Conflict in the workplace: the impact on organizations. Annie Demirjian.

Abstract: The impact of workplace conflict on organizations, their management and outcome, was discussed. Managers were given responsibilities in solving both interpersonal and organizational conflicts through conflict management techniques including addressing the conflict, consultation and negotiation methods. Proper workplace conflict management can result in better team relationships and improvement in organizational effectivity and productivity.

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As trends move toward horizontal organizations that emphasize team work and accountability, managers cannot afford to ignore conflict.

Over the past 15 years the need for heightened performance in both public and private sector organizations has been recognized as a competitive necessity. The global marketplace forces organizations to reduce any threat to their survival and progress, so they can no longer afford to allow nonproductive conflict to distort organizational decisions.

In the search for greater effectiveness, organizational forms have become flatter, statistics and evaluation. with delegation of functions to lower levels. These structures rely on horizontal processes to resolve differences, and on shared goals and peer pressure rather than formal controls to achieve task coordination enhances the traditional focus on financial measures in the federal and compliance with organizational requirements. Demographic and technological change in the workplace, broader job descriptions, more reliance on matrix and team structures, and greater use of temporary task forces have all increased organizations’ dependence on widespread diffusion of interpersonal skills, including the effective management of differences.

As a result, project managers and team leaders have become more conscious of the importance of conflict issues and are developing interpersonal and conflict resolution skills to better manage their work teams.

Trends in organizations

In the 1980s, the implementation of conflict resolution theory was led by the private sector. As a result of fierce international competition, the private sector realized that individual or department-oriented behaviour could no longer be tolerated and that all employees must act for the good of the organization as a whole. Other continuing trends include more effective and efficient utilization of human resources; flatter organizations; broadly defined job descriptions; more
team structure, with the group rather than the individual defined as the accountable unit; and more delegation of responsibility to teams.

These trends all affect conflict management because they

* rely more on lateral coordination than on hierarchical control
* involve more mutual influence among employees at different hierarchical levels
* deliberately design roles in which responsibility exceeds formal authority
* expand the bases of influence beyond the traditional concept of positional authority
* involve more ambiguity.

The net effect is a higher premium on interpersonal communication and conflict management skills.

**Implementation of conflict resolution and harassment policies**

Conflict resolution and harassment guidelines and directives are becoming commonplace in public and private sector organizations. Harassment policies, including the harassment prevention policy of the federal government introduced by Treasury Board in 1982, are well established in public sector organizations. In 1994 the policy was revised and mediation and conflict resolution guidelines were developed. The Department of Justice recently released a directive for alternative dispute resolution (ADR), which may be adopted by other federal departments and agencies.

The Canada Labour Code and the Canadian Human Rights Act address the issues of sexual harassment and discrimination in the workplace very explicitly. Federal departments, Crown corporations and other public institutions such as banks are covered by this legislation. Provincial and municipal governments have also followed the lead of the federal government in introducing and implementing conflict resolution and harassment policies. In the private sector, several high-profile court cases have forced both public and private sector organizations to put their houses in order.

**What is workplace conflict?**

Although organizational structures are changing rapidly out of economic necessity, they remain hierarchical in terms of power and dependency. There are more matrix groups and project teams, but they exist within larger, more structured hierarchical organizations. Conflict is embedded in this kind of system.
The word conflict reflects a powerful and negative impression, yet it is not always negative and destructive. On the contrary, conflict can be the driving force for interpersonal and intergroup competition, pushing organizations toward higher efficiency, productivity and profit. But conflict can indeed be destructive. It can poison the work environment and eventually lead to the demise of an organization. There are many well-documented conflict cases in both the public and private sectors that have paralyzed or destroyed organizations.

Conflict is about the power, relationships and dependencies among the members of an organization. Whether in a large organization or a team, employees have subjective perceptions of power and dependency, seeing others as more or less powerful than themselves. They are aware of their position in relation to others, and their objective is to remain as secure as possible.

Power is not just a vague concept for the members of an organization or a project team. Employees instinctively recognize power relationships between the members of an organization or a project team and can be preoccupied with the issue on a daily basis, but they are aware of the interdependencies and the need for cooperation. They are also conscious of the consequences to relationships when conflict arises between members of the organization or team.

**How do we define conflict?**

Conflict is defined as an impasse between units/employees of an organization; pronounced and open discontent between parties; a poisoned work environment brought about by organizational change and uncertainty; and power struggles between units/employees.

