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TABLE OF CONTENTS

Editorial Board	page 2
Mission Statement	page 3
Featured Article	page 4
<i>How Much is Negative Conflict Costing Your Organization?</i> <i>C. McKenna Lang, Seattle University</i>	
Article Submission and Book Review Guidelines	page 21



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MISSION STATEMENT

We are committed to publishing the highest quality of scholarly and professional articles submitted for publication. We will publish articles by and about ombuds that provide insights into and understanding of our institutional role, practice, and contributions. Manuscripts and materials submitted will be peer-reviewed. We use a collaborative approach to publishing, in which prospective authors receive constructive critiques from reviewers in an effort to increase the quality of the content of *The Journal*. Our main purpose is to enhance understanding of the art and practice of academic ombudsing.



FEATURED ARTICLE:

HOW MUCH IS NEGATIVE CONFLICT COSTING YOUR ORGANIZATION?

C. McKenna Lang

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The costs of organizational conflict

How much is negative conflict costing your organization? Do you ask this question? In the ombuds community, many of us may not be fully versed in the language of finance. But this is an important area to consider and it is relevant to many ombuds offices around the world. We may be aware of the human impacts due to unwanted conflict. Some of us are aware of the human impacts of conflict due to bullying. The financial losses to organizations due to conflict can be staggering. One study estimates annual business losses due to conflict at \$359 billion.¹ It is important to make these costs visible and few organizations measure the costs, though these costs may be reducible.²

How can an ombuds office assist with this? We can begin by talking more about these issues as a profession. While maintaining the important professional boundaries of ombudsing, we can find

¹ Winfrey, Graham (2014), Retrieved: <https://www.inc.com/graham-winfrey/the-shocking-cost-of-workplace-conflicts.html>.

² Buss, H. (2011). Controlling Conflict Costs: The Business Case of Conflict Management. *Journal of the International Ombudsman Association*, 4(1).



ways to be a part of the conversation at our workplace. Ombuds offices are often well positioned to address undesirable conflict. Ombuds practitioners are often trained in mediation, facilitation and conflict resolution. In this article, I examine some of the costs of unwanted organizational conflict and the benefits of ombudsing.

While I have been serving as a Faculty Ombudsperson for over 4 years, I am still listening, reading and learning. For many years I served as an organizational leader. When we began the process of addressing conflict and creating psychological safety, we ended up strengthening our relationships and thus, our bottom line. I entered the field of ombudsing because I believe that strong ombuds offices can bring great value to organizations. A thoughtfully designed and respected office, built on the professional and international principles of ombudsing, can both improve the organizational culture and help decrease costs. There is some excellent research on the costs of organizational conflict. My goal is to build on and bring attention to that research and to approach this topic with care and inclusion. I will reference this research and I encourage the reader to take the time to read these references. In addition, I will conclude with some areas related to ombudsing which research indicates may help organizational cultures increase profit.

The research continues to grow and I think these ideas are worth contemplation. I will return to these points. Ideas of value are implicit in considering costs, conflict and relationships. What do we value and how do we value it? We often hear that visitors want to be listened to and respected. An opportunity to discuss an issue or participate in a mediation can avoid escalating



conflict costs. Good strong relationships are a foundation for organizational success. Ombuds offices can help build and strengthen this foundation.

The importance of the Bottom Line and the rising costs of conflict

As an ombudsperson with extensive organizational leadership experience, an academic background in international Economics and an interest in efficiency, I pay attention to organizational costs. Organizational conflict can impact the bottom line. It is my premise that unwanted conflict costs money. Some studies look at the huge costs amassed to conflict. The figures are dramatic. Studies estimate that businesses may accrue \$359 billion a year in losses due to conflict.³ Other researchers have considered some of these important concepts. This research includes articles in the Journal of the International Ombudsman Association by Martin Freres and Helmut Buss which lay important groundwork for these concepts and advancing the discussion.⁴ Here, I consider these large costs as well as small costs which accrue. In addition, articles in the November 2004-05 CCCUO Journal also consider this important topic. It is worth continuing the conversation. Large and small costs add up.

“Let’s do the numbers.”

As Kai Ryssdal says: “Let’s do the numbers.” Let us start small with a simple cost of conflict. Let us consider one hour, of one employee engaged in a conflict that distracts him from his work.

³ Winfrey, Graham, Online article: <https://www.inc.com/graham-winfrey/the-shocking-cost-of-workplace-conflicts.html>.

⁴ Freres, M. (2013). Financial Costs of Workplace Conflict. Journal of the International Ombudsman Association, 6(2).



