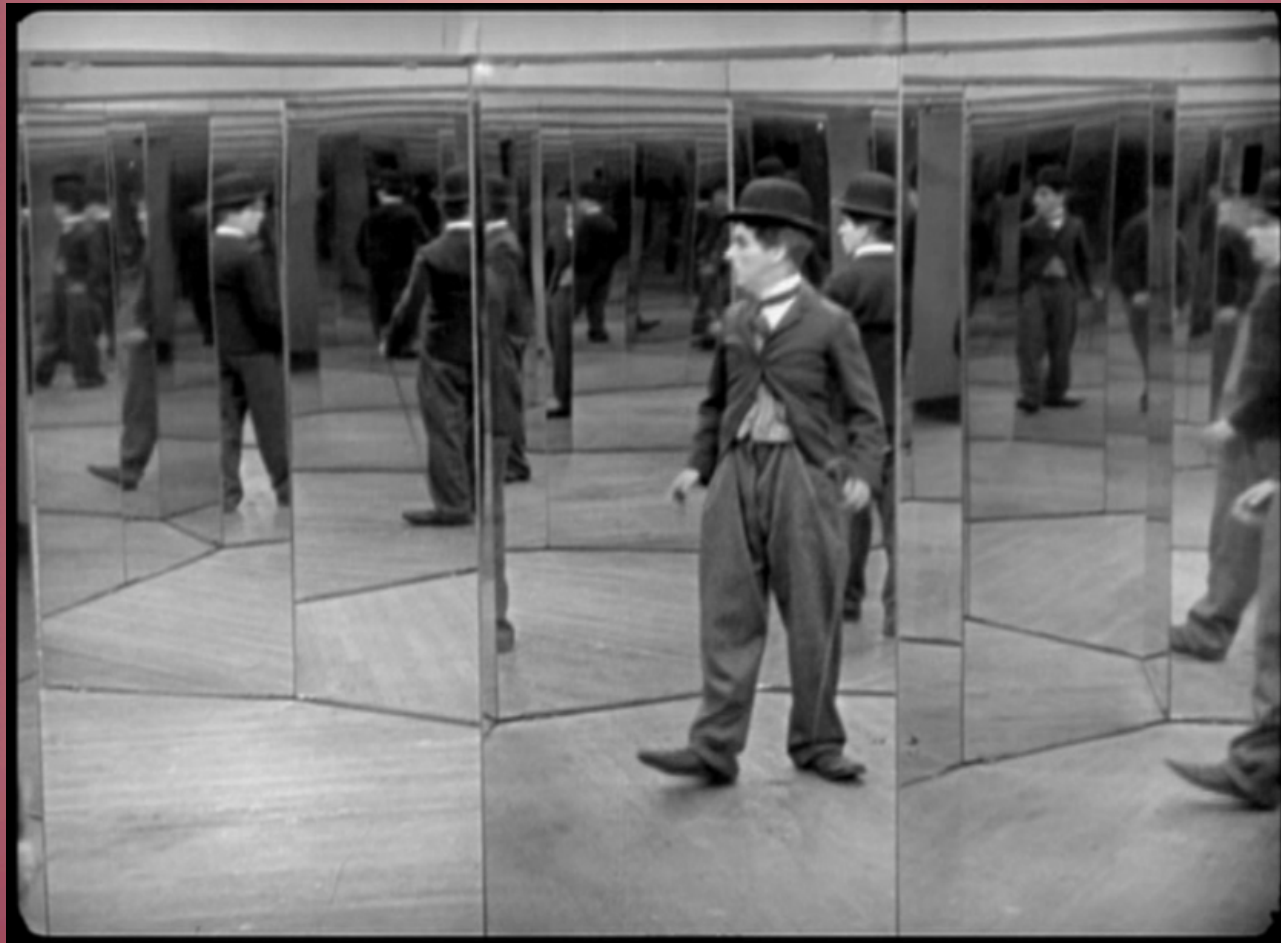# Companies and Conflicts

By Clare Fowler

Presentation of Data and Findings from Doctoral Dissertation Research from Pepperdine University
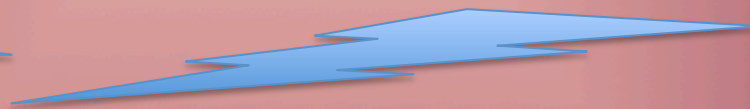
Examining Workplaces

Workplaces are complex systems (Robbins, 1989). From every direction a person looks, they see a different image (Bolman & Deal, 2003).

Statement of the Problem

Conflicts   Effective Conflict Resolution Process

Disconnect between conflicts in small businesses and an effective process for resolving those conflicts.

It appears **unlikely** that the current dispute resolution options are **effectively** serving small businesses (Small Business Administration, 2004).

The result is that small businesses may be more **negatively affected** by conflict **than they need to be**.

Why do we want a better system?

Resolution	Frequency
Remained Quietly Under the Surface	1431 (40%)
Resolved Amicably	1006 (28%)
Faded Away	740 (21%)
Very Disruptive or Violent	394 (11%)
Total Resolution	**3, 571**

Data Resulted in a 5 Step Method

- T: **Train**. Train your employees in effective conflict resolution, early, and by an outside neutral

- E: **Engage**. Engage your employees by checking-in with them to establish relationship and prevent problems.

- A: **Address**. Address conflict early by having a conversation with all involved.

- C: **Choose**. Let employees choose their method of Conflict Resolution.

- H: **Help**. Get help from an outside neutral when a problem is stuck or systemic.

