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# Organizational Conflict Management Systems in Small Business

## **Abstract**

[Excerpt] Organizations large and small have conflict management systems in place to proactively manage internal and external conflict. As small business leaders, we need to evaluate our organization's culture and determine what conflict management process works for us. Grievance resolution, mediation, arbitration, ombudsman and peer review panels are examples of current conflict management processes. These dispute resolution systems can be tailored to effectively meet the internal dynamics within any small business environment. The decision to implement any or all of these systems should be left to the small business leaders, while gathering input from the internal and external clients. There is potential that a very badly managed system could be worse than no system at all. Designing, implementing, communicating, using and modifying an organizational conflict management system requires constant feedback, patience and reinvention. Using a "What's Working and What's Not Working" model will help ensure the workforce is engaged and actively providing valuable feedback.

## **Keywords**

HR Review, conflict management, dispute resolution, mediation

## **Comments**

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# CORNELL HR REVIEW

## ORGANIZATIONAL CONFLICT MANAGEMENT SYSTEMS IN SMALL BUSINESS

*Matthew W. Burr*

Organizations large and small have conflict management systems in place to proactively manage internal and external conflict. As small business leaders, we need to evaluate our organization's culture and determine what conflict management process works for us. Grievance resolution, mediation, arbitration, ombudsman and peer review panels are examples of current conflict management processes. These dispute resolution systems can be tailored to effectively meet the internal dynamics within any small business environment. The decision to implement any or all of these systems should be left to the small business leaders, while gathering input from the internal and external clients. There is potential that a very badly managed system could be worse than no system at all. Designing, implementing, communicating, using and modifying an organizational conflict management system requires constant feedback, patience and reinvention. Using a "What's Working and What's Not Working" model will help ensure the workforce is engaged and actively providing valuable feedback.

Designing and communicating organizational conflict management systems can be the determining factor in the success (user friendly) or failure (abandonment) of the conflict management system. The policies and communications need to be clear and concise; what information would you like to communicate to the workforce and how would you like the message to be perceived? Obtaining positive acceptance and buy-in from all levels within the small business will help to ensure the successful adoption of the organizational conflict resolution processes. As will be discussed below, consistent and continuous communication through numerous avenues will help drive the new processes and create an environment in which the workforce feels comfortable in resolving disputes.

Grievance procedures are the most common organizational conflict resolution processes, as shown below, Prince Tennis has designed, implemented and communicated to all employees a grievance procedure that works globally in a small business environment -

### **Contact with Supervisor**

Most disagreements can be resolved to the satisfaction of all parties involved when problems approached in good faith and with mutual respect. Therefore, employees with complaints should first consult with their immediate supervisor for resolution. If the discussion with the immediate supervisor for resolution. If the discussion with the immediate supervisor does not resolve the problem, the employee may request a private conference with next higher level of supervision. The employee has a right to continue this process through successive levels of supervision.

## **Notification to Grieve**

If the employee feels the problem has not been satisfactorily resolved through the procedures outlined above, he or she may discuss the issue with Human Resources.

If necessary, employees may submit a formal written grievance to Human Resources. It should include the individual's intent to grieve, the specific issues, specific actions requested, and be signed and dated by the employee.

Human Resources will determine how to best resolve the grievance in partnership with the appropriate Prince Sports, Inc. managers.

## **Termination of Grievance Procedure**

If any time during the procedure the parties reach a mutually satisfactory agreement the Grievance Procedure terminates. Again, employees who wish to avail themselves of the Grievance Procedure will not be subject to any retaliatory action by management. Nevertheless, an employee will postpone no disciplinary action or other management decision as a result of the presentation of a dispute.”<sup>1</sup>

Providing the workforce with a 3-4 step process and access to the necessary information to resolve disputes will allow for conflict to be settled at the lowest possible level in the organization. The grievance should also be written out; witness statements and any other relevant information need to be documented. This information should be easy to access for everyone; near HR bulletin boards, in cafeterias, in work stations, near production white boards, in supervisor offices, intranet databases and internal websites.

The mediation process can be offered by a third party, trained ombudsman, or a neutral that has gone through mediation training. “Classic mediation is the only formal, interest based option. This option is offered by employers in many organizations. In classic mediation, A and B are helped by an organizational ombudsperson, *or* another professional (neutral) mediator, to find their own settlement, in a process that is rather formal and has a well-defined structure... Classic mediation is purely voluntary~ for A and B and for the mediator. This option must therefore be chosen by both disputants, and agreed to by the mediator, if it is to occur...”<sup>2</sup> Mediation can be an effective tool for both the company and employee to avoid costly litigation. Listed below are the steps to ensure the mediation process is implemented successfully.

