peace & profits

A Manager's Guide to
Conflict in the Workplace

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Introduction

Conflict in the workplace is an all-too-familiar, even universal, phenomenon in business. A survey of 5,000 employees revealed that 85% of them deal with conflict in their working lives. Twenty-nine percent said they deal with it "always" or "frequently," according to a study commissioned by CPP, Inc., a provider of assessments and training tools.

Still, workplace conflict and its resolution doesn't get the attention it deserves. The authors of the study were surprised that formal or informal training for managing conflict wasn't more pervasive. They found that less than half of employees questioned (44%) had received some type of training to deal with conflict in the workplace. That finding may seem misleading. You might think, isn't dealing with conflict on managers? Not based on the study. When asked whose ultimate responsibility it is to ensure conflict in the workplace is managed more effectively, 62% of employees responded with "everyone." Managers came in second place at 27%.

Nevertheless, the responsibility of dealing with conflict often falls on managers, whether or not it's reasonable or fair. And they may be just as unprepared as employees. "Rather than hire third party specialists, managers are expected to handle conflicts as they make decisions and resolve differences among employees," according to Dean Tjosvold and Fang Su in "The Blackwell Handbook of Mediation." "However, most managers have little formal training in conflict and are unprepared to meet the demands of mediation."

Follow along for a look at conflict in the workplace and how you can best respond to it.
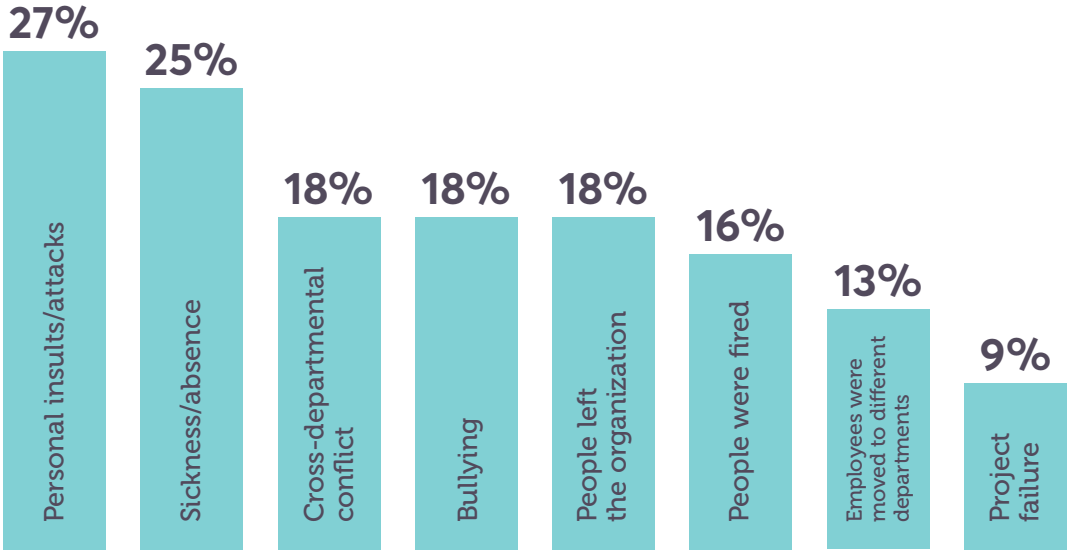
The Surprising Cost of Workplace Conflict

Conflict in the workplace may seem like a nuisance, but its consequences can undermine company culture and impact a company's bottom line directly.

In the CPP, Inc. study, researchers estimated the cost of workplace conflict for U.S. companies is $359 billion annually. That figure is based on employees spending 2.8 hours per week dealing with conflict, at average hourly earnings of $17.95 (or annual salary of approximately $37,300).

But that's not the only cost of workplace conflict. The $359 billion estimate for lost employee time is just one element of what happens when conflict impacts an organization. Take a look at the other negative outcomes respondents said they have witnessed.

