

# Managing Workplace Conflicts in Business Environment: The Role of Alternative Dispute Resolution (ADR)

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## Abstract

In today's business atmosphere, conflict in the workplace is a noteworthy issue; therefore, handling conflicts in organizations is essentially very important as organizations that fail to address conflicts properly are likely to run into problems because conflict is integral in organizational life and has both likely benefits and costs. To address the situation of conflicts, lately since 1970s organizations have turned to the use of alternative dispute resolution (ADR), in resolving workplace conflicts. This article therefore presents the authors' thoughts on why organizations should use ADR to manage workplace conflicts; as effective conflict management has the prospective to play a key role in the success of organizations goals.

**Keywords:** Workplace Conflicts, Alternative Dispute Resolution, Business Environment, & Management

## 1. Introduction

Conflict is associated to the central processes of people and their association with the surroundings and is, therefore, an unavoidable part of organizational life (Jones & George, 2003). Conflicts in organization have been attributed to several factors. Dealing with conflicts in organisations has over the years been seen as the sole responsibility of the managers who often times took a rigid stand how to deal with it; organisations that address conflicts in this manner failed to recognise that conflict is natural in organisational life and has its own both benefits and costs. Conflicts have been said to occur in organisations, when normal activities are disrupted to the extent that it becomes difficult to achieve the organisational goals and objectives (More & Wegener, 1992). More precisely, organisations are confronted with many forms of interpersonal conflicts which can be disrupting to achieving organisational goals. Additionally as a result of diversity in the workplace, conflict is on the increase. Dumaine (1991) and Nohria (1991) posit that as companies' try out with flatter - more decentralized organizational structures, their workers become more and more interdependent and responsible for more decision making. These changes mean new types of conflicts will arise among different groups of workers relative to those experienced in bureaucratically structured organizations (Morrill, 1995). As more minorities, women, foreign nationals, and employees with different experience and educational backgrounds are entering the workforce. This diversity unescapably leads to conflicts different from those experienced by a more standardized workforce (Fiol, 1994; Williams & O'Riley, 1998).

If not properly managed, conflict in the workplace can become a complex matter having damaging effects on the organisation's employees' physical, emotional, and mental wellbeing escalating into unmanageable heights, thus harming the mission and goals of an organisation (Caudron, 1998). However, conflict does not have to be a destructive element; when handled properly, conflict can be of immense benefit to both the employees and the organisation as well. In an attempt to explain the nature of conflict, many scholars have postulated theories to guide in the understanding of conflict. Among the theories postulated is the traditional theory which sees conflict as bad - not good for the organisation and as such should be avoided. Contemporary theory; however, recognizes that conflicts between human beings are inevitable and if well managed can bring positive results to the organisation. Tillett and French (2006) believe that conflict encourages communication dialogue and help with individual and organisational growth as it provide opportunities for problems to be solved and help the organisation to advance; while Eunson (2007) opines that conflict can help change complacency through productive means.

Unresolved workplace conflicts can sometimes led to litigation with its attendant problems and the willingness of employees to sue their employer have exposed almost all employers to an increasing volume of litigation related to work-place conduct or the human resource decisions made on daily basis. Understanding conflict and how to manage or resolve it should be an integral part of what and how managers should learn; such understanding is essential for the personal well-being and success of individuals as well as the long-term success of organisations (Singleton, Toombs, Taneja, Larkin, & Pryor, 2011). Over the years, there have been significant changes in the ways organizations manage conflict which have led to efforts developed strategies aimed at more efficient, less costly, and more satisfying resolution of conflict; thus this paper examined the use of these less expensive and appropriate methods such as alternative dispute resolution (ADR) approaches in managing workplace conflicts.

## 2. Literature Review

### *Definition of Conflict*

There is no universally accepted definition of conflict. According to Thomas (1976) conflict can range from “friendly” competition to extreme violence; therefore, conflict is “the process which begins when one party recognizes that another has frustrated, or is about to frustrate, some concern of his”. Rahim (1992) stated that conflict is “the interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities”. Folger, Scott, Poole, and Stutman (2005) defined conflict as “the interaction of independent people who perceive incompatibility and the possibility of interference from others as a result of this incompatibility”. Cahn and Abigail (2007) also defined conflict as a problematic situation, differing perceptions and desired outcomes, interdependence, potential which adversely affect the relationship between individuals. Robbins (1978) defines conflict as “any kind of opposition or antagonistic interaction between two or more parties”. Conflict, according to De Dreu, Harinck, & Van Vianen (1999) can also be viewed as a process that begins when an individual or group perceives differences and opposition between oneself and another individual or group about interests, beliefs or values that matter to them. Conflict is a likely result of contacts within family, friends, and colleagues, as well as between managers and their subordinates (Suppiah & Rose, 2006); thus, conflict is inevitable whenever human element is involved.