- (1) The first element is developing mediation as a congruent alternative to litigation of employment disputes. Its acceptability is bolstered by recognizing the shift in preference from litigation and confrontation in a lawyer-driven judicial forum toward one in which, through mediation, the parties have the opportunity peacefully to resolve their disputes, even disputes over statutory enforcement rights.
- (2) Once it is accepted that mediation is the preferred format contrasted to litigation to resolve such workplace disputes, it is essential to establish as the second element that the system creating the mediation opportunity is fair.

- (3) This leads us to the third element, assurance of a mediator who is not only experienced and acceptable, but also one who is well versed in the substance of the dispute between the parties.
- (4) The fourth element of the development structure for a credible mediator alternative to litigation for resolving employment disputes has been the legitimization and acceptance of the Due Process Protocol as the benchmark of fairness with its standard of substantively trained mediators.
- (5) Ancillary to the benefits of achieving agency support for mediation in the non-union/statutory law sector is the prospect of a comparable innovation and expanded use of mediation for unions and management to undertake the resolution of similar disputes involving bargaining unit personnel.
- (6) A sixth precondition is the effort to establish mediation as the preferred vehicle for resolving statutory workplace disputes.
- (7) Perhaps the most pivotal element in legitimizing mediation as a beneficial tool in the enforcement arena would be the judiciary endorsement and expanded encouragement in using the process.<sup>3</sup>

Small businesses that envision mediation as a viable alternative to managing organizational conflict demonstrate to their workforce that neutrality and collaboration is one of the better approaches to resolving disputes and continuing to build a trusting relationship. Further information about mediation and different options, including a list of mediators, are available through The Federal Mediation and Conciliation Service<sup>4</sup>.

As discussed earlier, arbitration is a binding agreement issued by a third party, a list of arbitrators can be selected from the National Academy of Arbitrators<sup>5</sup>. This conflict resolution alternative **should only be used if the grievance process and mediation process have been ineffective in resolving the disputes**. Arbitration should not be used as a standalone option in managing organizational conflict. The system should be designed to first go through grievance process, followed by mediation and the final step being arbitration. Arbitration is rights based option, the process is designed to have a “winner” and “loser,” in reality both sides lose if a dispute reaches this level. The preexisting working relationship might be destroyed and creating a win-win alternative is not very likely. Designing an arbitration policy, the small business owner should consider the effects it could have on the workforce, leaving this as a final step in a numerous channel process is the best option if arbitration is being considered.

A peer review panel as defined is a review process including both hourly and salaried employees, it should be voluntary and have specific rules. If the dispute is within a specific work group the employee on the peer review panel should not be involved in any decision that is agreed upon by the panel. The volunteers should be given ample training on policies/procedures, investigation/fact finding, understand the history of how disputes were resolved in the past and have options for creativity in decisions. The disputants should have face time in front of the panel to present their cases and resolution alternatives, along with presenting any witnesses or supporting evidence. “A panel of employees (or employees and managers) works together to resolve employment complaints. Peer review panel members are trained in the handling of sensitive issues.”<sup>6</sup> The panel should be given time to interview, investigate and fact find before deciding on the resolution alternatives. The ideas generated in a process such as this creates a

collaborative approach to resolving organizational conflict and creating win-win decisions throughout the organization.

Regardless of the organizational conflict management processes a small business decides to incorporate into day-to-day operations, the system must be designed to meet the needs of the internal and external clients of the firm. If management designs and implements a process, policies, and/or procedures without input or support from the workforce then the process could fail or it may not be utilized. Collaboration throughout the organization is necessary to shape the processes and ensure that acceptance is generated at all levels.

In order for any system to be successful the process must be strategically communicated to the workforce and the policy/procedures need to be accessible for every employee. Communicating a new organizational conflict management system should come from the CEO or president of the small business, who can provide positive support for the new process by continuing to deliver a consistent message to the entire workforce through numerous channels; all hands meetings, quarterly review sessions, semiannual review sessions and so forth. The supervisors and department managers must communicate the processes in similar fashion, continuing to be consistent and positive; production meetings, department meetings and one on ones with employees. The policy/procedure process should be posted on bulletin boards, in the company newsletter, internal website, databases, work stations, whiteboards, cafeteria's and other places that are easily accessible to the employees. Organizations now use TV monitors throughout the facility displaying PowerPoint slides with relevant information for employees. As an example, GE Aviation's slide show contained one slide with a picture of the local ombudsman in addition the ombudsman's contact information. If employees have access to email, then they should be continually updated about the system and effectiveness of the new processes. If you work in a setting with high performance work groups, designate an individual on the team to obtain and communicate information to the rest of the group, similar to what might be seen with health/safety, quality, and delivery information.