Conflict Path
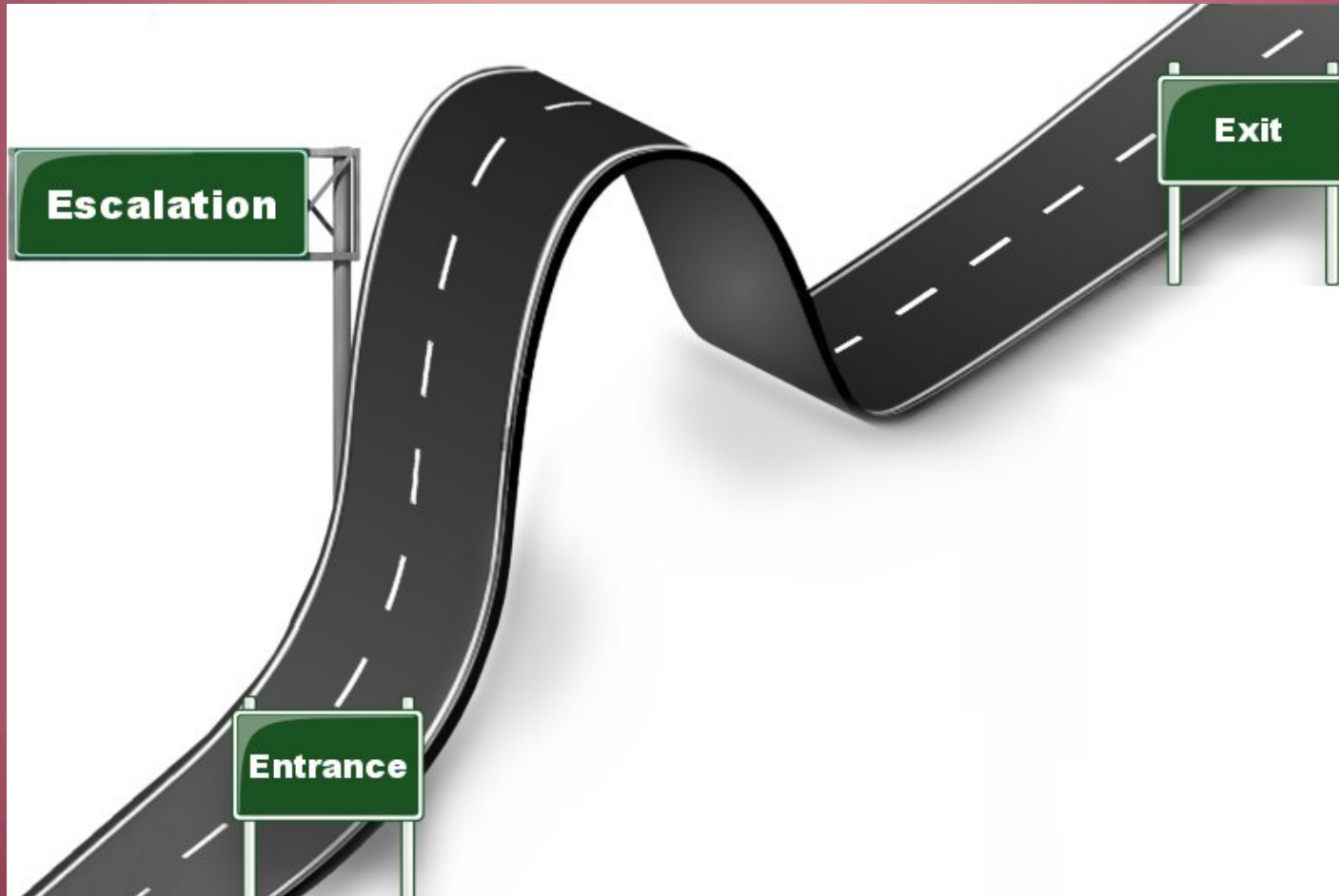
T: Train

1. Tools instead of regret.
2. Tolerable: Places the conflict within the Window of Tolerance.
3. Trainer that is outside, a mediator, or a neutral, not involved

1) Tools instead of regret

- "1900 Scientific Management: you ain't got no problem except for the one I tell you you got."

- 1920: Idealized Bureaucracy/Human Relations Movement: Hawthorne Experiments, they realized employees performed better when they were paid attention to.

- 1950: Early Human Resources: Not just paid attention to, but actually listened to? Like create groups that can develop their own policies and be involved in the company?

- 1970: Human Resource Policies: Not just listened to, but protected? They feel safe to complain?

- 2000: Systems Theory: Huh, we asked what was wrong; they told us. Now what do we do? We have all of these problems, we need to deal with them and prevent them from happening again.

Systemic Conflicts (404 Conflicts)

- (54%) 220 Conflicts were Internal, defined as being escalated by an issue primarily internal to the company;

- (11%) 46 Conflicts were External, defined as being escalated by an issue primarily external to the company; and

- (56%) 138 Conflicts were Systemic, defined as being escalated by a systemic-wide issue.

2) Tolerance

- Pre-conflict training allows it to stay in the employees' Window of Tolerance, thus engaging the Pre-Frontal Cortex instead of the Amygdale.

Pre-Frontal Yoda v. AmygDory

3) Outside Trainer

Important to have someone outside to establish relationship and to view system.

- 90% of businesses with access to a mediator have experienced a conflict.

- 98% of businesses without access to a mediator have experienced a conflict.

- Businesses with access to a mediator reported that of all of their conflicts, 13% faded away without being dealt with and 44% were amicably resolved.

- Those businesses without a mediator reported that 24% faded away without being dealt with, and only 20% were amicably resolved.

- Mediator might not change amount or type, but changes process and consequence.

E: Engage

- Example good communication
- Establish relationship
- Evict Potential problems

Engage to see Entrances

Theme	Entrance
Bad Communication	60 (23%)
Mean Communication	49 (19%)
Unclear Job Description	23 (9%)
Group/Personality Conflicts	17 (7%)
Entitlement	14 (5%)
Unclear Protocols/ Feedback	14 (5%)
Business Decisions	13 (5%)
Unfair Treatment	11 (4%)
External Customer/Contractor	11 (4%)
Physical Office	10 (4%)
Unappreciated	8 (3%)
Poor Work Ethic	7 (3%)
Unrealistic Deadlines	6 (2%)
Bad Attitude	6 (2%)
Family/Home Issues	4 (2%)
Scheduling	3 (1%)
Discipline	3 (1%)
Cultural Differences	1 (0%)
Not Enough Pay	1 (0%)
Personal Use of Resources/Theft	0 (0%)
Total Identified Conflict Entrances	**261**

