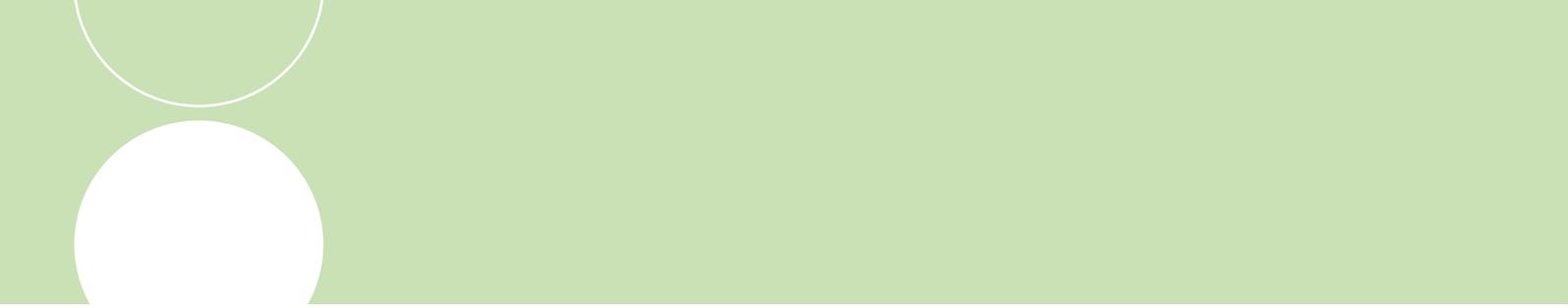


# Developing Conflict Resilient Workplaces

A report for Victorian public sector leaders



The Victorian Government has vested the State Services Authority with functions designed to foster the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Authority are to:

- identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;
- promote high standards of integrity and conduct in the public sector;
- strengthen the professionalism and adaptability of the public sector; and
- promote high standards of governance, accountability and performance for public entities.

The Authority seeks to achieve its charter by working closely and collaboratively with public sector departments and agencies.

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# 1. Introduction

In 2008 the State Services Authority (SSA) embarked on a project '*Taking the heat out of workplace issues*'. The catalyst was the data on grievances and complaints from Victorian public sector employees made to the Public Sector Standards Commissioner (PSSC). In addition to anecdotal evidence supporting the far ranging nature and number of conflicts, the results of recent People Matter Surveys<sup>1</sup> consistently show low levels of confidence in the ability of organisations to resolve grievance issues.

The aims of the project were to:

- establish the value of early, non-adversarial intervention in helping to resolve disputes and conflicts in the workplace;
- encourage and support the use of non-adversarial approaches across the Victorian public sector; and
- serve as a means of embedding public sector values and employment principles into conflict management models (in particular the concept of 'fair and reasonable').

The project has successfully stimulated discussions across the Victorian public sector about how best to manage workplace issues. More people are talking to each other about what needs to be done, and how to do it differently; ideas are being shared.

Using an action learning model, the project has created a network of more than 100 people from approximately 40 organisations. Network members have been enthusiastic and active in making incremental changes in their workplaces. The *Taking the heat out of workplace issues* project has also resulted in an implementation guide: *Developing conflict resilient workplaces*. In bridging theory and action, it is an important companion document to this report

This report argues that building conflict resilient workplaces is an important opportunity for the Victorian public sector (**the sector**).

<sup>1</sup> People Matter Survey reports; State Services Authority – [www.ssa.vic.gov.au](http://www.ssa.vic.gov.au)

Conflict resilient workplaces share core features:

- They have **integrated models** for managing conflict. These models use a triage or intake assessment system to identify the root cause of a problem and support staff to decide on the best way forward. Formal processes are an important safety net in this system, but not the entry point.
- In resolving disputes, they focus on people's interests and needs, as well as rights.
- Staff are **skilled and confident** in being able to deal with their own workplace issues early, without the need to access formal grievances and third parties.
- Action is taken at **different levels**: to promote strong communication and relationships; to prevent things from going wrong; and to react appropriately when things do go wrong.

Some sector organisations are making a shift from refining their formal grievance processes (which are about reacting to conflict using adversarial processes), to promoting strong relationships and communication. They are skilling their staff to prevent the escalation of conflict. They are using a different language and new methods – particularly alternative dispute resolution processes such as coaching and mediation.

This report presents the evidence about the costs of conflict in organisations and the business case for taking a new approach. It is an invitation to the leaders of the public service and sector organisations to develop strategies that recognise the links between promoting strong communication through relationship building and reducing the risk of costly and disruptive workplace conflict. It describes an integrated conflict management model that can be adapted by all organisations across **the sector**. The model requires strong early intake assessment or triage practices, to identify the root cause of a dispute, and supplements traditional grievance procedures with appropriate alternative dispute resolution practices.

In particular, this means organisations need to provide resources – particularly for training and development. Employees need to become skilled in using a range of alternative dispute resolution models (conflict coaching, facilitation, mentoring, mediation) and in knowing which approach is appropriate to which situation and at what time.