Approximately 3 hours of employee time is spent in conflict.⁵ The company pays a minimum wage of \$15 for an hour of work devoted to a conflict and not to work. That may be considered as a simple loss of \$45 per week. But conflict is seldom simple, and costs are seldom simple. Let us say there are two people in conflict for three hours in one week: an employee (\$15) and a supervisor (\$30), in conflict, not working. That is a simple loss of \$135 – for one week. If the conflict goes on all year, that is about \$7,200 for one unresolved conflict. That is money that could have been spent elsewhere. Perhaps that does not seem like much. What about additional costs such as benefits and indirect costs? For some leaders, this is where the creeping costs begin. If the organization had an ombuds office, perhaps the conflict could have been informally mediated and resolved.

More money than that

Conflict is often complex. There are often multiple people engaged in conflict, over time. In addition, there are often ripple effects and unintended impacts: consequences seen and unseen. Perhaps a customer overhears a fight or is bullied and decides to take their business elsewhere. Perhaps a donor is disheartened and stops giving. I have done a lot of donor cultivation and I know that it takes time and effort. There is an art to the work. Perhaps a donor has been cultivated, over time, by a fundraising department through multiple contacts. There are often donor retention costs. In this case, we lose not only the donor gifts, but the staff time and other costs invested in donor acquisition, cultivation and retention. Conflict may even be contributing to donor churn or the percentage of donors who choose to stop giving. Sometimes there is

⁵ Freres, M. (2013). Financial Costs of Workplace Conflict. *Journal of the International Ombudsman Association*, 6(2).



donor intersectionality. Staff, faculty and other stakeholders may also be donors. In higher education, there are increasing costs spent on attracting and retaining students. These are student acquisition costs. A student who leaves and stops paying tuition because of an unwanted conflict that could have been mitigated, may also leave a trail of institutional costs invested in student marketing, acquisition and retention. These are just a few of the investments that may be impacted by undesired conflict. In other words, undesired organizational conflict costs money. An effective ombuds office can help address conflict, provide conflict resolution training and lower costs. An early intervention can prevent conflict from escalating and incurring additional costs over time.

Some Definitions: What do we mean by costs?

Let us dig a little deeper. What do we mean by cost? The word cost arises, like so many English words from Latin. In this case, the word traveled through France “couter” before hitching a ride to America, but it has roots in constare, the Latin verb meaning “to stand at or with.” The goal of most business is to maximize profits, minimize expenses and maximize market share. The goal of most business is to make money and one way to do this is through cost containment. Non-profit organizations, private universities and government organizations are also responsible for cost containment. The idea of cost is a fundamental principle in organizational management. In increasingly competitive environments such as higher education and businesses, cost containment is vital.



What do we mean by conflict?

Organizations are made up of people. People interact and form working relationships. Many people want to get along and work in harmony. Productive, healthy conflict is vital to working relationships. Thriving discourse and discussion can propel productivity. However, unmanaged, unwanted conflict can be problematic. Destructive conflict can impede productivity and increase costs. Negative conflict can lead to decreased engagement, lower productivity, absenteeism, high turnover, and legal costs. These areas are often considered as significant areas of conflict costs.⁶ In addition, negative conflict can have unintended consequences, such as damaging critical relationships. A strong ombuds office can be a significant boon to catching conflict before it becomes destructive. This can be done with mediation, facilitation and coaching. In addition, an effective ombuds office can provide training to improve conflict management and communication, providing a boon to cost containment.

Challenges Facing Organizations

Let me focus on three key areas of cost consideration: disengagement, absenteeism and turnover. These areas are increasingly considered as the vital areas where significant costs of conflict may be found. In addition, there is a fourth area that does not get a lot of attention: the unintended impacts of conflict. These areas of potential profit loss often have a common theme: damaged relationships. All organizations consist of people and relationships. The stated goal of a for-profit organization is to maximize profit. While nonprofits are not charged with returning a

⁶ Buss, H. (2011). Controlling Conflict Costs: The Business Case of Conflict Management. *Journal of the International Ombudsman Association*, 4(1).



profit to investors, cost containment is still an important value for nonprofits and government agencies as well. These challenges are key to successful management and growth. Mitigating conflict costs can provide additional areas of cost containment. Why is that?

When we complete energy audits of our homes, we look at all the areas where heat can escape. Similarly, we look at costs in organizations, traditional areas of expense, where costs may be accrued. But it is valuable to identify additional, perhaps non-traditional, areas of monetary loss. For an organization to be sustainable and thriving, attention to conflict can be valuable.

What do conflict costs look like?

