

Whitepaper

# THE COST OF CONFLICT

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### INTRODUCTION

Conflict is inevitable in organizational life. Most people prefer to avoid it and hope it goes away. Perhaps that is why organizations fail to examine how much conflict costs them. Poorly managed or dysfunctional conflict hurts productivity, escalates out-of-pocket costs, increases risks, degrades decision making, and impedes an organization's ability to achieve strategic goals. In this paper, we examine the cost of conflict in more depth and provide a distinct approach to address this important issue.

### PRODUCTIVITY

Conflict affects the productivity of organizations in four key areas:

- Wasted Time
- Lower Motivation
- Increased Turnover
- Disruptive Restructuring

#### 1. Wasted Time

Although a number of studies have found that managers say that they spend between 20-40% of their time dealing with conflict (Runde and Flanagan, 2012, p. 17), not all time spent on conflict is unproductive. Clarifying issues, exploring options, and developing solutions are essential and productive responses to organizational conflicts.

Unfortunately, conflicts often escalate when destructive fight or flight behaviors are used. A downside of these destructive responses is that they lead to unproductive time. The time is unproductive because it doesn't lead to resolution of the conflict, and it detracts from other important work. The unproductive or wasted time includes elements that are described by both presenteeism and absenteeism. Specific examples include:

- Worrying about the conflict
- Complaining to other people about the conflict
- Time spent avoiding others involved in the conflict
- Time away from work to avoid having to deal with the conflict or because of illness brought on by the stress of the conflict (Klachefsky, 2008; Spector and Lee, 2013).