## 2. The potential for change

This section summarises current issues faced by Victorian public sector organisations in relation to workplace conflict. It assesses current approaches and apparent costs for dealing with employee grievances and conflict.

### 2.1 The costs of conflict

Analysis of data available from People Matter Surveys consistently indicates concerning levels of workplace conflict<sup>2</sup>, combined with low levels of confidence in traditional, formal grievance resolution processes. The data also shows that people experiencing workplace conflict have significantly lower levels of job satisfaction and engagement.

Researchers and practitioners have long suggested that unresolved conflict is among the largest reducible cost in organisations. Estimates suggest that the average Victorian public sector stress claim is \$110,000. This is consistent with the average cost reported by the Australian Government's medical insurer, Comcare<sup>3</sup>. The Australian Institute of Management (AIM) has reported that between 30 and 50 per cent of a manager's time is spent managing workplace conflict<sup>4</sup>.

The costs of unresolved conflict include:

**Individual distress:** Mental and physical wellbeing, absenteeism, counter culture activities and ongoing dissatisfaction, irrespective of result.

**Broken relationships:** Lost productivity ('presenteesim'), lost opportunities, declining trust and morale and increased disputation.

**Organisational resources:** Case management, recruitment and retention.

As can be seen from the above the costs of this unresolved conflict are many, ranging from individual distress, to broken relationships and strained organisational resources.

<sup>2</sup> In the form of bullying and harassment

<sup>3</sup> Comcare is the workers compensation insurer for the Australian Government: [www.comcare.gov.au](http://www.comcare.gov.au)

<sup>4</sup> AIM, Management Today, August 2007

We know that a growing proportion of workers compensation claims are based on injuries related to stress, and much of that stress is associated with unresolved conflict<sup>5</sup>. (Figure 1)

While the research does not specifically refer to the term workplace conflict, it is reasonable to assume these findings are relevant to the issue of workplace conflict. Also, while the research did not differentiate between conflict-related stressors relating to contact with clients and co-workers, there is clear evidence that workplace conflict can result in significant costs.

### **Figure 1: Workers compensation and stress**

Research undertaken by WorkSafe Victoria has found that:

- Work-related stress is the second most common compensated illness/injury in Australia.
- Since 2001, stress related injuries have continued to make up a growing proportion of workers compensation claims (increasing year to year from 8% in 2000-01 to 10% in 2004-05).
- In Victoria, work-related stress, particularly in the public sector, has in recent times presented a growing percentage of workers compensation claims.
- Public sector workers account for a disproportionate share of work related stress (20% of claims, compared to 7% of claims by workers in other sectors).
- Roughly double the amount of compensation is paid to workers suffering from stress, compared to other injuries.
- Of 13 identified 'key stress risks', 2 ('bullying' and 'interpersonal relationships') were in the top 5.

Many of the issues resulting in complaints and grievances to the Public Sector Standards Commissioner need not have escalated into unresolved conflict. Analysis suggests that many of the underlying issues could have been resolved through early intervention and informal approaches<sup>6</sup>.

During the course of the project, it was identified that the need to manage organisational risk, as well as risk to an individual, is of high importance. This is illustrated in the case study 'Building a business case for change' at Appendix B.

<sup>5</sup> WorkSafe Victoria (2007) *Stresswise – Preventing Work-related stress: A guide for employers in the public sector*

<sup>6</sup> State Services Authority (2008) *Taking the Heat out of Workplace Issues Discussion Paper*

## 2.2 Where is the Victorian public sector?

In 2001, a major report on conflict management systems argued that organisations typically evolve through four phases in their approach to workplace conflict<sup>7</sup> as shown below.

1. No defined institutional processes for dispute resolution.
2. Rights-based grievance procedures are introduced.
3. 'Interest based' processes (usually involving mediation) supplement rights-based processes.
4. Focus moves beyond responding with grievance processes and mediation to:
  - analysing and responding to root causes of conflict; and
  - strengthening relationships through positive communication.