Conflict in organisations sometimes could be counter-productive; therefore, thoughtful managers must consider how much time, effort, and money they are investing in such conflict, and whether they are dealing with it as well as they can. If the organisation does not already have a formal conflict resolution system, management should consider whether use of one would improve organisation effectiveness and add economic value.

### *Initiators or Causes of Conflict*

Conflict can arise when individuals or groups are trying to collaborate in attaining a common goal but have contrary opinions and beliefs about the best plan of action to pursue. Conflict in an organisation could be categorized under two major headings functional and dysfunctional (Bacal, 2004). Organisational leaders should understand the nature of conflict in order to know whether the conflict should be managed effectively, resolved or eliminated. If managed appropriately, functional conflict leads to organisational innovation and productivity. However, the answer for dysfunctional conflict is elimination because it can lead to many negative results as it impacts relationships, productivity, and other key performance indicators. Hastings (2007) noted that workplace conflicts can be caused by a variety of issues, such as:

- Different work methods where employees have the same goal but different approaches to achieve the goal.
- Different goals that is inconsistent with each other.
- Differences in personalities where people annoy each other because of who they are or how they act.
- Biases that people have against different groups of people.
- Issues, actions, or comments that cause stress.
- Different viewpoints or perspectives about various issues that may relate to people’s upbringing, gender, age, or other such characteristics.
- Different levels of interpersonal skills and verbal and/or written communication capabilities.
- Competition for financial or other resources; and
- Unique subcultures that establish “us vs. them” situations.

Starks (2006) noted that conflict results when a person’s or group’s behaviour or action negatively affects another. These negative behaviours or actions may result when beliefs, values, attitudes, ideas, needs goals, perceptions, expectations, or interests differ. Conflicts may also arise when the behaviour or actions of people, teams, or departments violate the rules, regulations, or social norms of an organisation (Starks, 2006). The triggers of functional conflict may result from:

- Differences in opinions, personalities, knowledge, education, and experience;
- Natural results of diversity based on such characteristics as age, ethnicity, gender, etc.
- Project or process differences;
- Virtual and/or self-managed work teams, or
- Rapid change.

Any conflict that is not managed appropriately can degenerate into dysfunctional conflict. However, there are specific triggers of dysfunctional conflict that include: dysfunctional teams, stress, systems problems, favouritism, warring egos, heavy workloads, unclear job requirements, a culture that is disabling and disempowering, stifling bureaucracy, and obnoxious people. To avoid increases in negative key performance indicators and decreases in positive key performance indicators, dysfunctional conflict must be resolved expeditiously.

### *Conflict and Conflict Management at Work*

Conflict according to Pondy (1967) is seen as a fight, a struggle, or the clashing of opposed involves conflict

issues (what is the conflict about), feelings and cognitions (within party experiences), and conflict management (between-party experiences) Most academic work draws distinction between the emergence of conflict, and the way it is managed. In organisations, people often avoid conflict, they remain inactive when conflict emerges, or they induce conflict without knowing it (O'Connor, Gruenfeld, & McGrath, 1993). These situations go unrecognised as long as we solely define conflict as struggle and fight. Avoiding and ignoring conflict, or by assuming an inactive and passive stance, may be especially detrimental for individual health and well-being, thus rendering it even more important to distinguish between the occurrence and management of conflict. Also, for a good understanding of the possible influence of conflict on individual health and well-being, it is important to distinguish different types of conflict, that is, the conflict issues involved.