27% Personal insults/attacks

25% Sickness/absence

18% Cross-departmental conflict

18% Bullying

18% People left the organization

16% People were fired

13% Employees were moved to different departments

9% Project failure

Providing a dollar figure for some of those consequences is difficult. For instance, cost estimates for job turnover start high when replacing entry-level employees and get higher depending on who is being replaced. According to corporate economist Bill Conerly in Forbes, replacing an entry-level employee costs about 50% of that position's salary. Replacing a mid-level employee costs 125% of that position's salary, and it requires more than 200% of a senior executive's salary to replace that position. Conerly noted that high estimates are due to human resources costs being "the tip of the iceberg," as other considerations need to include interviewing, what it takes for other employees to cover the role, and on-the-job training.

And turnover is only a secondary segment of the overall cost of workplace conflict. It gets even more complicated when conflict interferes with the completion or quality of work projects. Further problems occur when personal insults and attacks impact work culture. When those types of things occur, employee motivation takes a hit. That type of situation can make high turnover look like the lesser of two evils.

What's the ultimate cost of workplace conflict? No one has put a full dollar amount on it. You can gauge what it might be like by considering lost employee time and topics like turnover and absenteeism. More difficult to estimate and come to terms with may be what conflict can do to morale and work culture.

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Types of Conflict in the Workplace

There are three types of conflict in the workplace, according to *Negotiation Journal*.

- **PROCESS CONFLICT** relates to delegation and logistics. Arguments may arise out of a wide range of methods, procedures, and strategies. Process conflict can have a negative effect on people's emotions, and it has been linked to an increased likelihood of experiencing conflict in future interactions.
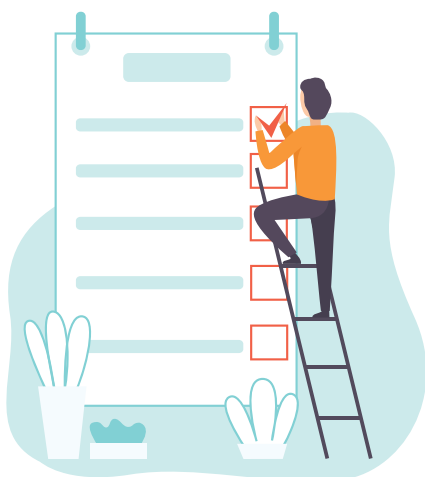
- **TASK CONFLICT** relates to disagreements about tasks being performed. Arguments stem from work-related problems and the best ways to solve them. Task conflicts have been linked to decreased satisfaction and intent to stay with the employer. Like process conflicts, task conflicts are associated with decreased well-being, but not to the extent of relationship conflict.

- **RELATIONSHIP CONFLICT** relates to personal issues not related to work. Arguments may develop out of clashes of personality, political views, hobbies, or social events. Relationship conflicts have the greatest detriment to self-esteem than any other type of conflict in the workplace. Here, one's identity and self-esteem are threatened, which can lead to a more emotional reaction. Morale is affected and can result in decreased satisfaction with the job, group, and organization.

One thing to keep in mind about the types of conflict in the workplace is that perceptions can create misconceptions. For instance, an ongoing task-related disagreement could be perceived as a personal attack (relationship conflict). It could happen quite often, actually. *Applied Psychology* mentioned how numerous studies have found moderate to high correlations between those two types of conflict in the workplace.

However, misattribution of task conflict is less likely to happen when teams report high levels of intrateam trust or tolerate open expressions of different views. Furthermore, group attitudes and beliefs about conflict can affect how conflict is perceived and reacted upon in teams. Those types of ideas lead into the importance of approaching conflict in a healthier, positive way.

Reframing Conflict in the Workplace

There's no denying that conflict costs organizations. Conflict undermines employee's time and morale. Conflict can lead to misunderstandings that make clashes seem like something personal. Both of those things are deeply negative.

That's not the end of the story, though. In the right environment, conflict can actually become an asset. Your role as a manger can be instrumental in taking something that's typically negative and turning it into a positive.

Productive Conflict

Organizations are traditionally built on two assumptions: conflict is harmful, and it can be avoided. Both notions are false, according to Dean Tjosvold and Fang Su.

