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# The Goals and Assumptions of Conflict Management in Organizations

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# The Goals and Assumptions of Conflict Management in Organizations

## Abstract

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## Keywords

conflict management, dispute resolution, employment relations

## Disciplines

Labor Relations

## Comments

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**THE GOALS AND ASSUMPTIONS OF  
CONFLICT MANAGEMENT IN ORGANIZATIONS**

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## **Abstract**

This chapter examines how different goals and assumptions about conflict in organizations shape perspectives on managing conflict and resolving disputes. Four frames of reference are described: the neoliberal egoist perspective emphasizing the operation of the free market as the ideal method of resolving conflict; the critical perspective emphasizing broad societal divisions between labor and capital as the source of conflict; the unitarist perspective viewing conflict as primarily a function of interpersonal differences and organizational dysfunction, which can be remedied by improved managerial practice; and the pluralist perspective emphasizing the mixture of common and competing interests in the employment relationship, which requires institutional interventions to remedy the inequality of bargaining power that produces conflict. The pluralist perspective may best balance the often competing goals of efficiency, equity, and voice. It is described further in this chapter together with its implications for the design of dispute resolution procedures and conflict management systems.

*Keywords:* conflict management, dispute resolution, employment relations

## **Introduction**

CONFLICTS in organizations can take many forms, which gives rise to diverse approaches to conflict management. Often overlooked, however, is that different conflict management strategies are implicitly rooted in distinct models of conflict that embrace certain goals and assumptions. These assumptions lead scholars and practitioners to diagnose the sources of a conflict in certain ways, and when paired with a specific set of desired goals, point to preferred methods of conflict management. This chapter seeks to make these connections explicit by contrasting the assumptions and goals of four alternative perspectives. This is then followed by additional discussion of one of these approaches—the pluralist approach.

The discussion starts with a consideration of the goals of conflict management in organizations because it is these goals that provide the desired ends for organizational and societal participants. Then the different perspectives on the relative importance of these goals are considered, as are the differing assumptions about conflict in organizations that generate different views on how to best achieve these goals.

### **The Goals of Conflict Management in Organizations**

The trilogy of efficiency, equity, and voice is a useful framework for considering the goals of conflict management in organizations (Budd and Colvin, 2008). In general terms, efficiency is the effective, profit-maximizing use of labor and other scarce resources, equity is fairness in the distribution and administration of rewards and policies, and voice is the ability of participants to have meaningful input (Budd, 2004). Applying these concepts to the domain of conflict management allows us to ask what the parties to the employment relationship desire from a system of conflict management (see Table 1.1).

Table 1.1 The Goals of Conflict Management	
Goals	Selected Key Elements
<i>Efficiency</i>	
Effective use of scarce resources	<ul style="list-style-type: none"> <li>Eliminates barriers to performance</li> <li>Does not interfere with productive deployment of resources</li> <li>Cost effective</li> <li>Speedy</li> <li>Flexible</li> </ul>
<i>Equity</i>	
Fairness and justice	<ul style="list-style-type: none"> <li>Unbiased decision-making</li> <li>Reliant on evidence</li> <li>Consistent</li> <li>Effective remedies</li> <li>Opportunities for appeal</li> <li>Coverage independent of resources</li> </ul>
<i>Voice</i>	
Participation in design and operation	<ul style="list-style-type: none"> <li>Input into design and operation of a dispute resolution system</li> <li>Hearings</li> <li>Obtaining and presenting evidence</li> <li>Representation by advocates and use of experts</li> </ul>

One goal of conflict management is efficiency. The effective management of conflict is important so that conflict minimizes disruptions to the productive efficiency of an organization. Whether overt or quietly festering, clashes between supervisors and subordinates, co-workers, union leaders and managers, or other organizational actors can be disruptive and undermine

individual and organizational performance. A conflict management system should be able to resolve these conflicts so that they are removed as barriers to performance. Note further that this efficiency objective is not only an organizational goal; indeed, conflicts that hinder job performance can be detrimental to individual employees while conflicts that waste resources or disrupt the provision of goods and services are harmful to society. Efficiency should therefore be a widespread goal of conflict management.

Another aspect of efficiency as a goal of conflict management is that it is desirable to resolve conflicts in an efficient way. Specifically, an efficient conflict resolution system conserves scarce resources, especially time and money. A system that manages conflict in a slow fashion and takes a long time to generate a resolution is inefficient; a system that produces a quicker resolution rates more highly on the efficiency dimension. Similarly, a costly dispute resolution system, whether due to the involvement of large numbers of participants, the use of high-paid experts, or other reasons, is inefficient. A costly conflict management system is also one that interferes with organizational efficiency, such as through excessive constraints on managerial decision-making or by restricting the organizational flexibility needed to adapt to changing business needs.

