A Strategic Approach to Conflict Management Systems

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Abstract

As a practice of identifying and handling conflicts, conflict management has been subjected to an intense scrutiny and even criticism, coming from both traditionalists (still dominant among Romanian managers), and progressive managers. As a result, conflict management systems got blamed for not including all stakeholders' interests, as well as for undermining managers' authority, among other not less important aspects.

However, the solution to conflict management systems' perceived flaws may reside in a strategic approach to conflict management, which should complement each organization's strategic goals and existing structures, and therefore replace the best practices approach with a configurational approach focused on the best strategic fit for every organization.

1. Introduction

From the organizational point of view, **conflict** is the discord that arises when goals, interests or values of different individuals or groups are incompatible and those people block or thwart each other's efforts to achieve their objectives.

Traditionally, organizational conflicts were perceived as dysfunctionalities, with negative effects on productivity and job satisfaction, and with the potential to generate stress, frustration and anxiety, especially if recurrent on the long term. Recently, even though the potential negative consequences of conflicts may still generate expenses, managers have begun to acknowledge the positive consequences of conflicts, such as being a catalyst for change, forcing organizations to re-evaluate priorities and fostering innovation.

Conflict management is the practice of identifying and handling conflict in a sensible, fair and efficient manner. By acknowledging conflicts and their effects on the group dynamics (whether the group is a team or the whole

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organization), and successfully resolving them, managers can make the most of each situation and use this as a learning or a leadership opportunity.

Since conflicts come in such a wide range of types, and are usually the result of more than one cause, there is an equally large array of approaches to solving them, according to the complexity of the situation, to the number of people involved and their personal and professional characteristics, to the nature and intensity of the conflict and so on, starting with the 1977 Thomas Kilmann Conflict Mode Instrument and ending with the latest Alternative Dispute Resolution (ADR) Systems designed to "assist in addressing conflict in a manner that is consistent with the organization's broader goals and objectives" (Lipsky, Avgar, 2010)

2. Conflict Management Systems

According to Rian Thomas (2002), having to endure conflicts in the workplace without sufficient training, tools, outlets, or support, employees are destined to experience various degrees of work related discomfort, which can easily escalate and cause any number of consequences from employee anxiety to ensuing lawsuits.

Knowing this, many organizations came up with some form of dispute resolution, such as rights-based grievance procedures, which may include processes like review boards and arbitration. Some organizations are even beginning to see the value of interest-based interventions such as mediation. Unfortunately, these mechanisms are utilized well after disputes have already escalated out of control. Additionally, they rarely equip companies to deal directly with the day-to-day interpersonal disputes that cause a great deal of disruptions in the workplace. In any case, the key to controlling the cost associated with workplace conflicts is to address disputes early in their life cycle before they escalate beyond the organization's ability to effectively intervene.

Organizations generally move through four phases in addressing conflict: organizations in the first phase have no defined institutional dispute resolution processes; organizations in the second phase have introduced rights-based grievance procedures - some ending in adjudication processes such as peer review and arbitration - for the resolution of conflict. Some organizations have moved to the third phase, by introducing specific "interest-based" processes, often some form of mediation, to supplement rights-based processes. Increasingly, organizations are moving to the fourth phase, by developing "integrated conflict management systems." These systems include both grievance processes and mediation, but go beyond them, introducing a systematic approach to preventing, managing, and resolving conflict.

Addressing the costs associated with conflict is a viable and effective methodology for cutting costs. Ultimately, the aggregate costs associated with conflict can be profitably addressed through a well thought out integrated approach to workplace disputes, that is, a **Conflict Management System** (CMS). The premise of Conflict Management Systems is that the cost of resolving conflict is

negligible relative to the cost of leaving conflicts unresolved. A Conflict Management System is strategically tailored and customized to support the needs of an organization based on this operational premise, and consists of three interrelated components that are essential to its success (Thomas, 2002):