Unwanted organizational conflict can affect an employee's ability to thrive in the workplace. It can affect the ability to concentrate, and to work productively. It can affect the ability to collaborate. So, what are the options? If there is no system for remediation, an employee may perceive few options. Decreased productivity, disengagement, absenteeism, medical leave, turnover and legal fees are just a few ways that an employee may respond to conflict and these responses increase costs. While some believe that organizational turnover is healthy, increasing research shows that higher costs of turnover (advertising, retraining, interim lost productivity, lost institutional knowledge) may be higher than people often calculate. While some of this research is in the United States, conflict costs may be found worldwide, no matter the currency.



The first challenge – disengagement.

Employment disengagement is receiving increasing attention. Employees who are bullied or in conflict may come to work, but may not be engaged. The fiscal costs of this have been documented by authors such as Leah Hollis.⁷ The costs of disengaged employees are estimated to cost businesses \$450-\$500 billion per year in the US.⁸ A stunning figure.

The second challenge: absenteeism.

The area of employment absenteeism is also worth consideration. Absenteeism may be due to other forces such as weather, and family needs. However, employees in conflict are also likely to take time off from work, particularly in severe conflicts. The fiscal costs of this are being increasingly documented. The costs of lost productivity due to absenteeism were estimated at \$84 billion in 2013.⁹ I'll let that figure sink in, too.

The third challenge: turnover.

For many years, William Bliss has been quietly making the case that employee turnover often costs more than we think.¹⁰ His work is eye opening and allows you to do the math, plugging in

⁷ Hollis, L. P. (2015). Bully university? The cost of workplace bullying and employee disengagement in American higher education. *Sage Open*, 5(2).

⁸ Retallick, Alyssa (5/25/2015) Retrieved: <https://www.glassdoor.com/employers/blog/the-cost-of-a-disengaged-employee/>.

⁹ Investopedia (7/10/2013) Retrieved: <https://www.forbes.com/sites/investopedia/2013/07/10/the-causes-and-costs-of-absenteeism-in-the-workplace>

¹⁰ Bliss, W. G. (2001). Cost of employee turnover can be staggering. *Fairfield County Business Journal*, 40(19), 20-21.



figures to see the costs.¹¹ He provides a mechanism for us to calculate specific impacts. These costs include: costs due to a person leaving, recruitment costs, training costs, lost productivity costs, new hire costs, and lost sales costs. He notes that the reader may be surprised to learn that the costs of turnover can exceed 150% of the annual compensation figure.

Recently, there has been an increase in research supporting and corroborating his calculations. While some turnover may be healthy and appropriate, the loss of valuable employees and the knowledge and skills they take with them, may adversely impact the bottom line. Employee retention, may provide value. According to Josh Bersin at Deloitte: “Many studies show that the total cost of losing an employee can range from tens of thousands of dollars to 1.5-2 times the annual salary.”¹² Are these costs that organizational members are deliberately choosing to incur?

A fourth challenge: The unintended costs of conflict.

There is an additional area that does not seem to have gotten a lot of attention, but may still be important. That is the unintended costs of conflict. What do we mean by unintended costs of conflict? Perhaps an unseen conflict causes a customer to leave. Perhaps an unseen conflict is discussed on social media and provides unflattering perspectives to readers. This may have an adverse impact. Perhaps a student declines a school acceptance because of that shared perspective. While not all of these issues can be addressed, if constituents have and know of a

¹¹ Bliss, W. G. (2004). Cost of employee turnover. *The Advisor*.

¹² Bersin, Josh (8/16/2013). Retrieved: <https://www.linkedin.com/pulse/20130816200159-131079-employee-retention-now-a-big-issue-why-the-tide-has-turned>



safe place to air concerns and find resolution, perhaps they will be less likely to vent in other places. Perhaps a conflict unravels the work of others. For example, and alumna may stop giving to a school. Not only is the donation lost, but all the work of the fundraising staff dedicated to donor cultivation may be lost. Perhaps a conflict that is documented in the media, causes others to shun the organization. These costs may accrue.

The Role of the Ombuds office – Tools in the tool belt

So, what is the role of the Ombuds office in all this? Over the last few decades, the ombuds office has been steadily growing around the world. Organizational mediation is a relatively new but useful approach to helping manage conflict. A trained ombudsperson generally has the skills to mediate and additional tools in the tool belt. An Ombuds office is a unique construct that, when carefully established according to international principles and guidelines, can offer mediation *plus* additional means to address and prevent negative conflict.

According to the International Ombuds Association, a key professional association for organizational ombuds, some of the benefits of an ombuds are:

- ✓ Offers a safe place for members of the workforce to discuss concerns and understand their options without fear of retaliation or fear that formal action will be taken simply by raising concerns.
- ✓ Helps identify undetected and/or unreported criminal or unethical behavior, policy violations, or ineffective leadership.