A second objective of conflict management is equity, which includes concerns about justice, fairness, and due process. Equitable conflict management systems are those in which outcomes are linked to objective pieces of evidence and which include safeguards that prevent arbitrary or capricious decision-making. As such, equitable conflict management outcomes are those that are consistent with the judgment of a reasonable person who does not have a vested interest in a particular outcome. Fairness also requires that similar circumstances be handled in a similar fashion and yield similar, though not necessarily identical, resolutions. Moreover, an equitable conflict management system treats all participants with respect, sensitivity, and privacy while also generating appropriate and effective remedies when rights are violated. The equity dimension can also include the extent to which a conflict management system has widespread coverage independent of resources or expertise. As with the efficiency dimension, equity is a concern of all participants. Employees might have the strongest desire

for conflict management approaches that are not biased against them that use standards of evidence, and that generate consistent outcomes, but employers are likely to also value conflict management systems that are not biased against them. Also, if equity increases employee buy-in and therefore creates enduring resolutions, then an equitable conflict management system can serve an employer's as well as an employee's interests.

The third dimension of a framework for considering the goals of conflict management is voice—that is, the extent to which a conflict management system is participatory. A conflict management system that is unilaterally designed and administered by managers lacks voice. In contrast, a system shaped by the input of employees as well as employers scores higher on the voice dimension. Similarly, participation in the actual conflict management system is an important element of voice. In a grievance hearing, this includes important aspects of due process such as having a hearing, presenting evidence in one's defense, and being assisted by an advocate if desired. As with the equity dimension, voice might be a particular concern for employees, but being able to have input into how procedures are designed as well as the ability to present evidence and use experts are presumably of interest to employers too. And if employee participation in conflict resolution creates more enduring resolutions, then voice can be important to employers as well as employees.

Another common framework for considering conflict management is organizational justice, especially distributive and procedural justice (Greenberg and Colquitt, 2005). Indeed, there are important complementarities between this justice approach and the efficiency, equity, and voice framework. In particular, the measures of distributive and procedural justice that have been developed can be useful for creating measures of aspects of equity and voice. However, there are multiple limitations in using organizational justice as an over-arching framework for understanding the broad goals of conflict management in organizations:



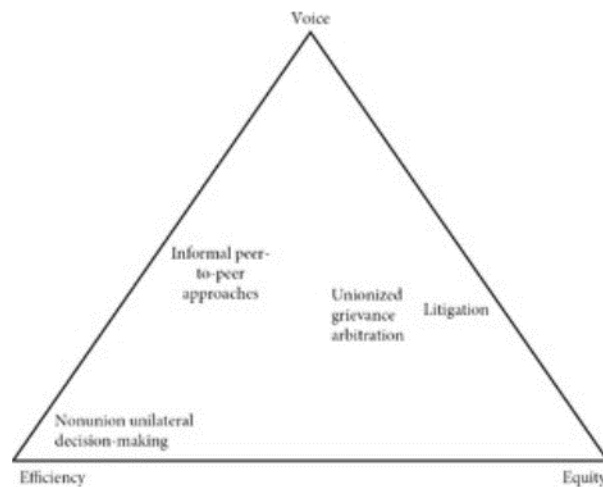
1. Efficiency is not well captured in the distributive and procedural justice framework, yet it is a critical element of conflict management.

2. As constructs, distributive and procedural justice are now well developed and therefore typically associated with specific measures (Colquitt and Shaw, 2005). The way these measures have been defined in this literature is with a focus on capturing individual subjective perceptions of fair treatment. This is a relatively narrow psychologically based vision of organizational justice that is rooted in one particular approach to understanding conflict, the unitarist perspective, and fails to give sufficient attention to issues of power and institutions. Efficiency, equity, and voice are more general concepts. This generality is useful because, as will be developed below, different paradigms have different visions of the specifics of efficiency, equity, and voice. In this way, efficiency, equity, and voice can provide an overall framework that includes diverse perspectives.

3. Distributive and procedural justice are commonly seen as provided by employers and desired by employees. As such, while organizational justice is an important predictor for understanding employee behaviors (Conlon, Meyer, and Nowakowski, 2005), a different approach is needed to capture the goals of employers and the broader societal goals of a conflict management system. Admittedly, some aspects of procedural justice are part of the dimension of voice, but the construct of voice goes beyond procedural fairness in the conduct of a conflict management system to include broader issues such as input into the design of the system and the rules under which decisions are made.

