

Controlling Conflict Costs: The Business Case of Conflict Management

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ABSTRACT

Badly managed (negative) conflict in the workplace results in substantial financial, human and credibility costs to the organization, its employees and its clients. However, few organizations measure those costs. This article presents data from conflict-cost research and provides selected related conflict-cost data from a case study conducted in an international organization. The article argues that effective conflict management requires some form of cost measurement and proposes a cost visibility and measurability matrix as a tool to assist organizations in identifying relevant conflict costs, to start collecting such data and to build organization-wide ownership to address conflict management as a business case.

KEY WORDS

Ombudsman, Conflict Management, Conflict Cost Controlling

INTRODUCTION

Some experts believe that unresolved conflict represents the largest reducible cost in many businesses, yet the financial, human and credibility costs of conflict in the workplace are not measured in most organizations nor pro-actively managed.

This article discusses the link between conflict management and conflict cost control, presents an analysis of costs of badly managed conflict and proposes tools to illustrate and measure such costs. A case study conducted in the United Nations High Commissioner for Refugees (UNHCR), provides additional empirical, quantitative and qualitative conflict data to illustrate such costs in an international organization.¹

I. Positive and Negative Conflict

This article discusses negative implications of unmanaged or badly managed conflict (“negative conflict”), that is those elements which impact negatively on human relations and the efficiency of an organization.² This distinction is important as conflict is a reality of our daily lives and conflict is thus inevitable in a human workplace.³ Disagreement occurs even in the best working relationship and challenging another’s ideas can strengthen an outcome. Though the claim that well-managed conflict (“positive conflict”) automatically results in efficiency gains is challenged by some⁴, it is generally accepted that the right kind of friction and constructive confrontation and arguments over ideas in an atmosphere of mutual respect can help any organization and has the potential to drive greater performance and creativity and help produce major innovations.^{5,6} The question how well conflict is managed and how conflict is addressed can either add to or take away from an organization’s bottom line. A KPMG Conflict Cost Study

published in 2009 distinguishes between *functional* and *dysfunctional* conflict costs. *Functional* costs are “positive” conflict costs which benefit an organization and *dysfunctional* costs refer to detrimental and avoidable “negative” conflict costs.⁷

Well-managed conflict⁸ in an enabling environment allows for issues to be tabled and discussed with objective language. Each party is empowered to state his or her position with confidence that the other party is genuinely listening, wanting to understand. Possible solutions are explored with open minds. In badly managed conflict, personal attacks are common. People can get visibly angry and feelings get hurt. Words can become weapons that leave nasty scars.

II. No Management Without Measurement

Effective conflict management requires measurement to determine its impact on an organization’s “well-being”, be it in terms of its financial situation, the well-being of its workforce or its reputation. Without measurement, conflict management risks being limited to addressing individual cases of workplace conflict, without identifying the underlying causes or providing data which would allow for a systemic and verifiable analysis of changes in the organization’s conflict-management culture.

As management guru Peter Drucker said: “If you can’t measure it, you can’t manage it”.

Many employers have introduced policies and tools over the past years to hold employees more accountable for their behavior at work. Such tools include zero-tolerance policies for wrongdoing in areas such as workplace harassment or fraud, protection against retaliation for whistleblowers and codes of ethics with accompanying sensitization and learning programs. Tools have been introduced to assist the workforce in dealing with workplace conflict management, such as the Ombudsman Office or Mediators. It remains unclear, however, whether such policies and structures have helped in effectively addressing some of the underlying causes of conflict let alone in strengthening organizational conflict management culture.

It is striking to note that while significant efforts have been made over recent years to increase the level of accountability for personal behavior, and to increase efficiencies through various forms of cost reduction, the cost of conflict in the workplace is in most organizations not considered a variable worth measuring nor is it pro-actively managed. Many leaders brush off incidents of low morale and unhealthy conflict as the unavoidable result of “doing business”.⁹ The problem is compounded in not-for-profit organizations, which build on their staff’s motivation for “the good cause”. The same applies to international bodies such as the United Nations.

Is it the discomfort, fear and negative associations surrounding conflict that keep organizations from addressing costs of conflict at work? Or are the costs just not visible enough to gain the attention they deserve?