A "conflict situation" is recognized when a dispute surfaces and becomes public. However, many organizational and interpersonal conflicts go unnoticed and unaddressed for a long time before the bubble bursts. Of course, not all disagreements, irritations or differences of opinion in the workplace should be considered conflict situations. Two parties may have differences of opinion that place them in an adversarial position; it is only when the differences become pervasive or confrontational that conflict exists.

According to Van de Vliert, "Two individuals, an individual and a group, or two groups have a conflict if at least one of the two parties feels that the other party is thwarting or irritating it."(1) However addressed, conflict plays a role in the psyche of organizations and people.
Conflict in the workplace usually takes one of two forms:

* Organizational conflict - conflict over operational issues between two project teams, such as between a marketing division and a product development unit. Conflict also occurs over organizational policies and directions issues or over organizational structures or maligned structures.

* Interpersonal conflict - conflict over personal differences, values, behaviour, beliefs, etc. Discrimination, harassment and abuse of power or authority may also surface as a result of interpersonal conflict. In an advanced situation of contention within an organization or team, organizational and interpersonal conflicts are often intertwined and are perceived as one and the same thing.

Within these two forms, conflict and tension may occur between two equal units of an organization, between two equal individuals, or between two non-equal or hierarchical high-level/low-level parties. Conflict may also occur among three or more parties/levels where the power relationship is high vs. middle vs. low.

**What are the consequences of organizational or interpersonal conflict?**

Undetected and unresolved organizational or interpersonal conflict is destructive to the organization, team members and individuals in many ways. The costs - organizational, financial and human - are very high. Thus organizations, project managers and team leaders cannot ignore conflict of any kind in the workplace. Whether it is between two equal or unequal units, organizational disputes and tensions can paralyze the workplace.

**Organizational conflict**

The consequences of unresolved organizational conflict may result in loss of company reputation or share of marketplace, low productivity, high employee turnover, high absenteeism and in extreme cases, legal challenges and bankruptcy. In addition, the financial impact of unresolved conflict may be high to all parties involved and can include market losses, court challenges, legal expenses and the cost of hired experts or consultants engaged to resolve the conflict. In 1991, Imperial Oil Ltd. estimated that it costs the company close to $8 million per year in absenteeism, employee turnover, lost productivity and legal costs. Similarly, in the federal public service, a deputy minister estimated that it cost the federal government approximately $250,000 to investigate a case of organizational conflict that resulted in an official complaint before the federal courts. The private/public dispute and the legal fights of the McCain brothers of New Brunswick have so far had an enormous cost to the company in legal, administrative and public relations terms.

The human consequences of organizational conflict cannot be measured in a tangible form; however, it is evident that in a demoralized, poisoned work
environment, the stress level of the members of the organization or of the work or project team, is bound to be very high, which affects productivity, attendance, staff turnover and training costs.

**Interpersonal conflict**

Interpersonal conflict over many work-related issues occurs between two equal parties, between hierarchically unequal employees and between levels of employees. The conflict may arise from power struggles, competition and interdependency between employees and functions. In the current lexicon, interpersonal conflict is also referred to as harassment, the "H" word, which itself is difficult to define. The following definitions are derived from legal, human rights and government policies:

* Sexual harassment - improper and offensive conduct, including physical assault, pushing, shoving, comments of a sexual nature, etc.

* Personal harassment - offensive, improper behaviour and discrimination against a person as defined by the Canadian Human Rights Act

* Abuse of power and authority - improper use of power inherent in a position, including the manager/employee relationship, and misuse of power in the form of intimidation, threats, blackmail or coercion.

The organizational, financial and human costs of harassment in the workplace have been well documented. Public debates on harassment appear in the print and electronic media almost daily and usually focus on sexual harassment and gender inequality issues. Harassment can, however, be a gray area in which behaviour can be interpreted in a variety of ways. Most experts describe harassment as the abuse of power. In a more complex sense, harassment is about acceptable and non-acceptable behaviour in the light of diverse values cultural, religious, generational and gender-related. In these contexts, what is experienced as harassment can also be the result of ignorance and miscommunication.