The dimensions of efficiency, equity, and voice provide an analytical framework for thinking about the key elements of a conflict management system and for analyzing the extent to which a conflict management system fulfills each dimension. For example, an analysis of the processes for resolving individual disputes over unfair dismissals, suspensions, and other unfair labor practices in Korea through the Labour Relations Commission finds that this system is

efficient, includes some elements of voice (especially via hearings), but lacks equity because decision-making is politically influenced and lacks effective remedies (Croucher, Joung, and Miles, 2013). In New Zealand, in contrast, the employment dispute resolution system can be slow, but it provides high levels of equity via low-cost access to impartial mediators and has expanded opportunities for direct participation in the process (Radich and Franks, 2013).



*Figure 1.1: The Geometry of Dispute Resolution*

At a high level of generality, this can also provide a useful framework for comparing approaches to conflict management. As an example, Figure 1.1 locates a non-union, unilateral conflict management approach where efficiency is high (resolution can be speedy with few managerial constraints) but equity (little consistency) and voice (little participation) are low. An informal approach to resolving co-worker conflicts in which the parties are encouraged to work things out would add more voice, but not much equity. A litigation-based system, in contrast, is quite costly and slow, so it scores low on the efficiency dimension but high on the equity dimension because of the strong procedural safeguards. There is some amount of voice through the right to be heard and to appeal, but this is typically handled by experts rather than the participants themselves. A unionized grievance procedure also involves due process protections and more participation by the parties, rating higher on the voice dimension, and is

somewhat more efficient than a litigation-based system. In this way, the efficiency, equity, and voice approach can provide a very useful framework for comparing these and other conflict management systems.

### **The Assumptions of Conflict Management in Organizations**

The framework of efficiency, equity, and voice provides a useful schema for thinking about the goals of conflict management in organizations. But how do or should organizations pursue these goals through systems of conflict management? This depends on one's assumptions of where conflict in organizations comes from, which in turn are rooted in one's frame of reference for how the employment relationship works. This section therefore first outlines four frames of reference on the employment relationship (Budd and Bhawe, 2010). This is then followed by an explicit comparison of the implications for differing views on conflict and conflict management.

Dating back at least to Adam Smith and other 18th-century classical economists, mainstream economic thought has seen the employment relationship as a market-mediated transaction between consenting economic agents. Labor is seen as a commodity traded in competitive labor markets no different from other markets. Wages and salaries, benefits, and other terms and conditions of employment, therefore, are set by the invisible hand of the labor market. Economic actors, including employers and employees, are seen as rational and self-interested, but they are protected against the excess demands of others because such demands cannot survive in ideally competitive markets. As advocated by proponents of today's neoliberal market ideology, then, it is best to leave employees and employers to pursue voluntary, mutually beneficial transactions buying and selling units of productive labor based on what the competitive labor market supports. Owing to the twin emphases on markets and self-interest, this is labeled the neoliberal egoist frame of reference.

Karl Marx criticized the classical economists' reduction of work to a generic commodity and, as witness to the deep exploitation of 19th-century labor, challenged the faith in competitive markets as a mechanism for achieving social welfare. In Marxist and related perspectives, then, employers are viewed as the owners and controllers of the means of production so that they have both the incentive and the ability to continually drive for greater profits at the expense of labor (Hyman, 1975). The employment relationship is furthermore seen as much more than a market-focused economic transaction because:

1. Workers are valued as innate human beings entitled to dignity and freedom, not just as commoditized, productive resources; and
2. Laws and other social constructions grant ownership and control rights to certain classes.

Consequently, the critical employment relationship frame of reference that is today most closely associated with radical, heterodox, and feminist scholarship in sociology, economics, and industrial relations emphasizes sharp conflicts of interests and unequal power dynamics between employers and employees that are deeply rooted in multiple layers of societal institutions.

In the early 20th century, progressive employers sought to replace aggressive supervisory methods and other high-conflict practices with more cooperative strategies. This was based on a new management philosophy that employer and employee interests can be aligned in a win-win fashion (Kaufman, 2003). In other words, rather than seeing employers and employees with distinctly opposing interests as a fundamental, structural aspect of capitalism, as in the critical perspective, employer-employee conflicts in this perspective are believed to be the result of poor managerial practices which can be corrected by improved methods of management. The development of this view coincided with the emergence of industrial psychology that de-emphasized coldly rational decision-making in favor of behavioral elements such as fairness, social pressure, and cognitive limitations, and also de-emphasized narrow economic interests in favor of psychological interests. These are roots of a third frame of reference on the employment relationship that today is most closely associated with scholars in

industrial/organizational psychology, organizational behavior, and human resource management. This is labeled the unitarist employment relationship because it rests on the assumption that that employees and employers share a unity of many of their interests. Profitability and other organizational goals are seen as resulting from and supported by fulfilling work, fair treatment, and the satisfaction of employees' other intrinsic desires.