*Sources and Approaches to managing workplace conflict:*

According to Jaffee (2008) organisational conflict stemmed from the industrial revolution era, where workers who felt that their rights and conditions of service were not palatable, fought against their employers who were exploiting them. They rebelled through industrial actions like collective resistance, sabotage, absenteeism and strikes. The causes or sources of these conflicts Jaffee (2008) further attributed to two main sources i.e. individual tension which according to him arises individuals with different aims and objectives have to work together in same organisation with a single goal and objective and this is bound to create tension amongst the individuals. He also the source of conflict in the organisation to division of labour because according to him, employees in an organisation are assigned specific tasks in specific departments and this too can generate conflict within the organisation (Jaffee, 2008).

De Dreu and Gelfand (2008) on the other hand, identify three broad sources of workplace conflict which according to them are scarce resources and conflicts of interest which give rise to these resource conflicts; Secondly the desire to maintain and promote a positive aspect of oneself which invariably gives rise to identity and value conflicts. And lastly, the need to hold the same shared and socially accepted views and beliefs which also can give rise to conflicts of understanding. It is also discovered that from time immemorial, most conflicts end up in courthouse. This method is very costly and may lead to further conflict amongst conflicting parties. So one of the methods of managing conflict is to be cooperative - people communicate that they believe their goals are positively linked so that as one person moves toward goal attainment, others move toward reaching their goals. They understand that others' goal attainment helps them; they can be successful together. Wanting each other to perform effectively, for such competence helps each person to be successful, they communicate that they seek to use the conflict to promote mutual goals and to resolve it for mutual benefit.

Another method could be competitive in nature. In competition, people believe that their goals are negatively related so that one's successful goal attainment makes others less likely to reach their goals. In managing conflict competitively, people believe that they are better off when others act ineffectively; when others are productive, they are less likely to succeed themselves. They convey that they want to use the conflict to promote their goals at the expense of the other. They want to "win" and have the other "lose"; thus the dynamics and outcomes of the conflict is affected (Alper, Tjosvold, & Law, 2000; Deutsch, 1980; Lovelace et al., 2001). Experiments and field studies have found that a cooperative approach to conflict encourages partners to express their views directly, listen open-mindedly, and accurately take each other's perspective (Tjosvold, 1998). As they understand each other and the opposing positions, they develop integrated, high quality solutions to problems.

This method helps managers to act productively and bolster the confidence the conflicting parties, so that they can work together in the future. Studies have documented that the open-minded interaction improves interpersonal attitudes and the beliefs that they can solve future problems together (Tjosvold, 1998). Therefore, cooperative conflict is expected to help team members develop trust in each other (Williams, 2001).

### ***Alternative Dispute Resolution (ADR)***

Alternative dispute resolution,(ADR) approaches seek to involve the disputing parties in the resolution of their conflict, thereby increasing the probability that each of them will be more satisfied with the outcome than a situation in which a manager or a trial judge imposes a decision.

Workplaces are breeding grounds for conflict, including those arising out of harassment, discrimination and personality clashes (between employees, employees and their managers, particularly recently assigned managers) (Anonymous, 1999). The result is often performance problems, violations of company rules or the need for discipline or termination. And sometimes these conflicts escalate into violence. This increase in the level and effect of workplace conflict illustrates the importance of dispute resolution processes to resolve problems, before they lead to litigation or violent confrontations.

There are many benefits to implementing dispute resolution processes in the workplace:

- Reducing conflict increases productivity.
- The organisation is less likely to have wrongful dismissal claims or human rights or other complaints.
- Any received complaints can be resolved quicker and more effectively.
- Conflict-related absenteeism rate decreases.

- Management demonstrate commitment to employees and foster their trust and loyalty; and
- Staffs are accountable for their actions.

#### *Types of Alternative Methods of Dispute Resolution*

According to Mahony & Klaas (2008) workplace dispute resolution processes differ significantly in structure and design, yet little is known concerning how these differences affect employees. Managers can evaluate the effectiveness of the leading dispute resolution procedures to provide employees with voice and workplace justice and then consider how outcomes may differ. ADR can enhance workplace justice; however, justice can be denied when employers institute mandatory systems and require employees waive their right to pursue claims through the courts. Much of the variation in outcomes between these procedures is attributable to the decision-makers who, across these systems, emphasize different factors when evaluating a case.

These days, the acronym ADR (alternative dispute resolution) and the phrase "conflict resolution systems design" have been receiving a lot of attention. Put simply, ADR uses faster, more user-friendly methods of dispute resolution, instead of traditional, adversarial approaches (such as unilateral decision making or litigation). Systems Design refers to the proactive development, in consultation with employees, of customised formal and informal processes to address workplace conflict.

