

## ***BusinessFirstNZ***

### **Workshop Report:**

### ***Conflict and Dispute Resolution for SMEs***

Held 14<sup>th</sup> March 2023 in The Refectory

facilitated by Mrs Megan Gordon

with Dr Jennifer Scott, Dr Wayne Macpherson,

Dr Kazunori Kobayashi and Dr James Lockhart

from the School of Management

Massey Business School

13 May 2023



## Executive Summary

This report summarises the first *BusinessFirstNZ* workshop for 2023, and 14<sup>th</sup> in the series, hosted by the Massey Business School to engage local businesses. The initiative seeks to assist business leaders to highlight business problems and seek practical solutions in their pursuit of business excellence and sustainable competitive advantage.

This half-day, face-to-face workshop was attended by 12 regional business professionals and titled, “*Dispute Resolution for SMEs.*” It was facilitated by Mrs Megan Gordon from the School of Management who teaches and practices in the field of conflict negotiation, dispute resolution, and mediation.

Throughout the workshop, group discussions and facilitated activities enabled attendees to develop knowledge about managing conflict in the workplace and explore strategies for their own workplace. Discussions focused on understanding why it is important to manage conflict and disputes in the workplace, the different approaches to different situations based on conflict management styles, and how to tailor the ideas and information to specific workplace contexts.

This report will focus on highlights of the workshop, including:

- Consideration of the broad range of conflicts
- Conflict management styles
- Conflict escalations
- A spectrum of dispute resolution processes

Key takeaways for participants were:

- Negative impacts of conflict (or unresolved/poorly managed conflict) include causing severe harm, triggering stress, or obstructing efficiency, collaboration, and creativity. Conflict that is not managed constructively is costly for organisations and can affect work, home, and life relationships.
- Positive effects of conflict (or when managed well) support the creation of opportunities for development, learning, creativity, and innovation.
- Principled/integrative negotiation is a process based on four main points: (1) separate the people from the problem, (2) focus on interests not positions, (3) invent options for mutual gain, (4) insist on using objective criteria.
- Conflict is not static - it is dynamic, and therefore responds to various interventions. It is best to address conflict at the point of a trigger, before it escalates, because unresolved conflict can escalate and cause more and more damage to people involved and the people around them.

Information on [our past workshops](#); [our industry report](#) titled, “*Business First New Zealand: Advancing engagement among industry and academic communities for business prosperity in NZ*”; a second recent [editorial piece in The Conversation](#) and more can be found on our [brand-new website](#). Please contact the BusinessFirstNZ team at [bfnz@massey.ac.nz](mailto:bfnz@massey.ac.nz).

## Businesses in Attendance

Across the *BusinessFirstNZ* workshops to date, the following business have been represented:

Business	Sector	Business	Sector
Advantage	IT Support	Genoese Foods	Food Preparation
AFC Motorcycles	Powersports Products	Gillard Honey	Honey Production
Ali Arc Industries	Structural Metal Fabrication	Gropak	Agricultural Services
Avatar Honey	Honey Production	Henergy	Poultry Products
BakerAg	Agricultural Services	JR's Orchards	Apple and Pears
Betacraft NZ	Workwear	OBO	Sports Protection
Business Central	Business Development	Palliser Estate	Winery
CEDA	Economic Development	Prepack	Packaging
Carousel Confectionary	Confectionery Manufacturing	Property Brokers	Real Estate
NZ Delphiniums	Horticulture	Quest Industries	Plastic Moulding
E&T Consultants	Education & Training (E&T)	Speirs Foods	Food Preparation
ExportNZ	BusinessNZ Division	Steelfort	Machinery & Equipment
FieldAir	Aviation Engineering	Tasman Tanning	Leather Products
Gallagher Fuel Systems	Fuel Dispensing Systems	Turks Poultry Farm	Poultry
Garden Barn	Garden Supplies	UCOL	Education
GasNet	Gas Delivery		

## 1. Workshop Overview

After commencing the workshop with a brief discussion about what attendees understood conflict to be, and whether conflict in the organisational context was 'good' or 'bad' (and why), Megan led facilitated individual and small group activities to focus on conflict management styles.

Attendees each took a short (fun) quiz online (<https://www.tryinteract.com/quiz/what-s-your-negotiation-style/>) to offer insights into their preferred negotiation style, and then unpacked how this affected their interactions in the workplace.