Lastly, an alternative approach to redressing the stark inequalities of the early 20th century employment relationship is rooted in seeing the employment relationship as one that is bargained between employers and employees in the context of imperfectly competitive labor markets that typically give employers a bargaining power advantage. This is the foundation of the pluralist frame of reference that today is found mostly in industrial relations, institutionalist labor economics, labor law, and related fields. This frame of reference lies somewhere in the middle of the other perspectives. Like the neoliberal egoist perspective, it largely sees the employment relationship as an economic one, but, as in the other frames of reference, it rejects the idealism of perfectly competitive labor markets and the view that labor is no more than a commodity. Furthermore, while the critical perspective emphasizes deeply embedded, structural conflicts of interests between employers and employees, and while the unitarist perspective emphasizes shared interests, the pluralist perspective sees employees and employers as having a mixture of common and conflicting interests. Both want profitable organizations and productive workers, but conflicts between, for example, wages and profits, flexibility and security, or speed and safety are also seen as inherent, structural conflicts. But employer as well as employee interests are viewed as legitimate. So the employment relationship is a complex one defined by a plurality of legitimate interests. Unequal bargaining power is viewed as undermining the fulfillment of legitimate employee interests, and, in the extreme, degrading human dignity and undermining democracy, so institutional interventions such as labor unions or minimum wage laws that bolster workers' bargaining power to create a more equal playing field are seen as important safeguards against unchecked economic incentives and markets that are valuable for allocating and effectively using scarce resources.

## **Four Views on Conflict and Conflict Management in Organizations**

The four frames of reference on the employment relationship instructively reveal four differing views on conflict, and thus divergent preferred methods of conflict management in organizations (see Table 1.2). It is important to make these differences explicit to promote a deeper understanding and enhanced interdisciplinary dialogue.

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Frame of Reference	Structure of the Employment Relationship	View of Conflict in Organizations	Preferred Method of Conflict Management	Achievement of Conflict Management Goals
Neoliberal Egoist	Competitive labor markets. Labor as a commodity.	Conflicts are resolved by the market. Exchanges occur when self-interests and market-provided opportunities align	Perfectly competitive economic markets	Markets generate efficient resource allocation. Fairness defined by market acceptability. Voice is the freedom to choose
Critical	Employment inequalities embedded in systemic, societal inequalities. Labor as economic and psychological beings and democratic citizens.	Employees and powerful employers have inherent, antagonistic conflicts of interest.	Systemic shift in power relations through broad societal change.	Equity and voice are paramount and require significant societal change to achieve due to systemic power imbalances.
Unitarist	Imperfect labor markets. Labor as psychological beings.	Employers and employees primarily have shared interests and conflict is mostly interpersonal or a product of organizational dysfunction.	HR policies to align employer-employee interests. Personal interventions interpersonal, behavioral conflicts.	Alignment of interests promotes efficiency, equity, and voice through psychological satisfaction and individual productivity.
Pluralist	Imperfect labor markets. Labor as economic and psychological beings and democratic citizens.	Employers and employees with unequal bargaining power have some shared interests and some conflicting interests.	Institutionalized processes that balance bargaining power and respect the rights and interests of all parties.	Balancing efficiency, equity, and voice to meet competing yet legitimate interests.

*Table 1.2: Four Frames of Reference on Conflict in Organizations*





Given its emphasis on free choice and market-based opportunities, conflict does not play a central role in the neoliberal egoist frame of reference. Employees, employers, and other economic agents are believed to freely choose their best opportunity so conflicts should not arise. If an agent can get a better deal by choosing a different course of action, s/he should do so. As such, all conflicts are resolved by the opportunities presented by the competitive marketplace. A potential conflict, for example, between an employee who wants a higher wage and an employer that does not want to pay this is resolved by the marketplace—the employee is free to quit if s/he can find a higher wage elsewhere, and the employer will be unable to attract or retain workers if it pays less than the going rate. In this way, conflict is resolved through the mechanism of market clearing transactions in which each party engages in any available exchanges that maximize individual utility under existing resource constraints.

The focal conflict management system in the neoliberal egoist frame of reference is therefore the invisible hand of the competitive market. Again, this is rooted in the assumptions of this perspective, especially the embrace of individual self-interest, free choice, and competitive markets. In this paradigm, moreover, the invisible hand conflict management system is seen as fulfilling market-based visions of efficiency, equity, and voice. Efficiency is valued as the most important objective, and is seen as best accomplished through the invisible hand of the competitive market which will optimally allocate scarce resources to their most beneficial uses. The market is thus seen as the most efficient method of conflict management. A manager, for example, who interferes with the competitive market by agreeing to a higher-than-market wage to settle a dispute with an employee distorts competitive outcomes and thereby undermines efficiency. Moreover, this market-driven approach is also viewed as fulfilling equity because supply and demand determine terms and conditions of employment that reflect economic value, not coercion or exploitation, and are thus considered fair. This has been labeled “marginal productivity justice” (McClelland, 1990). Similarly, voice is seen as something that is fulfilled through the freedom to choose among the options that the market provides. In other words, voice is exercised more by one’s feet than one’s written or verbal expression. Through the lens of the neoliberal egoist frame of reference, then, the preferred

system of conflict management via the invisible hand fulfills market-based visions of efficiency, equity, and voice.