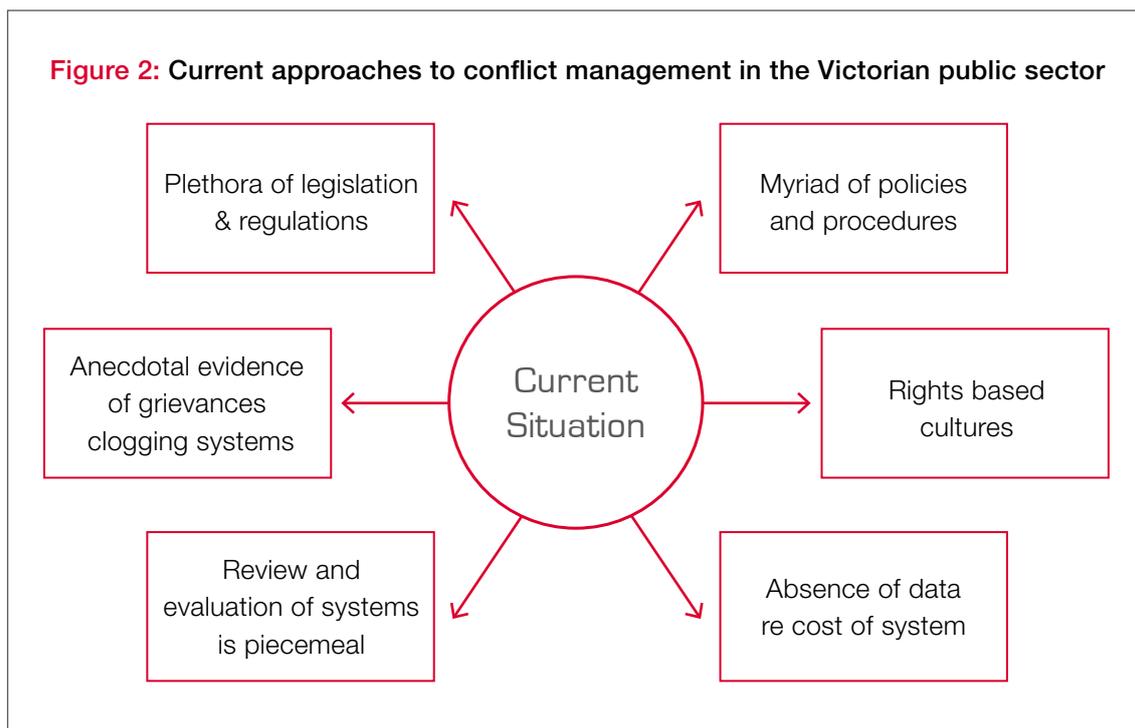
**The sector** is currently estimated to be at phase 2.

The general consensus of project participants was that **the sector** is largely driven by a rights-based framework. Participants pointed to the relatively heavy use of the 'review of actions' provisions in *The Public Administration Act 2004* and various enterprise agreements as evidence.

As a result, organisations have tended to develop a reliance on grievance procedures and arbitration, adjudication and appellate processes to deal with the number and range of cases. These approaches allow for a third party to determine who is in the wrong and to impose an official resolution. It should be noted however, that some organisations have commenced using mediation as a means of trying to resolve workplace conflicts.

<sup>7</sup> *Designing Integrated Conflict Management Systems: Guidelines for Practitioners and Decision Makers in Organizations* (2001) Cornell Studies in Conflict and Dispute Resolution (No.4), Martin and Laurie Scheinman Institute on Conflict Resolution, School of Industrial and Labor Relations & the Foundation for the Prevention and Early Resolution of Conflict (PERC), Cornell University.

The diagram below provides a snap shot of some of the elements of current complaint handling systems.



## 2.3 The road to change

The *Taking the heat out of workplace issues* project started from the premise that most conflict cases could be handled with fewer resources and would generate less risk if organisations had better systems for handling disputes and conflict.

There is a strong business case to support this view – although quantifying actual and potential costs is not a simple task.

Many larger organisations record the number of formal grievances and the time required to address them. However, other costs are less easily measured: presenteeism, absenteeism, resignation, property theft and damage, illness related to chronic stress, and the effects of poor decision making.

Despite these challenges, feedback from those who are using new models for managing conflict like that on the following page suggests there is considerable value in of early, non-adversarial models of intervention such as mediation and facilitation.

### Money spent on coaching makes business sense

When I moved to a new workplace recently, I found a conflict case that had been festering for three years. I imported a methodology based on conflict coaching that I'd used successfully in my previous workplace.

I initially costed the resources that had been consumed on this case during the preceding three months before I used the coaching method and identified that two thirds of the cost of this case had been taken up with internal resource consumption (meetings, written updates) which consumed time but achieved nothing.

In comparison, now one third of the costs are being spent on external conflict coaching. This appears to be addressing and rectifying the issue at a fraction of the cost and risk.

Using non-adversarial approaches can substantially reduce the risk of damaging relationships, the cost associated with case management and the ripple effects of staff turnover, productivity loss and morale issues, by dealing with issues much earlier in the piece, rather than letting them fester.

Project participant feedback, 2009.

Some organisations have found hard evidence to support the benefits of this new approach.

One organisation saved **\$50,000 a month** by changing its conflict management model to one that focused on alternative dispute resolution processes.

Difficult cases were addressed using conflict coaching and mediation – this resulted in cases being resolved more quickly, used fewer resources and lowered the risk of expensive litigation.

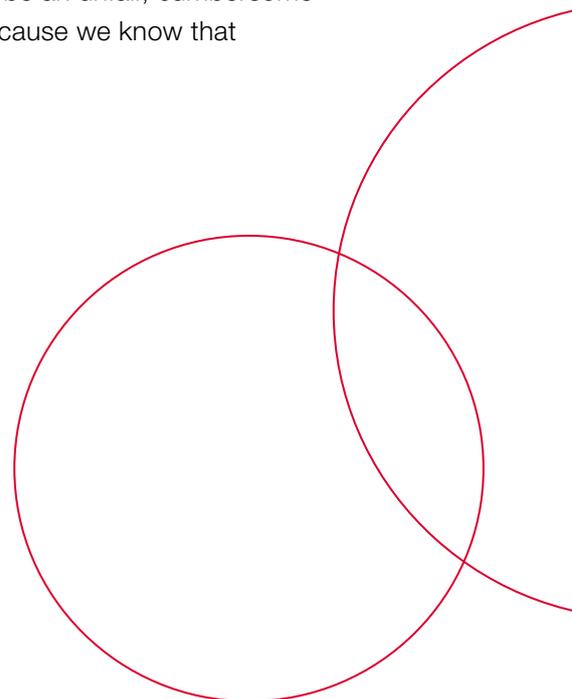
The organisation estimated a related risk reduction of **\$150,000 a month**.

