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Conflict Management and Dispute Resolution Systems in Canadian Nonunionized Organizations

*Mary Lou Coates, Gary T. Furlong and
Bryan M. Downie*

Queen's University
Industrial Relations Centre
(IRC)

School of Policy Studies
Queen's University
Kingston, ON K7L 3N6
Tel: 613-533-6628

Email: irc@queensu.ca

Visit us at: irc.queensu.ca

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Executive Summary

Responding to a growing interest in the subject in recent years, this study is intended to improve our understanding of conflict management and dispute resolution systems in nonunionized workplaces in Canada. It sets out the key reasons for the increased interest in effective systems, describes the various procedures being used, and evaluates their effectiveness. The authors identify the strengths and pitfalls of various systems.

- Effective conflict management systems can contribute to an effective high-performance workplace by improving employee involvement, morale, and productivity.
- Any system should address a few key principles. It should accept that conflict will occur. Stakeholders must know that there is a clear system for managing conflict. The system should address the interests of all stakeholders and should be fair and be seen to be fair. It should be easily accessible and safe to use.
- While the authors emphasize that there is no ideal model suitable to every situation and that each model needs to be adapted to the specific organization, they were surprised to find that no organization studied had a system that addressed all the key principles.
- While executives were satisfied with their conflict resolution processes, few organizations measure how well the process is working or how satisfied the stakeholders are with it. Few processes provide a written guarantee of fair treatment or no reprisals.
- Organizations do not broadly communicate information about their conflict resolution process. Training in conflict resolution is minimal, and dispute resolution skills are not regarded as a core competency.
- There is, however, an emphasis on resolving issues at the lowest level and as close to the situation as possible, with employees and management taking ownership over conflict resolution. Most processes are informal and rely heavily on open-door policies.
- The authors conclude that while a lot of experimentation seems to be taking place, the aims of practices connected with the high-performance workplace seem to be disconnected from what is happening with dispute resolution. Organizations must learn to administer conflict management systems so that they fit into a larger HR strategy, where they can play an important part in the change management process.

1 Introduction

Conflict is not simply inevitable; rather, it is [in] the nature of complex organizations... Conflict is not a breakdown of a cooperative, purposeful system. Rather conflict is central to what an organization is. (Putnam 1995, 183-4)

There has been a growing interest in conflict management and dispute resolution systems in recent years. This attention springs from three sources. First, research and experimentation with alternative dispute resolution has stimulated interest in new processes and approaches to handling conflict and resolving disputes both within and outside the workplace, disputes which in the past may have involved litigation through the courts.¹ Second, the increased legalization of the workplace, particularly in the areas of occupational health and safety, discrimination, and harassment has prompted employers and unions to put policies in place to address complaints and disputes in these areas. Third, there has been heightened interest in the need for organizations to move to high-performance work systems that build better employee relations and include the extensive use of teams, communication, problem solving, and employee involvement. Implicit in fostering employee involvement and improving employee relations is the clear need for effective employee voice mechanisms, due process regarding the terms and conditions of employment, and the ability to resolve conflict effectively.

A recent study of Canadian workplace practices revealed that many employers are unaware of the importance of high-performance systems, including their crucial components, how they should be implemented, and their potential benefits (Betcherman et al. 1994). We argue that conflict management and dispute resolution systems are important if organizations are to move toward high-performance workplaces. In a unionized workplace, the union grievance procedure is considered to be the mechanism for resolving disputes and for providing a form of employee voice for bargaining unit employees. The union grievance procedure has been dealt with extensively in the literature.² While there are indications of a growing interest in and greater use of dispute resolution mechanisms in the nonunionized workplace, little research is available, particularly in the Canadian context (Blancero and Dyer 1996; Peterson and McCabe 1994).

The purpose of this study is to develop a better understanding of conflict management and dispute resolution systems in eleven nonunionized workplaces in Canada. It examines the role of conflict management and dispute resolution, how employers are managing and resolving conflict within their organizations, the various dispute resolution procedures being used, and their effectiveness. Chapter 2

¹ The resolution of workplace conflict and ADR techniques was discussed and debated at the tenth World Congress of the International Industrial Relations Association in June 1995. See *Relations industrielles* (1996, 51(2)) and *Negotiation Journal (On the process of dispute settlement, 12(2))* for papers presented at the conference.

² Peterson (1992) provides a review and critique of the U.S. literature on union grievance systems. More recently, McCabe (1995), Chachere and Feuille (1993), Lewin and Sherer (1993), Delaney and Feuille (1992), and Feuille and Delaney (1992) have examined the topic. In Canada, much less work has been done in this area. See Saunders and Leck (1993), Chaykowski, Slotsve, and Butler (1992), Ng and Dastmalchian (1989), Knight (1986a, b), and Gandz and Whitehead (1982).

discusses the three key areas which have stimulated an interest in effective conflict management and dispute resolution systems; the role of conflict management and dispute resolution in today's workplace; and the types of procedures available. Chapter 3 describes the ideal working model for a high quality conflict management system. Chapter 4 outlines the research approach taken in this study and discusses the findings of the study. The final chapter summarizes observations on existing conflict management systems and discusses their implications for practitioners.

2 A Growing Interest in Dispute Resolution

Alternative Dispute Resolution

Broadly defined, 'alternative dispute resolution' (ADR) often refers to processes which are used to settle problems on the basis of the interests of the disputants rather than on the basis of power (Rowe 1996, 1). More commonly, ADR refers to any method of dispute resolution other than formal adjudication such as court litigation or administrative proceedings (Costantino and Merchant 1996). A more detailed description of an ideal conflict management or dispute resolution model is presented later.

As a result of an increased interest in ADR among practitioners, a growing number of organizations are using mechanisms such as mediation and arbitration to avoid formal adjudication or court action. One estimate for the United States is that 'almost all employers with 100 or more employees use one or more ADR approaches,' and in a survey of 96 leading companies, it was reported that 53 percent had an ADR program 'to resolve employment-related issues' (Rowe 1996, 1). Based on several U.S. studies, Rowe attributes the rise in the use of ADR to the growing concern for employee rights; an increased interest in procedural justice as well as substantive justice;³ a desire on the part of employers to foster greater trust in and commitment to participative management; a decline in unionization and therefore in the availability of grievance procedures; an emphasis on controlling costs, including productivity losses and litigation costs; and a desire by employers to avoid unionization.⁴

The Commission on the Future of Worker Management Relations, chaired by Harvard University professor John T. Dunlop, addressed the issue of dispute resolution. In its report, the commission recommended greater use of high quality ADR systems, including both in-house settlement procedures and voluntary arbitration systems to promote fair, speedy, and efficient resolution of workplace disputes (Commission on the Future of Worker-Management Relations 1994).

Aside from resolving employment disputes within the workplace, ADR is also being increasingly used for commercial, family, environmental, international, and community disputes and is changing the way courts resolve conflict (Adams 1997). Recently, the Attorney General of Ontario announced that private mediation will be mandatory in all civil suits except family disputes (Makin 1997). Major companies such as Molson Breweries, Maple Leaf Gardens, McCain Foods, and Groupe Videtron Ltee have resorted to ADR mechanisms such as mediation or arbitration (McFarland 1996). Automobile dealers and manufacturers have established the national Automobile Dealer Arbitration Program to settle disputes through mediation and arbitration rather than the court system (Heinzl 1996). The North American Free Trade Agreement (NAFTA) contains a dispute resolution process based on an arbitral panel for enforcement of the labour principles related to occupational health and safety, child labour, and minimum wage (Morpaw 1995).

³ Procedural justice refers to the perceived fairness of processes used to resolve disputes. Substantive justice refers to the perceived fairness of outcomes and the criteria used to make them (Feuille and Delaney 1992).

⁴ The literature appears to debunk the union avoidance theory (Feuille and Delaney 1992; Ichniowski and Lewin 1988; Delaney and Feuille 1992; Saunders and Leck 1993). Although not always stated, it can be generally assumed that nonunionized organizations prefer to remain union-free.

In a related development, dispute resolution is being adapted to cyberspace. This is in response to the rapid growth in the number of persons and organizations in cyberspace and the broader range of activities and interactions taking place in cyberspace. As a result of this intensified on-line activity, there has been an increase in disputes involving the 'acquisition, use, possession, processing and communication of information,' for example, disputes about copyright, obscenity, and free expression (Katsh 1996, 2). In 1996, the Online Ombuds Office was established as a pilot project.⁵ This 'next generation' conflict management/dispute resolution mechanism indicates the extent to which ADR is evolving. Looking ahead, one of the most important areas of research and public policy debate may be whether ADR procedures can 'deliver due process and fair systems of conflict resolution that complement other private and public institutions and legal structures' (Kochan 1996, 251).

Human Rights Legislation

Greater legislative protection of human rights has also increased interest in dispute resolution processes. Over the past fifteen years there has been a growing emphasis on equality rights, either through the judicial interpretation and application of the Charter of Rights and Freedoms, implementation of pay and employment equity legislation, or amendments to human rights legislation to broaden the protection against discrimination and sexual harassment. This legal framework has had significant implications for employers, unions, and employees:

The Charter...has given fresh impetus to the legal recognition of individual rights. What this means is that the growing societal emphasis on individual rights has become rooted, not just in human rights legislation, but in the constitution itself. This development has made its mark on Canada's labour law system. Women, religious minorities, older workers, gays and lesbians, and the handicapped now possess a complete set of tools to challenge the established workplace order. The Charter and human rights codes have become pre-eminent, overriding other statutes, collective agreement terms, and long-established work-place practices. Human rights values are now 'trump' and these values will continue to reshape our industrial relations institutions. (Carter 1997, 2)

Mandated joint employer-employee measures in pay equity and occupational health and safety legislation have also prompted new approaches to resolving workplace issues. In the context of broader public policy initiatives, employers have introduced and developed company policies to address employee complaints or concerns that might otherwise make their way to regulatory agencies or the courts. In addition to the resources that must be allocated to handling the disputes or complaints, the courts may impose costly and stricter—almost punitive—awards against employers who disregard the employment and human rights of employees. Therefore, a stronger sense of diligence among employers may be responsible for a greater interest in having appropriate processes and procedures in place to resolve complaints or disputes over legislatively guaranteed employment rights. It has also been suggested that conflict management and

⁵ The Online Ombuds Office is a website (located at <http://www.ombuds.org/>) that provides access to a group of experienced ombudspersons whose role is to help users understand their disputes, relate the dispute to existing policies, and indicate options and choices available to them. Each ombudsperson is paired with someone very familiar with the Internet in order to provide technical knowledge that could ultimately affect the resolution of the dispute. In addition to the traditional functions, the office is viewed as having important educational and dispute-prevention possibilities and 'may even turn out to be [a] prototype of the courtrooms of the future' (Katsh 1996, 12).

dispute resolution procedures may be introduced to keep the state out of the organization's human resource management affairs (Kolb and Putnam 1992).

The High-Performance Workplace

During the 1990s an increased interest in achieving a competitive advantage through people has led organizations to realize that employees need to understand business realities and the business strategy of the organization, as well as comprehend the need for change, so they can become bigger contributors to the organization. Maintaining a committed, innovative, and skilled work force in the midst of widespread and relentless change is critical if organizations are to succeed (Betcherman et al. 1994).

At the same time, traditional workplace practices and systems with their hierarchical structures, tight divisions of labour, narrowly defined jobs, detailed rules, limited employee involvement, and managerial decision making, authority, and control are no longer adequate. Instead, organizations are moving toward high-performance workplaces (Betcherman et al. 1994; Downie and Coates 1995). The high-performance workplace emphasizes training, employee involvement, the use of teams and problem-solving groups, information sharing, flattening hierarchies, job redesign, and fewer formal job classifications (see figure 1).

Evidence has indicated that the high-performance workplace can have the following benefits for organizations, employees, and unions:

- efficiency gains,
- lower turnover,
- better employee-employer relations,
- potential for a better bottom line,
- access to information,
- participation in decision making,
- discretion over work processes,
- enhanced employability,
- support for family responsibilities,
- affirmation of an independent voice for workers, and
- input into a range of workplace issues. (Betcherman et al. 1994, 97)

A cornerstone of the effective high-performance workplace is maintaining and enhancing the organization's relationship with its employees. Today's environment calls for adversarial labour-management relationships to give way to more cooperative approaches. Traditional collective bargaining, characterized by the separation of employer and employee interests, management rights, and conflict and distrust, is viewed as a barrier to the diffusion of high-performance workplace practices (Downie and Coates 1995). While collective bargaining remains a key feature of the North American industrial relations system, it has been suggested that it too must be more effective in resolving conflicting interests and encouraging labour and management to seek 'mutual gains solutions' where such potential exists (Kochan and Osterman 1994, 199).