Discussion focused on the impact of unresolved conflict or conflict that is not managed constructively, and how differing negotiation styles might affect the outcome of a negotiation and its implementation. Leveraging real-world examples the attendees shared, the full group then delved into the differences between task conflict, process conflict, and interpersonal conflict. Here it was noted that a major threat in the organisational context is for task conflict to develop into relationship or process conflict; the focus should be on ensuring organisations can get the creativity they want from a certain level of task conflict without it developing into process or interpersonal conflict.

Attendees also considered the spectrum of dispute resolution options, ranging from negotiation and mediation through investigation to arbitration/adjudication, and finally litigation. With a recognition on increasing time, finances, and emotional expenses as the processes become increasingly complex and legal entitlements are brought in, the group discussed the need to think about the problem involved and the people affected in order to decide on the appropriate process.

Finally, through sharing experiences and examples, the group were able to support one another in discussion about the practicalities of addressing conflict as close to the origin as possible, to minimise conflict escalation. Strategies ranged from simply checking in on employees daily or having informal conversations where you can read their body language, to on-the-job training for ensuring employees are set up for success, to investing in frequent and quality social interactions that builds and strengthens the social fabric of the organisation. Everyone agreed: early interventions will act in your favour, so try and read the signs and be proactive in addressing triggers for conflict.

The sections below set out key takeaways from various parts of the workshop.

- Consideration of the broad range of conflicts (from ongoing to peak events)
- Different approaches to different situations based on conflict management styles
- Why it is important to manage conflict and disputes in the workplace
- A spectrum of options for dispute resolution

## 2. Key areas of focus

### 2.1. Conflict in the workplace

Recognition was given to the importance of managing conflict and disputes in the workplace to help develop a good company culture, and embracing task conflict for excellence, creativity, and innovation. When we can leverage conflict for good, we have an opportunity to learn, to increase our knowledge, and improve our behaviour. Acknowledging that conflict is inevitable, means that preparing to manage it is acting proactively – be ready for conflict and address as quickly as possible.

Three types of conflict were discussed (Lim & Yazdanifard, 2012):

**Task conflict** – consider in response to questions like: what to do, how to design something, what product to launch? This type of conflict can lead to positive outcomes when managed well early. However, if left unmanaged, it can lead to process or interpersonal conflict.

**Process conflict** – thoughts or assumptions that “it’s my job, not yours”. This type of conflict can undermine team effectiveness and the wellbeing of team members.

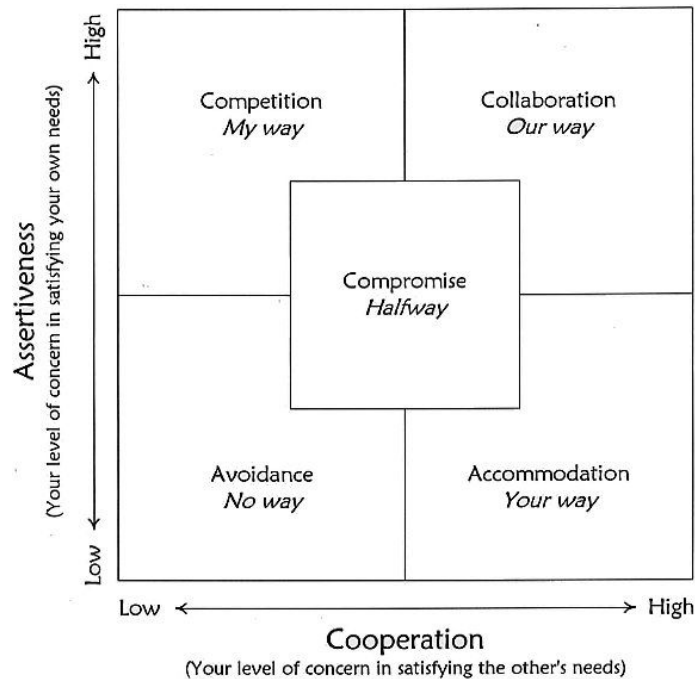
**Interpersonal conflict** – very relationship-based, underpinned by thoughts like “you’re lazy” or “you’re bossy”. This type of conflict can also undermine team effectiveness, be destructive to relationships, and lead to poor performance or the break up of a team.

Unresolved conflict that is not managed constructively is particularly destructive if it is process or interpersonal conflict. The impact of such unresolved conflict is costly for organisations. They experience lost productivity, potentially must respond to additional costs for settlements, a toxic workplace culture builds and remains, and relationships of employees, work stakeholders, and family or friends are often affected.

### 2.2. Conflict management styles

Following individual quiz assessments, attendees focused on various conflict management styles that they might use or might encounter in the workplace. As shown below, underpinned by personal levels of assertiveness and cooperation, there are various approaches people take toward conflict.

