Effectively Addressing Conflict in Healthcare Organizations

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CHANGE & CONFLICT

“Change means movement. Movement means friction. Only in the frictionless vacuum of a nonexistent abstract world can movement or change occur without that abrasive friction of conflict.”

Conflict is an inherent aspect of change. As healthcare organizations in the United States evolve to meet the internal and external challenges presented by the modern regulatory and business environment, conflict will inevitably be present in that evolution. One key to optimizing organizational performance lies in each organization’s ability to transform potentially destructive conflict into constructive outcomes.

Conflict and change have a well-worn relationship in healthcare organizations. As retired CEO of Chesapeake Health, Don Buckley, stated “Healthcare is in the midst of many changes which bring forth misunderstandings, hard feelings, and definitely conflict.” Dr. Buckley attributes this conflict to the, “diverse players with diverse interests, goals, personalities and levels of achievement,” inherent in healthcare organizations.

To thrive in an industry that is in the midst of significant change, healthcare will be better served by acknowledging, embracing, and utilizing the conflict that arises from changes both large and small.

THE COST OF CONFLICT

Daniel Dana author of Measuring the Financial Cost of Organizational Conflict wrote “Unresolved conflict represents the largest reducible cost in many businesses, yet it remains largely unrecognized.” In spite of the high cost of conflict, “most organizations are simply unprepared to acknowledge, let alone quantify, the real costs of workplace conflict.”

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1 Though not a model of corporate citizenship, Saul Alinsky in Rules for Radicals (Vintage: 1989) succinctly captures the relationship between change and conflict.
3 Daniel Dana, Measuring the Financial Cost of Organizational Conflict (MTI Publications: 1999)
The Cost of Conflict in the United States

A study published in 2008 reported that U.S. employees spend an estimated 2.8 hour per week dealing with conflict.\(^5\) This figure, which is very conservative when compared to other estimates, equates to $507 billion impact on the United States economy in 2013 alone.\(^6\) When compared to the annual revenue of several industry leading companies (Table 1), the cost of conflict in the United States workplace is higher than the revenue of the largest companies in the US.\(^7\)

Table 1

<table>
<thead>
<tr>
<th>Cost of Conflict in the U.S. Compared to the Annual Revenue of Major Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google's 2013 Revenue</td>
</tr>
<tr>
<td>$59.8</td>
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</table>

The Cost of Conflict in the Workplace

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\(^6\) In the “The Hidden Costs of Workplace Conflict” McGuire notes that “surveys by The Center for Creative Leadership and Eckerd College in St. Petersburg, Florida indicate that managers spend between 20 and 40 percent of their time dealing with conflict.”

\(^7\) See Endnote 1 for analysis of the cost of conflict in the United States
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Workplace conflict has widespread impacts on almost all aspects of an organization’s operations. Many of these impacts are difficult to quantify, but nevertheless have significant financial implications.

Common consequences of workplace conflict include:

- Absenteeism
- Attrition
- Client complaints
- Disability costs
- Employees’ time
- Accidents and injury
- Litigation
- Loss of productivity
- Managers’ time
- Mental Health / Stress
- Presenteeism
- Sabotage
- Strained relationships
- Violence

Figures abound from studies that quantify the impacts of these consequences and shed light into the financial and operational implications of conflict in the workplace.8

Using the 2.8 hour per week estimate, the companies listed in Table 1 lost billions of dollars in 2013 due to workplace conflict.9

- Google with 55,030 employees lost $194.7 million
- GE with 307,000 employees lost $1.08 billion
- Wal-Mart with 2,200,000 employees lost $7.78

These figures were determined using a conservative estimate. If more liberal estimates of 8 to 16 hours for managerial employees had been utilized, these figures would be significantly higher.10

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9 See Endnote 2 for analysis of the cost of conflict for listed companies
CONFLICT IN HEALTHCARE SETTINGS

As healthcare workplaces are unique environments with unique missions, the sources of conflict in healthcare settings have distinct qualities. Commonly, conflict arises “between physicians, between physicians and staff, and between the staff or the health care team and the patient or patient’s family.”