In contrast, conflict and power are fundamentally important and central issues in the critical frame of reference. For example, Marx (1867/1936: 363) argued that “the directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus-value, and consequently to exploit labor-power to the greatest possible extent.” This puts antagonistic employer-employee conflict squarely at the heart of the critical model of the employment relationship, although modern critical scholarship also recognizes that accommodation and consent by employees as well as employers are also important (Hyman, 2006). In this way, the employment relationship is not seen as a voluntary, win-win, or bargained exchange, but as a contested exchange (Bowles and Gintis, 1990). Unlike in the pluralist model that sees employer-employee conflict as largely economic in nature and independent of broader societal institutions, the critical frame of reference emphasizes the social embeddedness of power differentials, and thus conflict, in organizations.

From this type of critical perspective, then, traditional forms of conflict management in organizations are viewed with skepticism. The labor market is not viewed as a neutral forum for resolving conflicts by indicating what is acceptable via supply and demand, but is seen as a socially based instrument of power that perpetuates inequality (Hyman, 1975). Human resources policies and practices to purportedly align employer and employee interests are interpreted as methods for subtly disguising and perpetuating managerial authority (Bolton and Houlihan, 2007). Labor law that promotes collective bargaining in a regulated fashion is seen as a method for channeling worker discontent into forums that provide less of a threat to corporate power and thus perpetuate rather than challenge the status quo (Klare, 1978; Stone, 1981).

Apparent satisfaction of true equity and voice for workers in traditional systems of conflict management, therefore, is argued to be more of an illusion than reality (efficiency is

not a priority in the critical frame of reference). As such, if antagonistic employer-employee conflict is structurally embedded within capitalism, then the way to truly resolve this conflict is to change the system. Beyond advocating for deep changes in societal institutions to redress employer-employee conflict, the critical perspective is also useful in highlighting the socially embedded nature of conflict in organizations and in raising important questions about the true nature of conflict management approaches within organizations.

At the opposite end of the spectrum, the assumptions of the unitarist frame of reference essentially assume away the existence of structural employer-employee conflict. Rather, because the employment relationship is viewed as primarily characterized by shared interests between employees and employers, the existence of employer-employee conflict in a specific organization is viewed as a suboptimal state of affairs that can be redressed by improved managerial practices. In other words, with well-informed managers, employer-employee conflict is not significant and there is no need for conflict management systems to resolve this type of conflict in organizations.

In practice, however, managers can be imperfect and employees can misperceive situations so some organizations have non-union dispute resolution systems ranging from open door policies to formal grievance procedures (Colvin, Klaas, and Mahony, 2006). Through the lens of the unitarist frame of reference, in addition to being reactions to outside legal pressures (Colvin, 2003), these systems are best seen as mechanisms that serve employer-employee alignment through employee commitment and the monitoring of deviant cases (Olson-Buchanan and Boswell, 2007). This approach to conflict management is seen as efficient because it typically does not involve expensive hearings, the final decision is generally left to a manager rather than an outsider, and the resulting increased employee commitment as well as improved managerial practices can promote improved individual and organizational performance. Equity and voice are typically seen in terms of individual perceptions of fairness so these goals are seen as fulfilled through the pursuit of distributive and procedural justice in

the operation of these non-union dispute resolution procedures.

Within the unitarist frame of reference, conflict among individuals, not between employers and employees as a structural feature of the employment relationship, is much more important, and research analyzes diverse forms of interpersonal, behavioral conflict within organizations (De Dreu and Gelfand, 2008). For example, conflict among coworkers or team members can occur because of relationship conflicts rooted in cultural, political, social, personality, or other differences, and can occur because of task conflicts stemming from differing views about how to accomplish job responsibilities or communication breakdowns (Jehn, Bezrukova, and Thatcher, 2008). Conflict management thus takes the form of interventions to prevent or resolve these conflicts, such as diversity training, team-building exercises, or individual counseling and coaching. Interpersonal conflict in the form of workplace aggression such as harassment, abusive supervision, or bullying are also unfortunate realities of organizational life, but again these conflicts are seen as rooted in situational and individual differences such as negative organizational climate, stress, lack of self-control, or perceptions of injustice (Raver and Barling, 2008). Again, these behavioral conflicts are seen as deviant, not inevitable, even between supervisors and subordinates, and the conflict management response is prevention and resolution through appropriate managerial practices.