**Facilitation:** an informal process in which a third party (often someone familiar to the disputing parties, such as a manager) attempts to facilitate communication and the development of an interest-based resolution to the dispute.

**Conciliation:** an informal process in which a passive third party is positioned between the disputing parties to create a channel for communication. This is generally done by conveying messages between parties who are unwilling to meet face to face, to identify common interests and to eventually re-establish direct communication.

**Mediation:** Mediation involves the use of a neutral third party (i.e., the mediator) to act as a facilitator of settlement discussions. Unlike an arbitrator, a mediator does not decide the controversy, but guides the negotiations and helps the parties reach their own agreement. In a typical mediation, the parties personally participate in joint sessions and in private caucuses that the mediator holds with each party and its lawyer. Unlike open door or most ombuds policies, mediation traditionally involves a neutral third person to facilitate dispute resolution. Note that some organisations are training managers and employees in mediation to serve as internal problem solvers (Lipsky et al., 2003). While internal mediators are likely to provide benefits for peer-to-peer disputes, their ability to effectively resolve more "charged" disputes, such as discipline or termination, is doubtful. Although unable to impose a binding decision on the parties, mediators employ win-win bargaining strategies in an attempt to achieve a mutually agreeable solution (McDermott and Berkeley, 1996). As such, mediation is often less adversarial than other third party forums such as arbitration and is frequently a pre arbitration step. Moreover, mediation is being adopted by an increasing number of organisations. The GAO (1995) found that 38% of firms used an external mediator (an additional 8.6% reported using an internal mediator) to resolve employment disputes. The increasing popularity of mediation largely stems from the growing trend among employee claimants to pursue litigation and the strong desire among employers to avoid litigation (Feuille, 1999).

As an alternative to litigation, mediation affords a less costly and timelier dispute resolution process. Likewise, the employer is protected from potentially large jury rulings. Less formal than adjudicating before an arbitrator or jury, mediation provides the participants a less charged and confidential forum to explore settlement opportunities. This may be particularly advantageous when the claimant is still employed by the organisation, and when a resolution is achieved without attributions of blame (Harkavy, 1999).

Mediation gives better flexibility when proposing settlement outcomes. More importantly, the privacy of the proceedings contradicts the concern for precedent-setting settlements; thus, the parties are free to pursue options that best suit the situations of the individual case (Cooper et al., 2005).

In contrast to litigation, mediation proceedings are private and thus, the evidence of employer wrong doing is seldom exposed. The lack of publicity about employer wrong doing denies the public information on which employers are violating the law and lessens awareness of public policies. Furthermore, the privacy of both the proceedings and settlement may deny the employee and his or her co-workers the vindication needed to fully resolve the incident. The relatively low cost of the proceedings, as well as the reduced chance for adverse publicity, may reduce the motivation of some employers to ensure their manager's strict adherence to employment discrimination laws (Wheeler et al. 2004.) Subsequently, the discouragement objective of such laws may be mitigated (Harkavy 1999). Lastly, with respect to mediating allegations of statutory violations, opponents of mediation often question whether workplace justice can be achieved when the enforcement of employment law is delegated to private individuals and not the courts (Harkavy, 1999). As a formal process in which an impartial third party, with no decision-making power, helps the disputing parties voluntarily settle the dispute by establishing ground rules for negotiation, opening channels of communication, articulating the needs of each party, identifying the issues, and if requested, making recommendations on disputed issues.

Since mediation is non-binding, both parties retain the right to pursue other means of resolving the dispute; because of the informal, confidential and non-binding nature of mediation, the management representative often plays a greater role in reaching a business solution than in more structured legal processes, such as arbitration or litigation, where legal counsel is much more in control of the process and direction of the proceeding.