Among the key principles of the mutual gains enterprise are teamwork, employee involvement in problem solving, and a climate of cooperation and trust. Empirical data suggest that employee involvement and total quality management practices result in improved financial performance (Delaney and Huselid 1996;

Figure 1- Components of a High-Performance Workplace

Kochan and Osterman	Lawler	Pfeffer	Betcherman et al.
Top management commitment; supporting business strategies	Top management commitment	Long-term perspective; overarching philosophy	
Effective voice for employees in strategy and governance	Cooperative union-management relations; involvement of unions in business strategy; egalitarian policies and practices	Employee ownership; symbolic egalitarianism	
Staffing based on employment stability	Stability of employment; flextime	Employment security; promotion from within	
Investment in training and development	Investment in training and development	Investment in training	Commitment to training
Contingent compensation	Performance-based pay, person- (not job-) based pay, flexible benefits	High wages, incentive pay, wage compression	
High standards of selection	Selection based on ability to grow	Selective recruiting	
Broad task design and teamwork	Involving work, organizational improvement groups	Job redesign; teams; cross-utilization of people	Flexible work organization; fluid work rules and job descriptions; minimum formal and informal hierarchies; work processes to improve health and reduce stress
Employee involvement in problem-solving	Participation and involvement	Participation	Employee involvement and participation
	Sharing of information; suggestion system	Information sharing	Sharing financial rewards, information, and privilege
Climate of cooperation and trust	Supportive supervision		
	Justice and due process; sure and swift discipline		
		Measurement of human resource policies	
			Family-friendly policies

Source: Figure 1 In Downie and Coates (1995, 167); Betcherman et al. (1994, 96).

Huselid 1995; Lawler, Mohrman, and Ledford 1995).⁶ Again, the quality of the relationship between managers and employees is critical:

A high-conflict/low-trust relationship is incompatible with the task of building and maintaining the psychological and social climate needed to produce and sustain mutual gains. This does not mean that all conflicts between employees and employers wither away. Indeed, we assume that conflicting interests are a natural part of the employment relationship. But such conflicts cannot be so all encompassing that they push out the potential for effective problem solving and negotiations. It is not conflict per se that matters; it is how effectively and efficiently the parties resolve conflicts which naturally occur that really matters. (Kochan and Osterman 1994, 51)

In the unionized workplace, the mechanism for resolving disputes is the grievance procedure, which can be used by bargaining unit employees to voice dissatisfaction with the status quo (Thornicroft and Eden 1995). Although the role of unions in sustaining high-performance work systems is a subject of debate (Downie and Coates 1995; Lawler, Mohrman, and Ledford 1995), one view is that

The single most important role that unions can fill may be that of a check and balance on management. It is all too easy for management to slip in and out of participative management practices as the environment and management personnel change. . . . A union that is firmly committed to employee involvement can be an important safeguard that ensures employee input into key decisions. It can fill a corporate governance role that badly needs to be filled given the globalization of large corporations and the complex issues involved in holding global corporations accountable for their actions. (Lawler 1992, 301)

A recent Canadian study (Betcherman et al. 1994) also reinforced the importance of an independent employee voice and of the role of the unions to the high-performance workplace. Citing Marshall (1992), the authors explain that employee voice is critical because (1) workers are unlikely to go 'all out' unless they are confident of being protected from adverse consequences; (2) cooperative, participative relationships cannot really exist between unequal partners; and (3) adversarial relations between workers and managers are inevitable—but also functional when the interests of workers are represented.

Collective agreements provide for an internal two- or three-step process whereby grievances are reviewed at successively higher levels of the organization (Thornicroft and Eden 1995). Although labour relations legislation in Canada mandates that grievances are to be settled by arbitration, criticisms of the effectiveness of the grievance process have prompted organizations to look at alternative procedures such as expedited arbitration and grievance mediation. Moreover, in light of recent trends and developments in industrial relations and the human resource management function, there is likely to be more emphasis on grievance resolution through problem solving and less reliance on rights arbitration in union-management relationships (Downie 1996). Given the increased role of arbitrators in applying human rights legislation, some commentators argue that 'the present delays associated with the adjudication of these complaints could make arbitration the preferred forum for the resolution of these complaints, in essence privatizing human rights adjudication' (Carter 1997, 23). Another perspective sees the role of the grievance arbitrator

⁶ Employee involvement refers to the participation of employees in problem solving, decision making, and the financial success of the organization; total quality management refers to a set of organizational strategies, practices, and tools for organizational improvement and employee involvement (Lawler, Mohrman, and Ledford 1995).

changing from a primarily adjudicative one into one of offering mid-term and mid-hearing mediation and evaluation services (Adams 1997). Adams also believes that the labour relations neutral is no longer a specialist arbitrator or mediator but must now offer services as a conflict resolution professional and conflict management design consultant.

Conflict Management and Dispute Resolution

Although employee involvement, employee voice, and more effective employee relations are said to be important, the evidence indicates that this is more rhetoric than reality. One study of Canadian workplace practices found that

laws and institutions have supported a mode of governance based on separable employer and employee interests, reserved management rights, and legalistic procedures for resolving disputes. The result has been the creation of many disincentives and few incentives for employers and workers (with or without a union) to pursue the strategic partnerships that building a high-performance workplace requires. (Betcherman et al. 1994, 101)

Results from a U.S study on the extent to which companies are using employee involvement and total quality management practices raise the question of whether employees have enough power to be involved in the business (Lawler, Mohrman, and Ledford 1995). Although unions and grievance procedures in collective agreements can provide employee voice and mechanisms for dealing with employee concerns and disputes, two-thirds of the work force are not union members and 62.4 percent of nonunion workers are not covered by collective agreements (Statistics Canada 1990). Therefore, the majority of nonunionized employers are not required to provide conflict resolution procedures. Yet, as one industrial relations scholar states, 'only systems with effective impasse resolution devices are truly effective in accomplishing genuine participation in workplace decisions' (Adams 1993, 12).

Other forces are also operating which call into question the extent to which employee involvement practices—including effective conflict management and dispute resolution—improve organizational effectiveness, productivity, and competitiveness. In an effort to reduce costs and implement high-performance workplace practices, organizations are restructuring and downsizing; they are redesigning how work is done, who does it, and where it is done. In the wake of tremendous economic, organizational, and personal change, many employees are experiencing uncertainty, frustration, and anxiety about job loss and concern about their roles and responsibilities. Some workers become more competitive, while others, faced with relatively high unemployment rates, have limited opportunities to leave stressful jobs and, therefore, may seek solutions to their problems within the organization, rather than looking for new jobs.

In a U.S. survey of employees (Freeman and Rogers 1995), 85 percent stated that their firm had an 'open-door policy so employees can tell upper management about problems with their immediate supervisors,' and 32 percent said that their firm had a grievance procedure with an outside referee or arbitrator to settle manager-employee disputes. However, in rating the overall effectiveness of their organization's 'system for resolving the problems individual employees have at work,' only 28 percent felt that it was 'very effective' and 70 percent rated it only 'somewhat effective.' Some three-quarters of employees thought that if they had more say in how work-place problems were solved, the present system would be more effective. When asked about the effectiveness of systems for resolving group concerns (for example, 'town meetings,' 'open-door' policies, employee committees), no more than a third felt that these practices were

'very effective.' Nevertheless, nonunion employees without committees want them as an additional mechanism for employee voice.

A study of private and public sector organizations in Atlantic Canada revealed that 39 percent of respondents had some type of grievance procedures for nonunion employees, but they were largely internal dispute resolution mechanisms, and only 7 percent included arbitration as the final step (Wagar 1994, 28).⁷ Previous research (Saunders and Leck 1993) indicated that few organizations adopt procedures to ensure employee rights are protected, except where required by law or where formal processes were adopted as participative management strategies to improve quality and efficiency.

Conflict is a form of competitive behaviour involving actual or perceived differences in interests or limited resources. Managers and employees have divergent interests. The same holds true between workers themselves, between departments, and between organizations. In today's business world, as organizations attempt to grow their businesses, the potential for conflict is heightened by increased global competition, a more rapid business pace, and company mergers and restructurings which increase employee competition and job insecurity. A recent report (Accountemps 1996) indicates that management executives are spending twice as much time settling employees' disputes as they did a decade ago. Even the new human resource management approaches and programs present challenges:

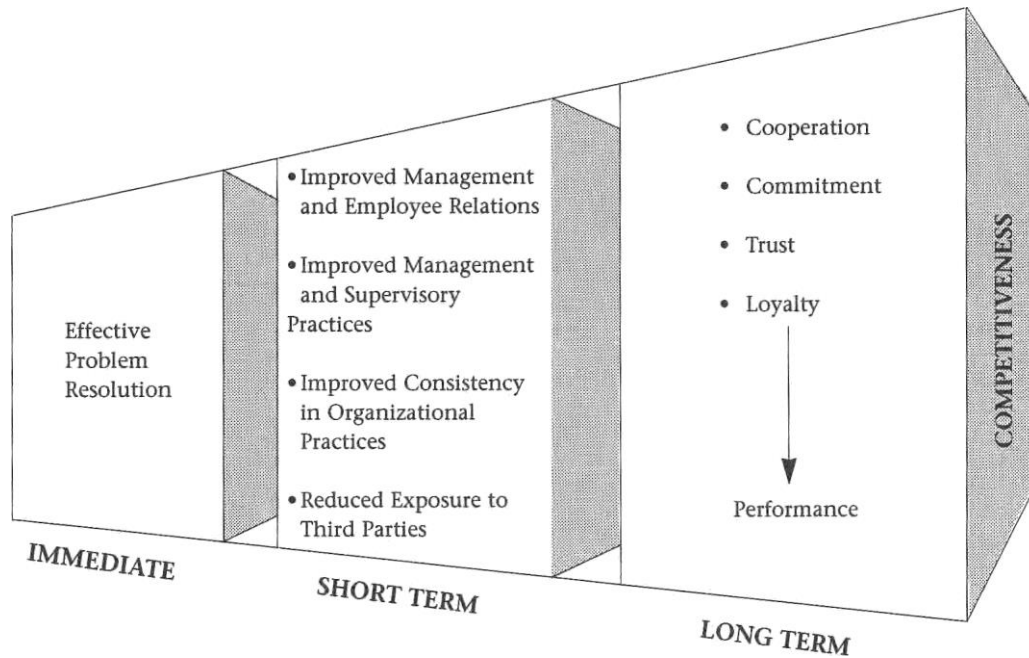
Teams are breeding grounds for conflict. Even people that share a common goal will have different views on how to achieve it. The more responsibility that people have for achieving a goal and the more respect that people have for their own views, the more likely and intense such conflict will be. . . . Clear-cut priorities are rare in the real world. Multiple dimensions and demands are the rule, and there's no secret formula for deciding among them. Actually, conflicts like these have always existed in business organizations, but were hidden by the traditional organizational chart's false simplicity. . . . Companies have developed a variety of methods for constructively dealing with conflict, from formal negotiation to internal market mechanisms that allow process owners and coaches to bargain and bid for scarce resources. The choice of resolution method matters far less than appreciating that the process-centred world is not a peaceful utopia but a place where healthy conflict is a sign of vitality, passion, and commitment. (Hammer 1996)

Conflict can manifest itself in several ways in organizations: through

- disputes in the form of grievances, disciplinary actions, complaints, lawsuits, strikes, or threatened legal action;
- competition between colleagues or work units;
- sabotage;
- inefficiency or a lack of productivity;
- low morale and motivation;
- withholding knowledge. (Costantino and Merchant 1996, 5)

⁷ In the United States, one study also found that arbitration was available for 'a small but non-negligible proportion of the nonunion workforce' (Delaney, Lewin, and Ichniowski 1989, 24).

Figure 2 - The Role of Conflict Management/Dispute Resolution



Source: Based on Ventura and Harvey (1988).

A moderate amount of conflict, if handled properly, is, in fact, critical to maintaining an optimum level of individual, group, and organizational effectiveness (Afzalur 1992, 139). Moreover, conflict in an organization can foster major change rather than retarding it (Bartunek, Kolb, and Lewicki 1992, 124). Handled effectively, conflict resolution can improve employer-employee relations and organizational practices and build cooperation, commitment, trust, and loyalty, thereby enhancing the performance of the organization and ensuring greater success and competitiveness (see figure 2).

Employees too, are seeking a new employment relationship. A survey of more than 550 employees of large Canadian organizations revealed that employees do not feel involved in decisions that affect them. 'Employees today equate fairness with a sense of participation, and failure to create a participative culture could, in the future, have a negative effect on employee commitment' (Towers Perrin 1995). The survey report cautions employers to recognize that employees have clear expectations of their employers and to recognize, in turn, that employers' actions are critical if they are to fully engage employees. A Conference Board report also stresses the importance of employee satisfaction and the need for support, resources and systems to enable employees to take responsibility for their own success and the competitive success of the organization (Farquhar and Longair 1996, 1).