Some experts believe that unresolved conflict represents the largest reducible cost in many businesses, yet it remains largely unrecognized.¹⁰ Slaikeu and Hasson consider that conflict management represents the **“greatest opportunity for cost control [for organizations] in the next century”**.¹¹

The question arises of how to alert organizational leaders to these apparent untapped opportunities for achieving better efficiency. This can be done by addressing conflict management as a business case. Addressing conflict in the workplace through integrated conflict cost management systems should be viewed as a **sine qua non** in achieving organizational effectiveness and enhancing productivity.

Recognizing the costs and underlying cost drivers will motivate change. If the underlying dynamics of badly managed conflict are understood and their related high financial and human costs established in a measurable way through qualitative and quantitative data as opposed to anecdotes, organizations will be able to develop tools which will allow them to:

- Clarify which data to collect and to measure.
- Measure the efficiency of its conflict-management efforts.
- Detect and address in a timely manner actual or potential costs of badly managed conflict.

III. Three Conflict Cost Categories

As stated above, unresolved conflict can create serious and quite varied consequences involving high financial and human costs.¹² All conflict costs can be allocated to one or more of the following three categories: organization, employees, and clients.

A. Costs to the Organization

By way of example a study conducted by the UK based **Centre for Effective Dispute Resolution (CEDR)**¹³ reveals that 80 percent of disputes have a significant impact on the smooth running of business.¹⁴

1. PRODUCTIVITY

Productivity suffers when unhealthy conflict persists.¹⁵ Research findings show that as much as 30 to 70 percent of a manager's time is spent simply dealing with employees in conflict.¹⁶ Those percentages are possibly inflated when compared to a survey conducted with 5,000 employees in various countries in Europe and the Americas by OPP, an international business psychology consultancy, jointly with the UK-based Chartered Institute of Personnel and Development (CIPD). The survey found that employees spend, depending on the country in which the survey was conducted, between 0.9 hours and 3.3 hours a week dealing with badly managed conflict, amounting to respectively 2.3 percent and 8.3 percent of the weekly working hours.¹⁷ The survey conducted by the author in UNHCR found that employees spend 2.7 hours a week in badly managed conflict. For UNHCR that means potential annual efficiency losses of some 30 million US dollars. These findings are not restricted to UNHCR. A similar survey conducted by the World Food Programme (WFP) resulted in comparable findings. Time spent in dealing with badly managed conflict, is time not valued and which does not contribute to achieving operational targets.

Productivity also suffers when a company redesigns workflow only to avoid people having to interact with one another.¹⁸ The resulting changed procedures or structures are rarely more efficient.

2. ABSENTEEISM AND PRESENTEEISM

"Absenteeism" in the context of this analysis is a cost, which stands for the number of unscheduled personal days taken off work by individuals affected by badly managed conflict. Research has shown that a high correlation exists between absenteeism, stress and needing a break from fighting with co-workers.¹⁹ Studies have shown that health care expenditures are nearly 50 percent higher for workers who report high levels of stress. While differences in individual characteristics such as personality or coping style need to be taken into account, there are working conditions that are stressful to most people, a work environment characterized by unresolved conflict being one of those conditions.²⁰ It appears, however, that few organizations engage in pro-active health-productivity management to allow for early detection of workplace-related health problems.²¹ Among the reasons for such lack of attention are a silo mentality in managing health care of staff, the lack of insight into the link between workplace conflict and health problems, or the absence of integrated data on staff health problems.²²

While absenteeism is the failure to report to work, "presenteeism" consists of showing up at work while ill or otherwise not completely fit for work and the productivity decline that can result from this condition. The term also refers to employees who "retire on the job" or people who have simply given up. They do not do the work expected from them and as a result cause additional workload for others in their area. It is only recently that research in occupational medicine has begun to suggest that work lost due to absenteeism is only the visible tip of an iceberg and that the hidden cost of presenteeism may be much greater.²³

3. TURNOVER

Researchers studying exit interview data on voluntary departures state that chronic unresolved conflict is a decisive factor in at least 50 percent of all such departures.²⁴ A work-life conflict study conducted in Canada found that it costs about 150 percent of one trained employee's salary to replace him or her.²⁵ Conflict accounts for up to 90 percent of involuntary departures, with the possible exception of staff reductions due to downsizing and restructuring.²⁶ In the United Nations, however, unresolved conflict seems to have less relevance in voluntary departure decisions.²⁷

4. REPUTATION

Badly managed conflict can seriously tarnish the reputation of organizations and companies. Lower motivation, productivity and service levels impact on competitiveness. Frustrated and poorly treated employees generally tell people inside and outside the organization and spread the word, often intentionally. Research has shown that nearly 80 percent of an organization's employees who are impacted by negative conflict tell other people inside and outside the organization. Today, social networks increase the risk of employees venting their anger.²⁸ Reputation affects an organization's ability to retain top talent and to secure stakeholder support, including from clients and shareholders or, in the case of many not-for-profit organizations, donor support.

