

**Reducing corporate costs of conflicts**

or

**Improving competitiveness through a better management of conflicts***Abstract***Conflict today**

Today, going through a conflict is often felt by those involved as a fault they would be to blame for. Therefore, it remains unspoken, it remains in the realm of taboos. This is the reason why we still know so little about conflict, and we often see it through the consequences resulting from it. And because these outcomes are a burden to the company, they remain untold.

Yet, these consequences may be terribly costly. From strikes to the resignation of a key player in the organisation, from absenteeism to information withheld, all of which have an impact on the running and the performance of the company.

Aknowledging this observation, canadian and anglo-saxon corporations have accepted to take part in surveys in order to quantify these costs. For some years, now, they have been able to put forward the main items where losses are incurred, and the estimates are in billions of dollars a year. In France, the Ministry for Employment, Work and Vocational Training is starting to look into it <sup>1</sup>.

**What are the costs for the company ?**

Thanks to the surveys caried out, it seems that employees whose company lets them down with their stress issues are twice as often off work as employees in a company where they find attention and open dialogue<sup>2</sup>. The work hours lost due to stress was estimated to cost 1.7 billion dollars in 2005<sup>3</sup>. Besides, stress can lead the employee to some rather strong reactions.

Within the company, this will show through various elements: absenteeism, theft, higher turnover<sup>4</sup>, but also information withholding, slowing down innovation and so on. In 2004 in France, 197,000 days work were lost in the private sector simply due to strikes<sup>5</sup>. In Canada, employees absenteeism alone cost around 8.6 billion dollars in 2003<sup>6</sup>.

Moreover, a conflict can go beyond the company's office walls and lead to court. In France, a dispute taken to the special labor court (Prud'hommes) usually takes from 3 to 5 years before being adjudicated.

Further to this two examples, let us not forget the time spent by executives to manage disputes within the company: from 25%<sup>7</sup> to up to 70%<sup>8</sup> of their working time depending on the position and the situation.

There are also disputes arising from company bridging, mergers and acquisitions that end up failing due to unmanaged conflicts.

On the other hand, companies who willingly take conflict issues into account within their organisation highly improve both their working conditions and their competitiveness. Thus, "companies who set up systems of concerted conflict management highlight the high cost savings in the conflict departement: Brown and Root stated an 80% cost reduction in their external dispute item, Motorola announced a 75% reduction over 6 years, while NCA stated a 50% reduction and a decrease in legal actions, from 263 in 1984 down to 28 in 1993".<sup>9</sup>

« Face au conflit, savoir comprendre pour mieux agir »

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## **A new approach to conflict**

Today in France, the approach used on conflict management is mainly focused on players (Transactional Analysis, Neuro-linguistic Programming, Non-violent Communication...). Although they may be adapted to some specific conflicts where one player is causing it, they have the downside effect of enhancing the feelings of responsibility and guilt in players that are actually victims of a conflict arising due to environmental causes. Therefore, they intensify the taboo without solving source causes related to the company's malfunctions.

In order to avoid such a dead end, it is an absolute necessity to look at the conflict as a whole.

In order to do so, one must firstly consider conflict as a system made of players, but also as an environment conditioning relations and the way the whole system works. It then becomes possible to understand the root causes of the conflict. Conflicts can then be avoided or at least their occurrence reduced by improving the organisation. Moreover, the environment can be modified in order to shift its influence on players and drive them towards the best resolution possible.

Furthermore, conflict must be considered as a process, forgetting about the instantaneous approach and considering it as a story, with a beginning, a time of confrontation between parties and most importantly, several possible endings. By forecasting these possible endings, the best adapted resolution path may be identified according to the situation, as well as the best way to implement it.

Each conflict holds its specific resolution. Because they give players and their management the means to find out the utmost solution and implement it, dynamic and systemic approaches are particularly well suited for the corporate world.

They also make it possible to reduce occasional costs, by optimizing both the allocated resources and the outcome of the conflict management per se.

Above all, they allow for a reduction in permanent costs such as absenteeism or lowered productivity or the loss of innovation capacities due to the company's malfunctions.

Moreover, they may enable the company to an increase its potential of progress, by improving trust and confidence in relations and optimizing the organisation as well as information movement and many more.

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