Recognising the styles and how they might be applicable in any given situation, and understanding the perspective others come from, can help reach positive outcomes. Conflict management styles are situational, time-bound, and based on the role each person is representing. These styles can, and should, change based on the context.



Adapted from Kenneth W. Thomas and Ralph H. Kilmann,  
*Thomas-Kilmann conflict mode instrument*. Xicom, 1974.

Elwood (2021) defines the various styles below:

**Competitor** – willing to fight for their position; not bothered by impact of this approach on others, or on long-term outcomes. This approach unlikely to lead to good long-term relationships. Agreement on your terms, expect other party to concede/ accommodate.

**Collaborator** – Believes own needs are important AND others’ needs too – seeks mutually beneficial outcome. Will try to reach creative solutions and build relationships. You both get what you want. Requires value creation.

**Compromiser** – accepts that there is a need for give and take and will be willing to accept a fair resolution as long as both parties suffer equally! Both of you get something; neither gets all. “Split the difference.”

**Accommodator** – low on assertiveness, willing to sacrifice own needs to facilitate resolution of conflict. They may resent this in the long run... Agreement on other party’s terms.

**Avoider** – will pretend issues do not exist rather than risk being embroiled in an argument which they might lose, and which might endanger a fragile relationship, lower self-esteem, or cause psychological damage (i.e., Cost of negotiation higher than benefits). A reasonable approach if the issue is not very important, or if you have a strong BATNA (Best Alternative To a Negotiated Agreement), meaning you can do better without negotiation. Might also have a personal aversion/ resistance to negotiation/addressing conflict.

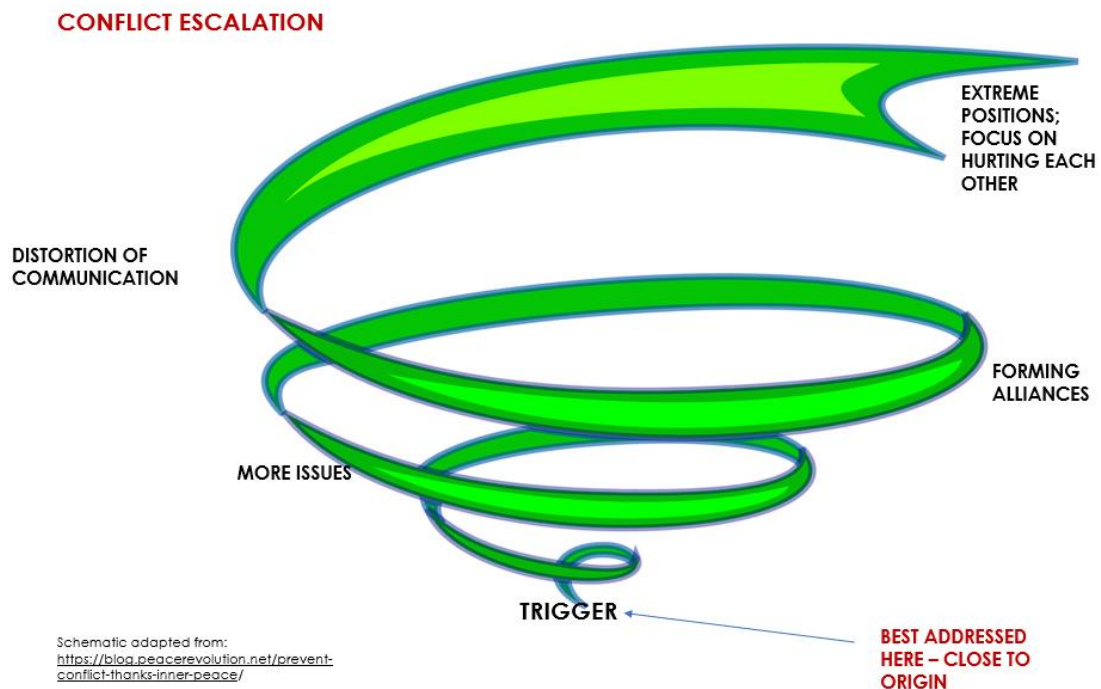
### 2.3. Conflict escalations

Recognising the threat to organisations if conflicts escalate, the group also considered what steps can be done, and when to intervene. The key is to ensure you get the creativity from a certain level of task conflict without it developing in process or interpersonal conflict.