Engage to See Escalations

| Theme	Source
Bad Communication	53 (13%)
Unclear Job Description	43 (10%)
Poor Work Ethic	39 (9%)
Mean Communication	35 (8%)
Unfair Treatment	33 (8%)
Entitlement	30 (7%)
Unclear Protocols/ Feedback	26 (6%)
Cultural Differences	20 (5%)
Physical Office	19 (5%)
Unappreciated	18 (4%)
Business Decisions	17 (4%)
External Customer/Contractor	14 (3%)
Unrealistic Deadlines	13 (3%)
Group/Personality Conflicts	11 (3%)
Scheduling	11 (3%)
Bad Attitude	8 (2%)
Discipline	8 (2%)
Not Enough Pay	8 (2%)
Family/Home Issues	6 (1%)
Personal Use of Resources/Theft	2 (0%)
Total Entrances to Conflict	**414**

Sum

- Bad Communication is the main Cause of Conflict
- Clarity from Managers would also prevent many conflicts
- Neutrals help conflicts end faster and more positively

A: Address

- Address it early to keep it positive
- Address it, but managers don't fix it
- Address it to save time and money

Address it Early for it to be Positive
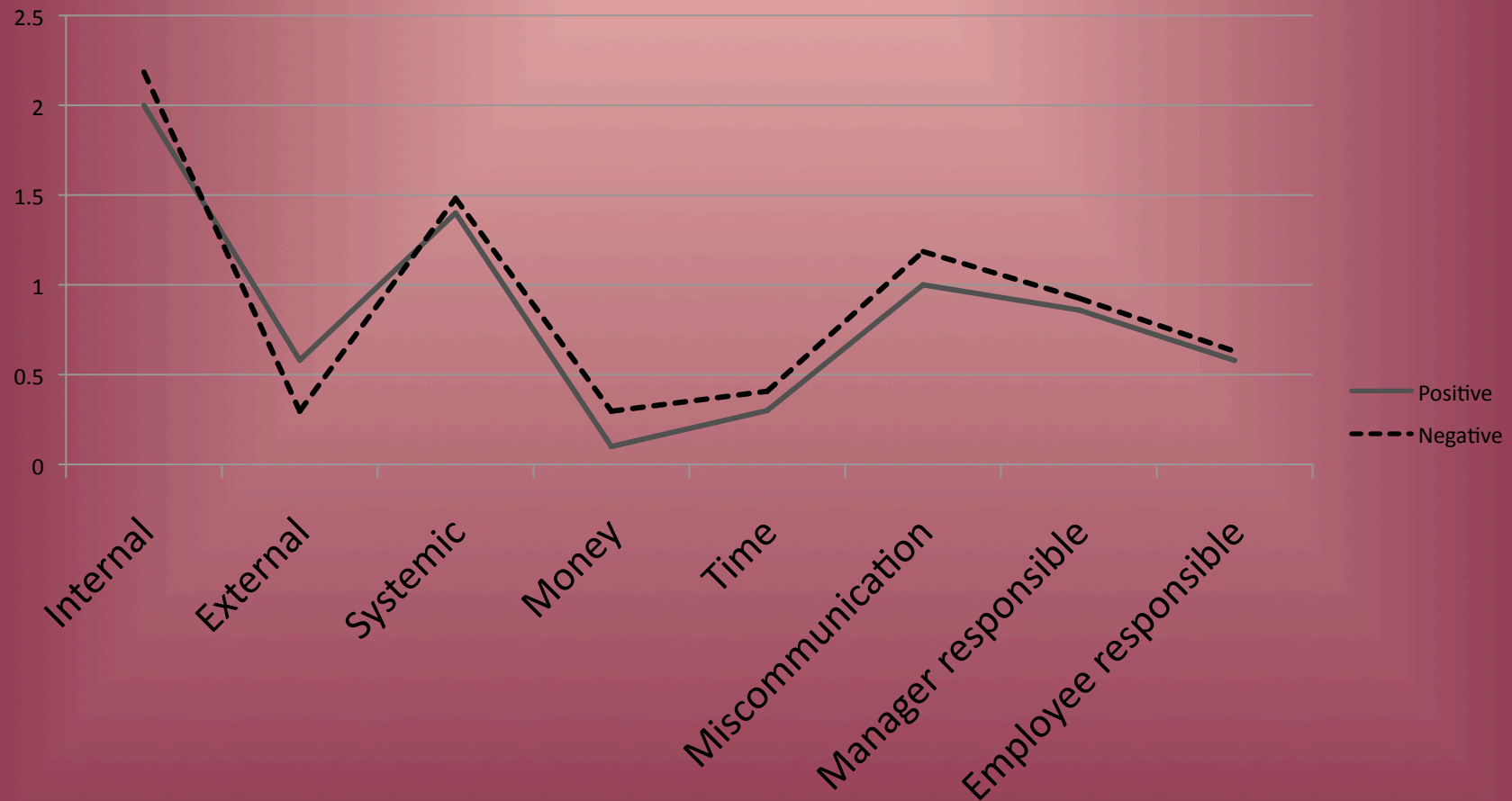
Address it -- but don't Fix It

- Determine type of conflict. There are some conflicts that are prone to being positive or negative. If positive, help them to talk through it. If negative, help them to settle quickly.

- Identify that there is a conflict or potential conflict. Ask employees to discuss it immediately and directly.

Why Address it Early?

Conflict Exit Suggestions	Frequency
Direct, Honest, Immediate Communication	47 (53%)
Mediation	19 (21%)
Management Intervention	14 (16%)
Not Resolved	3 (3%)
Office Décor	2 (2%)
Police	2 (2%)
Fired	1 (1%)
Training	1 (1%)
Total Identified Exits	**89**

Address it to Save Time, Money

1. **No money** (They typically do not have the resources that a large business would have to study and implement the most effective methods of dispute resolution, organizational structure, or ADR system design (White, 2007).)

2. **No time** (Owners do not have time to learn how to resolve disputes or what ADR options are available.)

3. **One focus** (Solely focused on promoting their product and service and do not want to be distracted by creating a new system.)

4. **Maintain status quo** (Owners are typically attached to an idea and do not want to change, and so most owners have avoided it (Problems Faced by Small Businesses, 2010).)

Saves Time and Money

1. ADR options typically **cost less** than other options. ADR can reduce the cost of expensive litigation for small businesses (Cloke & Goldsmith, 2000).

2. ADR **minimizes the time impact** of conflict. Small businesses cannot afford to be ineffective (Lipsky, Seeber, & Fincher, 2003).