The HR department is responsible for training and communicating new policies to the employee group but additionally, sitting with small groups of employees or attending production meetings will help ensure employees know the steps in resolving disputes. Distributing information and accessibility to answer questions will help in promotion of the new systems. If employee subgroups assisted in designing the new conflict management process, the same employees can help communicate this information to their peers, "word of mouth" communication can be more effective than any other communication techniques used in the business.

Direct communication from fellow workers will help to ensure buy-in is accepted from all levels of the organization, to ensure maximum employee engagement. If changes are made to the system, it is imperative to update the entire workforce of the change. Communication is only effective if it is designed to the internal and external environment of the organization therefore determine which methods have worked in the past and capitalize on these tools. Regardless of the avenue used to communicate this information, it needs to be consistent, continuous and positive.

Any method of communication the small business decides to use, the message must be continuously delivered and supported from the top down. Leadership needs to be fully supportive of the new processes because any negative feedback regarding the usefulness of the tool could have a devastating impact on employee engagement.

### **Training and Recommendations for Conflict Management Systems in Small Business**

“Whenever you're in conflict with someone, there is one factor that can make the difference between damaging your relationship and deepening it. That factor is attitude.”

*William James<sup>7</sup>*

Training for HR/Management in resolving disputes is imperative to the success of the organizational conflict management system in any organization. Depending on which system a small business decides to implement will be a determining factor on what training is necessary. Yet, a basic understanding of what conflict is and how to resolve basic conflicts should be a mandatory training for managers, supervisors, HR, a peer review panel and so forth. “It is important to remember that conflict will always exist between employees. Effective supervisors have the skills to manage the conflict process and turn disagreements into ideas.”<sup>8</sup>

The Society of Human Resource Management website has a toolkits section filled with information on basic training in organizational conflict management and steps that can be taken to resolve conflicts. Hiring an outside consultant to train the entire workforce is also a viable option, ensuring that all employees are receiving the same training and consistent message ensures a successful start to effective management of organizational conflict. The training and policies could be designed specifically for the organization and redesigned if processes and needs of the small business change.

Below is a list of conflict management trainings and seminars:

- [www.shrm.org](http://www.shrm.org)
- <http://www.acrnet.org/Educator.aspx?id=663>
- <http://www.bbb.org/us/conflict-resolution-training/>
- [http://conflictresolutiontraining.net/conflict\\_resolution\\_training/Conflict\\_Resolution\\_Training\\_Welcome.html](http://conflictresolutiontraining.net/conflict_resolution_training/Conflict_Resolution_Training_Welcome.html)
- <http://www.conflictresolutionacademy.com/resolution.php>

Incorporating a neutral in-house or third party is a great option to allow employees to reach agreement through a facilitation process and create alternative solutions. Below are options for mediator and ombudsman training opportunities, SHRM.org also has a tremendous amount of information on mediation and ombudsman:

- <http://www.mediationworks.com/>
- <http://www.learn2mediate.com/>
- <http://mediationtrainingcenter.com/>
- <http://www.ombudsassociation.org/certification>
- <http://www.mediationincnc.com/training/>
- <http://www.pon.harvard.edu/tag/mediation-training/>
- <http://www.ombudsassociation.org/>
- <http://www.mediationworks.com/mti/certconf/ombuds.htm>

Continuous training is necessary for any changes in the field of mediation and ombudsman, proactive steps should be taken to ensure that the employees designated for these positions have the opportunities to attend trainings, receive certifications and communicate necessary information to the workforce. Understanding workforce trends and networking with other ombudsman will ensure that the neutral will provide a valuable service to all employees in the organization.

### **Workforce Training**

Employee training should be continuous, employees should have the same opportunities as management, and training should be conducted annually with options for additional training throughout the year. The organizational conflict management system should be incorporated into the new hire orientation process, all hands meetings, supervisor meetings and other trainings offered at the firm. Trainings should be conducted in smaller groups to ensure that employees have the opportunity to ask questions and participate in group activities. Providing employees with high level training will ensure there is basic knowledge of how the system operates and show the workforce that the organization does “care” and feels training is necessary to effectively use the organizational conflict management systems and resolve disputes. Training builds a level of trust and should be seen as a strategic approach to ensuring employees are informed and active rather than an added business expense.

