



## **The Business Case For Conflict Resolution Skills In A Recession**

By Anna Shields, Consensio, 10 October 2022

With predictions of an economic downturn and global recession looming, budgets will be under increasing scrutiny in the coming months. Investment in learning and development is often one of the first areas to be squeezed, with pressure to cut back on training programs and management development initiatives. One particular training area that should not be cut because investment in it will pay off is conflict management skills. Because workplace conflict is likely to increase during an economic downturn, equipping staff and managers with the confidence and skill to manage conflict in difficult times will help organizations adapt and even thrive.

### **Protecting the bottom line**

Last year, a study estimated that conflict costs organizations £28.5 billion annually in the U.K. alone. Some costs are easily visible to leaders on the balance sheet, such as reputational impact, legal fees, or conflict resolution support, including workplace mediation. Other costs are more difficult to measure, such as the significant time managers, HR, and employee relations teams spend trying to help resolve issues, or manage lengthy grievance procedures. Still less visible are the indirect costs of conflict, such as presenteeism and absence, as well as the unquantifiable personal impact of conflict.

Equipping staff to deal with issues before they escalate generates substantial cost savings. According to the U.K. study cited above, the estimated average cost of a formal procedure is £6,405 per employee. If employees leave an organization due to conflict, the cost of replacement is around £5,433 per employee. Lost productivity is estimated at £25,181 per employee. Preventing even a small proportion of issues from escalating in this way can quickly reap a return on investment.

### **Stronger relationships and collaboration**

Effective workplace relationships are based on trust and respect. Employees who feel trusted and valued are more motivated, and more likely to be productive. They are more likely to be happier at work, and less stressed. This means they take less time off work, and are less likely to look for other work opportunities. Yet without trust, relationships can break down, and the workplace can feel toxic, with staff feeling disengaged and distracted because of dysfunctional relationships.

Workplace relationships built on trust also help coworkers navigate conflict. When teammates trust and respect each other, they are more likely to address issues early and informally to nip them in the bud. They are also more likely to be lenient with each other and give each other the benefit of the doubt. This means that a sharp comment in a meeting, or hastily-worded email, is dealt with informally and through dialogue. Conflict resolution training teaches people to communicate differently, be open-minded, and appreciate broader perspectives, which builds and maintains trust.

## **Fostering innovation**

Challenging 'the way we do things around here' almost inevitably brings friction. In an organization where staff are equipped with the skills to deal with conflict, and even welcome and encourage differences of opinion, conflict becomes a healthy and valuable asset. Without conflict management skills, staff may not feel safe to respectfully challenge others, anticipating not being listened to or fearing retribution. Conversely, too much consensus can also be damaging, leading to groupthink and stagnation.

Conflict resolution skills are the foundation of effective working relationships. It's about managing conflict constructively, not eliminating it. By investing in these skills, organizations can avoid the costly impact of unresolved conflict on profit and loss, and reap the rewards of teamwork and new ideas. The organization which equips staff to embrace conflict is the one that pivots in times of crisis, and emerges from difficult times not only intact, but stronger.