#### *Why Use Mediation?*

The primary advantage of mediation over other dispute resolution methods is clear: it gets cases settled quickly. From a practical standpoint, it works when other options have failed. By the time most disputes are mediated, the business managers have been unable to find a solution and the attorneys have also been unsuccessful in achieving closure. A trained mediator can help the parties understand why they need an agreement, can provide the support necessary for the parties to acknowledge their desire for an agreement, and can point out why the alternative of litigation is usually the best affordable alternative. Mediation has many other advantages, including:

- Mediation is substantially less costly than litigation or arbitration
- It achieves results much faster than litigation or arbitration
- Mediation offers an environment that reduces confrontation and encourages discussion; it orients the parties toward problem solving rather than position building
- It provides a reality test on the parties' issues and arguments by pointing out negative aspects of a case that the clients or attorneys are reluctant to confront
- It stands a much greater chance of preserving the business relationship than litigation or arbitration. Once a dispute is litigated, the parties almost always find it extremely difficult to continue to do business
- The mediator can develop and offer solutions that the parties have not considered
- Mediation gives the parties the freedom to reach a settlement that achieves their particular objectives, as opposed to a court judgment which simply awards money and establishes liability

Even where mediation does not result in settlement, the parties still receive substantial benefits from the process. The mediator's evaluation helps the parties more accurately assess the potential risks of litigation. It may well be that, at some point after an unsuccessful mediation and before a trial or administrative hearing; the parties will rethink their commitment to litigation based on insights originally brought out at mediation. In the event that the parties proceed to trial, the insights obtained during mediation will assist in streamlining the issues and reducing time and expense.

Whether mediation results in settlement or assists in preparing for litigation, mediation remains a low-risk proposition. Compared to litigation or arbitration, the cost is nominal and is usually shared between the parties. The cost in time is also comparatively low because of the comparatively informal nature of the mediation process. Considering the huge savings that undoubtedly result from a settlement, the payback potential of mediation is indeed high.

Several comprehensive studies have established that these advantages go beyond anecdotal evidence and have been proven in practice. For example, in a study conducted by Cornell University in 1997, respondents from approximately six hundred of the Fortune 1000 corporations answered a comprehensive survey concerning their use of ADR. A sizeable majority of corporations stated that they used mediation because it provided a more satisfactory process than litigation, allowed the parties to resolve disputes themselves, provided more satisfactory settlements, and preserved good business relationships.

Peer Review: An interesting approach to organisational justice came to prominence in 1980s—peer-review panels. As with General Electric's first foray into peer-review at their Appliance Park facility in Columbia, Maryland, the motivation to establish peer-review strongly remains union avoidance (Grote and Wimberly, 1993; Colvin, 2003). The GAO reported in 1995 that 19.9% of firms used peer-review panels as part of their dispute resolution procedure.

These systems "shift some personnel decisions from the company to the aggrieved employee's peers" (Cooper et al. 2005: 664). Although peer-review procedures vary considerably, typically an employee's complaint goes to a hearing-like stage where a panel comprised of employees (and sometimes managers) makes a decision regarding the complaint (Grote and Wimberly, 1993). A typical peer-review panel consists of five trained panelists drawn from a list by the grieving employee. The panels are frequently facilitated by a representative from the organisation's human resource department. Generally, panel members are only empowered to interpret and apply company policies and lack the authority to change or abolish a policy. Indeed, peer-review panelists judge fairness not by the reasonableness of the rule but whether the termination is consistent with company rules and procedures (Ewing, 1989). Note peer-review deliberations may indirectly cause the modification of organizational policies. Not all organisations with peer review, however, empower their panels to make final and binding decisions; some limit the panels to making recommendations for managerial action. As a dispute resolution mechanism, peer-review systems tend to be well-received by both

managers and employees. Two recent studies claim that employees like them, primarily because they deliver an objective and fair decision (Wilensky and Jones, 1994). Managers, on the other hand, tend to like peer-review because it helps employees understand management's point of view, with employees being less likely to blame managers for disciplinary actions (Wilensky and Jones, 1994; Cooper et al. 2005). One firm found that peer-review dramatically reduced employee filings with the EEOC (Wilensky and Jones, 1994). Some anecdotal evidence even supports the belief by managers that peers will be more severe with employees than managers would be (Cooper et al., 2005). A further result attributed to peer-review that is advantageous to both workers and managers is that managers tend to be more careful in making decisions if they know that a peer-review panel will review them (Wilensky and Jones, 1994).

**Arbitration:** This is a formal process in which a third party who has been chosen by the disputing parties, renders a decision on the legal merits of the dispute. The arbitrator renders this decision after a hearing that generally involves the presentation of evidence and oral argument.

