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Analysing in-house ADR systems

Role and function of an in-house conflict resolution manager

Noa Mayer

The role of an in-house conflict resolution manager (CRM) has unique characteristics when compared to the roles of other ADR professionals and to other positions in the organisation. The objective of this article is to highlight these characteristics, to discuss their advantages and disadvantages for the organisation, and to suggest measures that will facilitate increasing the strengths and avoiding or reducing the weaknesses associated with the role.

Objectives of conflict resolution in an organisation

Conflict situations can negatively affect the productivity and effectiveness of organisations. Organisations can benefit from an effective conflict resolution system in reducing the negative effects of conflicts. Some of these effects are discussed below.

Personal and organisational dysfunction

- Conflict causes stress and requires emotional energy from all those who are involved. The direct parties to the conflict are not the only ones affected by the situation. Often their managers, subordinates and peers are also negatively affected.
- Clients of the organisation may also be affected, whether they are direct parties to the conflict, or where a staff member dealing with them is vicariously affected by a conflict.
- Staff members who are involved in a conflict might take leave in order to distance themselves from the stressful situation. Sometimes workers' compensation claims are lodged when such leave is required.

These situations prevent the effective functioning of the organisation.

Time and energy

Time and energy are spent in relation to the conflict rather than on the core business of the organisation, thus affecting the efficiency and productivity of the organisation.

The costs of conflict are high, and include:

- time lost directly dealing with the conflict by the parties and managers
- resource and opportunity costs of wasted time
- lowered job motivation and productivity of staff involved or affected by the conflict
- absence of staff related to the conflict and the cost of replacement of absent staff
- costs related to staff turnover
- health costs
- costs of degraded decision quality and
- legal costs when the conflict spills over into the legal arena.

Reputation

- An organisation's reputation might be damaged by negative statements made by staff or customers who are disgruntled as a result of conflict situations.

Other factors

Additional benefits of a conflict resolution system are that it provides:

- compliance with legislative requirements (that demand organisations provide a system for the management of complaints or grievances);
- adherence to workplace agreements that might require a grievance resolution system;
- identification of areas for improvement in the organisation by collating and analysing complaint and conflict information can promote continuous improvement of the organisation.

It is therefore recommended that all organisations have a process for conflict management.

In large organisations, the employment of an in-house CRM can be a very effective way to address conflicts and manage complaints.

Unique characteristics

An in-house CRM faces particular circumstances that an external ADR professional or consultant would not face when addressing a conflict in the organisation.

- The CRM is an employee in the organisation. As such, he or she would have reporting relationships with a manager. This situation raises questions of independence and confidentiality.
- Internal 'politics' in the organisation may affect the CRM in the management of conflict. Power relationships, personal and professional rivalry, personal likes and dislikes between members of the organisation, as well as between the CRM and members of the organisation, might affect the way in which a matter is addressed.
- Conflicts in the organisation would usually have (at least) three parties — a complainant, a respondent and a decision-maker (usually a supervisor or manager). A decision-maker in one conflict can be a complainant in another conflict, and a respondent in yet another conflict.

The relationship between the CRM and any party in a conflict is essentially different. When a person is a decision-maker in a conflict situation, the CRM may provide them with advice, and guide them in the management of the conflict. For the decision-maker, the management of the conflict will be an activity in the course of the performance of their job, and would normally have little personal impact on them.

When a person is a party to a conflict, the CRM may try to understand the underlying issues in the situation. The issue would often have a much more personal effect on the party, and the CRM may find it appropriate to provide emotional support in various degrees.

The nature of the relationship between the CRM and the party to a conflict would therefore be quite different to a

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relationship with a decision-maker.

If the same person is a party to one conflict and a decision-maker in another, it can affect the relationship between this person and the CRM, and possibly affect the management of either or both conflicts.