- ✓ Helps employees become empowered and take responsibility for creating a better workplace.
- ✓ Facilitates two-way, informal communication and dispute resolution to resolve allegations of harassment, discrimination and other workplace issues that could otherwise escalate into time-consuming and expensive formal complaints or lawsuits.
- ✓ Provides the ability to address subtle forms of insensitivity and unfairness that do not rise to the level of a formal complaint but nonetheless create a disempowering work environment.
- ✓ Aids compliance with the Sarbanes-Oxley Act and the U.S. Federal sentencing guidelines.
- ✓ Provides an early warning diagnosis system that identifies and alerts institutions about new negative trends.
- ✓ Helps employee satisfaction, morale and retention by humanizing the institution through the establishment of a resource that provides safe and informal opportunities to be heard.
- ✓ Provides conflict resolution skills training.
- ✓ Provides upward feedback to management about organizational trends.
- ✓ Helps avoid negative press by addressing issues at the lowest and most direct level possible.
- ✓ Provides the organization with an independent and impartial voice, which fosters consistency between organizational values and actions.



- ✓ Serves as a central information and referral resource for policies, processes and resources within the organization.¹³

An Ombuds office can capture and identify trends and provide feedback to the organization. In addition, an ombuds office can help provide services that have proven profitability such as strength based management, psychological safety and compassionate listening. Ombudsing is helping to build stronger organizations through its ability to provide on the ground advice and technical assistance efforts. I would like to highlight some of the particularly important services that an ombuds office may uniquely provide. But first, here are a few notes on the worldwide concept of ombudsing.

Worldwide ombudsing

The first ombuds office is generally credited to the formation of the Swedish Parliamentary Ombuds in 1809.¹⁴ The office is likely to have had multicultural influences when the seeds of the idea first emerged from a Swedish King in exile in Turkey in 1713.¹⁵ Today, ombuds offices may be found around the world and on every continent. There are different forms of ombuds offices, but they generally fall into three categories, public, organizational or executive. Many offices are created and determined through legislation, charters or terms of reference which follow

¹³ IOA. Retrieved: <http://www.ombudsassociation.org/Resources/Resource-Library/Tools-for-Ombuds-Office-Operations/Ombuds-Benefits-to-Organizations.aspx>.

¹⁴ Wieslander, B. (1994). *The parliamentary ombudsman in Sweden*. Sweden: The Bank of Sweden Tercentary Foundation & Gidlunds Bokforlag.

¹⁵ Lang, M. (2011). A Western King and an Ancient Notion: Reflections on the Origins of Ombudsing. *Journal of Conflictology*, 2(2).



international protocols. Grounded in the international organizational ombudsing principles of Independence, Confidentiality, Impartiality an ombuds office can provide a safe space for a visitor to raise concerns without fear of retaliation. Who are the clients? Offices use various terms to describe those who use the services. These include clients, visitors and constituents. Organizations determine the constituent population who can use the office. Arguably, the best approach is to have an ombuds office available to all organizational stakeholders. Ombuds offices may be found on every continent. There are many valuable, professional Ombuds associations around the world.

These include, but are not limited to: The International Ombudsman Institute (IOI), The International Ombudsman Association (IOA), the United States Ombudsman Association (USOA), Forum of Canadian Ombudsmen (FCO), Asian Ombudsman Association OAO, European Network for Ombudsman in Higher Education (ENOHE), California Caucus of College and University Ombuds (CCCUO), as well as African, Caribbean and Latin American Ombudsman Associations and others. These organizations share the critical principles rooted in the carefully thought out concept. Many Ombudspersons try to cultivate respect for the increasing practitioners joining the field.

In today's rapidly growing world, a safe place to raise concerns and conflicts can be invaluable. But the offices are often busy tending to the work and often unlikely to brag about the good work. By focusing on the benefits of ombudsing, we hope to honor the work and help the profession grow strong and stable over the long run. Why does this matter? It demonstrates



that the important idea of ombudsing is taking root around the world and has continuity in the professional principles. And here again, are some of the benefits an ombuds office may offer:

1. A Safe Space

One of the great strengths of the ombuds construct is that the principles of Independence, Confidentiality, Neutrality and Informality shape an office that can provide a safe place. In this space, visitors can raise concerns and discuss these without fear of retaliation or retribution. An ombudsperson can help discuss options, and when needed, reframe issues for greater understanding. The office can help employees become empowered and take responsibility for creating a better workplace.