### **Conflict Management System Recommendations**

The organizational conflict management system a small business decides to implement should be designed to meet the needs of the client group. Therefore, the team designing the processes should benchmark on industry norms and understand what has been effective in resolving disputes before beginning to design a system for the organization. A survey should be conducted using the entire workforce to understand what the employee wants in an organizational conflict management system. Which processes do the employees feel comfortable using and what would be effective in our organization? Hiring a consultant to help designing, implementing, training and communicating the system is a proactive solution when a small business is just beginning the organizational conflict management journey.

Designing metrics or key performance indicators to measure the usage and success rate of the organizational conflict management system, along with continuous communication of this information to the workforce is a value added process to consider when designing the new system. There must be multiple access points to use the system; open door policy, email, intranet, phone, neutrality, specified office hours. Ensuring there are multiple access points will provide the employees with a means to communicate unrest and address conflict in a proactive way. Some employees will feel more comfortable using a phone rather than an open door policy, knowing the needs of your workforce and asking questions will ensure you design the right avenues for access points.

The newly designed system should also be considered a “living system,” implementing numerous generic processes might be effective in the beginning, but how does the small business

modify the processes to make it more effective in resolving disputes as your workforce evolves and the environment changes? Continuous modification of the systems, trainings, policies, procedures and processes should not be considered as a system failure but a proactive step of improvement, while ensuring that disputes are resolved efficiently and effectively.

Proactively gaining feedback from the workforce will help in designing and redesigning the processes. Every small business operates in different environments and deals with countless personalities, understanding these differences will ensure the small business designs, implements, communicates, uses and modifies a highly effective and successful organizational conflict management system.

## Conclusion

Organizational conflict management is inevitable and tailored conflict management systems in a small business can add tremendous value through resolving disputes and engaging the workforce in dispute resolution. Small business leaders should not consider an organizational conflict management system an added expense, but an investment in the organization and workforce. Proactive implementation of organizational conflict management systems can save an organization tremendous costs related to recruitment and retention, potential lawsuits, workplace violence and workplace harassment. Designing systems that ensure a high level of trust and commitment to resolving disputes will help strengthen work relationships and continue to build high levels of trust throughout any organization.

Organizations that strategically and proactively design systems that manage conflict will continue to see economic benefits as the workplace evolves and changes. As leaders our goal should be to align conflict management systems with the mission and vision of our organizations. Avoiding conflict is not innovative, managing conflict drives innovation, challenges the status quo and allows organizations to grow. ✎

**“Conflict is inevitable, but combat is optional.”**

**-Max Lucade<sup>9</sup>**

*Matthew W. Burr is currently enrolled at Syracuse University, working on a Master's in Business Administration and has over nine years of experience working in the human resources field. He currently owns and operates an HR consulting company; located in the Southern Tier of New York. Matthew is an adjunct professor Elmira College and Corning Community College. Matthew holds a bachelor's degree in business management from Elmira College, a master's degree from the University of Illinois School of Labor and Employment Relations in human resources and industrial relations and both the SPHR and SHRM-SCP.*

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<sup>1</sup> Employee Dispute Resolution Procedure, Prince Tennis, pp. 1-2

<sup>2</sup> Rowe, Mary “Dispute Resolution in a Nonunion Environment: An Evolution Toward Integrated Systems for Conflict Management” <http://web.mit.edu/ombud/publications/reso.pdf>

<sup>3</sup> [http://www.ilr.cornell.edu/alliance/resources/Articles/med\\_emp\\_disputes.html](http://www.ilr.cornell.edu/alliance/resources/Articles/med_emp_disputes.html)

<sup>4</sup> <http://www.fmcs.gov/internet/>

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<sup>5</sup> <http://naarb.org/>.

<sup>6</sup> [http://www.ilr.cornell.edu/alliance/resources/Guide/resolving\\_emp\\_disputes\\_guide.html](http://www.ilr.cornell.edu/alliance/resources/Guide/resolving_emp_disputes_guide.html)

<sup>7</sup> <http://www.brainyquote.com/quotes/quotes/w/williamjam120811.html>

<sup>8</sup> [www.shrm.org](http://www.shrm.org)

<sup>9</sup> <http://www.quotes.net/quote/15269>