5. OTHER COSTS

The amount of theft and damage in a company has a direct correlation to the level of employee conflict.²⁹

An internal analysis of costs of unresolved cases of harassment in the United Nations identified the following three quantifiable counts: (a) full pay for victims while absent on sick leave, (b) salary of employees assigned as replacement, (c) salary of colleagues providing support or (d) counsel to victims during working time.³⁰

B. Costs to the Employee

As we have seen above, unmanaged or badly managed conflict is stressful, reduces confidence levels, and produces anxieties and frustration. It leads to lowered job motivation, humiliation, and stress-induced psychological and physical illness³¹ with often dramatic consequences for the employee, family and friends and long term career hopes.

People involved in conflict experience a break in their interpersonal connections, and often feel alienated from each other and self-focused. They may avoid or attack each other in a number of different ways: withdrawing from each other, interrupting, not listening, or finding unnecessary fault with each other. This is

detrimental not only to the working relationship, but also to those with whom they work, as energy is used in fuelling the conflict rather than in furthering the performance of the individuals or the team. Aggravating conflict leads parties to avoid contact, relations are limited to the minimum, communication is not open, information withheld or wrong information provided.

"Presenteeism" is impacting negatively on employees in that it might worsen existing medical conditions, damage the quality of working life, and give impressions of ineffectiveness at work.

In the UNHCR survey two thirds of the respondents agree with the statement that badly managed conflict affects their efficiency at work and their personal well-being. A staggering eight in ten respondents feel stressed. Almost seven in ten respondents state that they suffer from burn-out as a result of conflict. Over half of the respondents feel that conflict changes their mood, makes them less friendly and balanced. The survey data confirms the findings from other research identifying a close relation between workplace conflict, emotional exhaustion and stress and potential for resulting absenteeism and employee turnover.

C. Costs to the Client

Clients are rarely referred to in the literature describing cost implications of workplace conflict. This is surprising as the implications of workplace conflict on the quality of products or services seems to be evident. Particularly in highly competitive industries, the negative implications on client satisfaction and a company's reputation can be substantial and become a question of survival. Most of these costs are hidden and difficult to qualify. However, there can be very visible consequences in cases of reduced motivation of staff leading to lower quality products or services, or mistakes that can even threaten clients' lives, be it due to faulty products or lower quality service in life and death situations. By way of example, refugees risk suffering or even dying if humanitarian workers cannot function properly and are unable to provide the required assistance in a timely manner due to unresolved workplace conflict.

IV. Cost Visibility & Measurability

Linking conflict cost visibility and measurability can help organizations to start gathering easily visible and measurable costs of conflict.

A. Cost Visibility

Visibility is defined in this analysis as how easily negative consequences can be spotted or recognized as a result of conflict in the workplace. The most visible negative consequences of conflict include easily noticeable costs such as legal fees and increased health costs.

As explained above, for many people the experience of badly managed conflict is alienating and disempowering. They feel themselves to be “not ok”, and experience a downward spiral into negative thinking and feeling. Physically people become ill, suffering from a range of stress-related illnesses. Resulting visible consequences include absenteeism, reduced motivation, increase of wasted time in dealing with unmanaged or badly managed conflict, and the departure of employees.³²

There are other less-visible consequences which tend to be the cumulative result of unmanaged conflict in the workplace, such as sabotage, damage to the company’s brand, the diminished ability of a company with a questionable reputation for treating its

employees fairly to attract top talent, the drain of the company’s intellectual capital as a result of turnover, missed opportunities, and the loss of key business³³ with damaging and long-term adverse impact on the company’s productivity. Many of these costs are typically overlooked because they are not immediately associated with conflict and are accounted for as part of the normal cost of doing business.³⁴

B. Cost Measurability

While there exist well developed analytical tools to monitor and analyze organizations’ income, expenditure and other financial data, most organizations lack systems monitoring cost of conflict. Most conflict theory literature only states that unresolved conflict leads to very high costs, without providing methods to measure those costs.