"Conflict pervades organization life," they wrote about the latter assumption in "The Blackwell Handbook of Mediation." "Each person within a department is unique, and they all see the world from their own perspective. They inevitably develop different opinions and reactions. Even less realistic is the expectation that different groups, often separated by distance and diverse training, will be able to work harmoniously."

Researchers also have debunked the other notion that conflict always being harmful. Take a few older examples in the area of task-related conflict. In the *Academy of Management Journal*, one study from 1996 demonstrated how arguments over task-related issues can be beneficial to strategic decision-making. Another study was
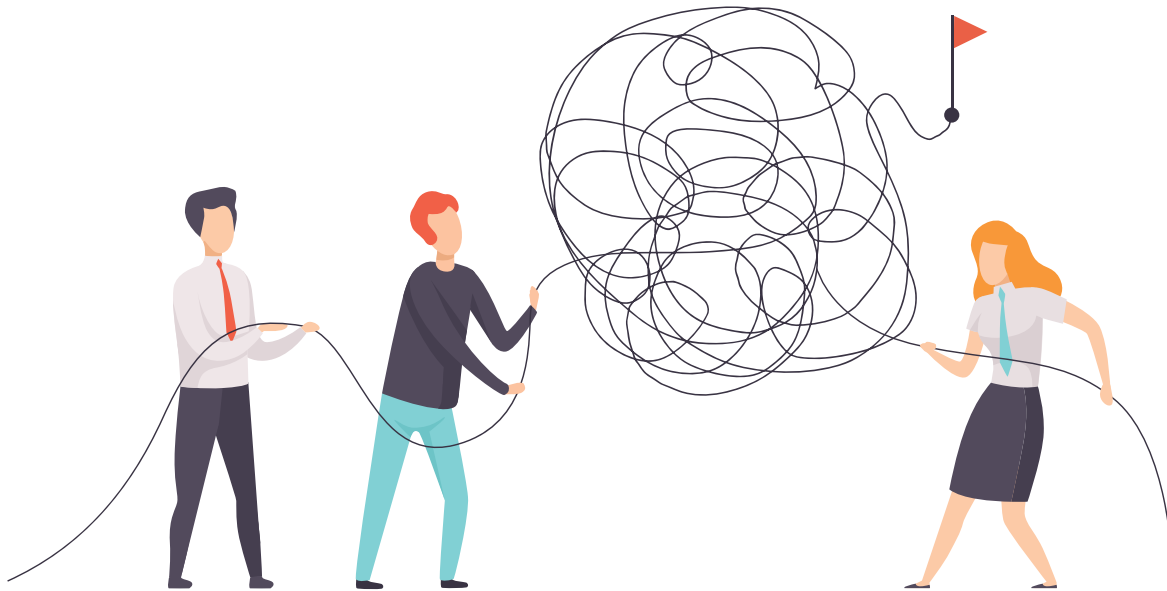
published in the same journal in 1989, and it showed the benefits of argumentative approaches (such as devil's advocacy) to group strategic decision-making over consensus approaches. Finally, a 1995 study from *Administrative Science Quarterly* found advantages of task-related conflicts for non-routine tasks.

Not all conflict is equal. Those studies show that keeping conflicts in the domain of task-related conflict can reap advantages. As noted in *Applied Psychology*, that's why conflict researchers constantly offer a simple piece of advice: "Avoid relationship conflict and enhance task conflict."