3. ADR processes can manage current conflict by providing a small business **protection** from mistakes (Krotz, 2010).

4. ADR can **prevent future conflicts**.

5. ADR can help the business to **become stronger** and build healthier business policies for the future (Cloke & Goldsmith, 2000).

- What Small Businesses Need!

5 New Small Business Concepts

Five identifiable new concepts that showed up in the data, but not in the literature review:

1. Busy owners

2. Family atmosphere

3. Flat business structure

4. Casual environment, and
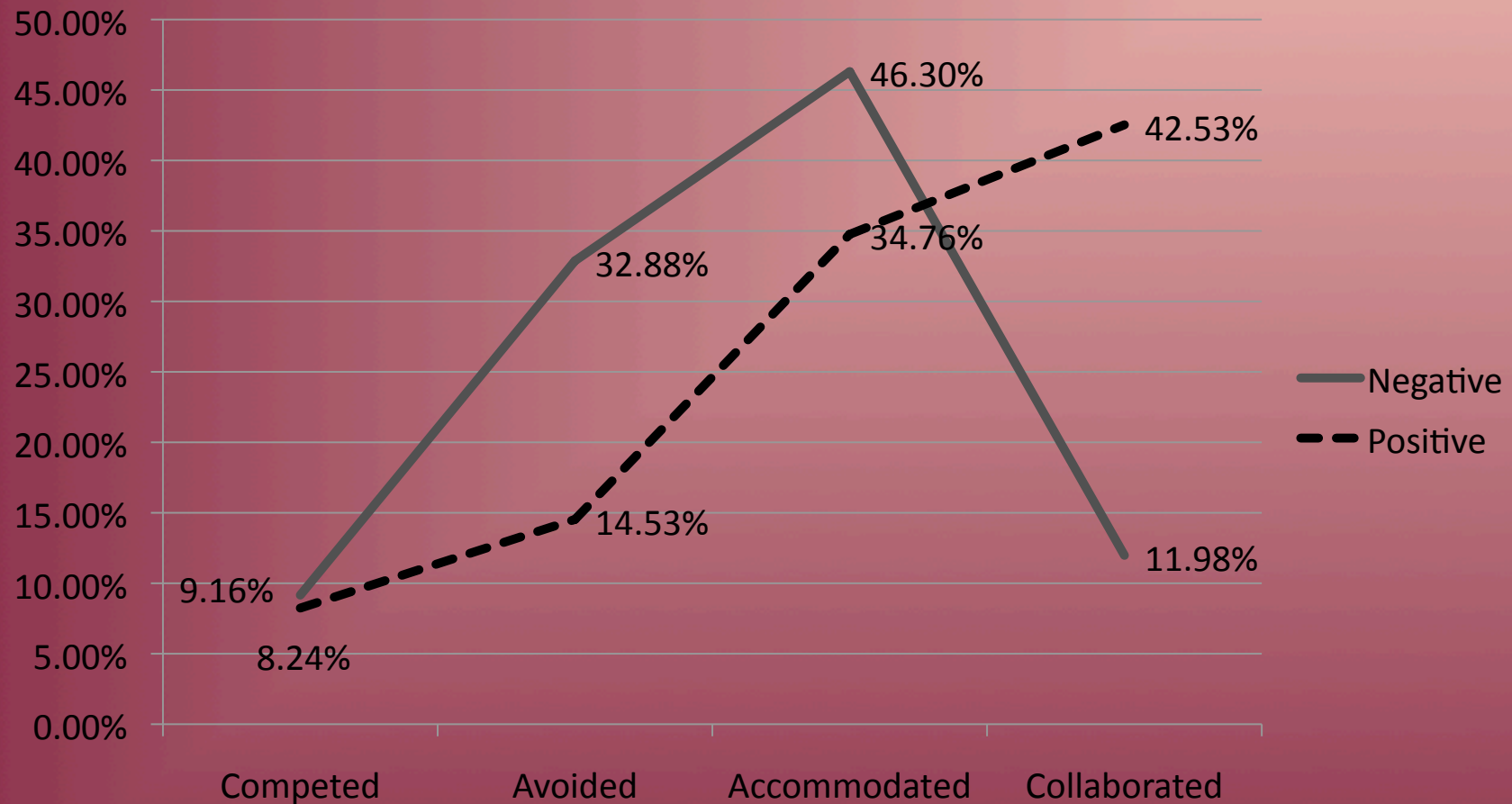
5. Invested employees.

C: Choose Process and Outcome

1: Designed by Employers

2: Process Chosen by Employees

3: Outcome Chosen by Employees

Employer Suggestions

Conflict Resolution Suggestions	Frequency
Conversation	21 (10%)
Staff Neutral	15 (7%)
Clearer Policies	11 (5%)
Employee Emotional Intelligence	9 (4%)
Continued Communication Training	9 (4%)
Review Workloads	4 (2%)
Managers Keep Doors Open	4 (2%)
Direct Resolution as Condition of Employment	3 (1%)
Mediation as Condition of Employment	3 (1%)
Emotional Intelligence Survey	3 (1%)
Equal Pay, Hours, Workload, Consequence	3 (1%)

When Employees Choose Process Together, Outcome is More Likely to be Positive

Negative
Positive

	Competed	Avoided	Accommodated	Collaborated
Negative	9.16%	32.88%	46.30%	11.98%
Positive	8.24%	14.53%	34.76%	42.53%

C: Outcome Chosen by Employees

- This requires a lot of trust from employers.
- Looking at workplace history, however, shows that employees perform better when they are given this type of trust.

C: Let Employees Choose

- M Managers: Provide Options, then let employees decide

- M Mediators: Send over new options as you think of them, let them know you are available in a variety of ways.

- $50 for a facilitated lunch discussion

H: Help.

1. H: Help From someone familiar
2. H: Helping when problems are Stuck, Systemic, or Buried
3. H: Help when it's management or external
4. Make it Positive!

H: Help From someone familiar

- Preferably Same Neutral who did Pre-Conflict Training

- Needs to be someone neutral.

- Neutral might have trained someone on staff, but make sure it is someone from a different department.

