



The costs of **conflict**

There is evidence that a great deal of performance problems in the workplace stem from conflict rather than poor employee skills or low motivation. By **Rho Sandberg**.

Recent research suggests that between 30–50 per cent of a typical manager’s time is spent managing workplace conflict, and that senior human resources (HR) executives spend up to 20 per cent of their time in litigation activities.

The costs of organisational conflict include staff absenteeism, attrition and litigation expenses; while

low morale, productivity losses and impaired decision making are among the many hidden costs. Sometimes severe conflicts require restructuring of teams or business units.

According to well-known US-based mediator Daniel Dana, “it is estimated that over 65 per cent of performance problems result from strained relationships between employees – not from deficits in individual employee skills or motivation.”

Unresolved conflict is implicated in the burgeoning cost of stress-related workers compensation claims in Australia, yet it is often unaddressed within the medical management model. According to Comcare reports, stress claims represent only 7 per cent of total workers compensation claims, yet they account for nearly 27 per cent of total compensation costs at an average cost of \$115,000 per claim.

Furthermore, the Saratoga Institute reports that 80 per cent of staff turnover is related to unsatisfactory relationships with the boss. In light of labour and skills shortages now faced by Australian workplaces, this statistic is significant.

Relationship management systems

It is now 30 years since the birth of alternative dispute resolution (ADR), and global thinking about the management of organisational conflict is entering a new era of sophistication. The emphasis is on thorough assessment and strategies tailored to address the specific circumstances of each organisation or conflict.

Many organisations now develop an integrated conflict management system (ICMS) that, among other things, evaluates and addresses precipitating and contributing factors to conflict, within the context of organisational culture, individual needs and interests and the potential for managing, preventing and resolving interpersonal workplace conflicts. It is increasingly understood that while conflict resolution is the desired outcome, many conflicts, particularly those allowed to escalate without early intervention, become unresolvable and must be managed.

More and more organisations expect emotional intelligence and conflict management capabilities in their managers. They recruit for it and develop it. The National Bank of Canada has demonstrated a 50 per cent reduction in the number of workplace disputes, and an 85 per cent reduction in legal costs after instituting a training program for its employee relations counsellors in interest-based negotiation and conflict resolution. Instruments such as the 360-degree Conflict Dynamics Profile, developed by the Leadership Development Institute of Eckerd College, USA, are used to assess the training and development needs of managers when it comes to conflict management.

Mediation is frequently employed to assist people to explore the basis of their conflicts, explore options and develop agreements. However, there can be risks in bringing individuals together when emotions are high, and insight into the conflict is limited; what is said in the heat of the moment can live for a long time in the corporate memory. These problems can be avoided if thorough assessment precedes the decision to mediate, and if investment is made in adequate one-on-one preparation with each of the parties.

New ADR methods such as “conflict coaching” are being increasingly utilised to improve mediation outcomes. Julie Walker, who has trained mediators for over a decade, says, “In workplace mediations, agreements can be unsustainable if the parties have not re-established a working relationship with some resilience. Effective management of workplace conflict

is about understanding values, being respected and untangling the misunderstandings that have developed over time.” Agreements aren’t always reached, and individuals and HR practitioners must then introduce management strategies to deal with the conflict. Failure to resolve can lead to a number of disruptive impacts including one or both parties leaving the organisation.

Mediation can have limited application if individuals are reluctant to discuss their conflicts openly, or if power differences or potential for abuse are present. Referral for mediation can also result in a loss of face, which, at least in the short term, can heighten the conflict. To address these limitations Walker has added conflict coaching to her tool kit and trains others in the method.

“Individuals and managers have been extremely responsive to the opportunity to confidentially discuss their situation, increase their understanding of the underlying factors, evaluate their options and make their own decisions about how to handle their conflict. By so doing, this process helps build conflict competencies among leaders and others,” says Walker.

Self-managed conflict

Conflict coaching works on the assumption that people are capable of managing their own conflicts, and it supports them to develop the insights and skills to do so. CINERGY™ Conflict Coaching founder, Canadian social worker and lawyer, Cinnie Noble has developed the “not-so-merry-go-round” model of conflict, aiming to get people get off it. Coaches use a powerful and empathic questioning method that assists individuals to identify the triggers to conflict escalation and bring to the surface the assumptions inevitably held about the other party and the conflict itself.