Organizational due process or fair treatment has an important influence on employee satisfaction (Feuille and Hildebrand 1995). Employee voice mechanisms can play an important role in assuring fair treatment by reducing the level of distress and dissatisfaction and by providing workers with a belief that they can

influence and affect organizational decisions (Sheppard, Lewicki, and Minton 1992).⁸ The extent to which employees can communicate problems and resolve conflict and disputes has an impact on the organization's ability to create high-performance work environments:

Conflict is a normal aspect of any relationship or organization. Resolving disputes effectively allows people and organizations to grow and change. The resolutions can result in mutual benefit, not only for the immediate disputants but for others who are affected by the same problem. Difficult trade-offs are faced and decisions made. Tensions are released and relationships strengthened. Productivity and performance are enhanced. (Ury, Brett, and Goldberg 1988, 170)

Conflict Management Procedures

Various mechanisms exist for managing conflict. Among the more common ones in nonunionized workplaces are the following:

Open-door policies. Management encourages employees who have concerns or complaints to meet with and discuss any problems with their immediate supervisors or any other management personnel; employees may or may not be required to try and resolve the issue at the lowest level first before approaching the next level of management, including the most senior executives of the organization.

Senior management review. In this variation on the open-door policy, employees have the opportunity to discuss unresolved problems or complaints with successively higher levels of management, up to and including the president or CEO of the organization. This process may include a board or committee of management personnel. Peer review. Unresolved issues go to a review committee or board which includes employees and management personnel. Usually, the majority of committee or board members are from the employee ranks, and the remainder are from management levels.

Ombudsperson. The ombudsperson is designated to investigate and provide advice and assistance to employees who have concerns or complaints. The office is usually independent and paid for by the organization and reports to the president or CEO or top-level human resource management executive, but it acts as a liaison between management and employees or coworkers to help resolve disputes.

Grievances. The grievance procedure is a formal multi-step process involving progressively higher levels of authority which may or may not culminate in mediation or arbitration, or both.

Mediation. In mediation, a third party assists in resolving the dispute by advising and providing information and options but leaves the final decision to the parties themselves. Mediation may be a step within a process that is used only when an impasse occurs between the employee and higher management levels or a co-worker. Arbitration. In arbitration, a third party assists in resolving the dispute, but the final and binding decision rests with the third party.

⁸ Such procedures are cathartic; provide diagnostic feedback to the organization by indicating that some policy or practice is not working; provide an opportunity to correct or make necessary changes to remedy any injustice; allow the organization to 'reframe' or redefine a dispute; and improve knowledge and understanding about potential problem areas.

Of course, there are variations on these processes, such as grievance officers, mediation-arbitration, grievance mediation, peer mediation, and so on, and they can be more or less formal depending on whether specified written procedures are documented, whether complaints must be put in writing, whether several steps or levels of appeal are involved, what types of issues can be processed, which employees are eligible to use the process, and how final and binding the eventual decisions are. Generally, complaints must relate to the application of organizational policies, practices, and procedures and not to the policies themselves.

3 The Ideal Conflict Management System

Conflict management systems and employee voice mechanisms have been shown to improve employee involvement, commitment, and trust, as well as morale and productivity (Bohlander and White 1988; O'Brien and Drost 1984; Panken 1984). It must be noted, however, that there is no perfect system or model for a high-quality conflict management system; there is no 'one-size-fits-all.' Each model needs to be adapted and designed for the organization, its structure and culture. That said, there are five key foundational principles that any conflict management system must address.⁹

Key Conflict Management Principles

1. *Acknowledge and accept that conflict will occur.* Many organizations, partnerships—and indeed personal relationships—are based on the tacit agreement that conflict will not be discussed and that everything will be positive and happy. This deep underlying assumption often causes feelings of betrayal in one or all parties when a conflict does erupt and firmly sets a negative tone for all conflict. A good conflict management system acknowledges openly that conflict will occur and that conflict is not a bad thing. If well-managed, it can help boost both the quality and the level of individual and organizational achievement.
2. *Stakeholders need to know that there is a 'system' for conflict management.* There must be a clear process of conflict management that can be described and supported, one that has definable steps and resources allocated to it and that is safe to use. If the stakeholders do not have a clear idea that 'we have a system,' conflict may once again be marginalized and swept under the carpet.
3. *The interests of all stakeholders must be addressed.* Stakeholders must contribute to the design and development of the system if they are to feel that it meets their needs, that they own it and are a part of it. This is more difficult than it may appear. At a minimum, the complainants, the respondents, the bystanders (that is, the rest of the work force), and the organization must be represented in the system design. Additional stakeholders may include customers, government, families of employees, and minority groups. The implementation strategy should raise awareness and ensure that the system is not simply designed by upper management or outside consultants and handed to other stakeholders. Such an approach almost always creates an expensive system few will use. We are not suggesting that direct input and involvement from all stakeholders is always required (although it is usually the best case) but that, as a minimum, all stakeholder interests should be identified and included in the system.
4. *The system must be fair, and be seen to be fair.* Consideration must be given to how the system is actually perceived by the stakeholders, in order to build credibility in the system. People have deeply held beliefs and ideas about organizational structures and imbalances of power, so even if outcomes are indeed 'fair' by some objective standard, the process may still be seen or believed to be unfair if management as the main holder of power in an organization, makes all the decisions.

⁹ Some of these principles are discussed in Rowe (1993).

5. *A good conflict management system will be easily accessible and safe to use.* First, there should be easy informal access to the system that does not require onerous paper work or hard-to-reach personnel. Second, there should be more than one way to access the system. And finally, the system should use people who are representative of the work force. This means that visible minorities, women, and all levels of job classification should be comfortable using the system. A safe system actually encourages parties to put conflicts and issues on the table—and on the table early. It does so by emphasizing the positive results that follow and by strictly guaranteeing no reprisals against disputants for using the system. As a backup, it also allows for anonymous complaints to be put forward, where appropriate. Often, the frequency of anonymous complaints can give the organization a good indication of employee trust in the system and in management.

A Model for Conflict Management in the Organization

Statement of Values

Since as a society and as individuals we simply do not like conflict, if there is no clear statement to the contrary, employees will respond to conflict in typically negative ways, such as with avoidance or confrontation and destructive behaviour. A critical starting point, therefore, is to develop a clear, overt statement of values concerning conflict in the organization. The values of the organization itself must begin to change negative responses to conflict; organizational values must encourage getting conflict on the table early, seeing conflict as a positive opportunity for improvement, and encouraging and valuing constructive dissent. Stakeholders should recognize that conflict management is not the responsibility of human resources (HR) or senior management but the responsibility of line management and employees themselves, with strong support from HR and the senior management team. Thus the statement would be developed, ideally, by line employees and management.

Sequencing Different Processes: Interests, Rights, and Power

There are three basic ways to resolve conflict (Ury, Brett, and Goldberg 1988, 8-19):

1. by reconciling the parties' interests,
2. by determining who is right, and
3. by basing the resolution on who has more power.

A key concept is that interest-based solutions are less costly and more satisfying (for all parties) than rights-based solutions, and in turn rights-based solutions are less costly and more satisfying than power-based solutions. For example, conciliation, mediation and some forms of negotiation, which are common interest-based processes, are less costly than litigation, arbitration, and other adjudicative approaches, which are common rights-based processes. They, in turn, are less costly than power-based processes such as wars, strikes, lockouts, terminations, and votes. Consequently, when organizations design conflict management systems, they need to ensure that the system is sequenced properly. Complainants should first access interest-based processes, the lowest-cost and most satisfying processes, then rights-based processes, and then power-based processes as a last resort. According to those involved in alternative dispute resolution, this sequencing ensures that any given resolution will result in the lowest-cost, most satisfying outcome that is possible in the situation.

Interest-based processes can be hard to implement, because organizations, by definition, are rights- and power-based structures, and consequently, it is argued, people in organizations typically default to using rights- or power-based processes to resolve conflict. For example, if there is a dispute on a work team about the best decision to take on a production issue, it may be not uncommon to hear the supervisor say, at some point, 'Look, I'm responsible for this, so it's my decision. I say we're doing this.' Implicit in that statement is the idea that it is the supervisor's right to make the decision, not that the decision is necessarily in everyone's best interest or that the problem has been thought of in those terms.

Interest-Based Processes

Interest-based options are designed to address the interests of all the parties involved in a dispute, rather than just focusing on the legal or organizational rights (or power) of the parties. A number of possible benefits include faster resolution, higher satisfaction, and creative solutions that make the situation substantially better than a legalistic determination can. Formal rules of evidence are not required, and the perceptions of the parties can be addressed to help achieve resolution. The following are some of the many interest-based options that can be made available to parties (Rowe 1996):

1. *Facilities for listening, feedback, information and counselling.* Disputants should have a place where they can simply be listened to and describe the situation to someone 'safe,' who can serve as a reality check and provide feedback and information about both the situation and what they can do about it. Their contact may help them to see the situation differently and to generate options for solving the problem. The credibility and safety of the source is critical.
2. *Designating representatives to assist complainants.* Complainants may want someone else to represent them for a variety of reasons. They may fear reprisal; they may feel that they are too emotional to deal well with the complaint; they may simply want to remain anonymous. The organization can designate certain staff to act as representatives in this situation.
3. *Adopting a generic approach.* An organization may find it beneficial to raise a broader issue for resolution, rather than singling out the complaint of one employee. If an employee feels harassed over forced overtime, for example, there should be an option to put forced overtime policy on the agenda and to try to resolve the problem through a clear policy statement, without involving the employee directly as a complainant. This process can be exceptionally beneficial to the employer by catching and addressing problems early that affect the business, without having to manage individual disputes to do so.
4. *Designating an 'organizational neutral.'* Someone in the organization or the department should be designated as a 'neutral' available to the staff. Typically, though not always, the 'neutral' is an ombudsperson; sometimes a human resource manager or officer is designated. This person can do many things, including giving employees feedback, representing employee concerns in a generic fashion, assisting complainants in preparation for discussions with the other parties, informally approaching a person complained about to discuss the situation, even informally mediating a resolution to a dispute. The key to this position is the credibility of the office and the person in the office. If the person lacks high credibility and trust as a true 'neutral,' the process will not be effective.

5. *Internal and external mediation.* Mediation can take two forms: it may be done by an internal mediator such as an ombudsperson or a staff member drawn from a pool of trained people, or by a true third-party neutral from outside the organization. It is good process to have both forms available, perhaps as different options that depend on the nature and severity of the dispute.
6. *Preventative processes.* The wide range of preventative activities includes training in the conflict resolution system and how to use it, clear communication of the statement of values concerning conflict resolution, skills training for staff and supervisors, and employee satisfaction surveys concerning fairness and the quality of dispute resolution. As a minimum, management must ensure that everyone understands the company's values and its commitment to resolving disputes.

In addition to the above processes, the following principles should apply (Rowe 1996):

- The complainants should be able to decide where and how to enter the system. In other words, the system should not demand that complainants first talk to their supervisors before they can proceed. It should leave that choice to the complainants.
- The responsibility for achieving resolution should rest largely with the disputants. The system should not take the problem out of the complainant's hands, but should assist and help the complainant deal with it and resolve it. There are times, of course, when the system must formally take over and ensure a fair process is maintained, but in general, it leaves the responsibility with the parties themselves.

Rights-Based Processes

The list of rights-based processes is typically shorter. Two of them are the following:

1. Investigation, fact-finding, and adjudication. In some cases, investigation or fact-finding is required to get formal information to base decisions on. The fact-finder may be the ombudsperson, human resource manager, or even the line manager, as long as conflict of interest is strictly avoided. It should be noted that fact-finding in itself, even without a formal decision being adjudicated, can be helpful in achieving resolution.
2. Appeal processes. There should be definite and clear processes for disputants to appeal decisions. There are many processes for appeal, including senior management/CEO review, peer review, specifically constituted boards of appeal with various management and employee representatives and even outside arbitration.