*The case study at Appendix B describes one organisation's modelling and findings in more detail.*

An approach based solely on 'rights' and formal grievances such as the one illustrated in Figure 2, can create particular ways of thinking about conflict and personal responsibility:

- The 'arms length' approach can easily reinforce the idea that someone else is responsible for the cause of the problem, and someone else is responsible for fixing the problem.
- Often, affected parties are not directly involved in the 'resolution' process.
- Because of the focus on 'rights', underlying and systemic issues are not always addressed.

Paradoxically, this means that the current systems used in **the sector** are both underused and overused: *underused*, because people avoid what they perceive to be an unfair, cumbersome system that might bring negative consequences; and *overused*, because we know that unresolved conflicts are clogging the system.



## 3. Building conflict resilient workplaces

A conflict resilient workplace does not rely solely on formal dispute processes, but emphasises positive relationships and strong communication so that conflict is managed early, at the lowest possible level by the people directly involved, and with the most appropriate response.

It uses conflict management systems that integrate strong diagnosis ('what is the cause of the problem?') with appropriate decision making about the best response ('is this best managed through adjudication by a third party, or can we resolve this better through mediation, a courageous conversation or facilitation?').

A practical and achievable first step for **sector** organisations is to build an integrated conflict management model.

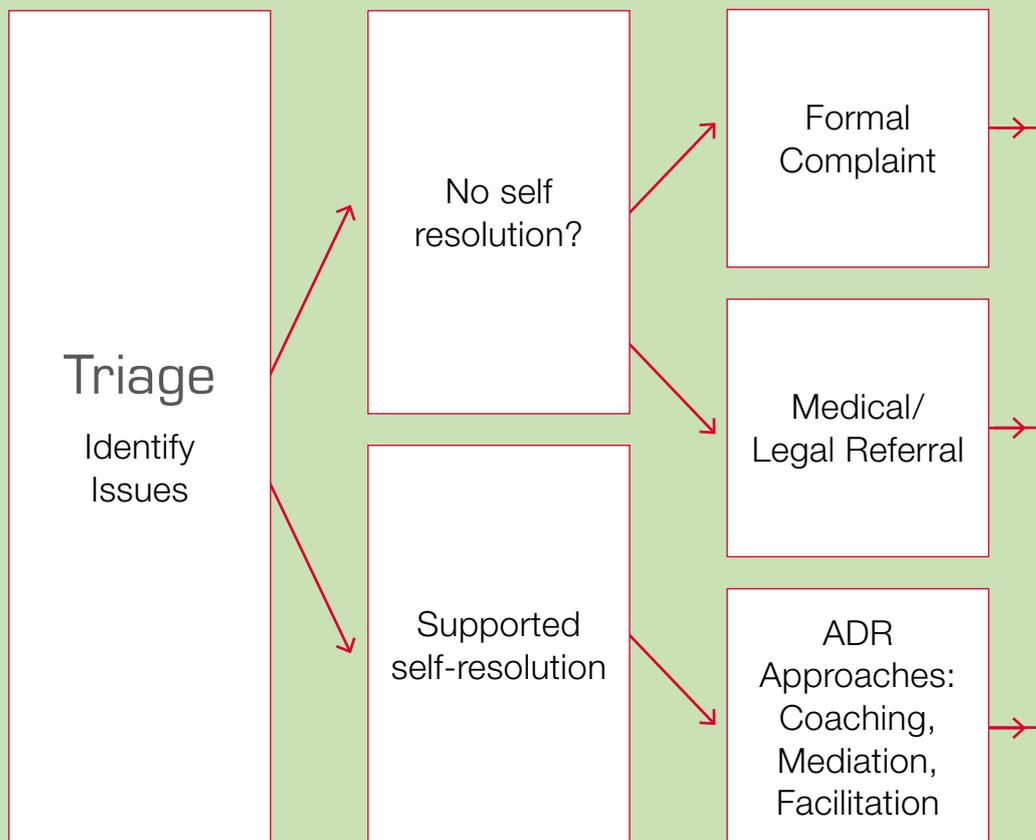
### 3.1 An integrated conflict management model

Each workplace has its own cultures, processes and traditions: this means conflict management systems will inevitably look different in every organisation. However, as Figure 3 shows, an integrated conflict management model has two key features.

First, it is always underpinned with a strong intake assessment system (triage, see Figure 3) when issues are raised. Second, it encourages alternative dispute resolution (with a strong focus on interests and needs of the people involved) approaches.