- Needs to be someone that employees trust is familiar with their culture

H: Helping when problems are Stuck, Systemic, or Buried

- Stuck: If employees are trying to resolve it and not getting anywhere--AmygDory

- Systemic: when employers are seeing the same problem crop up again and again

- Buried: When employers realize there is a lot brewing under the surface

Remained Quietly Under the Surface	1431 (40%)
Resolved Amicably	1006 (28%)
Faded Away	740 (21%)
Very Disruptive or Violent	394 (11%)

H: Help When It's Management

There were 109 respondents who discussed 183 people responsible.

- 76 businesses (70%) reported that most conflicts involved or were caused by employees;

- 50 (46%) reported that conflicts involved managers;

- 32 (29%) of those companies reported overlap, that conflicts just as often involved both an employee and a manager; and

- 25 (23%) businesses reported that their conflicts were most commonly caused by someone outside the company, such as a vendor or a client.

What Made the Negative Conflict Negative		
Business issues/Politics		6 (75%)
Competing		5 (63%)
Power Struggle		5 (63%)
Client Issues		4 (50%)
Personal Issues		4 (50%)
Slander/ Gossip		4 (50%)
Waited too long		4 (50%)
Didn't Address Early		3 (38%)
Avoiding		3 (38%)
Accommodating		2 (25%)
POV Myopia		2 (25%)
Shame		2 (25%)
Violence		2 (25%)
Conciliation		1 (13%)
Facilitation		1 (13%)
Insecure Manager		1 (13%)
Mediation		1 (13%)
Negotiation		1 (13%)
Selfish		1 (13%)
System Fosters Competition		1 (13%)
Total Negative Escalations		**53**

What Made the Positive Conflict Positive		
Discussion		4 (50%)
Address Early		3 (38%)
Arbitration		3 (38%)
Comprising		3 (38%)
Conciliation		3 (38%)
Leadership Skills		3 (38%)
Negotiation		3 (38%)
Taking Time		3 (38%)
Vary Agreement by Personality		3 (38%)
Accommodating		2 (25%)
Avoiding		2 (25%)
Business Issues		2 (25%)
Mediation		2 (25%)
POV Myopia		2 (25%)
Client Issues		1 (13%)
Facilitation		1 (13%)
Heal From Past Negativity		1 (13%)
Total Positive Escalations		**41**

What Made the Positive Conflict Positive

Help: Manager Options

- Let employees use your phone

- Pay for it

- Suggest employees talk during lunch hour plus an hour

- Distribute mediation friendly stuff, showing their support

- Provide Nobel Peace Prize for office-- $100 incentive, gift card to local restaurant, free personal day

Help: Mediator Options

- Discount for training second, year third year, etc.

- Examples of calling for help.

- 1-800 number for the mediator

- Private email address

- Mediator is available for lunch, after work, via Skype, etc.

Unexpected Consequences

- The literature reviewed suggested there are three main ways in which conflict starts: Task, Process, and Relational (Stitt, 1998; Ayoko, Callan, & Hartel, 2003; and Myers, 2005). However, 15% of these conflicts started not because of Task, Process, or Relational issues, but External Issues, such as stress from home life, family concerns, and pre-existing issues.

- The hot topics (racism, sexual harassment, bullying) were scarcely present; instead bad/mean communication, poor work ethic, and lack of clarity were the main conflict causes.

- 130 negative conflicts, 293 positive conflicts.

Unexpected Culture

- The literature review (U.S. Census, 2008) provided a description of small businesses. The data from the survey greatly expanded upon the understanding of small business culture.

- Specifically, five identifiable new concepts that showed up in the data, but not in the literature review: busy owners, family atmosphere, flat business structure, casual environment, and invested employees.

Unexpected

- Arbitration and Litigation do not seem to be as common as expected. If this is true, then will ADR appear to be a cheaper/more attractive alternative?

- Mediators do not seem to have an impact on the amount of conflicts. Perhaps other methods should be used to minimize the amount of conflicts, and mediators should be used to improve conflict outcome.

Ch. 5: Unexpected

- Process and Consequence seem to be related: Good processes can create a positive conflict experience

- Escalation and Consequence also seem to be related: The Type of Escalation affected if the consequence was positive or negative

- Entrance and Consequence don't: The Entrance to conflict did not seem to affect the outcome of the conflict.

Ch. 5: Recommendations

1. **Train** employees early in communication. Employees and managers develop office communication and conflict protocols—and stick to them.

2. **Engage** with staff/team-building meetings.

3. When a conflict arises, managers must force employees to stake steps to **address** the conflict immediately and directly.

4. All employees involved need to have a conversation about the conflict, using effective communication techniques. Employees should be involved in **choosing** the process and designing the outcome.

5. Bring in a neutral, then a staff mediator, then an external mediator if needed to **help** parties in resolving the conflict.

Thank you.

Additional Info

1. *Getting Disputes Resolved,* by Ury, Brett, and Goldberg, (1988) first discussed ADR as a system that effectively resolved workplace conflicts.

2. *Resolving Personal and Organizational Conflict* by Cloke and Goldsmith (2000) examined how to create dispute resolution systems that will minimize the amount of conflicts a company experiences.

3. *Lessons from American Corporations for Managers and Dispute Resolution Professionals*, David Lipsky (Lipsky, Seeber, & Fincher, 2003) conducted a formal study where he interviewed Fortune 1000 companies to determine which ADR system they used.

4. *IR and HR Perspectives on Workplace Conflict*. Lewin (2001) examined ADR processes unions have developed for resolving workplace conflicts.

5. *Controlling the Costs of Conflict.* Slaikeu and Hasson (1998) studied the ADR options that commercial businesses are using to resolve disputes.

6. *Nurse Collegiality: Fact or Fiction?* Baltimore (2006) studied how healthcare organizations resolve disputes through ADR.

Key Terms

- **Conflict resolution:** the transition of conflict from a destructive stage to a peaceful stage (by Clare Fowler, 2012).

- **Small Business**: those businesses which work together in one or two locations, conduct most of their business in the U.S., are relatively young and/or still developing, have an annual revenue of less than ten million dollars, and have five to fifty employees, by Shayek's (2008).

More explanation of Foundational Management Theories

1) Classical Scientific, Frederick Taylor's Scientific Management, 1911: decried inefficient systems as a national loss, led to breaking down practices into smaller practices, quality control, but dehumanized workers. Worked for their assembly lines.