Additional Elements to Consider

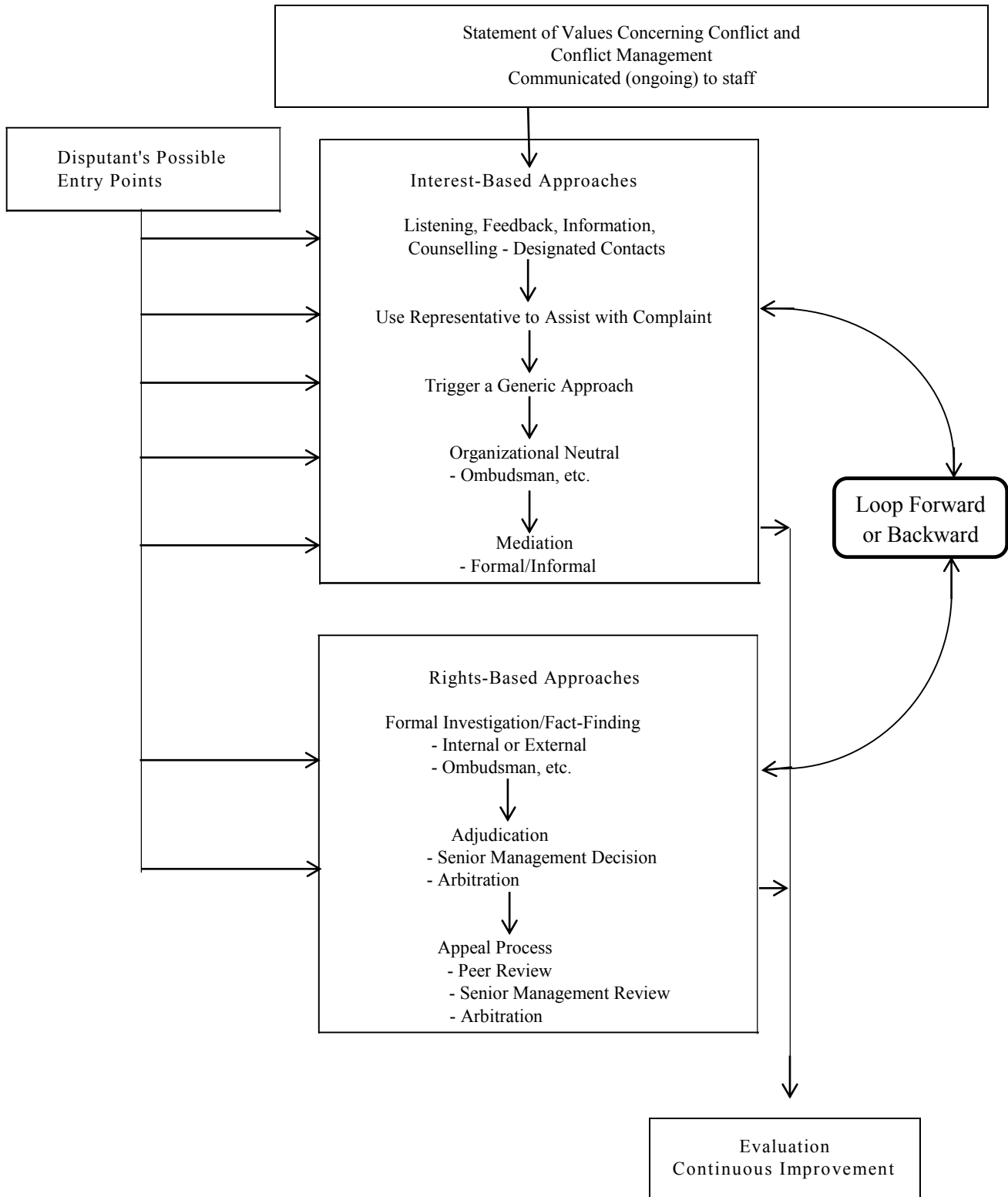
1. *Mix of formal and informal processes.* An ideal model, or template, contains a mix of formal and informal processes for the disputants to choose from. For example, as a first step the complainant could choose an informal off-the-record meeting with the HR manager or ombudsperson or, alternatively, could choose to start with a formal mediation session with the other party. Depending on the nature of the dispute and the nature of the relationship between disputants, they can choose the appropriate type of step to take. Having a mix of formal and informal steps maximizes the possibility that resolution will occur and leaves the decision of how to best proceed with the disputants.

2. *Looping forward and looping backward.* A critical ingredient is the ability of the parties to either 'loop forward' or 'loop backward' during the process of resolution. Most often this implies looping forward or backward from interest-based processes to rights-based processes. For example, during an initial meeting or mediation session, the complainant may choose to loop forward to fact-finding if the facts of the situation are far from being agreed on. And once a fact-finder has issued a report, parties may agree to loop backward to mediation or negotiation, given what a fact-finder has found. This ability, which is usually given to the complainant, is critical for achieving low-cost, high-satisfaction resolutions. Often, parties feel that once something has gone to adjudication or litigation, it is stuck there. They then often feel powerless and frustrated that everything has been taken out of their hands. Looping backward or forward provides a way to maximize the quality of the outcome and to keep the parties involved and responsible for resolution as much as is possible.

3. *Continuous improvement: evaluation and management.* As with any part of a business or organization, the conflict management system should be evaluated and managed with an eye to continuously improving how the system works for the employees. Measurements and statistics must be built into the system to assist with ongoing evaluation. The objectives of evaluation and management include ensuring that the system is being used by a broad cross-section of employees, including all levels of management and staff, men and women and visible minorities; that it is showing itself to be cost-effective (that is, saving the organization both direct and indirect expenses); and that it is making the organization better at what it does.

The flowchart in figure 3 depicts the various processes and principles discussed.

Figure 3 - Flowchart of Conflict Management Model Template



4 Handling Conflict at Eleven Canadian Organizations

Research Approach

The purpose of our study was to find out how Canadian organizations are handling conflict and disputes in the workplace. To this end, we conducted an extensive literature review of the major writing on conflict management and dispute resolution systems and related subject areas in Canada and the United States. In addition, we analyzed the information from in-depth structured interviews with senior HR/IR executives.

We initially contacted senior HR/IR executives at eighteen major organizations that were primarily, though not exclusively, nonunionized. The sample was not random. Rather, selection was based on the authors' contacts in the field, their previous research and consulting experience with several organizations, and the reputation of the companies for having well-developed human resource management policies and practices. The organizations may not be representative of all nonunionized companies in Canada, and it was not our intent to generalize the findings. Instead, given the dearth of information relating to conflict management and dispute resolution systems in Canada, we wanted a starting point for understanding what is taking place in Canadian organizations. We felt that the interview method of research offered us the best approach at capturing what was happening and that senior HR executives could provide us with an understanding of developments both at the strategic level of the organization as well as at the workplace level.

A letter was sent to HR/IR executives at each company outlining the nature of the project and seeking their cooperation in the study. These same executives were contacted by phone to determine whether they would participate. Of the 18 contacted, 11 agreed to be part of the study. Many of the companies are major players in the Canadian economy and represent a blend of manufacturing, high technology, telecommunications, transportation, and service firms (see tables 1 and 2 for corporate profiles). One organization preferred not to be identified, and we have designated that company as Company A. Four of the organizations had unionized employees in addition to a nonunionized work force.

Structured interviews were conducted with each person. A copy of the interview questions was sent to each participant in advance, and interviews, lasting between one and two hours, were taped and later transcribed. In addition to questions on the current environment, including questions about key business and human resource strategies and an organizational profile, the interviews focused on the formal and informal procedures that exist to handle employment disputes, how the conflict management and dispute resolution process works, how it is managed, what training is done, and the effectiveness of current processes.

Table 1 - Corporate Profiles

Organization Industry Group	Year End	No. of Employee s	Profit		Revenue			Assets		
			million	Change	million	Rank	0/ % Change	million	Rank	ov _a Change
Bell Canada ¹ Telephone utilities	Dec-96	44,426	754,000	39	8,700,000	19	6	19,055,000	20	0
Black & Decker Canada Household and commercial appliances and products	Dec-95	na	12,065	na	298,113	155	na	152,763	na	na
CN Rail Transportation	Dec-96	24,064	142,000	113	4,182,000	43	-1	6,236,000	41	1
Company A	Jul-95	na	-40,000	na	2,255,682	na	na	525,000	na	na
Dofasco Inc Steel	Dec-96	7,100	207,300	6	2,968,800	56	11	3,744,500	70	-1
DuPont Canada Chemicals, fibres and specialty plastics and films	Dec-96	3,520	200,012	10	1,852,645	86	0	1,597,191	133	-1
Kidd Creek Division ² Mining and Metallurgy	Dec-96	6,574	247,926	-26	2,290,122	70	-3	3,595,248	76	9
Pratt & Whitney Canada ³ Aircraft engines and parts	Dec-95	na	na	na	1,838,312	31	na	1,428,409	na	na

Source: *The Globe and Mail Report on Business Magazine*, July 1997. na = not available

Note: Data was not available for Federal Express, Snap-On Tools, and Warner-Lambert.

¹ A private company whose major shareholder is Black & Decker Corp. (U.S.), 100%.

² Data relates to Falconbridge Limited. Kidd Creek is a division of Falconbridge Limited.

³ A private company whose major shareholder is United Technologies Corp. (U.S.), 100%.

Table 2 - Size of Nonunionized Work Force

Company	Industry Group	Number of Nonunionized Employees
Bell Canada	Telephone utilities	11,500 ¹
Black & Decker Canada Inc.	Household and commercial appliances and products	750
Company A ²	Technology	2,700
CN Rail	Transportation	1,600 ³
Dofasco Inc.	Steel	7,000
DuPont Canada	Chemicals, fibres and specialty plastics and films	2,340 ⁴
Federal Express	Freight forwarding	3,300
Kidd Creek Division (Falconbridge Limited)	Mining and metallurgy	1,810
Pratt & Whitney Canada	Aircraft engines and parts	490
Snap-On Tools Corp. ⁵	Auto parts and supplies	400
Warner-Lambert Canada Inc.	Pharmaceuticals	1,425

¹ The total work force at Bell Canada is 46,000, with about 75 percent unionized.

² The organization requested anonymity and has been designated as 'Company A.'

³ The total work force at CN Rail is 23,000, with about 80 percent unionized.

⁴ The total work force at DuPont Canada is between 3,600 and 3,700, with about 35 percent unionized.

⁵ The total work force at Snap-On Tools is about 600, with about 33 percent unionized.

Research Findings

The dispute resolution processes described in this study need to be assessed against a larger background—a background of change and innovation in corporate and HR policies and practices in the 1990s. In many organizations, these changes are in response to the fundamentally altered external environment. Productivity, quality, flexibility, innovation, and cost containment have become key drivers in today's business environment. The recognition of the role of employees and their contribution in terms of skills, flexibility, and commitment has begun to play a key role in business strategies and in moving towards a high-performance workplace. Achieving a 'competitive advantage through people' has placed a greater emphasis on the need to take a more strategic approach to managing organizations and employees. Innovative HR management strategies have begun to emerge, as well as a new role for the HR

management function. As part of this innovation and activity, nonunion companies are putting in place conflict resolution procedures to help meet the challenges they now face.

In order to assess the business environment, we asked senior HR/IR executives about the most important external factors driving their organizations, what key business and human resource strategies they were following, and what conflict resolution processes were being used. It should be noted that the companies involved in this study are not what one might call typical, in that they are at or near the leading edge of HR policies and practices. Interestingly, two of the organizations that declined to participate in the study indicated that their HR policies and practices, including dispute resolution processes, may be important capabilities that are hard to emulate and worth protecting. For example, one nonparticipating organization stated that many of the areas of inquiry in our research project touched on subjects that they consider to be 'proprietary' and not for disclosure. In the other organization, the HR/IR executive stated that their conflict resolution process was unique and different and suggested that it could be seen as a competitive advantage for the company.

The Environment

Discussions with senior HR/IR executives confirm the significant environmental pressures that organizations are facing. Without exception, the most important external factor driving these organizations today is fierce competitive pressure. Accompanying this are other factors such as changing markets and industry restructuring and the continuing need to reduce costs, improve quality, meet customer demands, increase organizational effectiveness, and seek new opportunities for business growth, which for some organizations means becoming a more global player or moving into a multinational corporate role. Free trade, deregulation, new technologies, and government regulations and legislation that extend to the personnel area of the workplace are also driving organizations to change.

In order to cope with these environmental pressures, key business strategies are focused on achieving profitable growth,¹⁰ bringing new products into the market, adopting innovative and efficient production methods and making greater use of advanced technology to bring about improvements, and focusing on value-added activities, customer service, continuous improvement initiatives, and lower costs. One executive specifically mentioned that employee development is an important business goal. Two executives indicated that it is important to ensure that 'we keep the focus on our people,' and another stated that trying to increase ownership among employees—business ownership, and ownership over their jobs—is a key strategy.

As many of the HR/IR executives attested, today's business environment and corporate business strategies have had important implications for the organizations' HR strategies. Conflict resolution processes are just some of the many initiatives organizations are engaged in to meet the challenge of change. Among the HR strategies being followed in the organizations in our sample are restructuring, downsizing, flattening the organization, simplifying general human resource policies and guidelines, decentralizing the HR function, training, making sure compensation is competitive, communications, performance management, competency development, succession planning, progression through the organization,

¹⁰ One executive distinguished between the need for growth by expansion in developing economies and growth by extension and evolution in developed economies like Canada and the United States. For this organization, how to achieve growth in North America, where the company is strongly based, is a particular challenge. An important business goal in another company was core business development and capturing economies of scale on a global basis. For a third company, being number one in the business and maintaining double-digit operating income were key strategies.

safety, more team-based and cross-functional activities, increased employee involvement, and organizational development with a concentration on critical thinking skills, business excellence, flexibility, responsiveness, and innovation. In one of the unionized organizations, establishing a positive labour-management relationship with the unions is a key human resource strategy.

HR executives also stressed that the organization's HR strategies have to be supportive of and tied very closely to the business strategies. In their view this was happening in their organizations, and a higher corporate profile for the HR function was also emerging. Executives have seen a move to a more strategic, business-partner role and away from the traditional functional or transactional role. In some organizations, there has been a long history of close connections to the strategic plan of the business units, while in other organizations, this connection represents a recent dramatic shift for HR/IR.

There was clear indication that employees are viewed as a critically important element of the business strategy. As one executive stated, 'the people in the organization are the key driver[s] in our ability to be competitive.' Executives also spoke of the importance of ensuring that 'the right people are in the right jobs with the right skills' and that employees develop self-sufficiency. Two executives discussed the significance of providing employees with the 'tools' to give them control over their own education, their own learning, and their own careers. Several executives commented on their desire to move the organization away from an 'entitlement' mentality to one of 'engagement' and to a 'performance-related' culture. There are attempts to keep employees motivated, committed, mobilized. According to Executive 1,

Our objective is to have everyone's commitment and the desire to support the goals of the organization. That is really what we are working on.