At the same time, there is an increasing amount of research based on empirical data from surveys among different groups of employees in different industries which attempt to quantify cost of conflict.³⁵

What is really needed is a tool which assists organizations to start measuring easily visible costs of conflict.

C. Matrix

The conflict visibility and measurability matrix below provides an easy overview of some of the more important negative consequences of conflict developed

Figure 1. Conflict Visibility and Measurability Matrix



above while relating them also to the measurability of cost implications, building on the research data presented.

The matrix shows: 1. That easy visibility of negative consequences of conflict cannot automatically be equated to easy measurability of the resulting costs (e.g. loss of motivation) and 2. That some of the more "hidden" negative consequences of conflict are easily measurable (e.g. accidents at work).

The matrix provides a flexible tool which should allow any organization to develop its organization-specific conflict visibility and measurability scenario, which might include another set of consequences of negative conflict and thus look different from the set of consequences presented in Figure 1.

V. Tools for Measuring Costs

A number of online sites offer tools to assist in measuring costs. Dana has developed a formula for organizations to calculate the soft financial costs of conflict.³⁶ Dana's formula builds on data such as the number of individuals involved in a particular conflict, average number of hours per week each individual spends involved in unproductive participation in conflict, including time distracted from productive work by thinking about or worrying about conflict, average annual salary of the employee involved in the conflict, and duration of the conflict in weeks per year.

Without assessing the use and precision of such assessment tools, they require information which is rarely readily available as companies are seldom tracking this kind of data. Furthermore, they require the existence of time management systems which are mostly unavailable outside the corporate sector. By way of example, most not-for-profit organizations do not use time sheets.

However, what is important is to start collecting and analyzing a selected set of easily visible and measurable data on consequences of unmanaged conflict. Those steps will assist the organization to obtain more precise data on conflict-related costs and allow taking targeted action to reduce those costs. It also carries the potential of initiating a domino effect that will draw organization-wide attention to the relevance of conflict cost controlling for the organization's efficiency and productivity.

Promotion of the need for conflict cost controlling in organizations requires the close association of Finance and Budget Departments to build ownership and to eventually include related efficiency gains or losses on the organizations' balance sheets. In most organizations the debate on conflict management appears to be too limited to HR Departments or conflict managers such as Ombudsmen.

Building on the above described nature of the costs and their potential relevance for conflict prevention or identification of efficiency gains, data which should be systematically collected and analyzed include (a) cost of employment-related legal proceedings and judgments against the organization, (b) sick leave records including analysis to which extent unmanaged conflict has contributed to the sickness or absence from work and related trends in specific sectors of an organization, (c) cost of bringing in temporary staff to cover for absentee staff, (d) systematic interviews with employees applying for relocation in the organization or leaving the organization to establish to which extent the action could have been the result of unmanaged conflict, (e) cost of recruitment and training of staff replacing colleagues who have left the organization as a result of badly managed conflict, (f) monitoring of theft, sabotage, fraud cases including the monetary value involved and possible linkage with unmanaged conflict and (g) monitoring of productivity in conflict prone work environments, e.g. operations subjected to change such as relocation and/or staff reduction (h) periodic surveys on conflict culture, sources of conflict and assessment of impact of unmanaged conflict on decision-making.

While some of the data collection can consist of using archival work measures such as counting the number of reported complaints of workplace harassment or days of absence from work due to conflict situations, other data can be collected by surveys such as periodic global staff surveys using self-reporting including the impact of conflict on work productivity.

For those who still believe that costs of conflict, or at least some of them, cannot be measured, Albert Einstein can provide some form of conciliation with his concept that "Not everything that counts can be counted, and not everything that can be counted counts".