Figure 3:

## Integrated conflict management model



The model retains a place for formal grievance processes – but they are used only for specific disputes suited to formal complaints, or as a safety net.

### An integrated conflict management model

- Provides early intervention through a **triage** or **collaborative intake assessment system** with **multiple entry points** for ease of access.
- Identifies **root causes** of problems in addition to symptoms, and shares this information to create change.
- Uses **alternative dispute resolution methods** (feedback, conversation, mediation, facilitation) that preserve workplace relationships by;
  - addressing the **needs and interests** of parties – not just their rights; and
  - encouraging self resolution, rather than emphasising a formal process.
- Incorporates preventative actions such as **training and awareness raising**.

### Where does this leave formal grievance processes?

Putting resources into alternative dispute resolution models does not do away with the need for grievance structures.

For example, certain situations demand formal processes be used: allegations of criminal or serious misbehavior; situations where there is a lack of good faith and parties won't cooperate; situations where public policy, procedural or legal issues arise, or where the welfare of individuals is threatened.

There is widespread acceptance, and a legal requirement, that organisations must have fair and effective systems for handling grievances. If someone claims that a law, standard or guideline has been breached, there must be an effective and fair system to test that claim. If a grievance handling system is not perceived as procedurally fair, it will itself generate grievances, and become part of the problem.

A conflict-resilient workplace uses adjudicated grievance processes when they are necessary; but prevents conflict escalating into formal grievances when early resolution is possible.

## Alternative dispute resolution

Alternative dispute resolution (ADR) processes and techniques are useful in managing a range of situations from individual performance to the intellectually challenging or emotionally complex issues that can arise in working relationships.

The methods are informal, voluntary and don't include litigation. While they are usually structured, they can be non-adjudicatory.

Importantly, they are based on four key tenets, that:

- the best decision makers in a dispute are usually the people directly involved;
- to effectively resolve a dispute, people need to hear and understand each other;
- disputes are best resolved on the basis of people's *interests and needs*; and
- disputes are best resolved at the earliest possible time and at the lowest possible level.

**Figure 4: Examples of ADR approaches**

Commonly Used Processes To Promote Constructive Relationships	
<b>Feedback</b>	Offering observations or helping someone to reflect.
<b>Conversation</b>	People talking to reach shared understanding and (possibly) commit to action.
<b>Mediation</b>	A third party helping to find mutual understanding and optimal action.
<b>Facilitation</b>	A third party helping a group to achieve a collective goal. This could involve workplace conferencing or what is known as appreciative inquiry.
<b>Coaching</b>	A third party works with an individual to help develop insights and clarity around resolving disputes and conflict.

## Using the best process for the situation

The following table distinguishes a range of different situations, and presents corresponding structured processes for responding constructively<sup>8</sup>:

**Figure 5: Choosing the best process option**

<b>Situation</b>	<b>Appropriate processes</b>
<b>Disputed accusation</b>	Investigation + adjudication
<b>Managers needing to respond appropriately to disputes and conflicts</b>	Conflict coaching and other managerial skills
<b>Dispute between two parties</b>	Mediation (assisted negotiation)
<b>Dispute or potential dispute between several parties</b>	Facilitation (problem-solving, strategic planning, appreciative inquiry)
<b>Specific conflict with no dispute or many disputes</b>	Group conferencing, transformative mediation
<b>General conflict across an organisation</b>	Managed change Training, coaching, mediation, facilitation

<sup>8</sup> Adapted from D.B. Moore (2003) *David Williamson's Jack Manning Trilogy: A Study Guide*, Sydney: Currency Press.

## 3.2 What Victorian public sector leaders can do

Victorian public sector leaders can encourage managers and teams to use the companion guide to this report: *Developing Conflict Resilient Workplace – a guide for managers and teams*. This is a review tool to help managers and teams move toward an integrated conflict management model.

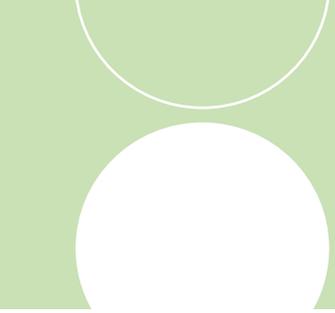
As well, they can support the use of alternative dispute resolution (ideally, as part of an integrated model), coordinate efforts to improve conflict management, and measure the actual and potential savings produced.

### **Support the use of alternative dispute resolution**

Staff must be skilled, or experts brought in, if alternative dispute resolution is to be more widely used.

To do this, organisations can:

- promote skills development as part of a leadership capability framework (specifically, skills in feedback, conversation, mediation and facilitation);
- develop protocols for effective coaching; communicate the benefits of adopting a coaching approach; train staff in relevant methods; build coaching into manuals and procedures to embed as part of an organisation's responses to handling complaints and other issues; and
- create lists of internal and external consultants who can work as coaches, mediators and facilitators.