Australia’s Department of Defence introduced conflict coaching as a preventative and intervention strategy for conflict in early 2005. Since then, in-house conflict coaches have been trained and a conflict



“Agreements can be unsustainable if the parties have not re-established a working relationship with some resilience.”

Julie Walker, Conflict coach

coaching network is now in place, providing services to all defence personnel throughout Australia, as well as for personnel fulfilling overseas commitments. The Departments of Health and Community Services and Primary Industries, Fisheries and Mines in the Northern Territory, and the Queensland Department of Justice will follow suit, developing the conflict coaching capability of both managers and HR advisers.

Not-for-profit organisation EASA's Conflict Coach Leah Walls says managers often experience breakthroughs and "aha" experiences about the impact of their own beliefs or blind spots on prior efforts to resolve and manage disputes. Once managers see the potential, they also use conflict coaching to work on internal conflicts, such as whether or not to performance manage a staff member, or whether to stay and really commit to or leave a job. Walls believes that "the 'whether or not' dilemma is always



Recognising an industry's conflict risks takes the focus off blaming, while communicating expectations. //

Rho Sandberg,
CLE Consulting Australia

a sign of internal conflict. While internal conflicts are a part of everyday life and not a problem if addressed, they can be responsible for avoidance and inaction, mixed communication and misunderstanding when they are not recognised and dealt with."

Employees experiencing conflict ought to be provided with suitable ADR options; otherwise they are inadvertently forced down a formal grievance path that tends to become adversarial, and strains workplace relationships between colleagues, or managers and staff. While formal grievance procedures have their place for genuinely serious matters, they can do more harm than good for those everyday conflicts based on misunderstandings, work-style differences, poor communication and apparent competing interests. And therein lies the problem; unless low-risk early interventions are available, the small conflicts turn into the big conflicts, which often result in a desire for justice and revenge regardless

of the secondary costs. People get hurt and organisations suffer.

Learning from conflict

Understanding workplace conflict requires looking further than the individuals involved.

In industries such as policing, family services, health and some customer service areas the risks of personnel displacing or acting out the conflicts or tensions they face on the job are significant. The phenomenon, also known as a parallel process, manifests as horizontal and vertical violence in interactions with colleagues and other clients.

Teams and organisations working in these industries are increasingly becoming alert to the risks of exposure to systemic conflict. Having a framework to recognise and discuss conflict risks takes the focus off blaming the individual. Problems can be nipped in the bud when staff understand parallel dynamics, monitor warning signs and watch out for each other.

Dr Max Schupbach, a US-based conflict management expert, argues that important insights and information are contained within organisational conflict. He is visiting Australia this year to introduce business leaders to Worldwork, a method for accessing the diverse perspectives and harnessing the power and momentum contained within recurring organisational conflicts. Schupbach has closely studied the impact of power and rank within workplace conflicts.

"Managers are often embarrassed by their rank, and so try to hide it or act as if they are operating on a level playing field. Such double messages only make conflicts worse. Learning to be comfortable with power and exercise it congruently is a major challenge for most people; leaders are no exception."

Schupbach teaches conflict practitioners, managers and client services staff that taking for granted their position, skills or even ability to stay calm in a volatile conflict, may well trigger conflict escalation. Worldwork has been applied in boardrooms and in war zones, and is attracting interest from diverse quarters including occupational health and safety managers trying to stem the incidence of workplace assault, and PR consultants who know the costs of organisations alienating their consumer base.

While contemporary approaches to workplace conflict are increasingly sophisticated, it is HR practitioners who must win commitment to a strategic approach to organisational conflict. In the past, a largely anecdotal case was made for addressing workplace conflict. However, demonstrating that conflict costs your company skilled personnel, innovation potential and money (lots of it) is often a more effective way of winning support.

When strategic leadership is combined with an integrated conflict management system, real cultural change in the way organisations and people engage with conflict is possible. **MT**

Rho Sandberg is Principal Consultant at CLE Consulting Australia, www.cleconsulting.com.au.