- **Training:** raising employee conflict awareness, which reduces the negative impact of conflict in the workplace. The way to achieve this is by designing a custom combination of conflict awareness training, communication training and negotiation training, while raising managers' awareness on the tactical alternatives associated with resolving various types of disputes (since often managers feel they should be able to handle workplace disputes without any external intervention).
- **Neutral Third-Party Intervention:** provides professional resources early in the conflict cycle to help constructively resolve the dispute before it cycles out of control. This means that a properly designed Conflict Management System should be capable of providing qualified assistance in the early phases of the conflict to those experiencing acute, distressing, and/or disruptive struggles, and prevent the escalation of conflict and the high expenses associated with it. Therefore, CMS Neutral Third-Party Interventions are made available in the form of Conflict Coaching, Conciliation Services, Conflict Resolution Sessions, and/or Facilitation Services. However, this raises the question whether to use internal or external third-party interveners, or a combination of the two, considering that both options present their own advantages and limitations. Internal interveners have the advantage of their familiarity with the organization's dynamics, core business, culture, and personnel, but there might be a potential perceived lack of confidentiality and assurance that the internal intervener is acting in a non-partial and neutral fashion because of their connection with the organization. Correspondingly, an external intervener can be completely neutral resulting in greater appearance of trust and credibility, but this comes at the cost of a certain lack of familiarity with the organization.
- **Supportive Infrastructure:** internal procedures and processes developed to support an organizations' ability to constructively manage and minimize the harmful effects of conflict in the workplace. The attributes of a supportive infrastructure include: support from upper management, budgeting, values in alignment with the organization, confidentiality procedures, an administrative center (a group responsible for the administration of the program, including resource distribution and tracking of those resources), some sort of conflict competency committee (a stakeholder group meeting regularly to evaluate the progress and competency of the conflict management system), a feedback system (designed to gather information on results and problems and therefore facilitate learning), a visible return on investment (measuring the impact of

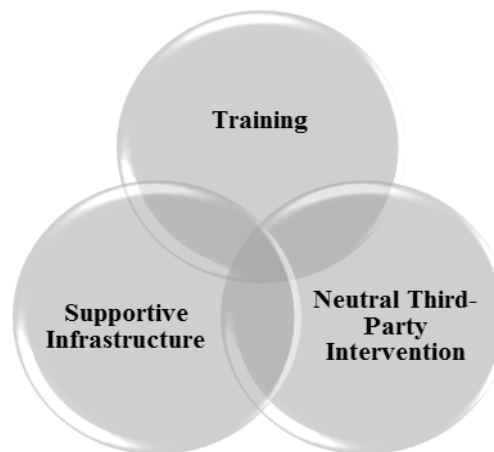CMS on productivity), proper advertising throughout the organization, and carefully chosen incentives.

**Figure 1. The interrelated components that are essential
to a successful Conflict Management System**
Source: Thomas, Rian (2002) - Conflict Management Systems: A Methodology for
Addressing the Cost of Conflict in the Workplace

An integrated conflict management system introduces and focuses on conflict management tools such as referring, listening, anonymous problem identification and consultation, coaching, mentoring, informal problem-solving, direct negotiation, informal shuttle diplomacy, generic solutions, and systems change. All these are processes most employees are willing to use and are most likely to prevent unnecessary disputes and to resolve conflict early and constructively.

Second, while the more formal dispute resolution processes such as grievance procedures and mediation are necessary, they are insufficient because they usually address only the symptoms, not the sources of conflict. An effective integrated conflict management system addresses the sources of conflict and provides a pervasive method for promoting competence in dealing with conflict throughout the organization.

For these reasons, when implemented effectively, integrated conflict management systems help decrease the less visible, but important costs of conflict such as loss of valuable employees due to transfers, stress leave, early retirement; movement to a competitor; loss of productivity; petty sabotage, waste, theft of intellectual property, and considerably reduce the number of costly lawsuits and other legal expenses.

According to J. Lynch (2001), effective integrated conflict management systems share these five characteristics:

1. Effective integrated conflict management systems share a **broad scope**, providing options for preventing, identifying, and resolving all types of problems (including "non-hierarchical" disputes between employees or between managers), easily available to all persons in the workplace - workers, managers, professionals, groups, teams involved in disputes etc.
2. Effective integrated conflict management systems foster a **culture** of toleration that welcomes good faith dissent and encourages resolution of conflict at the lowest level through direct negotiation.
3. Integrated conflict management systems provide **multiple access points**. Employees can readily identify and access a knowledgeable person whom they trust for advice about the conflict management system.
4. Effective integrated conflict management systems provide **multiple options** for addressing conflict, giving employees the opportunity to choose a problem-solving approach to conflict resolution, to seek determination and enforcement of rights, or to do both.
5. Effective integrated conflict management systems provide all the necessary **systemic support and structures** that coordinate access to multiple options and promote competence in dealing with conflict throughout the organization.

There is no ideal integrated conflict management system that will fit all organizations. Each organization must design a system tailored to its specific needs and culture. Each organization will, however, face certain design decisions that are central to the fairness of the system. Certain principles are critical to the fairness of processes within a system and to the system as a whole, including voluntariness, protection of privacy and confidentiality, impartiality of neutrals, qualifications and training of neutrals, diversity and accessibility, prohibition of reprisal and retaliation, respect for the role of collective bargaining agents.