## ✓ **Coordinate efforts**

Often, different organisational divisions are responsible for different policies, and are seen to ‘own’ those policies. For example, Occupational Health and Safety may be seen to ‘own’ policies concerning workplace discrimination and harassment. This is a common structural impediment to developing an effective conflict handling system.

‘Grievances’ and ‘disputes’ might be managed by different divisions, encouraging the question: ‘in whose in-tray does this belong (who owns this case)?’ rather than ‘what’s the nature of the dispute’ and ‘who is involved?’.

Coordination will be needed to **foster common principles and practices** among divisions such as Human Resources, Occupational Health and Safety, Industrial Relations, Employee Relations, and Organisational Development.

Coordination is also required to produce a **common system of case management**, and to monitor cases across the organisation.

Organisational leaders need to coordinate an effort to articulate **clear, concise organisational aspirations**, to define the role of designated case managers, and to identify the requisite training for teams and managers.

Moving towards a fully integrated conflict management model with a focus on strong communications and relationships will need longer-term resource planning: the right people, the right programs, the right messages and the right budget.

The table below is based on ideas in *Designing Integrated Conflict Management Systems* (2001).

#### **The right people**

- A common vision from managers
- A representative body overseeing the system
- Independent third party advisors and facilitators within the organisation
- A coordinating office or mechanism

#### **The right programs and processes**

- Mechanisms for monitoring and evaluating the system
- Appropriate programs of learning and development
- Policies and practices that are consistent with a philosophy of conflict resilience
- Incentives embedded in organisational systems: performance appraisal and management

#### **The right messages**

- Communication strategy

#### **The right budget**

- Cost allocation that encourages early and effective conflict resolution
- Resources to implement and coordinate an effective system

## ✓ Monitor success

The business case for effective conflict management and prevention needs to be better developed and articulated across the sector.

Effective monitoring and measuring will tell us if a new approach to managing conflict represents a better return on investment than a focus on grievance processes.

How to present a business case (projected savings) and how to measure success following interventions, also remain two of the biggest challenges for individual organisations.

The case study at Appendix B of this report describes one model that has been used to quantify and measure success at the organisational level. The SSA resources on people metrics<sup>9</sup> are also relevant.

### 3.3 Beyond integrated systems – conflict resilient organisations

**Sector** organisations with a strong integrated conflict management system will respond well to conflict by taking the heat out of workplace issues early.

Once an organisation begins to identify root causes of conflict in *individual* cases, managers can also look for *patterns* across multiple cases. They ask:

- What sort of early interventions could resolve the greatest number of problems?
- What could have prevented a situation from becoming *problematic* in the first place?
- What would it take for people in this organisation to have more constructive interactions, working relationships, and group dynamics?
- What would it take to shift organisational culture beyond responding to, and preventing, disputes and conflict?
- What initiatives would **promote** an organisational culture characterised by positive communication and working relations?

When conflict management is truly integrated in organisations, the result can be described less as an *integrated conflict management system* and more as a *system to improve communication and workplace relations*. This system will include dispute and conflict handling components, but the main focus will be on building and strengthening relationships. The result will be a conflict resilient organisation.

<sup>9</sup> A guide to people metrics; A dictionary of people metrics

Figure 6 depicts a conflict resilient workplace. Appendix C describes the attributes of a workplace with reference to the three layers of the 'conflict resilient workplace pyramid'.



This diagram reflects an environment that is no longer dominated by a heavy reliance on grievance procedures. At the top of the pyramid (grievance procedures) formal processes are employed only in respect of allegations of criminal or serious misbehavior; where there is a lack of good faith; situations where public policy, procedural or legal issues arise, or where the welfare of individuals is threatened.

The next stage denotes activity in an integrated model (of formal and alternative dispute resolution practices), characterised by intake assessment practices and an acknowledgment that responsibility for solving conflict is one shared between people involved (**collaborative problem solving**). Methods used for resolving interpersonal conflicts are usually those mentioned in Figure 4: feedback, conversation, mediation and facilitation. Typically the focus in this area is focused on preventing things from going wrong.

The pyramid's foundation level signifies that the shift in culture is characterised by one where the dominant focus is on constructive communication (**building and strengthening relationships**) to help things go right.

There are a considerable opportunities for **the sector** to take the heat out of workplace issues as highlighted throughout this report. Most are relatively simple processes to implement. To achieve significant improvements, reduce costs and provide early resolution, a whole-of-organisation change program is strongly recommended. The companion document to this report, '*An implementation guide to developing conflict resilient workplaces*' provides a step-by-step methodology. We welcome your feedback on this report and are happy to provide further information and assistance.

## Appendix A: People Matter Survey (PMS) data

Four of the eleven PMS statements with the lowest percentage agreement related to the 'reasonable avenue of redress' employment principle. These statements were:

- “My manager is sufficiently skilled to resolve grievances.”
- “In my organisation there is confidence in the procedures and processes for resolving grievances.”
- “The procedures and processes for resolving grievances are well understood in my organisation.”
- “I am confident that if I lodge a grievance I would not suffer any negative consequences.”