- An in-house CRM has continuous working relationships with members of the organisation. If these members become parties to a conflict, it might put both the CRM and the other person in a difficult situation, and possibly in a conflict of interests, at the time of the management of the conflict as well as after the matter is concluded.
- An in-house CRM would have personal interactions and friendships with other members of the organisation. If these people become parties to a conflict, the CRM might find himself or herself in a possible conflict of interests.
- Parties to conflicts can hold senior positions in the organisation. This could put the CRM in a difficult situation with regard to the management of the conflict.

Positioning in the organisation

The function of an in-house CRM varies among organisations. Often, the position is that of a complaint officer, attached to the human resources department or to the customer service department. Sometimes, the position is a senior one within the organisation, and is included in various strategic decision-making processes.

Human resources department

When the CRM is positioned in the human resources department, they would usually be involved in the management of staff-related issues. By definition, the position would not include dealing with client-related matters (or in the case that the organisation is a university — student matters would not normally be addressed by a CRM that is located in the human resources department).

The human resources department is sometimes structured as a tool to assist managers in the management of staff, rather than a resource that is available to both managers and staff members. In these cases the positioning of a CRM in the human resources department might not allow staff matters to be objectively managed.

Customer service department

In a similar manner, if the CRM is positioned in the customer service department, they will be client focused, and deal only with matters involving clients and not staff members.

Legal department

Positioning the CRM in the legal department in the organisation can assist in overcoming the potential limitation of matters that the CRM will be expected to deal with, as the legal department is overriding in the organisation and deals with matters in all areas of the organisation.

However, the CRM in this location within the organisation will naturally be inclined to have a legal or technical approach to disputes. This might affect the manner in which conflicts are managed especially regarding the interpersonal aspects of the conflict and the relationships between the parties. A legal approach might not provide resolution to conflicts that manifest in a negative organisational climate or management style matters.

Level of seniority

Another consideration should be given to the level of seniority of the CRM in the organisation. If the CRM is a junior member of staff it would make it difficult for them to address matters involving senior managers in a balanced and unbiased way, due to positional power imbalances.

Due to the reasons mentioned above, as well as those detailed in the following section of this article, the most favourable positioning of the CRM would be at a senior level in the organisation, and not within a specialised department. Possible structures are to have a direct reporting relationship between the CRM and the CEO; to have the CRM report directly to the Board, or to position the CRM within the corporate governance department. These structures allow the CRM a very broad spectrum of matters to deal with throughout all levels of the organisation, thus making this position more valuable to the organisation.

Authority

According to its definition within the organisation and the deliverables wanted from the role, the in-house CRM can be expected to manage conflicts amongst and between staff members, clients and members of the public. A CRM can be awarded the authority to perform any or all of the following functions.

- *Facilitation, conciliation, mediation* — bringing the parties together to find a resolution to the conflict situation, by using varied degrees of proactive management of the discussion.
- *Arbitration, determination* — the authority to determine the outcome of a conflict situation. In the workplace it is not recommended that a CRM be given the authority to determine conflict situations as this would be the area manager's responsibility as part of their management role.
- *Inquiry, investigation, review* — these functions can be beneficial when conflict is between groups of people within the organisation. In these situations, gaining a broad overview of the situation can be very helpful in determining possible causes for the conflict, and in identifying possible avenues for the resolution of the conflict situation.
- *Provision of procedural advice* — providing advice regarding the relevant processes and procedures for the management of conflict in the organisation, as well as reviewing general policies, procedures and processes in the organisation.
- *Provision of advice and support regarding conflict avoidance and resolution techniques* — often, members of the organisation can benefit from advice about conflict resolution prior to a matter developing into a difficult situation.
- *Training and education* — educating the members of the organisation about the organisation's conflict resolution system, and training them in conflict resolution skills.
- *Provision of advice regarding organisational improvement* — the in-house CRM can be expected to promote organisational improvements by studying and analysing complaints and by conducting reviews, to identify areas for improvement within the organisation, and report the findings to senior management.

Advantages of an in-house conflict resolution manager

An in-house conflict resolution

manager can be advantageous to the organisation in many ways.