According to Executive 2,

You've got to maintain a motivated work force in the midst of all of this change to be able to be successful. You can define employee relations very narrowly, which is the relationship between a manager and the employee and you can define it as all of HR, or how the company relates to employees. That can range from how it treats people, how it sets up an environment where people can openly come back and challenge a situation that they think may be unfair, to whether we are paying people right, giving them performance reviews, giving them feedback. It depends on how you want to define employee relations. My view of it is that it's everything we do; it's how we treat our employees from an equity standpoint of fairness.

Communications are considered a key to effective employee relations and most organizations are making this a priority. Several executives expressed the view that employees need to know and understand the business realities and establish objectives and priorities to help the organization accomplish its business goals. For example,

It's really important that the employees know and understand what our business strategies are . . . it's really important that we spend a lot of time with employees to really put forward a business strategy, and we think it is critical that the employees be on-side so that they are prepared to change.

Indeed, one executive stated that involving employees more in making changes happen has been their strength, and another attributed the significant improvement in company performance to their ongoing attention to people issues.

There have also been efforts to get employees involved to a greater degree in the business. Executives pointed to more information sharing and an increased use of committees, joint employer-employee initiatives, and team-based work groups. There is also a greater incidence of joint initiatives in unionized workplaces. At the same time, it was stated that employees are also vocal about participation and want to be part of the organization, that is, 'they want to be involved and they want to be part of the decision making process.' Moreover, as one executive explained, 'we have a better informed work force today than we ever had before in our history, a work force which is more knowledgeable about the big picture, is capable of understanding the realities of our situation.'

While executives in the nonunionized organizations felt that it was very important that they remain union-free, only one executive clearly stated that 'our key strategy in the human resources area is remaining union-free.' Several reasons for wanting to remain union-free were given:

- to let customers know there will not be work interruptions because of a labour dispute;
- to deal with employees on a one-to-one basis 'without third-party intervention';
- to avoid the stress and strain that unionization would impose on the ability to be collaborative;
- to reinforce what the company stands for in terms of respecting and treating employees fairly;
- to have flexibility in working relationships with employees, in order to meet customer demands and make and implement changes quickly; and
- to avoid the costs of unionization, which one executive estimated would be \$1.5 million.

Most of the nonunionized organizations have experienced organizing drives over the years. In a recent attempt at one operation, the employees voted 84 percent against certification. According to another executive, a grievance-type procedure was put in place for nonunion employees after a unionization attempt two and one-half years ago.

From another perspective, one organization took the position that they could operate with or without a union, while another stated that the existence of a union is an indication of poor management.

We certainly don't point to facilities that are unionized and say that's the cause of their problem. It's management. If you do not manage the process, if you do not manage the organization well then of course you get what you deserve . . . you have to treat people with respect, with trust, you have to listen to their concerns, and as long as we treat people fairly and consistently, we'll never have a problem [with unionization].

Unions aren't bad or good, it's what the work force needs... in a lot of cases unions arrive because there is the need for that third party. Usually it's a management issue that has caused the problem.

Another executive revealed that within the organization one of the best sites in work practices and high-performance work systems happens to be a unionized site, and 'they have been at the forefront of change and change management.'

At the same time as employees are being viewed as an important element in an organization's success and competitive ability, there have been changes in management style. Several executives spoke of moving away from a paternalistic or authoritarian military style of management to one where employees are given more autonomy, latitude, and increased ownership. One executive emphasized that in the organization 'we want people to own the business, own their job, own the customer, and find a solution quickly and be responsible.'

It is against this background that the dispute resolution processes found in this study must be evaluated. The HR/IR executives we interviewed clearly felt that employee voice and conflict management are important for the organization and that productivity, teamwork, and morale are positively affected. None of the executives indicated that conflict resolution was a key piece of their HR or corporate strategy. However, several executives pointed out that employee voice and conflict management are linked with overall people processes within organizations. Four of our respondents made the following points:

Executive 1. 'If employees feel they have been treated unfairly or their issues have not been addressed in a timely fashion, then in all likelihood their attitudes, which include productivity, teamwork, and trust, are going to be negatively impacted.'

Executive 2. 'It is very important that we manage conflict. It is very important that we manage all of the "beefs" that come through the organization. There is generally an openness with the workforce and the management group, and the whole issue of trust is one that is always on the line no matter what you do. So, it's extremely important that we not only hear what people are saying but, in fact, we do take action and take it very quickly.'

Executive 3. 'Employee voice is essential. Getting issues out on the table—business issues, financial issues, people issues—and dealing with them fairly promptly and purposefully is all part of voice, conflict management, and people processes tied together.'

Executive 4. 'Everything we do in our human resources area whether it's ensuring that our compensation benefits are competitive, ensuring that we have career opportunities in place for our employees to ensure that they remain with the company, ensuring that our practices are fair and equitable, having programs where our employees can feel they have resolutions to any problems they have, we try to come back to our employees.'

Some HR/IR executives were also quick to point out that one has to be careful not to read too much into statements that 'our people are our best asset.' For example, it was stated that while that is the intent, it is not always easy to live up to it in practice. One executive drew attention to this by saying that although people processes are the third leg of the business planning stool, 'in our typical fashion we spend 90 percent on the financial in our planning process, 10 percent on technology, and the rest on people.'

Not surprisingly, there has also been significant fallout from some of the business and human resource strategies that organizations have been following. With the exception of only two, all organizations experienced declines in the size of their work force in recent years. There is no question that for most organizations, the downsizing has caused workplace disruption. At one nonunionized operation, downsizing was significant enough to cause a fairly strong direction towards unionization. There was a consensus among those interviewed that employees are being asked to do more.

Executive 1. The downsizing is based on the premise that we are going to remove the work, find new processes that are more efficient, shorter, with more mechanization . . . all of those factors to do the work in lieu of people. But, in some instances, the new processes are not in place; the systems are not delivering as much as we thought, so people have to work more.'

Executive 2. 'People are coming to us because they will not have a job in this company. They are coming to us because they are afraid to express themselves about a lot of things, because they are afraid to lose their job. This is clearly associated with the fact that we are changing a lot of things at the same time in this organization.'

Executive 3. 'The standards as far as the calibre of the employees that we require and the complexities of our business are substantially different than they were two or three years ago. That has created some discomfort as employees have watched their jobs go from being fairly consistent to suddenly being pressed almost on a daily basis to look at different information, to look at different and new marketing challenges and come up with solutions. Before, they came up with solutions within a fairly tried and true method of doing things. Now, the organization is asking them to go into areas where they've never been before and to be creative and innovative and quite honestly, that hasn't always necessarily been our strength. We've been highly regarded and extremely successful. We've had a group of people that have done extremely well, and now you've placed them in a different environment where they haven't had the expertise, the education, training, and development, and that creates some backlash, some problems, some anxiety.'

Executive 4. 'Our employees are under more stress for productivity as we feel the competition heating up. It is putting more pressure on us to become better, more effective at what we do. Some of our employees, particularly those who have been around for a long time, are feeling that we are asking a lot of people.'

One executive characterized the 'Jekyll and Hyde' nature of downsizing and its impact on the employee relations environment in the organization:

Employees here would describe the environment and what they are being asked to do as 'challenging.' They would describe what they are being asked to do as being 'stretched.' They would also say that the work is 'seductive,' which can have both positive and negative connotations in that the work itself is perceived to be adding value, but there is probably more of it than there has ever been . . . it does have some elements of overwork; it does have some elements of burnout, but it also has elements of optimism around the future of the organization.

Other executives described their employee relations environments as very stressful, with uncertainty, anxiety, and heightened expectations. Flattening the organization, delaying management structures, and reorganizing the workplace to involve employees more and make them more autonomous has also worried front line managers and has become a sensitive issue in some organizations. The observation was also made that in unionized environments, downsizing initiatives and recent tough bargaining rounds were disruptive and disconcerting to union-management relations.

Executives also indicated that more demands are being placed on the human resource function in organizations. For example, in some organizations, there has been more autonomy for the business units but a sharing of services such as finance, human resources and information systems, creating a dual role

of having to take control and yet at the same time to relinquish control, with an emphasis on greater collaboration.

In summary, we have clear evidence that organizations are undergoing significant changes emanating from a drastically altered external environment. Paradoxically, at the same time that the role and contribution of employees is being widely acknowledged, the demands and expectations being placed on employees are creating disruption and anxiety in the workplace. For the organizations in our sample, employee voice, conflict management, fair treatment, and communications are considered to be important in today's difficult business environment. We turn, then, to the types of procedures or systems that are in place to handle employee concerns and deal with conflict in the workplace.

Nonunion Conflict Management/Dispute Resolution Processes

The dispute resolution processes in place were many and varied. They varied in terms of the types of processes used, the degree of formality, how the process worked, its scope, and how it was managed. However, several common features were noted. First, the nonunionized organizations in our sample did have conflict management processes. These were internal processes, that is, none of the procedures provided for the resolution of issues by a third party outside the company or included arbitration as a final step. Second, several organizations provided for more than one process, often combining both informal and more formal approaches. Third, given the professed importance of employee voice, employee involvement, and conflict management to organizations, we were somewhat surprised to find that few organizations today have a clear, formal system for conflict resolution. In most cases, conflict is resolved in a piecemeal, one-off fashion. In several organizations, formal processes are tail-end and minimal. Fourth, an overwhelming majority of executives stated that a key objective in conflict management and dispute resolution was that concerns or issues be resolved at the lowest possible level in the organization.

Types of Processes

The more informal approach to conflict resolution is evident in the prevalence of the loosely defined open-door policy among our sample. Virtually all executives purported to have an 'open door,' although as one individual stated, 'some may say it is an open-door policy, some may say it's a closed door.' Not all organizations formally document this type of policy, and the process tends to be used in an ad hoc manner. In some organizations, the intent is that employees can take their concerns to any level of management at any time, even to a senior executive level, including the CEO or the president. However, it was generally pointed out that employees are usually expected to resolve any issues at the lowest level, usually with their immediate supervisor. In one organization, the HR/IR executive felt that 60 percent of the issues are resolved at the lowest level, step 1 and another 30 percent at step 2, with the remaining 10 percent or fewer proceeding to step 3. In the majority of organizations, a dual approach to the resolution of a conflict is possible. In addition to their manager or supervisor, employees also have the opportunity of taking an issue or concern to the HR department, whose role in the conflict resolution process will be discussed later. Appendix A describes the open-door policy at one organization.

Another common type of conflict resolution process was senior management review, often used in combination with or as a variation on the open-door policy. Nine of the eleven companies in this study stated that this procedure is available to employees. As with open door, entry points for access to senior management vary. In general, it is often the case that if employees are not satisfied with the outcome at

the first level of supervision, there are opportunities for review by successively higher levels of management, and the concern or conflict is escalated up the management ladder.

Less common were peer review processes. Four organizations had committees made up of employee and management representatives. These peer review committees vary in terms of size, the scope of the issues dealt with, the manner in which representatives are selected, and the degree of formality in terms of time limits, steps, and so forth. Appendix B describes contrasting peer review procedures at two organizations. In the first case, committee employee representatives are nominated and selected by their peers through a voting process and management representatives are appointed. Employees are required to first discuss the problem with their supervisor, manager, or HR. If the conflict is unresolved, it can be taken to the committee within a specified time period. The committee meets on a regular basis to discuss problems or concerns in the workplace. Minutes of the meetings are posted, but names of employees are kept confidential.

In the second case, the peer review process is more formal. A fairness committee is comprised of twenty volunteer employee representatives, and the management team and all members receive specific training on reviewing employee complaints. The employees on the committee must have a minimum of three years' service and serve on the committee for five years. A four-step procedure, prescribed time limits, and a written complaint are required if the problem is not resolved in steps 2 and 3. At step 4, appeal to the general manager or the fairness committee is possible, and each appeal is reviewed by a panel consisting of five fairness committee members, two managers, and three peers. The panelists are chosen randomly by the employee filing the appeal and human resources facilitates the process. The panel decision is final and binding.

In another organization, a peer-group tribunal process operates at the nonunion plants and facilities in the United States, with a modified version of it at one facility in Canada. In a fourth organization, a peer review procedure for terminations is being piloted in the United States and is expected to be introduced into Canada.

The ombudsperson model of conflict resolution was rare, with only one organization having a formal process of this type (see appendix C), together with informal processes such as open-door policies. As the HR/IR executive interviewed explained, the more formal ombudsperson process makes sure that 'the informality isn't ignored or felt to be inappropriate.' Before it was introduced in 1992, several forms of alternative dispute resolution were analyzed. According to company literature, 'the ombudsman solution was approved as offering the most "pros" for all stakeholders.' The original purpose statement reads:

The purpose of providing an ombudsman service is to extend our ability to resolve personnel issues in a way that

- complements and improves existing processes,
- meets a declared employee need,
- is non-threatening to individuals,
- is fair, equitable, and timely,

so that interpersonal behaviour, personnel actions, and employee motivation will be increasingly aligned with business direction.