Using principled or integrative negotiation processes, managers can focus on interests rather than arguing based on positions. When you focus on interests (why do you feel the way you feel or what is driving this feeling), you avoid focusing on the people. Understanding what motivates people also offers a perspective in what might keep them happy. Four key steps to follow here are:

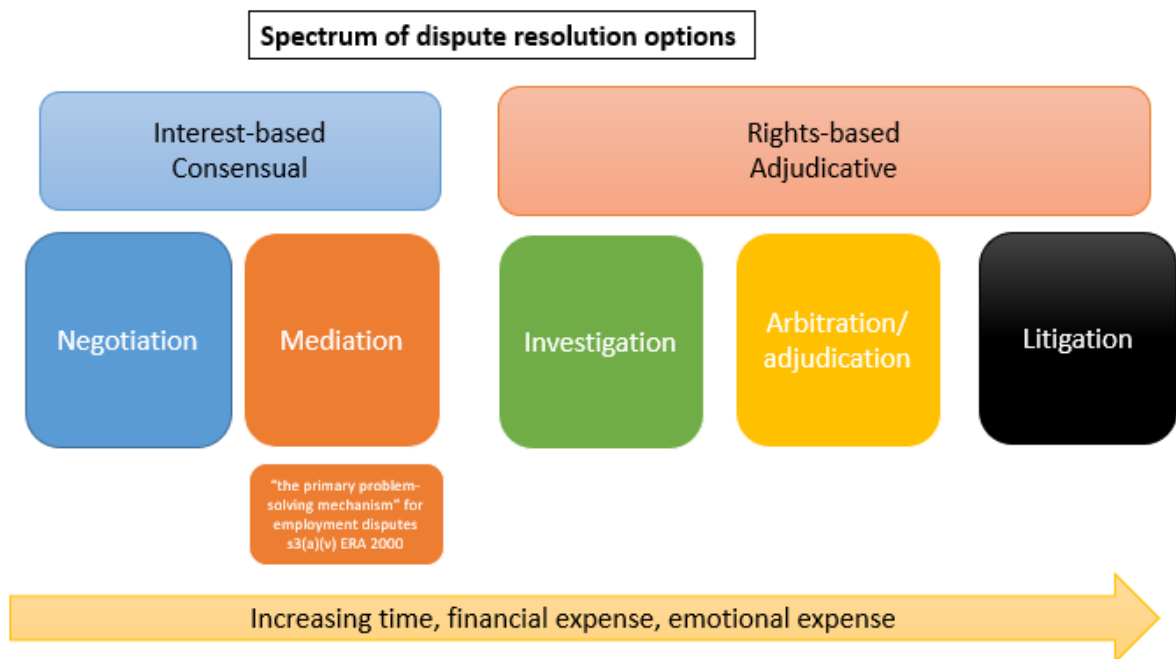
- Separate the people from the problem
- Focus on interests not positions
- Invent options for mutual gain
- Insist on using objective criteria

The timing of dealing with the conflict is critical as well. it is best addressed at the trigger (as close to the origin as possible). Unresolved conflict can escalate and cause more and more damage to people involved, and the people around them. Past the trigger point, as shown below, more issues arise, alliances appear, communication is distorted, and extreme positions are taken, where people are hurting others.



## 2.4. Spectrum of dispute resolution processes

When approaching a conflict or dispute, there are a range of process options from which to choose. It is important to think about the problem involved and the people affected in order to select the most appropriate option. As shown below, these options range from negotiation, or even just 'having a chat' to litigation. Progressing from interest-based to rights based requires an increase in time, cost, and emotional expense. As such, and as a guide, always start with the lowest level intervention possible, as it is much easier to escalate through other options than it is to scale back.



Interest-based processes focus on what all parties *need* in order to resolve the dispute, take into consideration what is motivating parties, and often include elements such as acknowledgement, understanding, apology, and tending to emotional needs. At the other end of the spectrum, rights-based processes involve legal entitlements and contractual positions. They are based on fact and fault (looking to the past), and result in decisions about right versus wrong.



### 3. Key Takeaways

Overarching key takeaways included:

- Negative impacts of conflict (or unresolved/poorly managed conflict) include causing severe harm, triggering stress, or obstructing efficiency, collaboration, and creativity. Conflict that is not managed constructively is costly for organisations and can affect work, home, and life relationships.
- Positive effects of conflict (or when managed well) support the creation of opportunities for development, learning, creativity, and innovation.
- Principled/integrative negotiation is a process based on four main points: (1) separate the people from the problem, (2) focus on interests not positions, (3) invent options for mutual gain, (4) insist on using objective criteria.
- Conflict is not static - it is dynamic, and therefore responds to various interventions. It is best to address conflict at the point of a trigger, before it escalates. Unresolved conflict can escalate and cause more and more damage to people involved and the people around them.