Common Sources of Conflict in Healthcare Workplaces

- The healthcare workplace is complex yet requires frequent collaboration amongst multiple, interdependent stakeholders in the delivery process
- There are multiple time and resource constraints ranging from staffing to emergency care
- Differing goals and perspectives of patients, physicians, and clinical staff, which may or may not have ethical or religious connotations, can lead to tension and conflict
- Cultural and gender diversity amongst providers and patients can lead to challenges in communication and understanding
- Disparities in power, control, and knowledge are common within healthcare workplaces
- Patients suffering from injury or illness may disagree with treatment plans and can bring strong emotions into the healthcare environment

The Implications of Conflict in Healthcare Settings

Aside from the economic, environmental, and personal implications that conflict has in all workplaces, conflict occurring in healthcare settings can affect patient safety. The negative impact of conflict on patient safety is a
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documented concern, and research highlights the role conflict plays in degrading a “culture of safety” in healthcare organizations.\(^{13}\)

Recognizing the effect workplace conflict has on patient safety the Joint Commission requires (effective January 1, 2009) healthcare organizations establish policies and procedures for conflict management among leadership groups (Standard LD.02.04.01).\(^{14}\)

The Joint Commission also references conflict management in its leadership standards, placing responsibility for implementation and application of conflict management variously on the organization, its governing body, and its leaders. These standards include: a system for managing conflict (Standard LD.01.03.01), a process for managing conflict amongst leadership groups (Standard LD.02.04.01), and a process for managing disruptive behaviors (Standard LD.03.01.01, Element of Performance 5).

ADDRESSING THE COST OF CONFLICT

When properly addressed conflict can enhance rather than detract from organizational operations and changes through open communication, collaborative problem-solving, and strengthened relationships amongst colleagues. Over time a new paradigm of conflict management emerges within the organization that can deeply impact the firm’s culture.

Integrated Conflict Resolution Programs

An Integrated Conflict Resolution Program (ICRP) is an interrelated system of processes designed to support organizational specific needs surrounding conflict.\(^{15}\) These processes direct employees towards interests based methods of resolving conflict including:

- Organizational Conflict Assessments
- Conflict Resolution Training
- Conflict Management Coaching
- Workplace Mediation
- Ombudspersons

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The diagram in Figure one shows the utilization of various methods for resolving conflict related to the escalating cost of conflict.

Figure 1

The need for an ICRP is based on the premise that “the cost of resolving conflict is negligible relative to the cost of leaving conflicts unresolved.”

ICRP’s have been implemented with success in many organizations, though the results of those implementations are often not made public. Quantitative examples of success are often measured against litigation exposure. Examples include:

- KBR a global construction firm with 27,000 employees in 70+ countries reported an 80% reduction in outside litigation costs
- Motorola reported a 75% reduction in litigation costs over a period of six years
- NCR Corporation reported a 50% reduction in litigation costs and a drop of

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16 See Footnote 14
17 Slaikeu and Hasson, Controlling the Costs of Conflict, (Jossey Bass: 1998)
pending lawsuits from 263 to 28 over a nine year period

There are also examples of qualitative success stories. In a survey of companies employing ICRPs in the Republic of Ireland, William Roche and Paul Teague of Queen’s University Belfast and the University College Dublin reported both employer and employee outcomes of utilizing ICRPs in the workplace.

**Employer Outcomes**
- Improved productivity
- “Dramatically” reduced the costs of conflict
- Influenced significant organizational change
- Improved employment relations
- Enhanced organizational morale and loyalty
- Lowered absenteeism and voluntary turnover

**Employee Outcomes**
- Perceptions of ‘procedural justice’
- Satisfaction with outcomes as well as procedures
- Better capacity to resolve ‘destructive conflict’
- Higher work satisfaction
- Higher organizational identification and commitment
- Increased productivity

**Integrated Conflict Resolution Programs in Healthcare Organizations**

Though ICRPs have been adopted slowly in healthcare organizations, the value of such programs has been long recognized. “As early as 1988 the American Hospital Association published its first study recognizing the value of alternative dispute resolution (ADR) as an effective tool for dealing with conflicts that arise between and among hospital administration, the governing body, and the medical staff.”

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Despite the low adoption of ICRPs in the healthcare sector, there are a number of healthcare organizations who have documented their success with implementing and utilizing ICRPs. These include:

- In Toronto, the Humber River Regional Hospital implemented an ICRP to be utilized by staff of the entire hospital system.
- The Hospital for Sick Children in Toronto established an ICRP led by a full-time staff member for resolving conflicts between providers.
- The ICU at Stanford Medical Center implemented an ICRP to “recognize conflict and to intervene early” in disputes occurring within the ICU. The program has successfully resolved a variety of disputes with most resolutions occurring in real time by trained healthcare providers, and occasionally, third-party neutrals utilized to assist with difficult cases.
- The College of Nurses of Ontario established an ICRP that resolved over 300 complaints brought by patients, families, co-workers, and facilities through trained staff and third party neutrals.
- The Health Sciences Centre in Winnipeg established an ICRP led by trained senior staff and contracted neutrals. Over a three year period the program addressed 250 cases with full resolution in 80% of cases.
- A survey of nursing licensing/regulatory bodies indicated that 75% of these organizations employ an ICRP to address complaints against members. These ICRPs used informal methods of tele-mediation to address “several hundred cases a year.”
- The VA Hospital in Lexington, Kentucky has implemented an early intervention ICRP to contact patients as soon as a medical error was recognized. This ICRP yielded “significant” decrease in the cost of claims brought against the hospital.
- St. Luke’s Medical Center in Chicago established an ICRP for conducting malpractice mediation in indefensible malpractice litigation. The program has processed more than 50 cases.