CONCLUSION

Though it is impossible to calculate the exact cost of conflict, some of the related costs are measurable or can at least be estimated. The exercise of calculating an organization's relevant cost of conflict drivers is not only an instructive way to think about the costs of putting up with badly managed conflict, but also a basis to measure effectiveness of conflict management and to visualize the added value of conflict management tools including the Ombudsman Office. Another reason for trying to "cost the conflict" in a seemingly rational and number-driven business world is that no matter how compelling a case on cost of conflict might be, people from accounting, finance and other quantitative backgrounds prefer to make decisions on the basis of financial estimates before accepting conflict cost management as a business case.^{37 38}

ENDNOTES

- ¹ UNHCR was established on 14 December 1950 by the United Nations General Assembly. It is a subsidiary organ of the United Nations and mandated to lead and co-ordinate international action to protect refugees and resolve refugee problems worldwide. In more than five decades, UNHCR has helped an estimated 50 million people restart their lives. Today, a workforce of around 6,300 in more than 110 countries continues to help some 33 million persons. The research data is based on a survey sent to 500 UNHCR employees (response rate 42%), exploring the perceived frequency and causes of conflict in the workplace, reactions to conflict and its impact on work and personal well-being as well as mediation as a conflict management tool. For the complete research data see: Buss H. (2009), *Measuring and Reducing The Cost of Conflict in UNHCR*, Sion, cf. www.vdbio.ch/downloads/konfliktmanagement/The-sis_FINAL_180209.pdf
- ² Other authors refer to healthy/ unhealthy conflict; negative/ positive conflict; unproductive/ productive conflict or destructive/ constructive conflict: Capobianco S., Davis M. and Kraus L., Good conflict, bad conflict: How to have one without the other, *Mt Eliza Business Review; Summer 2004 – Autumn 2005; 7,2; ABI/INFORM Global*, 31.
- ³ Townend A. (2007), *Assertiveness and Diversity*. New York: Palgrave Macmillan, 58.
- ⁴ Beer Klaus P. (2007), Was ist ein Konflikt? (Extract from Klaus P. Beer, *Konfliktmanagement. Grundlagen und*

Zusammenhaenge, Bad Harzburg, www.beer-management.de/www.beer-management.de/docs/was_ist_ein_konflikt.pdf

[30 January 2011]: Beer does not question that under certain conditions conflicts can have positive results. He challenges, however, the position that conflicts are required and an essential condition for human development.

- ⁵ When asked to comment on positive outcomes of conflict, nine in 10 HR managers in Canada have seen conflict lead to something positive including: better understanding of others (77 percent), better solutions to problems and challenges (57 percent), improved working relationships (54 percent), higher performance in the team (40 percent), increased motivation (31 percent), major innovation/ idea was born (21 percent), see: Psychometrics Canada Ltd. (2009). *Warring Egos, Toxic Individuals, Feeble Leadership, A study of conflict in the Canadian workplace*, page 13, http://www.psychometrics.com/docs/conflictstudy_09.pdf [25 January 2011]; Sutton R. I. (2007), *The No Asshole Rule*. New York, Boston: Warner Business Books, 17.
- ⁶ Although the lesson itself is quite valid, the notion that the Chinese written character for conflict is composed of symbols for both danger and opportunity seems to be an American invention, cf. <http://www.pinyin.info/chinese/crisis.html> [25 January 2011]. http://chineseculture.about.com/library/symbol/np/nc_conflict.htm [25 January 2011].
- ⁷ KPMG-Studie (2009): Konflikte in Unternehmen verursachen hohe Kosten, see <http://www.kpmg.de/Presse/14276.htm> [10 February 2011]
- ⁸ Bobinski D. (2006), *The Hidden Costs of Conflict*, <http://www.hodu.com/conflict-cost.shtml> [25 January 2011].
- ⁹ The soft or indirect financial costs of conflict to organizations are typically overlooked because they are not immediately associated with conflict and are accounted for as part of the normal cost of doing business, cf. <http://www.conniebarnaba.com/costofconflict.html> [25 January 2011];
- ¹⁰ Cram J. A. and MacWilliams R. K., *The Cost of Conflict in the Workplace*, <http://www.crambyriver.com/coc.html> [25 January 2011].
- ¹¹ Slaikeu K. A. and Hasson R. H. (1998), *Controlling the Costs of Conflict: How to Design a System for Your Organization*. San Francisco: Jossey-Bass, xii.
- ¹² Pearson C. & Porath C. (2009), *The Cost of Bad Behaviour*. New York: Portfolio/ The Penguin Group, 51-109. A non-exhaustive list with reference bibliography can be found at: http://www.conflictatwork.com/conflict/cost_e.cfm [25 January 2011]
- ¹³ www.cedr.co.uk [25 January 2011].