Lastly, in the pluralist frame of reference, employer-employee conflicts of interest are viewed as an inherent, structural feature of at least part of the employment relationship. In other words, some interests are assumed to conflict while others can be aligned. As such, conflicts of interest are to be managed rather than seen as deviant as in the unitarist perspective. But in contrast to the critical frame of reference, pluralist thought does not view the employment relationship as always dominated by broader societal divisions and instead it is believed to be possible to manage these conflicts of interests in ways that truly respect the plurality of interests found in the employment relationship. If employers and employees had equal power, presumably they could manage their own conflicts without formal structures or institutions, but the pluralist frame of reference is premised upon an inequality of bargaining

power because of imperfect labor markets (Budd, 2004). As such, the absence of institutional intervention is seen as favoring employers, so institutional intervention is needed to create more of a balance and prevent employers from taking advantage of less-powerful employees. Note that in the unitarist frame of reference, this is less of a concern because employers are seen as desiring alignment of interests so they should not opportunistically take advantage of employees. But in the pluralist perspective, employers are seen as having this motivation, at least with respect to issues characterized by conflicts of interests such as wages versus profits, especially in tough economic times: “recessions, depressions, and major industrial downsizings are a mortal threat to advanced, mutual gain [human resource management] systems and can quickly transform employees from high-valued human resource assets to low-valued disposable commodities” (Kaufman, 2008: 278).

Since a plurality of legitimate interests can sometimes be aligned but sometimes conflict in the pluralist frame of reference, conflict management needs to respect the legitimacy of multiple interests and find a balance. The assumptions of the pluralist perspective thereby focus attention on institutionalized methods of resolving conflicts of interests between employers and employees, especially collective bargaining and interest arbitration, as well as on methods of resolving conflicts of rights, especially formal grievance procedures, rights arbitration, and litigation. It is here where balancing efficiency, equity, and voice comes to the fore, not only in terms of the objectives of the employment relationship (Budd, 2004), but also in terms of the goals of conflict management. By seeing workers as citizens of democratic communities rather than as economic or psychological agents as in the neoliberal egoist or unitarist frames of reference, equity and voice are conceptualized in the pluralist perspective in terms of minimum standards and rights consistent with dignity and democracy (Budd, 2011). So rather than distributive and procedural justice, pluralist conflict management procedures seek to satisfy rich conceptualizations of equity and voice that include due process and broad-based participation as equals. But efficiency is also viewed as a legitimate interest, so the goal is to balance efficiency, equity, and voice.

Putting all of this together yields four different frames of reference on conflict and conflict management in organizations (see Table 1.2 above). Making explicit the underlying assumptions of these alternative perspectives is important for a better understanding of conflict and conflict management. Moreover, this explicit analysis reveals the broad classes of conflict management approaches that can be used, and suggests the applicability, pros, and cons of each class—all of which are intimately tied to the underlying goals and assumptions.

As an example, consider non-union dispute resolution procedures such as open door policies, management appeal procedures, and peer review panels. Such procedures are advocated by some as a way for aggrieved employees to voice their complaints and achieve remedies when warranted (Olson-Buchanan and Boswell, 2007), but heavily criticized by others (Stone, 1996). These sharply differing views on non-union dispute resolution are directly related to the divergent goals and assumptions embraced by participants to these debates. In particular, note that the design and desirability of nonunion dispute resolution procedures are squarely rooted in the goals and assumptions of the unitarist frame of reference. The presence of these procedures is intended to signal to employees that they will enjoy distributive and procedural justice at this organization, which is believed to create high levels of engagement and thus productivity. This philosophy is very much part of an overall belief that happy workers are productive workers. Moreover, there is not a perceived problem with managers retaining final decision-making authority because of the unitarist philosophy that organizations are best off aligning employer and employee interests in a win-win fashion.