If your healthcare firm’s commitment and experience is similar to other organizations using ICRPs, the firm would reduce costs associated with conflict, improve the work environment, and promote a culture of safety for your patients.

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20 Pam Marshall and Rob Robson, “Conflict Resolution in Healthcare,” LegalFocus on Risk & Insurance Strategies Volume 7, No. 10
CREATING AN INTEGRATED CONFLICT RESOLUTION PROGRAM

ICRPs are comprised of a variety of conflict resolution practices as suits the needs of the organization designing and implementing the system. For example some organizations may rely heavily on staff training while other may prefer to utilize third party neutrals.

**Steps for Implementing an ICRP**

Instituting an ICRP within your healthcare organization would be similar in process to a simple, computer application development and implementation project.

- Determine the target group(s) for the ICRP
- Conduct assessments with stakeholders
- Facilitate ICRP design meeting(s) with stakeholders
- Draft, review and finalize the ICRP’s design
- Implement the ICRP within pilot group
- Assess and adjust the ICRP based on pilot data
- Implement the ICRP within target group(s)
- Continually assess and adjust the ICRP for improvement

The three keys to success for designing and implementing an ICRP are:

- Ensuring the design of the program matches the needs of all employees who may utilize the program
- Ensuring employees are aware of the existence of the program and know how to utilize the processes available
- Ensuring resources are available to meet employee demand for the ICRP

**ENDNOTES**

1. **Cost of Conflict in the United States**: A breakdown of figures used to calculate the total are in Table 2. Revenue figures sourced from Google Finance on May 7, 2014.

<table>
<thead>
<tr>
<th>Table 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Hourly Wage US*</td>
<td>$24.30</td>
</tr>
<tr>
<td>Conflict Hours Per Week**</td>
<td>2.8</td>
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<tr>
<td>Average Cost of Conflict Per Week</td>
<td>$68.04</td>
</tr>
<tr>
<td>Weeks Per Year</td>
<td>52</td>
</tr>
</tbody>
</table>
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Average Cost of Conflict Per Year $3,538.08
Number of Employees in the U.S. 143,393,000
Annual Cost of Conflict in the U.S. $507,335,905,440

**CPP. “Workplace Conflict and How Business Can Harness it to Thrive” (July 2008)

2. Cost of Conflict at Major US Corporations: A Breakdown of figures used to calculate the total are in Table 3.

Table 3

<table>
<thead>
<tr>
<th>GOOGLE</th>
<th>GE</th>
<th>WAL-MART</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVERAGE ANNUAL EARNINGS PER EMPLOYEE (U.S.)</strong></td>
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<td></td>
</tr>
<tr>
<td>Average Hourly Wage US*</td>
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</tr>
<tr>
<td>Working Hours Per Week</td>
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<td>40</td>
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<tr>
<td>Average Earnings Per Week</td>
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<td>$972.00</td>
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<td>Weeks Per Year</td>
<td>52</td>
<td>52</td>
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<tr>
<td>Average Annual Salary</td>
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<td>$50,544.00</td>
</tr>
</tbody>
</table>

| **AVERAGE ANNUAL COST OF CONFLICT PER EMPLOYEE (U.S.)** | | | |
| Average Hourly Wage US | $24.30 | $24.30 | $24.30 |
| Conflict Hours Per Week** | 2.8 | 2.8 | 2.8 |
| Average Cost of Conflict Per Week | $68.04 | $68.04 | $68.04 |
| Weeks Per Year | 52 | 52 | 52 |
| Average Cost of Conflict Per Year | $3,538.08 | $3,538.08 | $3,538.08 |

| **AVERAGE ANNUAL COST OF CONFLICT AT MAJOR CORPORATIONS** | | | |
| Average Cost of Conflict Per Year | $3,538.08 | $3,538.08 | $3,538.08 |
| Number of Employees | 55,030 | 307,000 | 2,200,000 |
| Total Annual Cost of Conflict | $194,700,54 | $1,086,190,56 | $7,783,776,00 |

**CPP. “Workplace Conflict and How Business Can Harness it to Thrive” (July 2008)
***All employment figures sourced from each company’s Wikipedia.com page