### Figure 7: What our employees say

Analysis of employee survey results tell us that:

- Individuals who experience, or simply witness workplace bullying will be **significantly less likely** to experience job satisfaction, or a sense of pride in working for their organisation.
- The same individuals are **significantly more likely** to think about leaving their current organisation and the Victorian public sector.
- Fellow workers were **significantly more likely** to be identified as engaging in bullying behaviours than immediate or more senior managers, or clients/members of the public.

Source: *People Matter Survey, State Services Authority, 2008*

Where employees provided their own additional comments in submitting survey responses, one of the main subjects of negative comments was the avenues of redress principle. Although formal policies and processes are in place in most cases, the issues seem to be more related to how they actually operate and the outcomes of submitting complaints.

PMS results also include evidence to support the goal of moving beyond a focus on grievance and mediation processes, to a focus on positive communication:

Employees who understood organisational procedures and processes for resolving grievances were significantly more confident in those processes. They were also less concerned about any negative consequences associated with lodging a grievance. The report recommended staff training or briefings to raise awareness and understanding of grievance processes as a means of improving employee confidence in the application of the avenues of redress principle.

The report also noted that the type of performance feedback received also has a positive impact on employees' perceptions of the application of the employment principles, particularly in relation to the avenues of redress, and the fair and reasonable treatment principles. Analysis showed that respondents who received informal feedback on performance expressed more positive opinions on the application of these employment principles than those who received only formal feedback.

## Appendix B: Case Study – Building a business case for change

How can staff in an organisation make a persuasive business case for change? How can they show that the organisation will actually save money by spending appropriately on dispute handling processes and conflict management systems?

The following methodology was used by a public education organisation in Victoria as part of the business case for change.

### The problems identified

- Employees were ‘forum shopping’ across multiple areas such as OH&S, Staff Equity, and Employee Relations when they had a concern: this was blurring the issues and processes.
- Charges of ‘bullying’ were arising from managers’ attempts to discuss role responsibility and accountability.
- Managers felt under-skilled and inexperienced to address concerns about individual performance, and to manage difficulties in working relations.
- Significant numbers in the workforce were estimated to suffer a level of psychological distress.
- Staff *preventing* conflict were under-resourced compared to those reacting to more developed problems.
- The potential risk to the organisation and the individual was never quantified or factored into any remedial strategies – except by chance. The true cost of case management (direct and indirect) was hidden.

### A model for estimating risk and cost

In an effort to quantify the financial cost and risk associated with existing conflict handling systems, the organisation used a simple quadrant analytical tool.

**Figure A: Analytical tool**

low complexity high risk	high complexity high risk
low complexity low risk	high complexity low risk

The quadrants distinguish cases that present a low risk to the organisation, from those that present a high risk (vertical dimension). They also distinguish cases that are relatively simple (and therefore relatively low risk) from those that involve a greater range of issues and are more complex (horizontal dimension).

### The result: an estimated cost exposure (risk) of close to five million dollars

The organisation reviewed 90 cases and estimated average cost exposure based on case complexity and the risk of additional potential costs. The elements used to calculate fixed and potential costs are summarised in Figure B.

**Figure B: Elements used to calculate fixed and potential administrative costs**

<b>Fixed</b>	Internal staff time (Budgeted) cost of external service providers
<b>Potential</b>	Litigation Fines Work Cover premiums Restorative consulting services

**It is important to note that the analysis did not take into account 'hidden' costs such as reduced productivity, time lost or staff turnover.**

**Figure C: Results of analysis (average per case)**

<p><b>low complexity/high risk</b></p> <p>fixed costs:       \$28,000</p> <p>potential cost:    \$40,000</p> <p>total exposure:    \$68,000</p> <p>.....</p> <p>31% of cases (n = 28)</p> <p>38.4% of total exposure (all cases)</p>	<p><b>high complexity/high risk</b></p> <p>fixed costs:       \$55,000</p> <p>potential cost:    \$72,000</p> <p>total exposure:    \$127,000</p> <p>.....</p> <p>24.5% of cases (n = 22)</p> <p>56.3% of total exposure (all cases)</p>
<p><b>low complexity/low risk</b></p> <p>fixed costs:       \$800</p> <p>potential cost:    \$4,000</p> <p>total exposure:    \$4,800</p> <p>.....</p> <p>30% of cases (n = 27)</p> <p>2.7% of total exposure (all cases)</p>	<p><b>high complexity/low risk</b></p> <p>fixed costs:       \$2,000</p> <p>potential cost:    \$8,000</p> <p>total exposure:    \$10,000</p> <p>.....</p> <p>14.5% of cases (n = 28)</p> <p>2.6% of total exposure (all cases)</p>

### **Key changes following analysis**

The organisation made key changes to address the identified problems as described on page 10 such as 'forum shopping', lack of role clarity, inadequate staff numbers to deal with conflict prevention and the like. It was recognised that these issues were not only hindering effective conflict resolution, they were driving associated costs and risks. The following changes were consequently put into place:

- HR advisers increasing the number of earlier interventions;
- HR advisers developing their skills in conflict resolution methods;
- HR advisers coaching and mentoring disputing parties;
- encouraging self resolution (with support as needed);
- more interaction and communication between HR 'areas';
- extending the pool of external resources for help;
- planning a shift to one consolidated HR unit; and
- training and development for managers in constructive communication methods.