Controversy challenges ideas and helps people process new and opposing information. When other opinions are expressed, employees can ask questions, explore alternative views, and better understand a given situation or topic. Without controversy, employees may not have a chance to fully explore opposing ideas and challenging questions that other people, who are often operating from a different perspective, can pose.
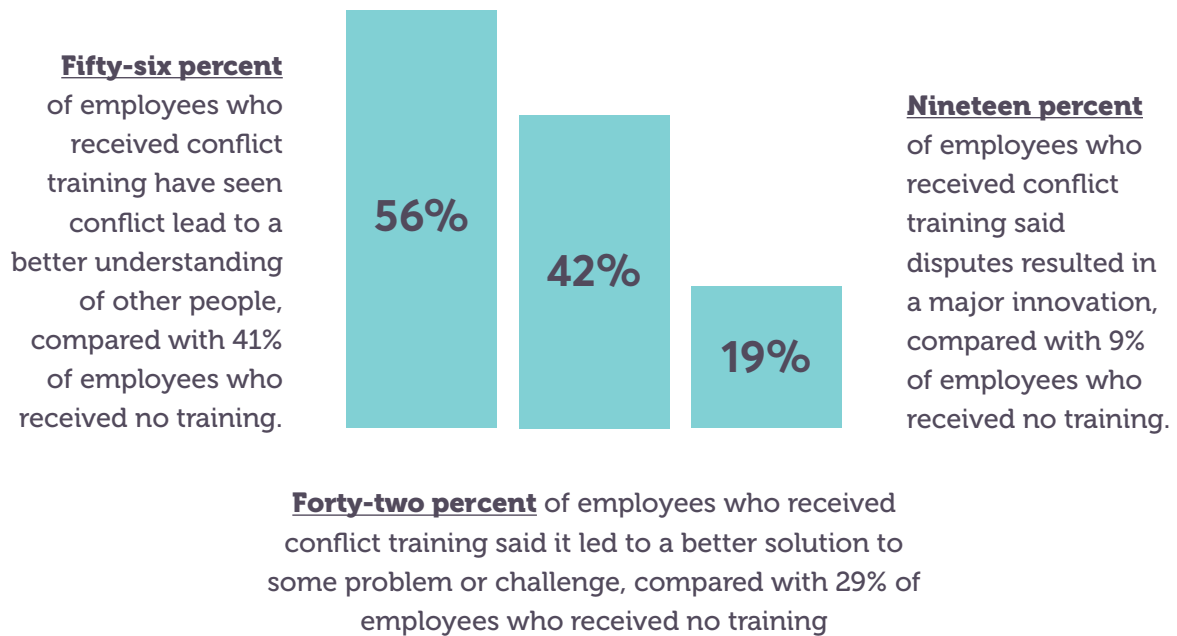
Conflict can help people explore the complexity of a problem and then create a proper solution. This social problem-solving is rooted in productive conflict that organizations and managers should strive to implement.

Moving Toward a Healthier View of Conflict

It's clear that from even a quick look at the research around conflict, organizations need to view the topic differently. As a manager, you can help build support for your organization to train employees as well as other leaders in how to deal with conflict appropriately. Formal training can help people see conflict as an asset and to learn constructive ways of interacting with it.

Employees in the CPP, Inc. study demonstrated the value of training. Take a look at the differences between the 44% who received formal training in conflict and the rest of employees.

Fifty-six percent of employees who received conflict training have seen conflict lead to a better understanding of other people, compared with 41% of employees who received no training.

56%

42%

19%

Nineteen percent of employees who received conflict training said disputes resulted in a major innovation, compared with 9% of employees who received no training.

Forty-two percent of employees who received conflict training said it led to a better solution to some problem or challenge, compared with 29% of employees who received no training

Furthermore, 31% of employees who received conflict training said that conflict "gets to them" less, and almost as many said that they're now more proactive in dealing with conflict than in the past. Perhaps most noteworthy is that 85% of employees who received conflict approach disagreements differently now compared to how they used to.

Given the value of training, consider taking the opportunity to provide conflict training to your team. Ideally, changing the way conflict is viewed starts as an organization, but you can start implementing those changes in your immediate domain. As you engage your team in providing and receiving constructive ideas, challenging the status quo, and maintaining the positive side of conflict, you can share what you've learned with other managers and teams. Maybe you can develop the conflict training that your organization eventually adopts.

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Responding to Conflict as a Manager

What should you do when you actually face conflict? The next subsection offers some practical advice and questions to consider, which can help you figure out if any intervention is needed at all. If you need to step in, the ensuing subsection examines how you can resolve conflict.

Some Practical Considerations

The previous discussion about positive conflict should play a chief role in how you respond to conflict in the workplace. After all, if the goal is to adhere to a perspective that conflict can be productive and an asset to your team, then that should change everyone's perspective.

