Community Empowerment
Communication
Conflict Resolution

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FACT SHEET

The Cost of Conflict in the Workplace

According to the CPP Global Human Capital Report (July 2008), ineffectual conflict management costs business millions of dollars per year. Conflict is defined by CPP as a disagreement in the workplace that disrupts work flow.

Research suggests that employees spend an average of 2.8 hours per week dealing with conflict – that's 145.6 hours a year. Based on an hourly wage of $25, it would cost an organization

$3,640 per year in lost time for each employee involved in conflict.

Aside from the hard costs, conflict also results in damage to employee and organizational morale, operational effectiveness and productivity.

85% of all employees have to deal with conflict to some degree

89% of employees have experienced a conflict that escalated

25% of employees have seen conflict lead to sickness or absence

If an employee uses five sick days a year to avoid conflict, that's a direct cost of another $1,000 to a business (based on employee hourly earnings of $25). Additional costs are then added to cover the employee's absence - such as paying overtime to another worker, or hiring a temporary employee to fill in.

(more)

27% of employees have experienced conflict that involved personal insult or attack

Some conflicts can result in costly lawsuits and further interruptions to business.

24% of workers have stayed away from a work-related social event to avoid conflict

67% have gone out of their way to avoid a colleague because of a disagreement at work

Lack of cooperation among team members reduces the productivity of the whole team.

9% of employees say that they have seen conflict lead to project failure

12% admit that conflict resulted in them leaving their job

Replacing an employee will cost an organization 150 to 200 per cent more than that employee's salary and benefits; losing an employee making $50,000 a year could cost an organization more than $100,000 to replace.

17% of employees report that a recent conflict remains unresolved, lasting longer than expected and/or becoming more intense

51% of Human Resource professionals spend one to five hours a week dealing with workforce conflicts

Management and Leadership's Role

12% of executives are involved in conflict frequently or continuously

56% of employees believe that conflict amongst management and leadership has a negative impact on the entire organization

29% of employees believe that workplace conflict is caused by poor leadership

70% of employees consider managing conflict as a critical leadership skill

24% of employees cite the most common conflict occurring between managers and their reports

54% of workers believe that managers should identify and address problems before things go wrong

31% of managers believe they handle conflict well, but

77% of their peers don't agree, and

78% of other employees don't believe conflict issues are well managed

Outcomes of Conflict Management Training

Conflict is inevitable — destructive conflict is not.

76% of employees have seen that conflict can lead to positive outcomes

Managed correctly, conflict can actually produce positive results including:

- generation of new ideas and innovation
- improved operational processes

- higher productivity

- improved communication and better understanding between employees
- transformation of friction into a source of creativity
- increased morale, and confidence in the organization
- positive organizational climate
- improved employee retention

95% of employees who received conflict management training identified that it helped them in some way

85% of those who take conflict training identify that they continue to change the way they handle disagreements throughout their working life; they become more proactive, find win/win solutions and take conflict less personally

Information Sources

- **All Business**: www.allbusiness.com
- **Chartered Institute of Personal Development**: http://www.cipd.co.uk/hr-resources/survey-reports/conflict-management.aspx
- **The Chief Happiness Officer Blo**g: www.positivesharing.com/2006/7
- **Conflict Tango**: http://www.conflicttango.com/workplace-conflict-infographic
- **CPP Inc. Global Human Capital Repor**t: https://www.cpp.com/pdfs/CPP_Global_Human_Capital_Report_Workplace_Conflict.pdf
- **Dale Carnegie Training**: www.dalecarnegie.com
- **Entrepreneur**: http://www.entrepreneur.com/article/207196
- **Forbes**: www.forbes.com/sites/85broads/2014/05/15/conflict-resolution-when-should-leaders-step-in
- **Mediate**: www.mediate.com
- **Mind Tools**: www.mindtools.com
- **Working Dynamics**: http://www.workdyn.com/tools-ConflictStats.html

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