The ombudsperson reports to the vice-president of human resources. In four other organizations, HR/IR executives indicated that managers or HR representatives provide a type of ombudsperson role. In one company, the employment equity function is used 'as a formal ombudsman agency to raise concerns,' and in another company, an ombudsperson is set up for field-department marketing employees, industrial sales people, and external franchise dealers.¹¹

Other employee voice or conflict resolution procedures are also available. All organizations have a harassment policy. This is one area where there is a comprehensive, clearly defined, and articulated process for dealing with discrimination, sexual as well as other forms of harassment, and human rights issues. Harassment policies tend to be separate from other conflict resolution procedures. One executive mentioned that the organization was starting to use trained peers to investigate harassment claims. Two organizations have a code of ethics which outlines the companies' behaviour practices and standards of conduct in business dealings.¹² One of the organizations has an ethics office of senior managers which handles any issues or concerns regarding business ethics and also plays an educating role in terms of communicating and training employees in the appropriate way of dealing with situations internally—that is, employee-to-employee—as well as externally with customers, partners, vendors, and so on.

Of course, in organizations with unionized facilities, the grievance procedure is available to unionized employees. These union grievance procedures appear to be fairly standard formal, multistep processes with specified time limits for submission and response. The executives interviewed indicated that some organizations are attempting to change their approach to resolving union grievances. Areas of change include

- agreement with the unions for informal discussion between unionized employees and supervisors to try and resolve an issue before a grievance is filed;
- use of a mediation-arbitration process prior to arbitration to resolve outstanding cases;
- expedited arbitration;
- shortening the grievance process by reducing the number of steps before going to arbitration in order to encourage people to address the problem at the initial stage.

One company is currently examining a mediation process for its franchise dealers as a step prior to arbitration.

Several organizations viewed their conflict resolution processes as part of their overall communications policies and objectives. For example, the open-door policy and employee-management committee at one organization provide ways in which the company 'keeps the lines of communication open,' because 'open, honest two-way communication helps all . . . employees get involved in the company and contribute to its success.' One executive viewed the peer-group tribunal process as helping 'create some communication.' Another stated that a key element in creating positive employee relations was 'communicating on a regular basis and resolving their issues in a timely fashion.' The conflict resolution processes at one organization were considered 'employee communications vehicles designed to engage workers in honest,

¹¹ The franchise dealers are not employees of the organization.

¹² Among the areas that one code of ethics addresses are compliance with laws, antitrust compliance, employment discrimination and harassment, occupational safety, environmental matters, accounting and internal controls, conflicts of interest, inside information, improper payments, and gifts, gratuities, and entertainment.

two-way dialogue.' One organization has an anonymous complaint process called Dialog, which is a confidential communication program that provides a written response to any questions and concerns (see the final section of appendix B). Another company has a similar process available through its open-door program, which is designed to address employee complaints and questions on corporate policies. A hot-line phone system, internal to the company, is also used in one organization.

Features of the Processes

In keeping with the more informal conflict resolution processes used by the organizations in our sample, we found that only a very few companies require that the complaint or concern be put in writing. Several executives indicated that verbal discussion of issues or concerns reflects the emphasis that is placed on the informal day-to-day and one-on-one approach that most organizations take. One executive described the conflict resolution process as 'more values-based' and therefore not formalized. Another characterized the process as marriage counselling, in the sense that 'it is essentially having both individuals outline what their expectations are of one another with respect to the conflict that they are having, and then sharing that with one another and getting some kind of resolution or agreement on those things that each of the other individuals can agree to, and then working through the elements that they don't have agreement on.'

This informality means that most organizations have few specific written steps. As well, in lieu of specific time limits in processing a complaint, most organizations rely on the supervisor or manager to deal with issues that arise 'at that moment' or 'when they occur and make sure that any delay is reasonable.' In some cases, written complaints are required later in the process, as the complaint escalates up the management hierarchy. There are two exceptions to this more informal approach. In the area of harassment complaints, written statements or guidelines, time limits, and certain steps are required. Also, some organizations have more formal procedures regarding discharge issues.

The scope of the conflict management process is fairly wide. Among the organizations in our sample, all employees are eligible to use the process. There are also few restrictions on the types of issues or concerns that can be raised. In one or two organizations, issues related to promotions and employee benefits are ineligible. In some organizations, an employee assistance plan is used to handle personal problems relating to finances, substance abuse, and so forth. In general, the conflict resolution processes permit all employment-related issues to be discussed. Most executives revealed that it tends to be the application of employment policies, not the policies themselves, that can be handled through a conflict resolution process. One organization has a separate process to handle complaints about the policies themselves.

Some of the organizations do have formal written guarantees of fair treatment and/or no reprisal for voicing complaints, and these guarantees are built into the process. In other companies, executives stated that while there are no formal guarantees, the intent is there. One executive stated, 'I take [a guarantee of fair treatment and no reprisal] as a personal responsibility, to ensure that it does happen.' Another executive stated, 'we try and walk the talk of doing the right thing and therefore, reprisal would clearly be viewed as wrong.'

Final decision making on issues and concerns tends to rest with the head of the business unit or operations. In some organizations, HR has the ability to influence the decision. In organizations with employee-management committees, the committee is often the final decision maker, and in one organization, the HR/IR executive is the court of last resort. In one organization, the committee makes a

recommendation to the general manager. Another organization has an international appeals board comprised of senior executives whose decision is final and binding. In the organization with a formally designated ombudsperson, 'he has no formal power to adjudicate a binding solution.'

Experience with the Processes

While there are formal and informal processes in place to handle employee complaints, concerns, or disputes, they do not seem to be accessed or used frequently. Executives indicated that few issues escalate to the top of the organization. This may mean that problems are getting resolved closer to the issues, or it may mean they are being stifled. As well, people may not feel that they have an opportunity to bring concerns forward or that they have a way to escalate the issue, either internally or externally.

Few organizations document the use of the various formal and informal processes that are available or track the types of issues that arise. According to some executives, 'we don't like putting a system in place that simply moves pieces of paper around. We don't see much value-added in this'; and as one respondent put it, 'I'm not sure that we want to start tracking this and get bogged down by the paper flow.' HR/IR executives generally felt that there have been fewer conflicts in the workplace in recent years. They attributed a fall-off in activity to changes in management style and a move away from hierarchical organizations and paternalism to self-managed work teams and more employee involvement, more line responsibility for 'people issues' and matters being resolved closer to the issues, better communication with employees, a more knowledgeable and better informed work force, and societal changes involving a greater awareness of human rights and less tolerance for harassment in the workplace. One executive felt that one reason for fewer complaints in the organization during the past year was that the HR department had set an objective to become more proactively involved and to put more emphasis on mediation. Interestingly, an organization which is now asking managers and supervisors to document conflict situations has, as a result, noticed a slight increase in activity. One speculates whether more documentation and tracking might reveal a higher incidence of conflict within organizations. An executive did state that 'often, you don't realize you need a new pair of shoes until the old ones start to hurt.' In this company, it was felt that the organization had not reached the point where conflict 'was a significant enough issue.' This executive and others contrasted this state of affairs with disability claims, for example, where tracking and monitoring are being done in order to understand what is happening and how to achieve resolutions early on. Indeed, one organization was using alternative dispute resolution with disability management at the Workers' Compensation Board.

When asked whether there were any changes in the nature or types of issues arising, some HR/IR executives indicated that human rights issues were more prevalent than in the past. Two executives felt that job security issues had increased, and others believed there were now more disputes over training and promotions.

How the Processes Are Managed

Responsibility for the design of the conflict resolution process tends to be with the HR management function, and in some organizations line management or the business units are responsible for use of the process or are accountable for ensuring that the policies are adhered to. In other organizations, HR administers the program. One executive stated that HR 'prompts the process.' Generally, in most organizations in the study, HR plays a facilitating, counselling, or enabling role in resolving issues and

problems, acting as a consultant to the manager or supervisor, as well as to the employee. As our respondents put it,

- HR practitioners are expected to deliver service to all employees on [employment issues] as required.
- The HR person is neutral.
- The HR manager is viewed as the person who can represent the employee as well as the business so s/he tries to have that balanced view.
- With Human Resources, we have been trying very hard to get people to appreciate the fact that we are consultants and that we do have an understanding of what the business needs are, but at the end of the day we are consultants to both [employees] and to the business managers.

While the HR representative typically plays this dual role, in one organization the HR person was clearly the employee advocate, that is, 'in issues of human resources, employee relations people will . . . take the part of the employee.' The HR/IR executive in this company strongly believed that while HR strategies have to be tied very closely to and be supportive of the business strategies, in areas of fair treatment HR has to operate totally independently of operations. Another executive also stated that HR officers in the company often advocate on behalf of the employee. In contrast, in another organization HR plays a strictly facilitating role in conflict resolution, and there is little option for employees to use HR to move forward on an issue. Several executives emphasized that in dealing with issues and conflicts, the focus is on 'what is right, not who is right.'

Most executives agreed that assistance is provided by HR to employees and/or managers. This assistance included explaining to employees how or whether they should proceed, that is, how to voice a complaint or concern, how to articulate the issue or write it up if that is required as part of the process, where and to whom they should direct their concerns, and in some cases actually accompanying the employee during a meeting with a supervisor or manager. Similarly, the HR person helps the manager or supervisor understand and interpret the policy. The HR person may also act as a mediator in clarifying the complaint and working with the employee and the manager to get the dispute resolved, or HR will step in if an issue between an employee and manager is unresolved. Despite their willingness to assist and advise, executives indicated that organizations are also attempting to move people issues, including conflict resolution, out into the field. As one HR/IR executive stated,

We are trying to take personnel out into the organization so that it's not just a case that personnel belongs in head office but that it belongs to all of the employees and managers. So, as a manager out in the field, we expect that this individual can address an issue with their employee. If they need help we will give it to them, but the message should be coming from them as well.

One organization is undergoing a transition in this area. Previously, there were liaison officers in the business units who were a separate group of people responsible for all employee complaints, concerns, or issues and who were specialized in that field. This group provided assistance to both managers and employees and reported to the vice-president of HR. The organization is currently in the process of transferring these responsibilities, with the exception of human rights issues, to the HR consultant in each business unit. The liaison officers will now deal only with human rights situations.

It is difficult to determine how centralized or decentralized the conflict resolution process is within the organizations in our sample. For the most part, organizations with a corporate policy on conflict management or dispute resolution use those policies to 'effectively define the boundaries' of what can or cannot be done, and each business unit deals with the various issues that come up, within the boundaries of these policies. So, typically, the process is centralized on paper but decentralized in the application. Organizations with informal processes tended to have a combination of 'loose-tight' consistency. For example, in one organization, a 'solid base of values and principles' drives the process, and while the principles are the same across the organization, the different units have freedom in applying the principles in certain areas so the guidelines are similar but not identical. In some organizations, HR representatives in the business units ensure consistency of the process. While it is acknowledged that this results in some discrepancies and decisions or judgements that are not consistent across all lines of the business, for many HR/IR executives, consistency is less significant. What is more important is that problems are resolved at the lowest level possible, closest to the situation and that employees and managers take more ownership over resolution of their concerns. Some feel that with an ombudsperson or a union there is a danger that employees and management will abdicate ownership for resolving any issues themselves. As they put it,

To a certain degree we really have the employees taking a more hands-on leadership role in their own jobs. . . . We want everyone to know that they can resolve the issues themselves.

We are trying very hard not to set up a conflict management process that says, 'You have the right to go in this direction if you so choose.' We are trying to find a way to get people engaged in solutioning as opposed to putting it into somebody else's hands to make a decision. . . . We are trying to get out of being the arbitrator, notwithstanding that there will always be situations where we will need some conflict management or arbitration-type services in the organization.

The informal nature of conflict resolution processes in most organizations is reflected in the way in which the organization informs employees about the options available to them if they have a problem, issue, or complaint. While some have formal written procedures in the employee handbooks, human resource policy manuals, pamphlets, and brochures (see appendices A to C) or discuss the processes during orientation sessions, meetings, or on a day-to-day basis in departments, for the most part organizations rely on supervisors and management, including HR staff, to communicate details about where and how an employee can voice concerns, once such concerns arise. Several HR/IR executives readily acknowledged that these processes are 'probably not something that everyone knows about' and that organizations are more reactive and less proactive in this area. As one executive stated, 'I don't feel that we have a very comprehensive, articulated, and well-defined process for conflict management or conflict resolution from top to bottom in the organization.' According to one comment about how employees find out about their options, 'They sort of absorb it. . . . We don't have a broad set of communications around that.'

Culture also plays an important part. For example, in one organization, 'culture is really the substitute for huge communication and brochures and official procedures, all of which tend to get lost in drawers or out of date. . . . We appear to be reasonably successful at instilling, inculcating, and nurturing that culture.' Some executives emphasized that their organizations' commitment to ethics reinforces a problem-solving, values-based approach, and therefore there is less reliance on formal processes, while others felt that their codes of ethics reinforced the formal approaches. In organizations with more formal processes, extensive communication is done including posting the procedures in lunch or break rooms in the workplace.