Widespread employer use of arbitration to resolve employment disputes as an alternative to litigation began in the early 1990s. In what Howard (1995) labelled a "stampede," employers post Gilmer began earnestly implementing binding employment arbitration agreements. In employment arbitration procedures, both the employer and employee agree that employment disputes will be taken to an arbitration tribunal rather than to court. More narrow agreements may be limited to claims involving alleged statutory violations while others may apply more broadly to any type of employee or a claim by the employer against the employee. Regardless of the scope, most employer-promulgated arbitration agreements are mandatory, and the decisions are final and binding. Thus, employment arbitration is a hard justice system.

Numerous arguments oppose employment arbitration with most of the criticism centring on pre-dispute binding arbitration which requires employees (or prospective employees) to choose between accepting the employer's arbitration process or losing either their present job or the chance to be hired. Moreover, these are contracts of adhesion. There is no bargaining over the terms of the procedure as it is presented to the employee on a purely take-it-or-leave-it basis (Wheeler et al., 2004). Unlike labor arbitration agreements, employer-promulgated arbitration procedures are designed by the employer without employee input so such agreements can, in perception if not substance, be unfairly tilted against employees. Indeed, some organisations, such as the Pony Express Courier Corporation, drafted agreements

Conciliation, facilitation and mediation are interest-based processes; the disputing parties themselves craft a resolution that meets their needs. Arbitration is a rights-based process; a third party determines the legal rights of the parties.

**Negotiation:** Negotiation is a process through which multiple parties work together on the outcome of a dispute. More specifically, negotiation is defined as a process whereby two or more parties decide what each will give and take in an exchange between them (Rubin and Brown, 1975). Negotiation involves some type of interaction among parties who desire something that the other party has. Negotiation is a give and take decision making process involving interdependent parties with different preferences (Neale and Bazerman, 1992). Key elements of negotiation: interdependence, perceived conflict, interaction, and agreement. Alternative dispute resolution (ADR) consists of a variety of approaches to early intervention and dispute resolution. Many of these approaches include the use of a neutral individual such as a mediator who can assist disputing parties in resolving their disagreements. ADR increases the parties' opportunities to resolve disputes prior to or during the use of formal administrative procedures and litigation (which can be very costly and time-consuming). It typically is not intended to replace the more traditional approaches and it can provide long term solutions to employee-employer conflicts through stakeholders' participation and buy-in. In contrast, traditional dispute resolution procedures often impose a "solution" handed down by a third party (e.g., a judge), where neither party walks away satisfied, and the disputing parties' conflict continues or increases.

In employee and labour relations and equal employment opportunity disputes, ADR has most commonly taken the form of mediation. However, there are many other options available including conciliation, cooperative problem-solving, dispute panels, facilitation, fact finding, interest-based problem solving and bargaining, settlement conferences, ombudsing, peer review, and alternative discipline. Alternative discipline as an ADR technique involves taking some type of action in lieu of traditional discipline to correct misconduct without resorting to more costly formal procedures and litigation. Parties can use any of these ADR techniques or a combination of them. Also parties can design and implement virtually any form of ADR which suits their needs.

#### *The Nature of ADR Procedures*

Non-union employers are free to unilaterally design their ADR system. Given this flexibility, these systems and their implementation often varies widely across (and even within) organisations. In reviewing ADR systems, Wheeler et al. (2004) categorised them according to the degree with which they infringed on managerial prerogative. Those procedures which do not bind management to a particular outcome are labelled "soft" justice systems. Often representing the early stages of more formal systems, soft systems do not result in a legally

binding determination – other than management’s final determination. Included among such systems are open-door policies, mediation, and organisational ombudsman. There are also “hard” justice systems that typically produce binding rulings. These procedures often represent the final stage in an organisation’s dispute resolution process. Among the more widespread forms of hard justice systems are peer-review panels and employment arbitration. Note that ADR procedures are often multi-step systems that may or may not combine both soft and hard approaches.

#### *ADR Benefits*

ADR processes are used to resolve disputes among employees or between employees and the organisation. But thinking only in terms of resolving disputes fails to recognise some of the potential benefits of such processes and may cause management to forgo their use or implement a narrowly focused program that misses opportunities. To avoid such pitfalls, management should view ADR from a broad perspective. It should think in terms of a management process that will minimize the organisational cost of counterproductive conflict and contribute to organisational excellence. A broad-based conflict resolution system can minimize the cost of conflict and contribute to organisational excellence in a number of ways. Some are concrete and easy to quantify, while others are more nebulous but nevertheless of real value.