Try to incorporate that mindset before negative conflict sets in. Of course, it's a lot easier to demonstrate the value of conflict when things are going well. But if team members are currently embroiled in tough difficulties and challenges, conflict as positive might be a tougher sell. That's especially true in a case like someone perceiving task-related conflict as a personal statement or attack.

If those fundamentals are there, then you have a set of healthy expectations that can guide behavior. As a result, a little bit of conflict could be healthy, and even if it's not, hopefully employees can work it out. You won't need to get involved unless it escalates outside the boundaries of those expectations for conflict.

Remember that in a work environment where conflict is seen as an asset, there's no need for you to step in right away. Small amounts of negative conflict can give employees an opportunity to deal with it themselves. If you attempt to reconcile employees' conflict quickly through a strategy like mediation, your actions can be harmful. Quick intervention can violate their sense of due process and their perceptions of fairness, according to M. Susan Taylor and Ashley Fielbig in "Handbook of Principles of Organizational Behavior." Intervening too quickly can also undermine the effectiveness and longevity of any agreements reached.

If the conflict builds, then you can explore intervention methods. Generally speaking, interventions have the highest rates of success when there are medium levels of conflict. React too soon and you don't give people the opportunity to work it out on their own. React too late and emotions may be too high for people to think rationally; they may not be willing to concede anything.

> Understanding when to step in and when to let employees deal with conflict is key.

It may not be easy, but it's crucial in order to know when to leave things alone, when to have preliminary conversations about the matter, and when to start resolving the conflict actively. Try to see issues through your employees' perspectives for help. Keep an eye on how people are feeling about certain issues to identify potential flare ups.

How to Resolve Conflicts

There are times when conflict is productive or low levels of negative conflict can be worked out by employees. As a result, a big part of managing conflict is simply knowing when to step in. If conflict needs to be resolved, you'll need to get involved actively.

What should you do? This section provides a brief overview to two important strategies at your disposal: negotiation and mediation. According to M. Susan Taylor and Ashley Fielbig "negotiation and mediation processes, when used appropriately, enhance managers' effectiveness in resolving many of the conflicts that confront them at work," they said in "Handbook of Principles of Organizational Behavior."

NEGOTIATION

Negotiation is particularly helpful when you're an active party in conflict. This tool can help reconcile your interests with others in the workplace, such as your employees, their managers, or people outside that chain of command (e.g., human resources professionals in the organization).

It's important to recognize that negotiation isn't just a strategy for resolving conflict. It's rooted in the core of what you do. Managers negotiate to win contracts, come up with successful ideas for projects, and in their everyday interactions with others. As a result, it's only natural for negotiation to play a role in how you resolve conflict.

Negotiation works best it's a collaborative win/win situation, instead of the win/lose outcome of distributive negotiation. Collaborative negotiation is especially useful in a few types of situations. The first is when long-term relationships exist or are at least envisioned. The second is when parties share important values or principles that can shape goals in the negotiation. Finally, collaborative negotiation is effective when there are different issues at stake as there's a higher likelihood of creating a situation of joint gain.

Taylor and Fielbig offered five important principles for collaborative collaboration.

1. Parties should engage in a candid and open exchange of information about each other's interests.

2. Each party should aim to satisfy the other's interest to some degree. Ultimately, the focal party's interests (the manager, or leader of the two managers involved) should be satisfied to the greatest extent.

3. Creativity should be used in identifying the options that might satisfy the other party's interests.

4. Instead of various opinions, parties should rely on external standards and facts to resolve disputes.

5. Parties should work on what's called a "BATNA" — best alternative to a negotiated agreement — which helps people not feel forced to accept an undesirable offer to end the negotiation. The idea behind it is to have a strong alternative you can move to if your partner doesn't meet your interests or goals. If no agreement is reached, you can have some options that will keep both of you moving forward on the issue.

Several aspects of negotiation can be integrated into the process. For instance, making small concessions at the beginning of bargaining can be helpful. Likewise, trying to build a positive working relationship through mutually beneficial situations or problem-solving workshops can help matters. Make sure you set your priorities so you know what you must have and what could serve as a tradeoff.