One of the values of Scientific Management is that businesses should be run like a tight ship. Many employees worked in factories, or held similar jobs that did not allow for creativity or individual expression. Employees behaved in a certain, specified manner.

Scientific Management had a downfall: employees lost interest in the quality of the company.

2nd Management Theory

2. Classical Administrative, also 1900s, Max Weber's Idealized Bureaucracy: believed that increasing efficiency was costing humanity, believed that bureaucracy could be helpful as a leader, but not too much. Management needed quality records and training. Detailed records to improve performance. Impersonal interactions. Hierarchy, division of labor.

3rd Management Theory

3. Classical Administrative, Henri Fayol's Administrative Science, 1916. Focused on detailed levels of administration. Focused on personal efforts and team dynamics. Unity of command, equity, and direction.

Fayol, more progressive than Taylor, more initiative, less recognition.

His management principle of Plan, Organize, Command, Co-ordinate and Control is still used.

4ᵗʰ Management Theory

4. Elton Mayo's Hawthorne Works experiments, 1920s, and the Human Relations Movement, 1930s, disproved Taylor, people were more efficient when noticed. Led to understanding of group dynamics. Business would prosper if people did. Led to cultivating skills.

The Human Relations Movement was supported by the Hawthorne Effect. From 1924-1932, Henry Landsberger conducted studies at the Hawthorne Electric Factory in Chicago.

History of Workplace Culture

- Around the 1930s, the Human Relations Movement (HRM) took over for Scientific Management. Fritz Jules Roethlisberger, a founder of the Human Relations Movement, desired to avoid the employees' disinterest.

- The Human Relations Movement from the 1930s to the 1950s was most notable for giving employees more decisions and influence in the workplace. Maslow helped employers to understand that employees could be more valuable if their individual needs were listened to, understood, and met (Hillstrom & Hillstrom, 2002).

- Human Relations Movement developed into Human Resources policies. Human Resources began to be introduced as policies in the 1970s. US Dep of Health said that employees needed to feel involved or they would be unhappy, perhaps even violent.

- **Many employers instituted a feedback program.**

Modern Management Theories

Top 3 Current Management Theories: Contingency, Chaos, and Systems

- Contingency Theory (management style must depend on situation), Chaos Theory (systems naturally go to more complexity, and as they do so, these systems become more volatile (or susceptible to cataclysmic events) and must expend more energy to maintain that complexity. As they expend more energy, they seek more structure to maintain stability) (http://managementhelp.org/management/theories.htm).

- Relevant Theory: Systems Design (A system can be looked at as having inputs, processes, outputs and outcomes).

- System Design: Employers were asking employees what was wrong, but they weren't prepared for the answers (Lenski, 2011).

Internal Conflict Types

What: Process (How it started, Ayoko, Callan, & Hartel, 2003 and Myers, 2005):

- Process:
- Task:
- Relational

Who: Bullying (Relationship of who is involved, Ayoko, 2003):

- Power conflicts
- Power imbalance

Systemic Conflict Types

If a company continues to have the same problems internally or externally, this is an indication of a systemic conflict (Slaikeu, 1998).

Systemic conflicts are the most unidentified but the most common types of conflict in the workplace (Cloke & Goldsmith, 2005).

A company's common reaction to systemic conflict is ignore, avoid. Then overreact.

Conflict Resolution Processes

Prevention, Path, and Common Processes

Understanding conflict path identifies possible points of intervention to de-escalate conflict.

Preventing conflict begins with

1. Employees who are well trained in effective communication,
2. Managers who intentionally take steps to minimize conflicts,
3. A well-designed workplace structure (Cloke, 2001),
4. A variety of options available to employees (Lewin, 2001),
5. Understanding an issue (Clifford, 2006), and
6. Bring in outside neutrals to do temporary system analyses that can expose potential conflicts (Marks, 2005).

White (1969) believes the key is involving both the employee's and the employer's responsibility to prevent conflict.

Path of (Escalating) Conflict

Becomes more extreme: "gossiping, criticism, innuendo, scape-goating, undermining, intimidation, passive aggression, withholding information, insubordination, bullying, and verbal and physical aggression" (Baltimore, 2006, p. 30).

Becomes more frequent: As conflict escalates, it begins to disrupt work more often and for longer periods of time. When a conflict initially erupted, employees had to deal with it about once every two weeks. Quickly, though, they had to deal with it on a daily basis. The average conflict in their office lasted between six and nine months (Ayoko, Callan, & Hartel, 2003).

Conflict Resolution Processes

What is the best process?

- Providing Options: Researchers such as Lewin (2001) feel that the history of trying out different ways to resolve dispute has given companies a wide array of options. The company can pick which tool is the most appropriate for the current conflict.

- One Clear Option: (Nursing/health care options) Smith (2002) says that employers can benefit from their predecessors by choosing the best process available. Having a clearly defined process will also limit subjectivity and will help conflicts to be resolved quickly.

- Employees' Choose Options: Cloke and Goldsmith (2005) agree that a conflict must be resolved quickly, but they feel that having only one complicated process is often detrimental to employees. It is preferable for a company to have access to a wide array of ADR options and choose what fits their company and current conflict.

- External Options: Stitt (1998) proposes an external option, such as a neutral, for small businesses to resolve conflict.

(These options all support their background, another reason why I wanted an objective study.)

Negative Consequences of Conflict

- Money: (Slaikeu (1998) says that the main result of conflict to a business is the loss of money. The largest loss comes from litigation expenses.) An unexpected cost is due to conflict-related turnover. When an employee leaves a company due to a dispute,Slaikeu says it costs the company about 75-150% of that person's annual salary because of time spent on that conflict, and then posting, hiring, and training a new employee.

- Performance/Time

- Damaged Reputation

- Company Splits/Violence

Positive Consequences of Conflict

- Save Money!

- Save Time!

- Better Job Performance!

- Saves Relationships!

Also, ADR is natural (Uncertainty Reduction Theory, Berger's axioms)

Consequences Summary

- Negative consequences of conflict can be loss of money (Slaikeu, 1998), decreased job performance (Weeks & Fournier, 2010), damaged reputation (Cloke & Goldsmith, 2005), and company split or violence (Clifford, 2006).

