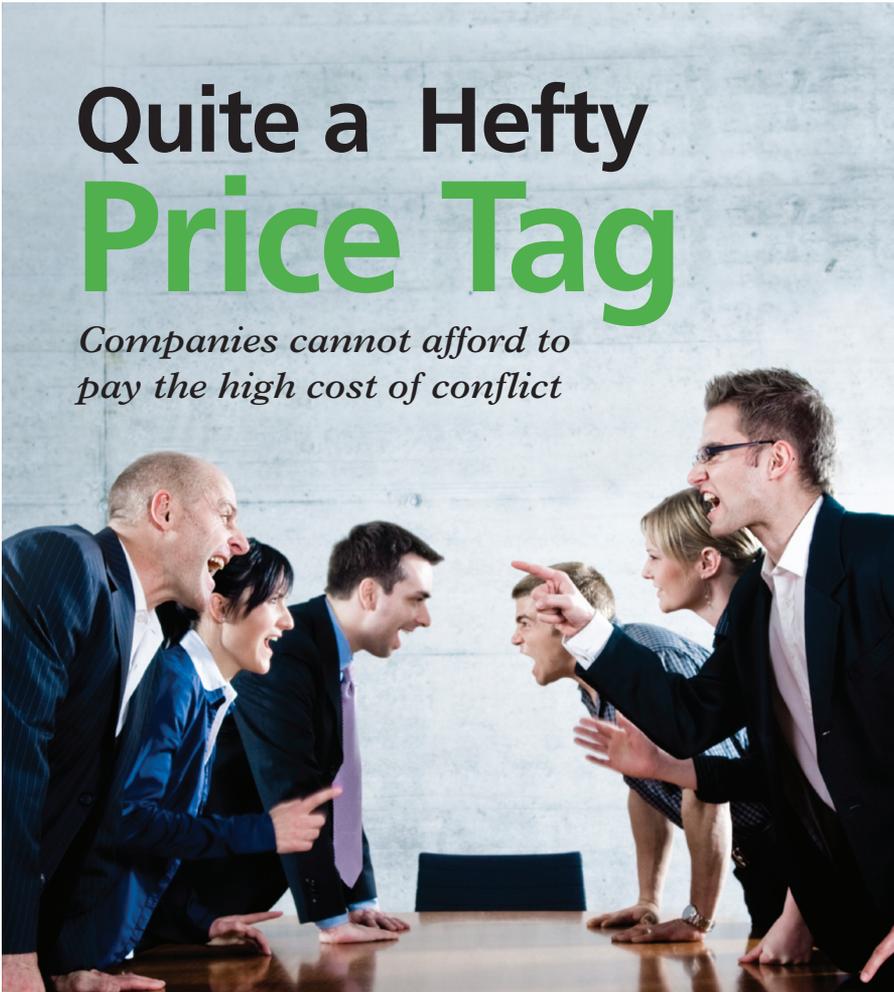


SmartBIZ

by Ellen F. Kandell, Esq.

Quite a Hefty Price Tag

Companies cannot afford to pay the high cost of conflict



Whether a disagreement occurs with a client, a vendor or between employees, businesses across the United States pay a high price when conflict occurs.

According to a study on workplace conflict commissioned by CPP, U.S. employees spend 2.8 hours per week dealing with conflict—the equivalent of 385 million work days. And one quarter of employees surveyed reported that avoiding conflict led to sickness and work absences.

In a dispute between employees, managers spend 42 percent of their time helping the parties reach agreement. When an agreement is not reached and the conflict escalates, studies show the average cost of defending a litigated employment claim is \$130,000. How many businesses or organizations can afford the high costs of conflict?

When management takes time trying to work out a dispute with an employee or a vendor, they are not available to focus on long-term strategic goals. The business loses money even though it may not be reflected in its balance sheet.

While direct costs of conflict include legal fees and opportunity costs, indirect costs include diminished productivity, poor morale, higher employee replacement costs and shorter employee tenure.

Conflicts inevitably arise amongst individuals or teams within an organization, caused by misperceptions, strong emotions, poor communication or negative patterns of behavior. However, conflict does not have to damage a company or its bottom line. Systemic conflict management can increase productivity, improve morale and reduce absenteeism.

Conflict experts use different strategies depending on the source of the conflict. In some instances, managers should legitimize the feelings and emotions of an employee rather than ignore them. Sometimes people just want to be heard. If the conflict is the result of communication difficulties, managers should simply take the time to listen. This is the most basic and critical conflict resolution strategy. If there are misperceptions, managers can work to clarify them, separating the underlying issue from the personalities that often get in the way. Finally, negative patterns of employee behavior, such as chronic tardiness or unprofessional conduct can be managed by instituting rules and procedures in an employee manual or a code of conduct.

There are also steps managers can take before conflict occurs. First, managers can plan for conflict. Reviewing existing policies and

The Source of CONFLICT

According to CPP, most interoffice conflict comes from the diversity of workplace personalities.

- 49 percent of employees from nine countries surveyed reported “personality clashes” and “warring egos” as the source of conflict.
- At the height of these conflicts, 27 percent of employees reported feeling personally attacked, resulting in absence from work and increased conflict across the organization’s departments.

strengthening or creating a conflict management system helps ensure that disputes are handled early and at the lowest level of an organization, thereby developing a corporate culture of early conflict resolution. Handling conflict like an ostrich only leads to trouble.

Second, organization management should insert appropriate dispute resolution language in all employment contracts, as well as employee manuals. Oftentimes contracts include mandatory binding arbitration language, but arbitration is generally not the best approach, and it should not be the first approach in handling conflict.

Finally, getting to know local conflict resolution professionals is a smart move so that management can call someone in to help if needed quickly. Dispute resolution professionals can be found at www.mediate.com or through local bar associations. Additionally, most state courts have mediation programs and a roster of mediators is maintained by the clerk's office or the alternative dispute resolution office. ■

Ellen F. Kandell is an attorney and president of Alternative Resolutions, LLC, a woman owned business that provides conflict resolution services and training. They are dedicated to redefining the way organizations handle conflict. For more information and a free guide to hiring a dispute resolution professional, go to www.alternativeresolutions.net.

■ 85 percent of employees surveyed by CPP said they have to deal with conflict in their daily lives and one-third of employees deal with conflict "always" or "frequently."

■ 62 percent of respondents stated that the ultimate party responsible for resolving conflict is "everyone in the organization."

■ Employees cited stress and workload as the second and third major causes of conflict.