In contrast, the pluralist and critical approaches assume that employers have both the incentive and the power to prioritize organizational over individual employee interests. Moreover, by seeing workers as citizens in democratic communities, the pluralist and critical approaches believe that workers are entitled to due process and meaningful participation, not just managerial-provided distributive and procedural justice. From the critical perspectives, open door policies and other non-union dispute resolution procedures are seen, at best, as hollow schemes that fail to deliver equity and voice and, at worst, as manipulative tools that

mollify workers through the appearance, but not the reality, of a meaningful forum for redressing their grievances. Even union grievance procedures are seen as having similar failings from some critical perspectives (Stone, 1981). The pluralist perspective on non-union grievance procedures is more mixed, though also skeptical. From a pluralist perspective, non-union grievance procedures represent an improvement on unfettered management discretion, but fall short of providing the level of voice and equity found in union procedures, and to be truly effective, external institutional pressures are needed to help counter-balance the inherent inequality of bargaining power in the employment relationship (Colvin, 2003). Lastly, others taking a neoliberal egoist perspective might criticize non-union dispute resolution procedures for being unnecessary interferences with the ability of managers to adjust to the realities of the competitive market. Carefully note how these criticisms are better understood once one understands the underlying goals and assumptions, and how these differing views of non-union dispute resolution procedures are linked to different underlying perspectives on these goals and assumptions. The same is true for debates over other forms of conflict management systems in organizations.

### **Balancing Efficiency, Equity and Voice: The Pluralist Approach to Conflict Management in Organizations**

As the chapters by John Godard and by Doug Mahony and Brian Klaas in Part I of this Handbook discuss the critical and unitarist approaches in more detail, and active conflict management plays little role in the neoliberal egoist approach relying on the market, the remainder of this chapter focuses on the pluralist approach, which also reflects our own perspective as scholars in this area. Throughout these discussions it is important to remember the underlying goals and assumptions that inform the analyzes.

The essence of the pluralist perspective is that it sees the employment relationship as involving both common and conflicting interests amongst the parties that are legitimate and

need to be balanced. The metrics of efficiency, equity, and voice provide a useful analytical framework for analyzing the implications of different assumptions and goals for conflict management in organizations. Taking an explicitly pluralist perspective, however the trilogy of efficiency, equity, and voice is not just an analytical tool, but is also a set of goals that represent key interests that should be balanced when developing systems for managing conflict in organizations.

Why from a pluralist perspective do we emphasize the importance of balancing efficiency, equity, and voice in conflict resolution systems? First note that efficiency, equity, and voice might often conflict with each other. Equity requires objective evidence, unbiased decision-making, and appeals to neutral parties, whereas voice entails participating in hearings. These two dimensions can conflict with each other (such as when third-party control overrides the voices of the participants) and together they can conflict with the efficiency emphasis on quickness and low cost. Against this backdrop of potentially conflicting dimensions, we assert that dispute resolution systems should balance efficiency, equity, and voice.

The importance of balancing competing objectives is rooted in the need to balance the competing rights of various stakeholders. In particular, an employer's property rights to use their employees as they see fit must be balanced with employees' rights to equity and voice. This is because work is a fully human activity, not a purely economic transaction, so employees as well as employers have human rights in a democratic society (Budd, 2004). Taking a slightly different tack, due process protections in the civil arena are so important that they are written directly into the Magna Carta and US Constitution; these rights are so critical that they should not be checked at the factory gate or office door and disregarded in the employment relationship.

There is also an analytical rationale for balancing efficiency, equity, and voice: pluralist industrial relations thought predicts that employment systems work better when competing interests are balanced than when imbalances or inequalities exist (Budd, Gomez, and Meltz,



2004). Workplace dispute resolution systems are therefore hypothesized to be more effective and stable when efficiency, equity, and voice are balanced. Compared to unbalanced dispute resolution systems, balanced systems should have greater legitimacy, produce more effective and durable resolutions, and prevent the recurrence of disputes. As a result, practitioners and policymakers should design dispute resolution systems that balance efficiency, equity, and voice. It can be difficult to know when a balance has been achieved. Rather, the idea of balancing efficiency, equity, and voice as a guiding principle is put forth as what philosophers call a regulative ideal— something to strive for even if it is not achieved or if you do not know when it is achieved. With this foundation and frame of reference, specific systems for resolving workplace rights disputes from a pluralist perspective using the triangular framework presented in Figure 1.1 are analyzed. By situating conflict resolution procedures within the triangle of efficiency, equity, and voice, it is possible to identify the degree to which different procedures and systems either do or do not enhance balancing of these goals. From a normative perspective, pluralists emphasize policy innovations that result in movement towards the middle of the triangle and satisfying all three of the goals simultaneously.

Traditional pluralist perspectives have emphasized the strengths of union representation and collective bargaining in achieving balance in meeting the goals of employment relations. In the area of conflict management, the grievance arbitration procedures used in unionized workplaces in the US have a relatively strong provision of voice and especially equity (though the limitation of coverage to unionized workplaces limits equity when considering the entire US employment system). There are concerns with voice to the extent that the process is very formal. The larger weaknesses are in the area of efficiency with significant concerns regarding cost, speed, and flexibility. In comparison, expedited arbitration performs better on the efficiency dimension because of reduced costs and increased speed, but at the expense of a degree of equity and voice. The inclusion of a mediation step before arbitration improves efficiency with only minor trade-offs with equity and voice and thus has the potential to better balance efficiency, equity, and voice. Thus pluralists have favored innovations such as the use of grievance mediation in unionized settings to enhance the

functioning of conflict management systems (Brett and Goldberg, 1983). A broader concern for pluralist scholars is the shrinking coverage of union representation and collective bargaining in many countries. This raises the, as yet unresolved, question for pluralists of whether alternative institutions for worker representation such as works councils or newer forms of employee representation can provide equivalent degrees of balancing the interests of efficiency, equity, and voice as union procedures have in the past.