- ¹⁴ "Conflict costs business £33 billion every year" (25 May 2006), cf. http://www.cedr.com/?location=/library/articles/20080916_262.htm [25 January 2011].
- ¹⁵ A loss of productivity of 25 percent reduces an average working week to fewer than 20 hours, see Cram, J. A. and McWilliams, R.K, The Cost of Conflict in the Workplace, <http://www.crambyriver.com/coc.html>, [25 January 2011].
- ¹⁶ There are a number of studies that estimate that 30 to 70 percent of a manager's daily activities are devoted to dealing with some form of conflict: up to 30 percent: Thomas, K. and Schmid, W (June, 1976). A survey of managerial interests with respect to conflict, *Academy of Management Journal*, June, 1976; 42 percent: Watson, C & Hoffman, R. Managers as Negotiators, *Leadership Quarterly* 7 (1), 1996; Some CEOs spend 70 percent of their time on conflict, see Taylor, R., Workplace tiffs boosting demand for mediators. *National Post* Mar. 17/03, see http://www.conflictatwork.com/conflict/cost_e.cfm [25 January 2011].
- ¹⁷ The project questioned 5000 full-time employees in nine countries around Europe and the Americas. The results of the survey are published in the report 'Fight, Flight or Face it' (July 2008); the average number of hours per week spent on dealing with workplace conflict, by country, ranges from 0.9 hours in The Netherlands to 3.3 hours in Ireland and Germany, cf. <http://www.opp.eu.com/conflict.aspx> [25 January 2011]; See also: Survey report October 2008, Leadership and the management of conflict at work, OPP, Chartered Institute of Personnel and Development (cipd), <http://www.cipd.co.uk/NR/rdonlyres/E426E492-7AED-46A6-B8F5-92B9CF9725C5/0/4545Leadershipconflict.pdf>. [25 January 2011]; the survey provides analysis from 660 organizations in the UK. The majority of those questioned were HR professionals and practitioners. The average number of hours per week for conflict management in that group ranges between 3.4 and 3.8 hours; S. Schlager proposes the model of the "5:4 – Effekt" stating that badly managed conflict amounts to a loss of 20 percent of working hours, resulting in loss of 20 percent of annual salary costs, see Schlechtes Arbeitsklima ruiniert Unternehmen, *presstext*, Wien, 17 September 2008, cf. <http://www.presstext.ch/pte.mc?pte=080917003> [25 January 2011]; Mediator P. Derfler found that employees waste 25 percent in dealing with conflict, cf. So gelingt der erste Schritt, *Berliner Morgenpost*, 21 December 2008, cf., http://www.morgenpost.de/printarchiv/karriere/article1003041/So_gelingt_der_erste_Schritt.html [25 January 2011].
- ¹⁸ Dana assesses the cost to amount to 10 per cent of staff costs, cf. Dana D. (2001), The Dana Measure of Financial Cost of Organizational Conflict, cf. <http://www.mediationworks.com/dmi/toolbox.htm> [25 January 2011].
- ¹⁹ Canadian Fitness and Lifestyle Research Institute <http://www.hc-sc.gc.ca/ewh-semt/pubs/occup-travail/absenteeism/index-eng.php> [25 January 2011]; Conflict stress was positively related to emotional exhaustion, absenteeism, and turnover intentions, see Giebels, E. and Janssen, O. (2005), Conflict stress and reduced well-being at work: The buffering effect of third-party help, *European Journal of Work and Organizational Psychology*, Volume 14, Number 2, June 2005, pp. 137-155(19), cf., <http://www.ingentaconnect.com/content/psych/pewo/2005/00000014/00000002/art00003>, [25 January 2011];
- ²⁰ Hart R., McDonald J., Rock S. (2004), The Mind-Body Connection: Workplace Conflict, Stress & the Risk of Injury, *EHS Today, The Magazine for Environment, Health and Safety Leaders*, 29 July 2004, cf., http://ehstoday.com/mag/ehs_imp_37127/ [25 January 2011].
- ²¹ Multinational companies affected by reduced productivity and increased costs caused by chronic disease amongst the workforce have started to promote a culture of health making wellbeing of staff inseparable from business objectives and long-term mission. A conservative estimate of the benefits from improving staff general wellbeing indicates a likely annual return of three to one or more, cf. World Economic Forum (2007), Working Towards Wellness, Accelerating the prevention of chronic disease, cf. <http://www.pwc.com/extweb/pwcpublications.nsf/docid/4d1fb58eae85b71852572c600707c0c> [25 January 2011].
- ²² Kessler R.C. and Stang P. E. (2006), Health & Work Productivity, Managing the Business Case for Quality Health Care. Chicago, London: The University of Chicago Press, 16: The book offers a detailed summary of health and productivity research as well as an agenda for employers seeking to make health care investment a part of their overall business strategy.
- ²³ DeVol R. & Bedroussian A. (2007), An Unhealthy America: The Economic Burden of Chronic Disease, 9, cf., <http://www.milkeninstitute.org/publications/publications.taf?function=detail&ID=38801018&cat=resrep>
- ²⁴ Duxbury & Higgins, Work-Life Conflict in Canada in the New Millennium: A status report, 2003, cf. <http://www.phac-aspc.gc.ca/publicat/work-travail/report2/index-eng.php#exec> [25 January 2011].
- ²⁵ Ibid, The sample consisted of 31,571 Canadian employees. The turnover cost for an employee is anywhere between 75 percent and 150 percent of the annual salary, see Philips, D.T. (1990), The Price Tag of Turnover. *Personnel Journal* 2162 (12), 58 - 61. Another more conservative estimate suggests that the cost of replacing an employee ranges from 29 percent to 46 percent of the persons annual salary, see ILO, The Economics of Health, Safety and Well-being, Barefoot Economics, p 15.
- ²⁶ Dana D., The Dana Measure of Financial Cost of Organizational Conflict, 2001, cf. <http://www.mediationworks.com/dmi/toolbox.htm> [25 January 2011].