Continuous improvement

Having a centralised point for the management of conflicts makes it possible to develop an awareness of problems within the organisation. The intelligence and data that is accumulated, collated and analysed by the CRM can assist senior management in identifying organisational policies, processes and systems that are unclear, inefficient or outdated, as well as weaknesses in management skills that might disadvantage the organisation. The identification of these weaknesses allows senior management to address the problems and rectify their sources, thus improving the effectiveness of the organisation.

Availability

By employing an in-house CRM the organisation makes conflict resolution services available to staff and customers. This increases the amount of complaints or grievances that are lodged. This may seem to be a weakness, however having a point of contact through which discontented staff and customers can express their angst is in fact constructive for the following reasons:

- Complainants do not need to go outside the organisation to have their complaints addressed. This assists in the protection of the organisation's reputation.
- The organisation is made aware of the complaints and can address the areas that need improvement.
- A conflict will usually not 'go away' without redress. Avoiding and ignoring issues will normally cause them to grow and to be addressed at a later stage, when the issues are usually more complicated and more difficult to resolve. By allowing the problems to be aired and addressed at an early stage the organisation is in fact reducing the impact of conflict on the functioning of the organisation and its people.

Cost effectiveness

Employing an in-house CRM would usually be less expensive in the long term than contracting an external ADR professional or other consultants on a project-based contract. The broader the authority of the in-house CRM, the more the value that can be drawn from this position.

Increased ability to monitor and enforce recommendations

It is well known that external consultants' recommendations to organisations are often not implemented and simply stored in a drawer. Because an in-house CRM is positioned inside the organisation, it is easier to monitor the implementation of recommendations, and to ensure that the recommendations that are approved by senior management are in fact implemented in the organisation. This increases the effectiveness of the position, and provides increased value to the organisation.

Disadvantages of an in-house conflict resolution manager

There are some disadvantages to employing an internal CRM.

Conflict of interest

Due to working relationships within the organisation, internal politics, and social interactions amongst staff members, there is the possibility of a conflict of interests or a perceived conflict of interests for the in-house CRM.

This concern can be minimised by awareness of the risk, and by the appointment of a substitute CRM (internal or external) for cases which could give rise to a concern of conflict of interests.

Limited view from within the organisation

As the in-house CRM is reviewing the organisation and its weaknesses from within, a possible criticism may be that their point of view will be limited.

A counter argument can be that in big organisations, an external consultant will require much more time to make themselves acquainted with the organisation, its structure and culture, whereas the in-house CRM has the advantage of knowing the organisation. The internal CRM can therefore use time more effectively in focusing on the matter at hand, rather than on the initial understanding of the organisation. When the in-house CRM is positioned in a way that is detached from the operational areas of the organisation, their objectivity can be guarded, while their familiarity with the organisation can be used to advantage .

Conclusions

Key points for success of the role of an in-house CRM are:

- *Positioning within the organisation:* In order to ensure the CRM's independence and broad perspective of the organisation, the CRM has to be positioned at a very senior level in the organisation and report directly to the CEO or to the Board.
- *Independence:* The most important tool for the in-house CRM is a real and perceived independence. The role must be, and must also be seen to be, objective and independent of management in order to be able to provide maximum value to the organisation.
- *Support by senior management team and CEO:* Acceptance by senior management of findings and recommendations of the in-house CRM will allow the position to gain the respect and credibility that they require in order to perform effectively.
- *In order to allow the building of the trust and support by senior management, and for the position of in-house CRM to be as effective as possible, it is imperative to ensure that the incumbent has:*
  - a strong understanding of natural justice principles;
  - conflict resolution skills;
  - a practical approach to conflict resolution; and
  - a non-threatening approach to parties.

In conclusion, an internal CRM system, when set up properly, can be a very effective strategy for any organisation. It can promote continuing organisational learning, increase the effectiveness of the organisation, reduce costs, and increase staff motivation and the identification of the organisation's members with the organisation. ●

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