



9.7 Million U.K. Employees Need Conflict On The Board Agenda

By Anna Shields, Consensio, 28 May 2021

Most organizations appreciate that conflict can be costly. A supervisor clashes with a team member, and resignations may follow. Employee grievances take up valuable management time and resources. The mounting legal costs of a tribunal appear on the monthly board report. But often, leaders are only aware of the isolated cases that appear on their radar rather than the bigger picture across the organization.

This month, however, saw the publication of a new report, 'Estimating the costs of workplace conflict' for ACAS, by Professor Richard Saundry of the University of Sheffield Management School and Professor Peter Urwin of the Centre for Employment Research, University of Westminster. The report attempts to quantify the impact of conflict, with 9.7 million employees experiencing workplace conflict a year at a cost to U.K. organizations of £28.5 billion. The headline figures are attention-grabbing. What can leaders learn from this research, and why does conflict need to be on the board agenda?

The cost of conflict

Quantifying the extent and impact of workplace conflict is a tricky business. Some of the directly attributable costs, such as legal fees, are relatively straightforward to track, but other costs are more difficult to measure, such as how much absence is due to conflict or the impact on staff engagement and productivity.

The report estimates these direct and indirect costs by drawing on insights from several studies and extrapolating costs. The research estimates that nearly half a million employees resign each year due to conflict. The cost of replacing them, together with lost output as new employees get up to speed, is estimated at £14.9 billion each year. Sickness absence due to conflict is estimated to cost U.K. organizations £2.2 billion each year.

These figures are only part of the picture, and the report also tries to quantify the human costs of conflict. Over half of the employees (56%) who experienced conflict each year – nearly 5 million workers – suffered stress, anxiety, or depression due to conflict, and an estimated 900,000 took time off work. Furthermore, an estimated 85% of these staff members had the potential to exhibit 'presenteeism' (working while ill) as they did not take any time off work.

Digging deeper

For the first time, leaders have a starting point to indicate how conflict could be affecting the bottom line. The report is in-depth and will be useful to many leaders, and yet there are some hidden costs of conflict that it doesn't address, and that are worth examining.

One of these is the impact that conflict has on other team members. When people are in conflict, they invariably bring others into their dispute, to seek advice, support, or to gain reassurance for their view of the situation. Others then take sides, discuss amongst themselves, share with others, the conflict escalates and the effects on productivity and well-being multiply.

Organizations also experience reputational damage from a high-profile conflict that can significantly affect the bottom line. Technology gives employees the means to share issues with the wider world. With the change in social climate, people are more likely to speak out, often making conflict 'go viral.'

And then there's the personal cost. The stress and anxiety that some people experience due to conflict can affect their mental and physical health, which the report mentions. It can also significantly impact their life and relationships outside of work. A conflict situation can affect people for years, affecting their motivation, confidence, and even career choices.

The opportunity

Leadership acknowledgment of the costs of conflict is the first step. Recognizing the opportunity and taking action is where the real power lies.

There's the opportunity to manage conflict better, reducing costs and improving productivity. One example that the report identified was that only 5% of employees in conflict took part in some form of workplace mediation, despite 74% of those who had undergone mediation reporting that their conflict has been fully or largely resolved.

Nearly one-quarter (23%) of employees experiencing conflict reported speaking directly to the other party, which points to the need to support staff to have those difficult but essential workplace conversations. Of those who discussed their issue with their manager, union representative, or HR, only 43% reported that the problem had been resolved, which suggests that leaders and line managers need to build the skills and confidence to support staff in addressing conflict early and informally.

Workplace conflict managed well is also an opportunity for creativity and innovation, something most boards would welcome. Challenging the status quo without fear of retribution generates new ideas and improves processes. Successful organizations recognize that constructive challenge at the management and board level is essential for a healthy, sustainable business. The new research helps to quantify some of the costs associated with harmful and destructive conflict. But there is a more significant opportunity: learning to catch conflict earlier so that conflict becomes a healthy part of organizational life.