According to Blackard (2001), the most important are discussed below:

- **Reduces Litigation Cost:** The most frequently discussed and easily quantifiable cost saving from effective conflict resolution is a reduction in litigation costs. ADR methods that surface and resolve disputes informally at an early stage and use mediation or arbitration when third party intervention is needed avoid much of the cost normally associated with litigation. Legal costs are likely to be reduced or nonexistent, and management time spent on each dispute is minimised.
- **ADR processes such as mediation enhance the likelihood of mutually agreeable resolution, and arbitration is typically more predictable than litigation, with large judgments less likely than from a jury trial.** More important, however, an effective dispute resolution system addresses root causes such as systems problems, cultural differences, lack of trust, or poor communications, and thereby reduces the number of disputes and the need for third party intervention in the future.
- **Minimizes Wasted Time and Effort:** Counterproductive conflict takes time and energy away from constructive business endeavours. Those involved in a dispute think about it, worry about it, and spend time trying to do something about it. Supervisors and managers become involved when disputes are with management or when employees need help in resolving disputes among themselves. This involvement diverts management time, energy, and attention from leadership activities that should leverage the efforts of all employees, and therefore tends to multiply the cost of a dispute. An effective ADR system limits the occurrences of disputes and causes them to be handled in a more timely and efficient fashion, thereby reducing the time and effort wasted by both the disputants and others who must be involved.
- **Builds Trust in Management:** Trust is an unwritten and usually unspoken contract that allows each party to a relationship to depend on the honesty, integrity, reliability, and justice of the others. Trust is necessary for an effective workforce, and its absence increases the cost of doing business by increasing adversarial activity and the costs associated with administering and enforcing policies, contracts, or laws to insure that transactions among people are executed as expected. An effective conflict resolution system helps build trust. Allowing employees to easily and inexpensively include a third party in a contest with management demonstrates management's willingness and ability to deliver on its commitments. Shifting the focus from power-based settlement to effective problem resolution helps the parties deal with the difference in power between management and employees. More importantly, providing an accessible, fair, easy-to-use conflict resolution system exposes management's vulnerabilities within a setting that is reasonably predictable and controlled, thereby demonstrating to employees that management trusts them.
- **Enhances Bottom-up Communication:** Management frequently makes bad decisions because it fails to listen to employees. It talks to employees but does not elicit their input or hear what they say. An effective conflict resolution system improves bottom-up communication. (Consistent with confidentiality obligations, relevant data from cases handled by the system are fed back to management. This feedback process provides management valuable information to discern patterns of behavior, trends, employee concerns, or other issues existing in the workforce. More importantly, an ADR system helps give employees the confidence to become involved and provide direct input, because they believe that any disputes that develop will be resolved fairly.)
- **Supports Diversity:** Diversity of thought in the workforce is necessary for the creativity and innovation required for optimum organizational performance. An ADR system encourages such diversity by valuing the differences that make people unique and providing a mechanism for employees to work out their differences and manage their conflicting interests in a positive, respectful way. Such a system

helps create a workplace where minorities and women prefer to work because they feel any discrimination or other inappropriate treatment will be dealt with quickly and fairly.

- Fosters Cultural Change: Effective companies must change faster than the environment around them in order to stay ahead of a predictable business cycle of growth followed by decline. This means they must change their fundamental corporate culture from time to time, often at the peak of their success. An effective conflict management system can surface problems, exhibit trends, and provide management with early warning of developing issues and the need for fundamental cultural change. If such a system is not in place, implementing one can represent the first step toward increased openness, more employee involvement, or other fundamental changes that may be necessary for broad cultural transformation.

## Conclusion

We believe that in the designing of conflict management systems, managers need to move away from a “one size fits all” tactic. Organizations vary intensely in their structure and culture, as well as in their objectives; therefore, they have very diverse conflict management needs. Addressing these needs necessitates managers to develop conflict management practices that are compatible with their organization’s objectives, existing culture and structure. ADR, we strongly believe that designing and implementing conflict management systems in a strategically aligned manner will provide organizations with a competitive advantage and cause many of the criticisms of such systems to lose their appeal. Therefore, we would like to suggest an empirical studies should be embarked upon in order to ascertain the potency of ADR in managing workplace conflicts, which are inevitable.

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