Training

Very little training in conflict resolution per se is taking place in these organizations. Instead, most executives indicated that managers or supervisors receive training on conflict resolution as part of management development or leadership training, together with training related to negotiation skills, communication skills, listening skills, conducting performance reviews, sexual harassment, coaching, labour relations, financial management, performance management, or dealing with employees. In some cases, HR may offer sessions on specific policies and processes in the organization. In one company, the focus is on coaching or building the elements of how to interact with employees and on consultation and group facilitation, including problem solving. One executive did state that their 'management essentials training' for first-line supervisors includes a module on conflict resolution. In another company, leadership training includes a session on the formal conflict resolution process itself, as well as training on mediation. One organization, which uses employee-manager committees as part of the conflict resolution process, provides no formal training for committee members but expects them to have credibility in the workplace and varied work experience. In another company that also uses committees, all members are specifically trained to review employee complaints. One executive stated that the company is committed to intensifying its training efforts on conflict and communication in 1997.

Organizations in this sample were also looking at competency modelling and training based on core competencies and are at various stages of development in this area. Some were still working through defining the competencies. Others have identified competencies for managers which relate to leadership traits or have developed competencies necessary for certain segments of their work force, for example, sales, and provide training around these competencies. In some cases, competency modelling is also being used to identify those activities that are not considered core and can therefore be eliminated or outsourced. In general, however, conflict management or dispute resolution skills are not identified as a core competency, or if they are a key competency, they are often not a separate one, or they are called something else. For example, one executive stated: 'I'm not sure we call it conflict. The critical interface is the role we call "coach," since you are trying to get employees on the teams involved in everything and the coach needs to be able to get them involved and to resolve any conflict.' In other organizations, conflict management comes under competencies such as communication, problem solving, team-building skills, employee relations, and so forth.

Effectiveness of the Conflict Management Processes

Not surprisingly, the HR/IR executives interviewed for this study expressed satisfaction with the effectiveness of their organizations' nonunion conflict management or dispute resolution processes and felt that the processes reflected the organizations' values and objectives, including their HR strategies, and that they were responsive to employee concerns. HR/IR executives believe this effectiveness is reflected in various ways: most issues are resolved at the lowest level in the organization; there are few issues that need to be mediated or arbitrated; there is very little litigation; there is more openness and employees are more relaxed about bringing issues forward; the process is more proactive than it was in the past; employees use the process; the processes that are in place are fairly stringent in making sure that people are treated fairly; and many complaints or issues are resolved before the employee enters the formal process. Some executives indicated that the effectiveness or success of any HR policies, practices or procedures—including fair-treatment processes—depends on the person managing the process.

Some respondents pointed to a need for improvements in the communication process, more employee involvement, and more shop-floor ombudspersons, in order to get someone 'closer to the action.' One executive talked about introducing a plan to cross-train supervisors and rotate them because sometimes supervisors 'get too close to their people.' Another speculated whether formal complaints-resolution procedures should be instituted. It was stated that 'certainly, organizations that do have this have the ability, at least, to say to their nonunion work force that there is a process in place to use if they choose to avail themselves of it. Perhaps even having the mechanism is an endorsement that the organization is willing to hear and resolve the concerns of nonunion people.' Another commented that 'there is a need . . . to make sure that people perceive that they are treated fairly as persons.' Alternatively, several executives also commented that there were certain features of the conflict resolution process within their organizations that they did not want to see change. For example, one executive wants to continue to see the HR person as a third-party advocate for employees and would still like to see the senior person in operations have final decision-making authority. Another felt that if the process becomes too formal, it will not be used and that there needs to be a more flexible process than the union grievance procedure. One organization is struggling with the entire issue of policy and procedure and would like to move away from the restrictive, lengthy, detailed manuals and binders.

In comparing their nonunion conflict resolution process with a union grievance procedure, some HR/IR executives felt that the nonunion process offers face-to-face discussion with employees, permits a management-level interface that provides an opportunity to talk out issues, provides more timely resolution of issues with fewer delays, and has more built-in accountability at each step.

While some organizations survey their employees or managers periodically, few specifically measure employee satisfaction with the conflict resolution process or how effectively the process is operating. Of course, there were one or two exceptions to this in those organizations with formal processes in place. Some organizations have moved away from the all-employee and general satisfaction surveys and are doing more pulse or focus-group surveying in attempts to get more qualitative as well as quantitative information about specific initiatives. One organization builds an evaluation piece into any significant organizational changes that take place. Most organizations do use a variety of feedback mechanisms including newsletters, performance appraisals (including some use of 360-degree peer review), regular meetings, employee assistance programs, and suggestion boxes. One organization was looking at using the Internet as a means of communicating with employees and providing for a feedback loop.

Not many organizations use alternative dispute resolution to handle external disputes with customers, suppliers, or other companies. Instead, most of these matters are handled internally without outside mediation or arbitration, i.e. negotiation with the other party, leading to litigation as the next step, if needed.

5 Observations and Conclusions

This study provides a better understanding of conflict management and dispute resolution processes in nonunionized workplaces in Canada. While it is difficult to generalize, because companies in this study may not be representative of other nonunion employers, we can make several observations about the conflict resolution processes in these organizations:

- The processes are internal, that is, none provides for the resolution of issues by a third party outside the company or has arbitration as a final step.
- The dispute resolution processes in place are many and varied. There is clearly no one best way. What seems to be occurring is a lot of experimentation.
- The majority of processes are informal and rely heavily on open-door policies, either solely or in combination with other types of conflict resolution or complaint processes—typically, senior management review. Peer review and ombudsperson-type processes are rare. Organizations with a unionized work force have a standard multistep union grievance procedure.
- For the most part, organizations do not broadly communicate information about their conflict resolution process. There is a strong reliance on managers and supervisors, HR, or the 'culture' of the organization to make employees aware that there is a process available.
- Few informal complaint processes are documented in writing. The more formal processes have a written purpose and/or a description of the process with specific steps and time limits occasionally specified. Comprehensive and clearly defined processes exist for discrimination and harassment complaints.
- The informal and formal processes are available to all employees, and there are few restrictions on the types of issues that can be brought forward.
- Few processes provide a written guarantee of fair treatment or no reprisals, particularly if they are informal processes.
- With the exception of a peer review and some employee-manager committees, management retains control of the process. The final decision maker is not independent of management.
- Little tracking and few statistics are kept on use of the process or types of issues that arise. While formal and informal processes exist in organizations, they do not seem to be used frequently. There is a general sense that there have been fewer conflicts in the workplace in recent years.
- The HR department usually is responsible for the design and implementation of the conflict resolution process. HR plays a facilitating role, generally acting as consultant to both employees and management. Line management or operations are typically responsible for use of the process or for ensuring that policies are followed.
- The emphasis is on resolving issues at the lowest level and as close to the situation as possible, with employees and management taking ownership over conflict resolution.
- Training on conflict resolution is minimal in most organizations, although managers and supervisors may receive such training indirectly as part of management development or first-line supervision training. Conflict management or dispute resolution skills are not clearly identified as a core competency.

- Executives are satisfied with the effectiveness of their conflict resolution processes. Few organizations measure how well the process is working or how satisfied the stakeholders are with the process.
- While some organizations are trying to change their union grievance procedures and making greater use of mediation-arbitration or expedited arbitration, few organizations use alternative dispute resolution mechanisms with their nonunionized work force or with external customers or suppliers or other organizations.

Given the growing interest in alternative dispute resolution, the increased legalization of the workplace, particularly in the area of human rights, and the importance of moving to high-performance workplaces, we were surprised to learn that conflict management and dispute resolution are not a more significant piece of contemporary strategic HR initiatives. HR/IR executives confirmed that tremendous change is occurring and that out of this spin the disruption, anxiety, and insecurity that these changes and new demands place on employees. However, the key driver in most organizations today is the competitive environment and the problem of how to make the company more responsive to these pressures, not how to resolve conflict or prevent it from arising.

Executives recognize the contribution of HR policies in leveraging organizational effectiveness, productivity, and competitiveness, the close links needed between HR strategies and business strategies, the key role that employees play in business success, and the importance of employee voice and conflict management. As our research confirms, internal dispute resolution procedures are in place in these organizations. However, they are not well-articulated, well-developed, or communicated effectively. Evaluations of the use of and the level of stakeholder satisfaction with dispute resolution processes are infrequent. The one exception is the specific focus placed on resolving complaints or disputes concerning harassment and discrimination, where there tend to be formal policies and guidelines. Dispute resolution tends to be part of broader HR initiatives or communications policies aimed at managing the workplace more effectively. In several of the organizations, dispute resolution is not a major component of HR strategy.

What appears to be more important to employers is that organizations are perceived as willing to deal with concerns and perceived as providing fair treatment. Despite a great deal of 'good will,' dispute resolution procedures may not always be administered in the intended way. There are few procedures that guarantee fair treatment or no reprisal.

Given the current level of expressed satisfaction with their effectiveness, there is no overwhelming interest in changing internal dispute resolution procedures in our sample of companies. As long as competitive pressures continue—and barring any major union organizing drives which may pose a threat to the status quo of employer-employee relations—we expect to see a continuation of internal dispute resolution processes focused on the more informal approach at the line management level. While they may be experimenting with other forums for increasing employee voice, such as employee involvement, teams, and so on, these organizations are not going on to the next level in terms of their conflict resolution systems. In some respects the aims of those practices associated with the high-performance workplace seem to be disconnected from what is happening in the area of dispute resolution processes. Conflict management and dispute resolution processes are not considered key HR policies to meet the challenges of the 1990s. Yet research has shown that 'how a system is administered and how an alternative dispute

resolution system fits into a larger employee relations or human resources strategy may be more important than the type of system chosen' (Blancero and Dyer 1996, 356).

In this study we outlined the key principles and features of an ideal conflict management and dispute resolution system. In our sample, we find no employers that have a system with all these features, although some did come closer to the template than others (see figure 3, above). We want to repeat that there is no perfect model and that conflict resolution systems may be hard to emulate. Each system must reflect the organization's goals, structure, and culture. What we are suggesting is that those contemplating the adoption or adaptation of conflict management processes may benefit from comparing their approach to the integrated model described in this paper. It is equally important that organizations be aware of and understand both the strengths of their processes and the potential pitfalls they may face. For organizations, there may be strategic reasons for taking a closer look at conflict management and dispute resolution and assessing the importance of well-designed and effective internal options which are integrated with each other and with overall human resource strategy.

Some Issues for the Future

As noted earlier, in our sample of companies there are few procedures that deal with fair treatment. Other studies have stated that not only is 'an effective due process procedure . . . an integral and necessary feature of a successful human resource strategy' (Blancero and Dyer 1996, 344) but

[a] nonunion complaint resolution system is valuable only if employees and workers are not oblivious to it—that is, they must be totally aware of it and knowledgeable about how it works in terms of its procedural nuances. Therefore, human resource managers must do an excellent and thorough job in publicizing this aspect of the nonunion employment relationship through the proper organizational and employee communication channels. Employees must also observe that absolutely no retribution from management ever takes place against those workers using the procedure. (McCabe 1988, 176)

Management has a great deal of discretion over the internal conflict resolution process and in many cases retains final decision-making authority. Although the intent is to focus on 'what is right and not on who is right,' a problem-solving approach intended to be based on the interests of all the parties has the potential to revert to the manager's right to make the decision. Given this substantial discretion, management as well as employees may be fairly skeptical of any third-party process that they perceive to be beyond their control. This has important implications for the organization's state of readiness for ADR.

Furthermore, as in other areas where HR systems are being designed to meet the needs of line management, conflict management and dispute resolution are also devolving to the line, with the HR function playing more of a facilitating or enabling role. More onus is being placed on managers and employees to take ownership over resolving problems and conflicts in the workplace at the lowest level and as swiftly as possible. This raises the question of how well prepared managers and employees are to handle problems, conflict, and disputes. As our research indicates, little training is taking place specifically on conflict management and dispute resolution. In the emerging area of competency modelling, conflict management and dispute resolution skills are not yet identified as a separate core competency.

Organizations are attempting to create high-performance workplaces where the emphasis is on teams and problem-solving groups, training, information sharing, employee involvement, and self-management. Although these initiatives are often aimed at facilitating a more productive and conflict-free workplace, some companies may be losing an opportunity to put in parallel systems to help manage major organizational change more effectively. For example,

An effective organizational conflict management system can have multiple implications for many groups of people. Some parts of the system will reflect back on the individuals within the organization—by serving as a model of communication and problem-solving techniques that can be used in daily life with co-workers, spouses, partners, children, parents, and friends. Other parts will bounce back to groups within the organization—by setting up processes for joint problem solving that engage people of all types, preferences, and backgrounds in working together toward a common goal. (Costantino and Merchant 1996, 227)

Moreover,

For an organization in transition, [employment dispute resolution] processes or systems instituted by management can be part of the change management process. They can be used to deal constructively with the disputes that arise as an inevitable result of the change, and as an instrument of change to help facilitate it. As an integrated element of the overall change process of the organization EDR processes and systems should be compatible with what management wants the organization to become as well as what it is at the present. (Bishop 1995, 70)

An interesting new approach to mediation outlines the potential of conflict resolution to go beyond resolving disputes and reaching settlements to actually transforming people themselves by fostering empowerment and recognition (Bush and Folger 1994).

