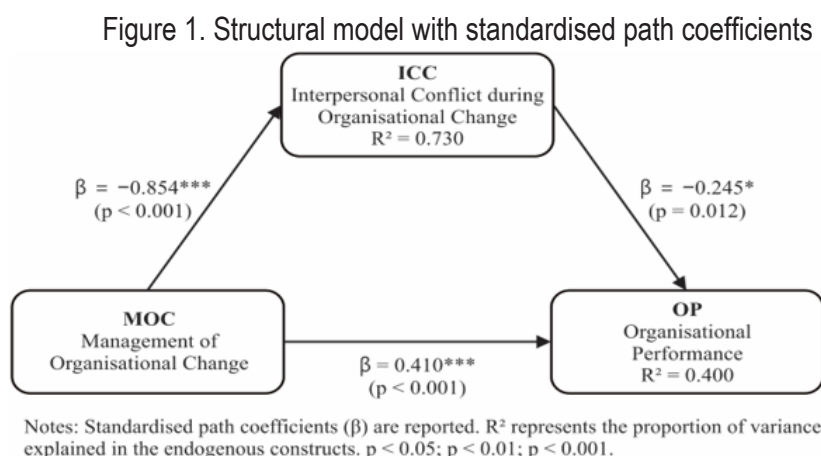
Table 6. Direct, indirect, and total effects of MOC on OP through ICC

Effect	Estimate	SE	Lower 95% CI	Upper 95% CI	z	p
Indirect	0.150	0.0278	0.0952	0.204	5.40	< 0.001
Direct	0.261	0.0441	0.1746	0.348	5.93	< 0.001
Total	0.412	0.0317	0.3495	0.474	12.99	< 0.001

Note: 95% confidence intervals were estimated using 5,000 bootstrap samples

Source: Authors' survey data

Results provide evidence of a significant indirect effect of MOC on OP through ICC, with the bootstrap confidence interval excluding zero. After ICC was introduced as the mediator, the positive relationship between MOC and OP remained statistically significant, indicating partial mediation. More effective management of organisational change was associated with lower interpersonal conflict, which, in turn, was associated with higher organisational performance. Approximately 36.4% of the total effect was transmitted through ICC. Accordingly, ICC represents a significant mediating mechanism in the relationship between MOC and OP, while the remaining direct effect shows that interpersonal conflict does not fully account for this relationship. The estimated structural relationships and explained variance in the endogenous constructs are presented graphically in Figure 1.



Source: Authors' analysis based on survey data

More effective management of organisational change was consistently associated with lower interpersonal conflict and higher organisational performance, forming a coherent pattern across the estimated structural relationships. Combined with the significant indirect effect, these findings underscore the role of interpersonal conflict in linking organisational change management to organisational performance.

4. DISCUSSION

Effective management of organisational change emerges as an important factor in reducing interpersonal conflict and supporting organisational performance in SMEs. Interpersonal conflict, in turn, appears to constrain performance and partly explains how change management translates into organisational outcomes. Overall, the findings support all four hypothesised relationships and point to the interconnected roles of change management, workplace relations, and performance.

Support for H1 indicates that effective change management is associated with lower interpersonal conflict. Leadership, continuous communication, employee involvement, and active management of resistance are recognised as important conditions for successful organisational change (Errida & Lotfi, 2021), while resistance to change has been positively associated with relationship conflict (Dar, 2026). H2 is also supported, confirming a positive relationship between change management and organisational performance. Coordinated managerial practices across human, organisational, technological, and leadership dimensions contribute to successful change (Hasan et al., 2025), and change management practices involving stakeholder participation, readiness, support, and implementation monitoring have been positively associated with organisational performance (Githinji et al., 2024). In contrast, H3 confirms that interpersonal conflict is negatively related to organisational performance, consistent with evidence linking interpersonal conflict to lower contextual performance and relationship conflict to adverse employee outcomes (Paul et al., 2023; Konuk, 2026). Taken together, these relationships suggest that organisational performance during change depends not only on managerial practices but also on the quality of interpersonal relations accompanying their implementation.

Interpersonal conflict also emerged as a significant mediating mechanism, supporting H4. Previous evidence identifies interpersonal and relationship conflict as mechanisms linking workplace conditions and organisational practices with performance outcomes (Banerjee & Malik, 2025; Papalexandris, 2025). Its

partial mediating role indicates that interpersonal relations constitute one pathway through which change management is associated with organisational performance, while other mechanisms may also contribute to this relationship. This extends the interpretation of change management beyond its direct performance implications and highlights the relevance of interpersonal dynamics during organisational change.

5. CONCLUSIONS

Managing organisational change effectively has implications beyond the implementation of change itself. In SMEs, more effective change management is associated with lower interpersonal conflict and better organisational performance, while interpersonal conflict partly explains the relationship between change management and performance outcomes. This finding brings the interpersonal dimension into understanding how organisational change management is related to performance and shows that workplace relations form an important part of the change process.

For SMEs, organisational change therefore requires attention not only to planned activities and intended outcomes but also to the interpersonal relations through which change unfolds. Managers need to recognise emerging tensions and address disagreements before they begin to disrupt cooperation and work outcomes. Cross-sectional data and respondents' own assessments limit the conclusions that can be drawn about how these relationships develop over time. Further studies conducted at different stages of change could clarify whether the role of interpersonal conflict remains consistent as the change process develops.

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