- ²⁷ An attitude survey covering 15.000 United Nations officials showed that unresolved conflict ranks low in the lists of reasons for departure (cf. International Civil Service Commission (ICSC), 2008 Global Staff Survey on Recruitment and Retention, <http://icsc.un.org/> [25 January 2011]). However, as the survey is based on responses from serving staff and not on exit interviews, unresolved conflict as a reason for departure may be higher.
- ²⁸ Pearson C. & Porath C. (2009), *The Cost of Bad Behaviour*. New York: Portfolio/ The Penguin Group, 100-103. Pearson & Proath refer to their practice where they found that nearly 80 percent of a company's employees who are treated poorly tell people inside and outside the organization.
- ²⁹ Dana assessed the cost to be 2 percent of staff costs, cf. Dana D., *The Dana Measure of Financial Cost of Organizational Conflict*, 2001, cf. <http://www.mediationworks.com/dmi/toolbox.htm> [25 January 2011].
- ³⁰ (Source: UNHCR internal).
- ³¹ McClure, L. (2000). *Anger and conflict in the workplace: spot the sign, avoid the trauma*. Manassas Park, VA: Impact Publications.
- ³² http://www.conflictatwork.com/conflict/cost_e.cfm [6 August 2008].
- ³³ Including, in the context of UNHCR and other international not-for-profit organizations, donor relationships.
- ³⁴ http://www.conflictatwork.com/conflict/cost_e.cfm [25 January 2011].
- ³⁵ For an extensive compilation of recent surveys on costs or workplace conflict, violence and harassment conducted in European countries see: Di Martino V., Hoel H. and Cooper, Cary L., *Preventing violence and harassment in the workplace*, European Foundation for the Improvement of Living and Working Conditions, 2003, cf. <http://www.eurofound.europa.eu/publications/htmlfiles/ef02109.htm> [25 January 2011].
- ³⁶ The "Dana Measure of the Financial Cost of Organizational Conflict", Mediation Training Institute International, Prairie Village, Kansas, USA, <http://www.mediationworks.com/mti/cost.htm> [25 January 2011].
- ³⁷ Sutton, R. I., *The No Asshole Rule* (2007), New York: Warner Business Books, 45.
- ³⁸ Awareness of costs and a better ability to measure costs does, however, not provide an answer to the question how to reduce costs of conflict. A review of options to reduce costs of conflicts will be provided in the second part of this article.