In comparison to union procedures, non-union grievance procedures tend to emphasize efficiency at the expense of equity and voice. The imbalance in favor of efficiency is seen most strongly in open door policies that provide little protection of equity or voice. Management appeal procedures provide a limited enhancement of equity through the formalization of structures for reviewing employee complaints, while continuing to emphasize efficiency through management control of the process and outcomes. Peer review and ombudsperson procedures represent more substantial attempts to achieve greater balance in the geometry of dispute resolution in the non-union workplace. Peer review enhances equity and voice through the mechanism of employee involvement in the grievance decision-making process. Ombudspersons enhance equity and voice through a relatively flexible, informal approach to assisting employees in getting complaints heard and resolved. Both peer review and ombudsperson procedures require more substantial commitment of resources by the company as well as limitations on management discretion, resulting in some sacrifice of efficiency. Although not involving the strongly developed institutional structure of union grievance procedures, these procedures are noteworthy as indicating attempts within non-union workplaces to achieve an improved balance between efficiency, equity and voice in dispute resolution. While from a unitarist perspective, organizations might be expected to adopt these types of non-union procedures in order to resolve interpersonal disputes and improve internal organizational functioning, pluralists tend to be more skeptical of the extent to which these internal employer motivations will produce a true balance given the inherent inequality of bargaining power in the employment relationship. As a result, research from a pluralist perspective has emphasized the importance of external institutional pressures, particularly

from the legal system and from the threat of union organizing, as necessary to produce greater balancing of interests in the structure and operation of non-union grievance procedures (Colvin, 2003).

For resolving employment law disputes, both employment law mediation and arbitration represent attempts to rebalance the geometry of dispute resolution relative to litigation. Employment litigation is a system with a strong imbalance in favor of equity, with some strong voice elements, but a lack of efficiency. Employment law arbitration imbues the system with greater levels of efficiency, but leads to questions of whether it sacrifices too much in the areas of equity and voice. The compulsory nature of most employment law arbitration schemes also raises very serious concerns with equity and voice. Relative to arbitration and litigation, mediation provides a greater balancing of efficiency, equity and voice for resolving employment disputes. The main question in regard to mediation is whether it is appropriate, given its emphasis on private, consensual dispute resolution, for employment law cases that involve major questions of public policy. However, for more routine employment law cases, employment mediation provides arguably the better balance in dispute resolution.

Overall, these three examples of union, non-union, and employment law procedures, illustrate how pluralist perspectives tend to favor more strongly than other perspectives the development of alternative dispute resolution procedures and conflict management systems. For pluralists these procedures and systems provide ways to balance more effectively the sometimes competing goals of efficiency, equity, and voice. Pluralists also tend to be optimistic about the potential of institutions and public policy to promote greater balance between these goals within the employment relationship.

## **Conclusions**

Underlying this chapter is a simple yet powerful and overlooked logic: perspectives on conflict management in organizations are rooted in the intersection of one's objectives and one's view on the source of conflict. Consequently, it is important to start with an explicit

understanding of the goals and assumptions of conflict management. To that end, this chapter presents a framework of efficiency, equity, and voice as a useful schema for explicitly considering the key goals of any dispute resolution system. In evaluating or designing specific conflict management systems, these dimensions can be operationalized through a range of specific measures (Budd and Colvin, 2008). This chapter further considers the underlying assumptions to the broad classes of approaches to conflict management and presents a framework of four frames of reference. This framework uncovers the broad classes of conflict management approaches that organizations can use—especially the invisible hand of the competitive market and the visible hand of managerial practices, policies, and interventions—as well as the institutional interventions that others might advocate—ranging from formal grievance procedures and litigation or labor court systems to more systemic institutional changes that change the underlying power relations in the capitalist employment relationship—and allows us to consider under what conditions each method is desirable.

Although frequently hidden from view, the goals and assumptions that underlie each of the chapters in this Handbook as well as the implementation or critique of real world conflict management systems are important to understand. From this will come a deeper understanding, an improved basis for implementation within organizations, and a more rigorous foundation for considering the need for institutional reform, whether voluntary or mandated by public policy.

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