3. The traditional vs. the progressive view of conflict and its occurrence in Romania

Over only a few short decades, many organizations in Romania as well as worldwide have undergone significant transformations regarding the scope of corporate goals, employee rights and the way work is organized, most of which explained as effects of globalization, of the increasingly competitive business environment, of macroeconomic trends such as the growth of the service sector, and of technological change. According to Lipsky and Avgar (2010), all those phenomena led to a certain tendency to reduce the importance of hierarchy and an increasing focus on team-based work, as well as a growing preoccupation for high-performance work systems, characterized by less supervision, fewer job classifications, the tendency to delegate many responsibilities to the work team

(sometimes including the authority to hire and make job assignments), flexible and contingent compensation systems (pay for knowledge or pay for performance), and the willingness to provide ongoing training and opportunities for skill developing. Considering these conditions, the traditional view of conflict management, the one that focuses on the unilateral exercise of managerial authority becomes insufficient to effectively manage workplace conflict.

According to the results of a pilot study conducted in Broward County, Florida (Katz and Flynn, 2013), of workplace leaders' and managers' awareness, perception, and use of conflict management systems and strategies, most organizations share a lack of a clear definition of the issue, the absence of integrated conflict management systems, and dissatisfaction with antiquated grievance systems, all characteristic to the traditional perspective on conflict management.
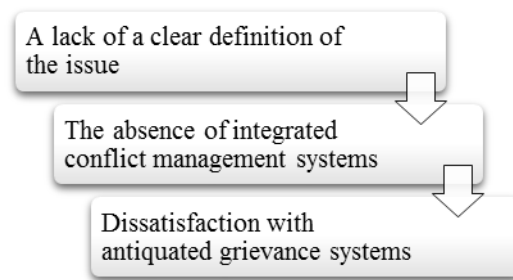

Figure 2. Issues associated with the traditional perspective on conflict management
Source: based on Katz, N. H. and Flynn, L. T. (2013) - Understanding Conflict Management Systems and Strategies in the Workplace: A Pilot Study

As a consequence, a progressive view of conflict management emerges, which claims that conflict should be proactively managed just the way sales, marketing and other business functions are, simply because it would probably save the company time and money.

However, in Romanian companies, even if managers are aware of the changing conditions stated above, the traditional view of conflict management is still predominant, since usually every-day conflicts are not addressed until they become formal disputes, and the responsibility for dealing with conflicts is delegated along the line of authority, even though middle and (especially) first-line managers are not trained in that respect, nor appraised in order to evaluate their conflict resolution skills, which means that there is no reward associated with their success in handling conflicts. Moreover, many managers often deny the existence of conflict, even if they acknowledge the existence of disagreements and differences of opinion, which means that conflicts are addressed only when they become violent or escalate to major disputes threatening the functioning of the entire organization.

While the progressive way of thinking criticizes top managers' attempt to control the workforce without considering other stakeholders' view into the matter, since they are the only ones to set the rules for conflict management and also the ones enforcing them, the traditional point of view criticizes conflict management systems' potential to undermine authority, legitimize workplace conflict and encourage employees to participate in decision-making to an exaggerate extent. Since the traditional point of view considers the resolution of conflict as a zero-sum game, managing conflict means preventing, and, when that is impossible, prevailing; as a consequence, traditional managers distrust mediation and arbitration, because third-party neutrals are outside their authority and undermine it.

In addition, in the traditional view, conflict management systems do not have a significant or certain (sometimes not even visible) return on investment, which gives managers little incentives to adopt a CMS.

To conclude, both traditional and progressive critics of conflict management are united in their view that a proactive conflict management approach is, on balance, a negative organizational phenomenon. Traditional critics see it as wholly negative, while progressive critics see the usual mode of adoption as negative.

Therefore, a third approach - the strategic one - is necessary in order to reconcile the former two by aligning the goals of the conflict management system to the structure, culture and strategy of the organization in which the system is implemented.

4. The strategic approach

Since the benefits of adopting an conflict management system into an organization are directly linked to its level of integration alongside the organization's dominant culture, structure, and its strategic objectives, the strategic approach to conflict management can be regarded as one that provides for the deployment of specific practices in a manner that assists in the attainment of established organizational goals and objectives, according to the organizational values.

Therefore, in order to take a strategic approach to conflict management, managers must "shift from a best practice approach to a configurational approach that emphasizes the best fit" (Lipsky, Avgar, 2010). The key aspect in that respect is to properly identify the objectives the integrated conflict management systems (ICMS) is designed to pursue, using the organization's strategic objectives as a starting point.

Even if each organization is supposed to identify its own specific CMS objectives, there would be similarities allowing those objectives to be placed in one of the following three major categories:
- Objectives referring to dealing with micro-level conflict between individuals (especially conflicts between employees, since these are not

addressed through the grievance system) once they arise and/or deal with potential formal disputes at a more manageable stage.

- Objectives referring to building a mechanism through which to raise individual/collective concerns/suggestions.
- Objectives referring to the improvement of internal communication and organizational coordination.