MEDIATION ···

In addition to times when you're directly involved as a participant in conflict, there are circumstances when you're a third party. Most often, it's a case when two employees from your team or group have a dispute.

There are several ways that you can respond. In 1984, Blair Sheppard put forth four options for third-party conflict intervention in *Organizational Behavior*. His seminal work on the research and theory behind conflict resolution techniques is still used by researchers to identify the various approaches third parties have. Here's an overview of those approaches.

- **INQUISITORIAL INTERVENTION** *(high process control/high outcome control):* Managers actively control not only the discussion, but the outcome by enforcing a solution. Sheppard found it to be the most common intervention method used by managers.

- **ADVERSARIAL INTERVENTION/JUDGE** *(low process control/high outcome control):* This mode is marked by managers deciding how the conflict will be resolved and, if needed, enforcing the solution. However, compared to the previous intervention type, the difference here is the manager allows both parties to present information. The manger will then decide. This style was the second most frequently used by managers.

- **AVOIDERS, DELEGATORS, IMPETUS PROVIDERS/MOTIVATING** *(low process control/ low outcome control):* Managers may ignore the conflict, delegate it to other leaders (human resources or lower-level managers), or motivate parties to resolve it themselves, often through questions about the dispute or by threatening punishment if not resolutions is made. This style was the third most common type of third-party intervention.

- **MEDIATION** *(high process control/low outcome control):* Managers control how parties reveal information about their conflict, but no attempt is made to control how the conflict is resolved. Sheppard found that this style was virtually unused by the managers studied.

Research on the modes of third-party intervention methods has favored mediation. It tends to produce better outcomes than other methods that rely on questioning parties, opposing their perspectives, and resolving things unilaterally if the parties can't figure things out. People who experienced the mediator mode of intervention perceived the conflict outcome, resolution process, and the mediator to be fairer than the other three methods (or any combination of the three methods).

Perception of fairness is important. As *Negotiation Journal* noted, researchers have even overlooked that aspect of conflict management. Those authors conducted a study that verified how employee perceptions of leaders as a third party in conflict can amplify or buffer the employee's stress experience. Leaders who avoided conflict or were too forceful amplified employee's stress. Leaders who focused on problem-solving behavior buffered employee's stress.

Integrating the right mindset can help you become more effective as you intervene as a mediator. As for the actual mediation interventions, there are three primary types available to you as a manager. You may use all of them in a single mediation or just one or two.

- **DIAGNOSTIC INTERVENTION:** This occurs early in the process and refers to you becoming familiar with the situation, bonding with them, and establishing ground rules so that things won't escalate until you have a better understanding. Then, you attempt to diagnose the conflict and what tactics can lead to an agreement. Your actions in this mode are helpful for increasing trust and perceptions of fairness and effectively identifying the underlying causes of conflict.

- **CONTEXTUAL INTERVENTION:** Refers to your attempts to impact how the two parties interact to discuss, negotiate, and resolve their conflict. Note that it doesn't address content of the conflict resolution, but issues like climate, structure, and conflict within each party's team. The aim for contextual interventions is to encourage parties to keep trying to resolve their conflict and to help them engage in problem solving that will allow them to develop their own solution. Intervention may get at poor communication, diffusing anger, and focusing on the problem.

- **SUBSTANTIVE INTERVENTION:** Refers to how you as a mediator deal directly with issues for the conflicting parties. Behaviors can include exploring potential compromises, suggesting possible agreements, and assisting in looking at the pros and cons of proposals.

Becoming a More Effective Communicator and Leader

Learning how to manage and resolve conflict is a broad and important topic. Unfortunately, it's also something that a lot of managers lack training on.

You can't escape conflict, and if you look at what it takes to become a successful manager more broadly, conflict management is connected to other areas of your role. If you become better at dealing with conflict, you're likewise improving as a communicator and resource for your employees. All of it is connected.

How do you take a step forward? The right education can help. You can earn an online MBA that emphasizes strategic leadership, business ethics, and other areas that directly impacts how you communicate and lead others. You'll also receive instruction in areas like economics, finance and accounting, marketing, and more.

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