### **Cost savings**

Following the introduction of these changes, the organisation saw a trend away from complex cases. With more effective case management, the organisation estimated **a direct (fixed cost) saving of \$50,000 per month** and an estimated reduction in potential risk of three times that amount.

## Appendix C: Specific attributes of a conflict resilient workplace

The following three tables, draw out specific attributes of the levels in the conflict resilient workplace pyramid.

### The foundation level – promoting a culture of communication to help things go right

Attribute	Demonstrated By
<b>Collaborative problem solving is integrated into corporate culture</b>	<ul style="list-style-type: none"> <li>Decisions are made by the people directly involved</li> <li>Management does not mandate answers or solutions without consultation</li> <li>People are actively encouraged and supported to resolve their own issues</li> </ul>
<b>Constructive communications are promoted</b>	<ul style="list-style-type: none"> <li>People listen and seek to understand before they seek to be understood</li> <li>Constructive criticism is welcomed</li> <li>Staff are trained in communications and conflict resolution</li> <li>Organisation seeks to learn from its mistakes</li> <li>Interest-based (not rights-based) language and behaviour is every day practice</li> </ul>
<b>Different styles are accepted and tolerated</b>	<ul style="list-style-type: none"> <li>Relationships between areas are supportive and cooperative</li> </ul>
<b>Leaders ‘walk the talk’</b>	<ul style="list-style-type: none"> <li>They practice open and honest communication</li> <li>They separate the problem from the person</li> <li>They seek early resolution of conflict</li> <li>They champion effective conflict management (and are sincere)</li> </ul>
<b>Corporate mission, vision and values are consistent with a conflict management philosophy</b>	<ul style="list-style-type: none"> <li>Organisation has taken steps to ensure its systems and structures will minimise conflict</li> </ul>

## The middle level – preventing things from going wrong

Attribute	Demonstrated By
<p><b>We do things to address conflict before it escalates</b></p>	<p>Train staff and managers on how to respond appropriately at first instance to complaints and issues</p> <p>Collect feedback about issues</p> <p>Expect interaction between managers and staff (not waiting until performance review time before giving or getting feedback)</p>
<p><b>An intake assessment (triage) process helps determine the best way to resolve disputes: conflict coaching, mediation, investigation, adjudication or some other approach</b></p>	<p>There is a good understanding of which alternative dispute resolution approaches suit particular issues</p> <p>Cases are referred to a dispute resolution process only once the intake assessment information is analysed and the best process agreed</p>
<p><b>Organisational culture supports the airing of grievances</b></p>	<p>Conflict can be safely raised; privacy is respected</p> <p>Staff are encouraged to voice concerns and constructive dissent early</p> <p>People feel confident that they will be heard, respected and their concerns acted upon</p> <p>Staff are encouraged to resolve their own issues and are talked through various options</p> <p>Staff are given reasons for decisions about disputes</p> <p>Conflict management is noted as a separate core competency</p> <p>Natural justice and procedural fairness are applied</p>
<p><b>The right data is collected, analysed and used</b></p>	<p>A cross disciplinary team conducts root cause analysis and makes recommendations to stop issues from recurring</p> <p>This information is shared broadly and used to make decisions – for example, about training needs</p>
<p><b>Executive management takes an interest in grievances</b></p>	<p>They read reports on conflict, bullying, stress, grievances</p> <p>They discuss grievances at meetings, preferably as standing agenda items</p>

## The top level – reacting well when things do go wrong

Attribute	Demonstrated By
<p><b>There is a defined and documented process for responding to workplace grievances</b></p>	<p>There are <b>informal</b> process options to resolve conflict at a local level (these emphasise listening and understanding)</p> <p>There are <b>formal</b> process options for resolving disputes</p> <p>Formal processes are generally not accessed until informal processes have been used</p> <p>There is a multiple entry and coordinated intake assessment system</p> <p>The dispute resolution procedures are organised in a low to high cost sequence and based on a risk assessment process</p>
<p><b>Employees know how to use the process</b></p>	<p>Employees know how and where to communicate their grievance</p> <p>Options for ascertaining legal rights and addressing underlying interests are available</p> <p>Appeal rights to other organisations are made clear</p> <p>The outcomes of decisions are made clear to employees, particularly including reasons for the decision</p>
<p><b>Clear roles and responsibilities are allocated and communicated</b></p>	<p>A central coordinator exists for conflict management and reports to senior management</p> <p>In larger organisations, this is a dedicated person or office</p> <p>A senior person in the organisation has overarching responsibility for conflict management (and has direct access to executive management)</p>
<p><b>Conflict management systems, policies and procedures are consistent with wider organisational practice</b></p>	<p>They are consistent with:</p> <ul style="list-style-type: none"> <li>• each other</li> <li>• policy and legislation</li> <li>• industrial provisions and agreements</li> <li>• key terms are used consistently</li> </ul>



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