Appendix A Open-Door Policy at One Organization

Purpose

To encourage employees to discuss complaints or misunderstandings with supervisors and to have employee complaints or misunderstandings dealt with promptly by management, without concern for intimidation or reprisal.

Administration

(i) Most complaints arise from everyday working relationships at the employee/ supervisor level. It is important that they be settled at that level if at all possible. It is necessary, therefore, that employees be encouraged to take any complaint to the immediate supervisor concerned for discussion and possible settlement before proceeding further.

(ii) The process for handling the complaint consists of the following steps.

Step 1 An employee must first discuss a complaint with the immediate supervisor.

Step 2 Should an employee not be fully satisfied with the answer or wish to discuss it further, the employee may contact his or her department manager directly to request a meeting. The employee may also request a human resources representative to arrange and to attend the meeting. The department manager must, without delay, establish a time and place to hear the employee's complaint.

After hearing the complaint, the department manager will investigate and attempt to give an answer to the employee within five working days of the meeting. The department manager will notify the human resources representative of his/her investigation and decision.

Step 3 If the complaint is not satisfactorily settled at step 2 or if the employee wishes to discuss it further, the employee may request a meeting with the vice president and general manager, operations.

At this stage, employees must submit their complaint to human resources. The human resources representative will assist the employee in preparing the written statement if the employee so desires. The vice president and general manager must schedule a meeting to discuss the complaint without delay. The meeting must be attended by the employee and if the employee wishes, a representative from employee relations. At the discretion of management, other employees directly concerned with the complaint may be included at the meeting. The senior executive will give the employee an answer within five working days of the meeting.

(iii) The decision of the vice president and general manager of operations will be final and binding on the division and the employee.

(iv) In cases of involuntary termination, an employee may request an interview with the vice president and general manager of operations regarding involuntary termination without following the first three steps of the procedure above.

Appendix B Peer Review Procedures

Organization 1

Open, honest two-way communication helps all employees get involved in the company and contribute to its success. Here are some ways people keep the lines of communication open.

- Open Door Policy. First names are used at every level and employees are encouraged to talk to any member of the organization right up to the top executive. This helps the company deal with issues before they become negative factors in the workplace.
- Communication Meetings. Supervisors hold department meetings at least every two months to provide information, to deal with concerns, and to respond to questions from employees.

The Employee Management Committee

Most of the problems and complaints that are part of day-to-day operations are handled between employees and supervisors to everyone's satisfaction. But occasionally employees do not agree with or understand the decisions that affect them. The employee management committee was formed to deal with these situations and has the power to recommend solutions and changes to decisions. It has three main functions:

- To give the plant and administrative employees a fair review of matters that affect them.
- To recommend solutions to workplace issues that have not been resolved by supervisors.
- To facilitate the communication process; minutes of the meetings are posted on bulletin boards.

The committee reviews individual or group concerns about general working conditions. It also deals with individual grievances about serious unresolved problems or decisions. Before requesting a review by the committee, employees must first have discussed the problem with their supervisor, their manager or human resources. When personality conflicts make communication a problem, at their request a committee member will accompany employees when they discuss the problem with their supervisor. If the problem is not resolved, they may request a review by contacting any member of the committee, a management person, or human resources. On rare occasions the committee may vote by secret ballot to decide if an action is fair. The results of the vote and any committee recommendations to resolve the problem are given to the senior executive to review and make the final decision.

The committee is composed of five plant and administrative employees and three management representative. Plant and administrative members are elected by full-time plant and administrative employees for a two-year term. Members have elected alternates who attend committee meetings if the members are unable to do so. Members and alternates reverse roles during the second year of their term.

The committee meets on company time at least once a month. The key items from each meeting are summarized and posted on the bulletin boards. These summaries do not mention names of employees. If called to a committee meeting at a time other than normal working hours, members may ask their alternate to attend or be paid time and a half for the hours they attend if the alternate is not available.

Organization 2

Fairness Committee

The company recognizes that from time to time an employee may encounter a problem, question or complaint that, if left unresolved, could affect job satisfaction and work performance. As always, employees are encouraged to speak up when they have concerns or complaints about how the application of company policy has affected them. This open-door policy provides direct access to any member of management with whom an employee wishes to express a concern. This is a very effective way to solve problems.

However, when an individual is faced with a situation that has not been satisfactorily resolved through communication with the team or manager, the fairness committee may be used. This is a formal problem-solving system designed to ensure that each employee's concerns are given careful consideration and conflicts are resolved quickly and fairly. The fairness committee is comprised of twenty volunteer employees from the plant along with the management team, all of whom receive specific formal training. Only full-time employees with three years of continuous service are eligible to serve on the committee. The twenty plant personnel will serve for five years. The fairness committee policy may be reviewed annually by the fairness committee.

Scope of Authority

The fairness committee may review problems involving disciplinary matters and the application of company rules and personnel policies. The committee does not have the authority to change the rules or policies, although it may recommend changes to management concerning existing policies, or more consistent enforcement of those policies. The committee will not rule on issues involving promotions to management or employee benefits, i.e., group insurance, pension plans, savings plans, and the like. The human resources department will determine whether or not an issue falls within the written scope of authority of the fairness committee. The employee has the right to appeal that decision to the fairness committee.

Eligibility

All full-time employees are eligible to use this process after completing their ninety-day probationary period. Employees may file appeals only on their own behalf.

Procedures

Problem resolution is a four-step process. In cases involving termination of employment, steps 1 through 3 will be bypassed. When an employee fails to pursue a complaint to the next step within the prescribed time limit, the employee will be notified in writing from the human resources department that the complaint has been abandoned

- Step 1 The employee discusses the problem with his/her fellow employees and their shift co-ordinator/group leader. The goal of this verbal and informal meeting is to solve the problem and to improve communication and understanding among the employees with whom the complainant works.

Step 2 If the problem cannot be resolved at step 1, the manager will be consulted. The Manager will attempt to resolve the problem by meeting with the employee and conducting an investigation and consulting with the group (if requested). At this point, a verbal response will be given to the employee. The employee should make the manager immediately aware of any potential fairness committee issue that results from the response.

An employee may be assisted and/or represented by a member of the fairness committee when addressing an issue. This representative can meet with the human resources department to discuss the issue at each step in the proceedings.

Step 3 If the employee is not satisfied with the responses from steps 1 and 2, he/she may send a written complaint to the appropriate manager. The confidential appeal form must be completed to indicate the problem and the desired remedy. (This must be done within seven days of receiving a verbal decision from the manager). The manager will provide a written decision as quickly as possible and not later than seven days after the form was submitted.

Step 4 If the employee disagrees with the manager's decision, he/she may appeal to either the general manager or to the fairness committee within seven calendar days of receiving the written response. Either choice is final. A hearing will be held within seven calendar days of the appeal and a binding decision given within an additional seven calendar days. When an appeal is directed to the general manager, a complete and thorough review of all relevant facts and information will be completed by the general manager before a decision is made.

Abandonment

An employee may, by written notice to the appropriate manager or facilitator in charge, abandon the procedure at any time during the process. The abandonment shall not prejudice the position of the fairness committee in dealing with a complaint of a similar nature.

Statute of Limitations

Appeals involving discharge must be made within seven days from the day the discharge occurred.

Managers and employee team members are encouraged to work together to resolve disputes as quickly as possible. All deadlines mentioned in this policy may be extended by mutual consent.

Facilitator

The employee will select a facilitator from the human resources department. The role of the facilitator includes keeping the meeting focused on the issue before the panel. The facilitator does not give opinions on the matter before the panel or vote on its outcome. The individual selected will process paperwork, summon witnesses, handle meeting logistics, and perform related chores so that panelists can concentrate on reaching a fast, fair decision.

Selection of the Fairness Committee Review Panel

Human Resources will be responsible for the following procedure. Each appeal will be reviewed by a panel consisting of five fairness committee members—two managers and three peers. Panelists for each

case are chosen randomly by the employee filing the appeal. He/she will randomly draw five names from the fairness committee pool and choose three to serve as panelists. He/she will then draw three names from the management pool and choose two to serve as panelists. However, the manager of the case involved is automatically excluded from the panel. A trained human resources department team member shall facilitate the review panel process.

To avoid conflicts of interest, panelists must disqualify themselves from a case if they feel they may be unable to maintain their impartiality because of personal knowledge or previous connection or any other reason. Under no circumstance is any person forced to serve as a panelist.

Fairness Review Panelist Responsibilities

Panelists must maintain complete confidentiality at all times. If they wish, employees can get help in preparing their case from any fairness committee member or from the human resources department. A panelist who performs this service is automatically disqualified from serving on the review panel for that case.

The fairness committee panel has the authority to grant, modify, or reject the proposed remedy; its decision is final and binding.

The Review Hearing

The panel will interview the employee filing the complaint, the manager, and any other people with information about the case. Only one witness will be present in the hearing room at any given time. After all evidence has been reviewed, the panel will vote on the proposed remedy by secret ballot to either (a) modify, or (b) grant or reject. Votes are counted by the facilitator until three like votes are found, and then all votes are destroyed.

If the panel elects choice (a), to modify, the members will recommend a revised remedy based on the information they were presented at the hearing. If the panel elects choice (b), to grant or reject, the members will vote once again to determine the final outcome of the case.

Each panelist agrees in advance to sign the panel's final decision, regardless of his/her personal feelings about the case, and to treat all information as confidential. The employee and manager will be notified in writing about the panel's decision within seven days. The panel's written decision will not become part of the employee's personnel file unless the employee requests it.

Dialog

Dialog is a confidential communication program which assures a written response to any question employees may have on any company subject of concern to them. They will receive a reply at their home address within twelve working days. Dialog forms are available in boxes located near all bulletin boards.

Appendix C The Ombuds Model at One Organization

About Our Ombudsman

In any large organization, there are bound to be times when some people feel they have been treated unfairly. We have an excellent record of resolving these problems as quickly as possible. Occasionally, though, standard approaches don't produce a satisfactory result. As Ombudsman, I am committed to taking an unbiased look at your concerns when you feel all else has failed. The service I provide is companywide—readily available to all employees at all locations. (Ombudsman)

Our direction statement underlines our 'concern and care for people,' and these are not just words. We have appointed an ombudsman because employees have told us this type of assistance could be valuable to certain people. If you are one of those individuals, I encourage you to call the ombudsperson and explain your problem to him in complete confidence. (President and CEO)

What is an ombudsman? 'Ombudsman' is a Scandinavian word meaning a 'protector or defender of rights.' It is now used to describe a person who investigates individuals' concerns about possible unfair or unacceptable treatment.

Why do we need an ombudsman? Employee attitude surveys, focus group sessions and individuals' comments all have indicated that employees with unresolved complaints should have an additional, non-threatening resource to which they can turn.

Does this change our present system of dealing with complaints? No—it simply gives employees a further option. It is your line management's responsibility to deal with employee problems fully and promptly, and your first step should be a candid discussion with your supervisor. Often you or your supervisor will include your human resources contact person in the discussions.

Is this service confidential? Absolutely! Your name-and the problem you have come forward with—will not be identified to anyone else without your prior permission. You drive the process, you are in control of it, and you can stop it at any stage.

When does the ombudsman get involved? The ombudsman can enter the picture at your request when a problem cannot be resolved in the usual ways, i.e., by discussing it with your line management and/or human resources contact person. It's best to think of the ombudsman as a last resort—a person you can ask to consider your problem when you feel the traditional methods of assistance don't work for you.

When are people reluctant to discuss a problem with their supervisor? Sometimes an employee who discusses a problem with a supervisor or human resources contact person feels dissatisfied with the outcome. At that point, the employee may feel he or she has nowhere else to turn. It's also possible that the supervisor might be the subject of the employee's complaint—in the case of harassment, for example.

What kinds of issues might the ombudsman hear about? He can consider almost any personnel-related or employment-related issue or concerns such as discrimination or harassment.

Would any issues not be considered by the ombudsman? The only issues the ombudsman would not accept are those subject to an established grievance procedure or those actively under review by line management.

Does the ombudsman have the authority to fix problems? The ombudsman's first approach will be to help you find solutions. He has no formal power to adjudicate a binding solution. Rather, he tries to mediate a solution, working on the premise that common sense will prevail and that his opinion will be accepted as fair and well-reasoned.

Is the ombudsman experienced in this work? Yes. This person has an extensive background in the human resources field and also serves as employment equity manager. Over the years, he has dealt with many employee problems and complaints. As well, he has a broad knowledge of the organization's operations.

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Industrial Relations Centre (IRC)
Queen's University
Kingston, ON K7L 3N6
irc.queensu.ca