What can managers do to prevent and manage workplace conflict?

- Support positive workplace behaviours through role-modelling
- Educate team members about expectations
- Prioritize low-level, informal, early intervention strategies
- Understand when to refer the dispute on to someone else

Management skills and competencies that can be used for fostering health work and laying the foundation for effective conflict management include:

- Availability
- Trustworthiness
- Communication
- Consistency
- Confidence and resilience
- Dealing with work problems: organising and supporting work, taking responsibility for behavioural issues, taking staff concerns seriously
- Empowering staff: providing opportunities for growth and development
- Fostering team cohesion
- Treating team members as individuals: personal investment in staff & genuine care for them
- Showing compassion & empathy towards staff
- Flexibility towards staff needs
- Reflection: ability to reflect on own behaviour, admitting fault and allowing staff to challenge.

## References

Elwood, C. (2021). *Leadership in veterinary medicine*. John Wiley & Sons.

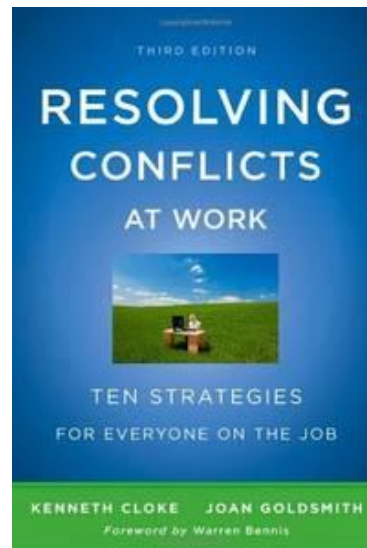
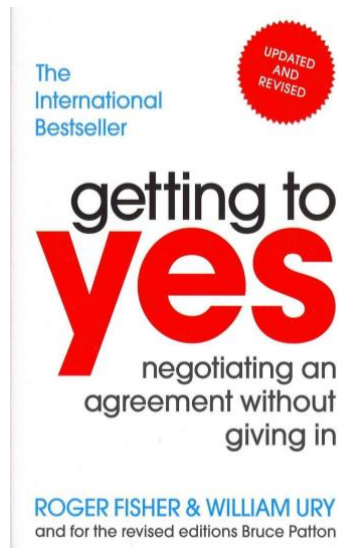
Lim, J. H., & Yazdanifard, R. (2012). The difference of conflict management styles and conflict resolution in workplace. *Business & Entrepreneurship Journal*, 1(1).

Thomas, K. W. (1974). Thomas-Kilmann conflict mode instrument. Tuxedo, NY: XICOM.

## Books for further reference

Cloke, K., & Goldsmith, J. (2011). *Resolving conflicts at work: Ten strategies for everyone on the job*. John Wiley & Sons

Fisher, R., Ury, W., & Patton, B. (2012). *Getting to yes: Negotiating an agreement without giving in* (Rev. and updated ed). Random House Business Books.



#### 4. Proposed Next Steps

The following workshops are planned for 2023:

Workshop	Overview	Logistics
Business Ecosystems for Advancing Regional Business – Dr Tanya Jurado	Tanya will help us explore business ecosystems and regional economic development with a view to developing understanding of what an ecosystem is and how it can impact on your business and on your region.	June 21st  1:00 – 5:30pm, with nibbles and drinks provided  The Refectory, Massey University
Māori Business and Economy  Professor Jarrod Haar	Jared will share his wealth of knowledge and experience of Māori business to allow us greater understanding and appreciation of the value that can be gained through collaborative business.	TBC  1:00 – 5:30pm, with nibbles and drinks provided  The Refectory, Massey University
AI in the Workplace  Associate Professor David Brougham	David will give us an overview and update of AI, and how it can be utilised in our working and daily lives for greater efficiency, effectiveness and ultimately productivity. The only barrier to this newfound power is not taking up this opportunity.	November 21 <sup>st</sup>  1:00 – 5:30pm, with nibbles and drinks provided  The Refectory, Massey University

#### Thank you

We would like to thank you for your continued participation in these workshops, and welcome any feedback, comments, ideas, or questions you may have. Please note, if there are any issues or amendments required, we would greatly appreciate your feedback on this report. Feel free to contact the *BusinessFirstNZ* team via Dr Wayne Macpherson, [bfnz@massey.ac.nz](mailto:bfnz@massey.ac.nz).