- Positive consequences of conflict can be money saved (Slate, 2003), time saved (Slaikeu, 1998), increased job performance (Lewin, 2001), saving relationships (Tjosvold, 1985), a natural process (Myers, 2005), and triaging conflicts (Lewin, 2001).

Who Involved

There were 109 respondents who discussed 183 people responsible.

- 76 businesses (70%) reported that most conflicts involved or were caused by employees;

- 50 (46%) reported that conflicts involved managers;

- 32 (29%) of those companies reported overlap, that conflicts just as often involved both an employee and a manager; and

- 25 (23%) businesses reported that their conflicts were most commonly caused by someone outside the company, such as a vendor or a client.

Escalation

414 Conflicts identified in Item 6 were initially categorized by 3 sets of data: Where (Placement), What (Substance), and Who (Responsibility).

<u>Where</u>: identifies the placement of a conflict relative to the company, such as Internal (220), External (46), or Systemic (138).

<u>What</u>: The Substance of a conflict analyzes the substantive issue that appeared to escalate the conflict, such as: Miscommunication (114), Not Enough Time (38), and Not Enough Money (17).

<u>Who</u>: The Responsibility of a conflicts was analyzed by the person or persons that appeared to be responsible for escalating the conflict, such as caused by a manager/manager's decisions (91), caused by an employee (65), or no clear responsibility (258).

Consequences

Conflict Exits	Frequency
Direct and Honest Communication, positive	47 (53%)
Mediation made it positive	19 (21%)
Management Intervention req'd, negative	14 (16%)
Not Resolved, still negative	3 (3%)
Office Décor was changed; helpful	2 (2%)
Police called, negative	2 (2%)
Fired,	1 (1%)
Training	1 (1%)
Total Identified Exits	**89**

What worked/What should be used

Top 10 Conflict Resolution Suggestions	Frequency
Conversation	21 (10%)
Direct, in-person, and honest	18 (9%)
Stronger Management, Refer to Process	16 (8%)
Address Early	15 (7%)
Staff Neutral	15 (7%)
Outside Neutral	14 (7%)
Pre-Conflict Training	12 (6%)
Clearer Policies	11 (5%)
Employee Intelligence	9 (4%)
Continued Communication Training	9 (4%)
Total Suggestions	**201**

Conflict Location

Comparisons	California	Oregon	Virginia
Conflicts about Money	4 (10%)	3 (2%)	2 (5%)
Conflicts about Time	1 (3%)	12 (9%)	7 (16%)
Average Employees	77	16	14
Total Businesses	11	29	13
Total Conflicts	38	128	43
Avg. Conflicts/Business	3.4	4.4	3.3

Conflict Type
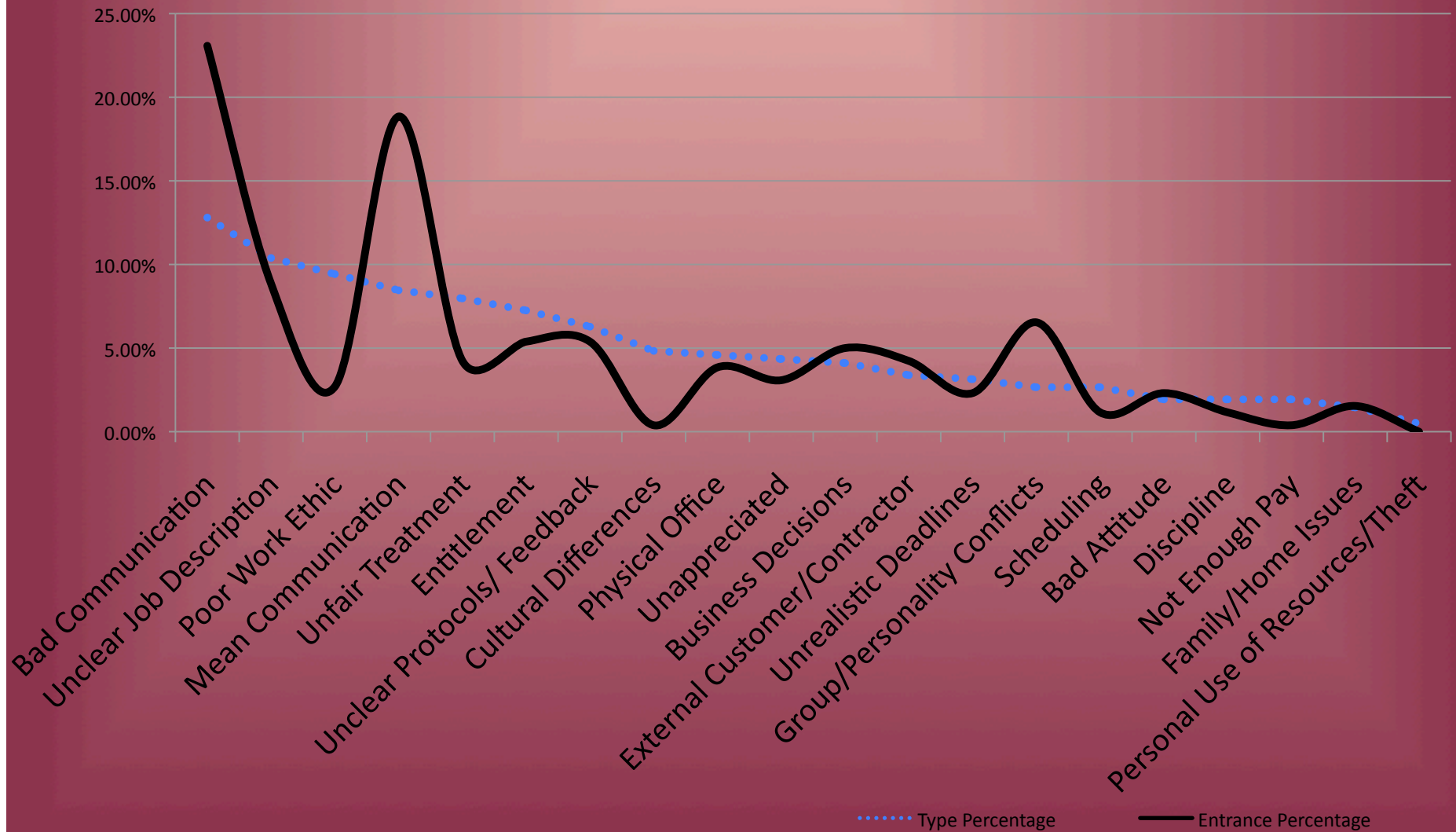
Process Comparison: What was used
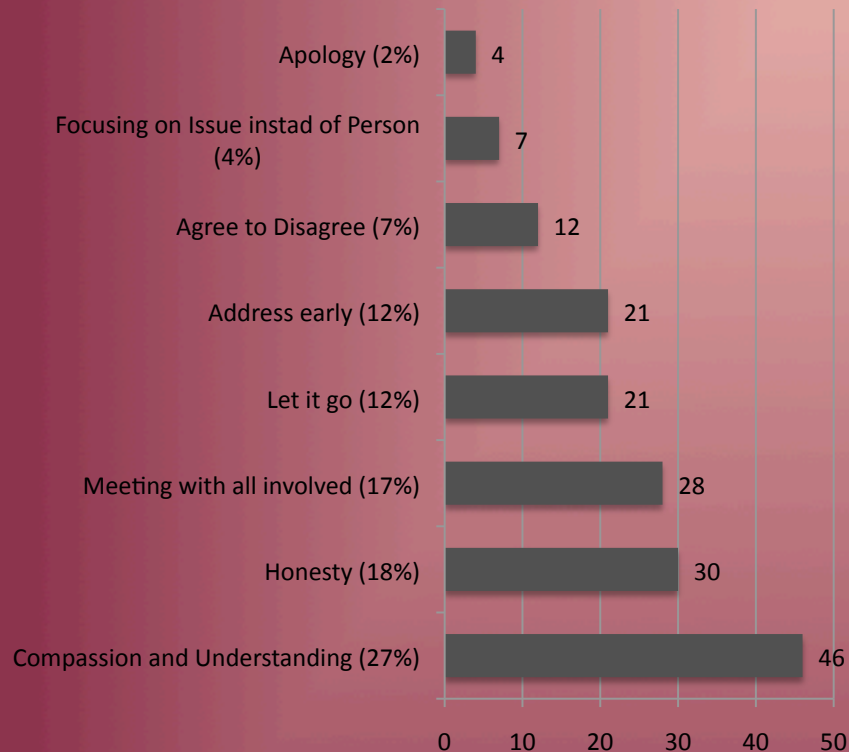
169 Employee-driven processes