**What are the responsibilities of managers?**

The fundamental responsibility of a line manager, team leader or project manager is to put an end to conflict of any kind. However, managers may become aware of conflict in their workplace only after it has erupted into the open. But, as indicated earlier, organizational and interpersonal conflict in the workplace does not have to be negative or destructive; on the contrary, when diagnosed and addressed properly, it can be positive, constructive and healthy for the organization or the team.
Team building through conflict management techniques

There are many schools of thought and approaches on how to resolve conflict in the workplace. It is important to underline that no conflict resolution technique or methodology helps an organization, a team or an individual if a situation has erupted in such a public manner that the only solution is to go before the courts. These cases are no longer solvable through conflict resolution techniques which, if applied earlier, may have resulted in a win-win solution for all parties. Therefore, the approach described below does not apply to extreme situations where individual or organizational battle lines are already drawn.

First, team leaders and project managers must recognize that conflict exists in their workplace and decide to resolve it. They must diagnose and identify the sources of each conflict; assess the circumstances leading up to the conflict, the personalities in the group, their interests and needs; the group's goals, interests and needs; and so on. The issues must be separated from the personalities. Conflict often brings emotions to the surface, so project managers and team leaders must use both intuition and reason before implementing any methodology.

Team or group conflict may be the result of poor communications, misunderstandings, different agendas, interests and values, power struggles, wrong assumptions about others' actions, lack of empathy with others' needs and wants, or lack of tact in dealing with difficult or unreasonable people.

Gini Graham Scott, a business consultant who specializes in problem solving, conflict resolution, change and group dynamics, has developed a methodology that can help project managers and team leaders. Ms. Scott focuses on resolving conflict while developing strong team-building and team-managing techniques.

According to Scott, once a conflict is diagnosed, the source and reasons identified, then one should "select the appropriate problem solving techniques from an arsenal of possible strategies for dealing with the conflict." The approach includes looking at options, choices and decisions. A manager or team leader may begin by conducting a self-assessment exercise for team members, which should help initiate open discussions among the members of the team on the sources of the conflict and result in the problem being addressed collectively. Or the project manager or team leader may adopt a step-by-step approach. Scott has developed a detailed check list for managers and team leaders that they can use daily to help diffuse or resolve potential or open conflict.

Both intuition and reason should assist any line manager or team leader to diagnose organizational or interpersonal conflict and find a common-sense approach to resolving it. Other group or team approaches must also be developed to turn negative group conflict into a positive force. The tools may
include team-building exercises with the help of an expert consultant as facilitator. In other circumstances, social psychologists may be involved in developing and implementing appropriate tools and exercises to diffuse or resolve organizational, team and interpersonal conflicts.

Following the implementation of the chosen strategy to address the conflict, additional mediation, consultation and negotiation methods may also be adopted. In a team conflict situation, depending on the degree of the tension between team members, a neutral third-party intervention is recommended.(5)

This approach is not intended to make team leaders or project managers into mediators or negotiators or ADR experts, but when applied appropriately, it helps managers to defuse conflict and build a team that can work together to produce results.

**A challenge to team leaders and project managers**

The possibility for conflict exists in every organization - it arises out of everyday differences of opinion and the interplay of ideas, needs drives, wishes, lifestyles, values, beliefs, interests and personalities. Yet conflict is more than just a debate or negotiation - it represents a challenge to project managers, team leaders and line managers alike. The direct negative impact of unresolved conflict of any kind is greater within a small or defined group than in a larger organization. In a team set-up, conflict quickly derails the focus of the project team/unit and absorbs a large amount of members' emotional energy.

As trends move toward more horizontal and matrix organizations that emphasize project team work and accountability, team leaders and project managers cannot afford to ignore conflict within the team/group. Managers in the '90s must have conflict resolution and mediation skills and be aware of harassment policies and procedures. Indeed, many universities have added courses in conflict resolution and intergroup and interpersonal communications skills to their curricula. Bottom-line concerns, team work, productivity and survivability of organizations within the competitive global market place are only some of the reasons for ensuring that conflict in the workplace is diffused or resolved before it impacts negatively on the entire organization.
Endnotes


3. Ibid., p. 3.

4. Ibid., pp. 4-7.


Annie Demirjian is a principal consultant and team leader of Conflict Management and Organization Development Services of Consulting and Audit Canada. Her group provides mediation and conflict resolution services to public sector managers. She has designed and delivered courses and presentations on harassment and conflict management to academic, legal and government organizations in Canada and internationally. Ms. Demirjian was co-author of Ben Wicks on Harassment, which was published by Consulting and Audit Canada in 1994.