In developing and implementing a strategically integrated conflict management system, *the first step* is the "ICMS Readiness Assessment" (Lynch, 2001), usually comprising an appreciative inquiry and a gap analysis. The appreciative inquiry provides information into current dispute resolution and conflict management practices that are considered successful or at least functional, and which can form the basis for any additions or improvements. It will identify champions from all categories of leadership: management, labor, and informal leadership amongst employee ranks. The gap analysis can be conducted by comparing current practices against best practices, using process mapping, which provides the opportunity for easy comparison against other best practice models.

This first step is essential for the strategic fit of the objectives the ICMS is designed to pursue (the objective setting is considered to be *the second step*), by contributing to the developing of a customized ICMS (*the third step*), which supports better informed and more strategic decision making by focusing on how decisions are made and communicated and on asking two key questions: who will be affected by this action and what are their interests. By doing so, the ICMS is building skills for all employees, structures (the places and ways to raise issues and concerns) and support (leadership, coordination and evaluation), crucial for *the fourth step*: implementation.

The whole process can be led by an experienced external consultant (for a less biased perspective), but it should engage management, employees and their representatives collaboratively in the objective setting and the design of the ICMS components.

From the operational point of view, the process should start with an initial learning event where a design team is trained, followed by an alignment workshop where the team identifies current intradepartmental initiatives, linkages with mission and values, internal best practices, and matches them against external best practices, sifting to determine which might be successfully introduced. The next stage is a design workshop where the updated dispute resolution model and organizational elements are customized for the particular organization, and an implementation plan is drafted.
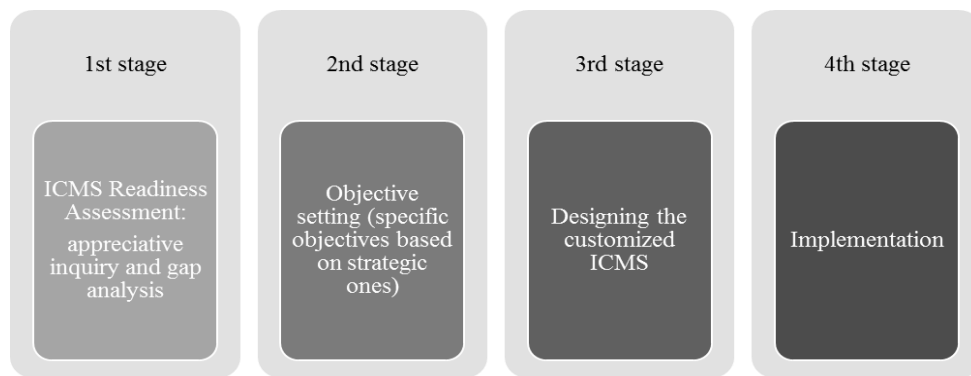
**Figure 3. The process of developing and implementing
a strategically integrated conflict management system**
Source: based on a paper by J. Lynch, 2001

Even though each organization designs a unique strategically integrated conflict management system, most customized systems incorporate elements from the following four categories:

1. ***Corporate commitment***, evidenced by visible support from all stakeholder groups, a corporate mission, vision and values consistent with a set of conflict management principles, organizational support of "conflict competent" behavior focused on the prevention of unnecessary conflict, identification and management of conflict, incentives that reward good conflict management practices and discourage and penalize bad conflict management practices, dedicated human and financial resources;

2. ***Structures*** that support implementation and trust in the CMS, such as a conflict management central coordinator, strategic communication with consistent terminology, documentation of conflict management policies, safeguards such as voluntariness, privacy, confidentiality, impartiality of neutrals, protection of rights, protection against reprisal, access to disclosure and relevant information, availability and right to accompaniment and representation, system monitoring and evaluation procedures;

3. ***Internal capacity building*** consisting of training, skills-building learning programs and coaching to create capacity to deliver services, to create awareness and understanding of the system, and to create capacity in all stakeholders to understand, recognize, and acknowledge conflict, as well as to address it and early resolve it.

4. ***Daily practices*** that encourage a front-end approach to conflict management, such as open door management, enhanced interface with customers/suppliers, constant alignment of all corporate initiatives, communications and policies with the goals of the integrated conflict management system.

5. Conclusions

Since organizational conflict is unavoidable, and it usually leads to significant expenses, both visible and invisible, strategically integrated CMS, carefully customized to meet each individual organization's needs can add tremendous value through resolving disputes and engaging the workforce in dispute resolution. Therefore, designing such systems should not be perceived as an unnecessary expenditure, but as a chance to reconcile the needs of all stakeholders and an investment in the organization and its workforce, since it may save the organization important costs related to recruitment and retention, decreasing productivity, potential lawsuits etc.

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