- Apology (2%): 4
- Focusing on Issue instad of Person (4%): 7
- Agree to Disagree (7%): 12
- Address early (12%): 21
- Let it go (12%): 21
- Meeting with all involved (17%): 28
- Honesty (18%): 30
- Compassion and Understanding (27%): 46

(x-axis: 0, 10, 20, 30, 40, 50)

96 Employer-driven processes

- Paid time-off/Giving space (5%): 5
- Police (14%): 13
- Peaceful décor (15%): 14
- Firing (17%): 16
- Strong Leadership (23%): 22
- HR/Management forcing people to be nice (27%): 26

(x-axis: 0, 5, 10, 15, 20, 25, 30)

System-driven Process: What was used
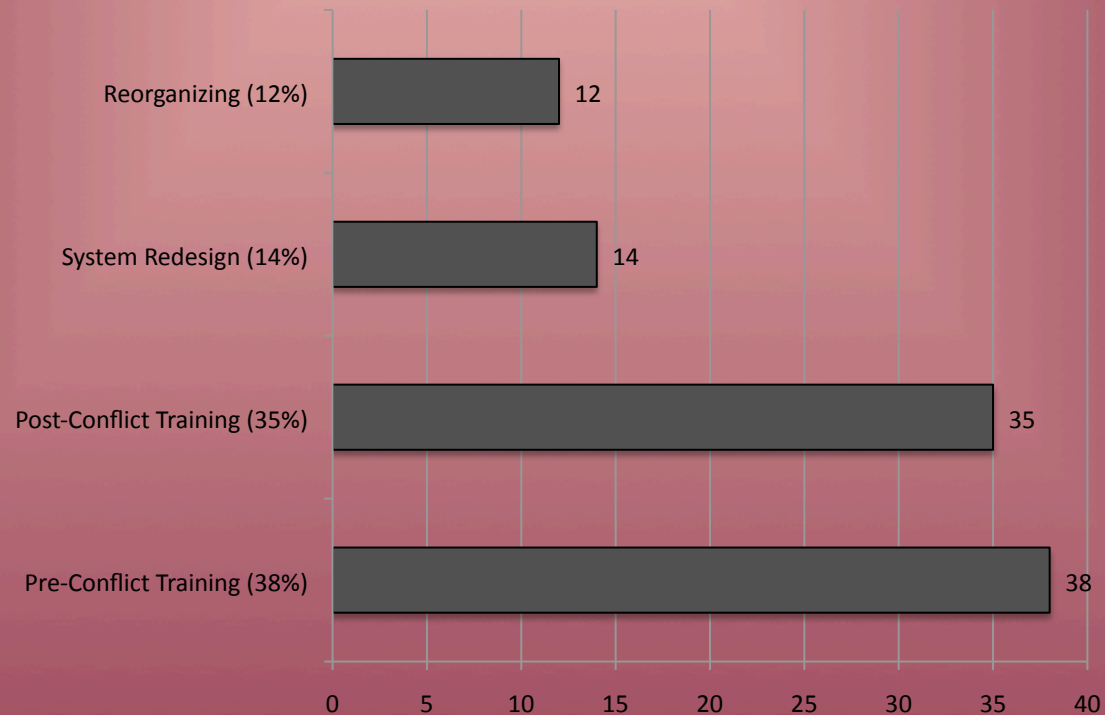
Consequence/Process

Process and Consequence seem to be related;
Escalation and Consequence also seem to be related;
Entrance and Consequence don't.

Process	All Responses	Positive	Negative
Conversation/ Collaboration	45 (10%)	33 (11%)	8 (6%)
Compassion and Understanding	46 (10%)	32 (11%)	8 (6%)
Pre-Conflict Training	36 (8%)	32 (11%)	7 (5%)
Mediating	38 (8%)	24 (8%)	6 (5%)
Totals	**165**	**121**	**29**