2. Organizational Culture Issues

Many of the issues that come to an ombuds office center around organizational culture. An Ombuds office can help identify undetected and/or unreported criminal or unethical behavior, policy violations, or ineffective leadership. An ombudsperson can facilitate two-way, informal communication and dispute resolution to resolve allegations of harassment, discrimination and other workplace issues that could otherwise escalate into time-consuming and expensive formal complaints or lawsuits. An ombuds officer can help address subtle forms of insensitivity and unfairness that do not rise to the level of a formal complaint but nonetheless create a disempowering, de-motivating work environment. In addition, and ombuds officer can aid compliance with the Sarbanes-Oxley Act and the U.S. Federal sentencing guidelines. Critically,



an ombuds office provides the organization with an independent and impartial voice, which fosters consistency between organizational values and actions.

3. Upward Feedback and Trends

An ombudsperson is often in a good position to identify trends. For example, a series of visits from a department may highlight a noticeable and resolvable problem. The ombuds office can provide an early warning diagnosis system that identifies and alerts institutions about new negative trends. Ombuds offices are often able to provide upward feedback to management about organizational trends, while retaining anonymity. This is often done with an annual report.

4. Training and Conflict Prevention

Many ombuds offices provide conflict resolution skills training as well as other skills such as coaching or non-violent communication and negotiation training. These trainings may be key to de-escalating and preventing conflict. The office can help avoid negative press by addressing issues at the lowest and most direct level possible. And the office can serve as a central information and referral resource for policies, processes and resources within the organization.

5. Improving Morale, Creating Psychological Safety and Strengthening the Bottom Line

As previously noted, a good ombuds office can do more than contain costs. Some approaches to workplace quality are being shown to increase profitability. These include strength based management and teaming approaches which prioritize psychological safety. Strength based



management approaches can increase profitability.¹⁶ One of the great benefits is that by creating a safe space and an environment of trust, an ombuds office can increase constituent satisfaction, morale and retention by humanizing the institution through the establishment of a resource that provides safe and informal opportunities to be heard. Psychological Safety is "a shared belief that the team is safe for interpersonal risk taking" according to Amy Edmondson. It is "a sense of confidence that the team will not embarrass, reject or punish someone for speaking up."¹⁷ Psychological Safety is rooted in a belief that diverse perspectives are not only welcome, but essential to successful teaming. Psychological safety can also increase productivity and save money. A psychologically safe environment builds trust and respect and decreases the worry that individuals will be judged or shamed for human error. It is predicated on inclusion and respect for all members of the team. To this I would add compassionate listening. Sometimes finding common ground is challenging and often there are complex issues. But often with intentional inclusion, compassionate listening and psychological safety we can find ways to strengthen our work together.

Conclusion: The wisdom of an Ombuds Office – an important resource.

Organizations that prioritize healthy strength based cultures are better at thriving and creating value.¹⁸ Ombuds offices can be a key resource to help reduce negative conflict related costs and

¹⁶ Rivonia, Brandon & Asplund, Jim (9/22/2016) <http://www.gallup.com/businessjournal/195725/global-study-roi-strengths-based-development.aspx>

¹⁷ Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative science quarterly*, 44(2), 350-383.

¹⁸ Rigoni, Brandon & Asplund, Jim (9/22/2016) <http://www.gallup.com/businessjournal/195725/global-study-roi-strengths-based-development.aspx>



provide coaching and training in strength based approaches to conflict resolution and communication. Negative conflict costs such as decreased productivity, absenteeism and turnover cause substantial, creeping costs for an organization. Additional costs that unravel the relationship building work of multiple departments can also add up. A single conflict can easily wipe out the investments of time and money in customer, student and donor cultivation, acquisition and retention. In addition, other unseen costs may be found in conflict resulting in negative social media, press and word of mouth marketing.

As the worldwide growth of ombudsing suggests, there is wisdom in creating an ombuds office. Ombuds offices can help provide benefit and help stakeholders thrive. Sometimes organizations benefit from this kind of wisdom. Ombuds offices generally contribute to a healthy workplace, fostering inclusion and helping to repair and build strong relationships.

The primary goal of a business is to enhance income and contain costs. A common and shared goal of organizations is to save money. Whether a for-profit or not for profit organization, saving money and containing costs is a valuable goal. Ombuds offices are generally well positioned to be inclusive, psychologically safe and contribute to a healthy working environment. A strong ombuds office can contribute to saving organizations money by helping to prevent and address the costs of negative conflict. And perhaps they can even be a resource fostering and contributing to a stronger bottom line.



ARTICLE SUBMISSION AND BOOK REVIEW GUIDELINES

Journal Review Guidelines

We welcome submissions to *The Journal* for publication related to the work of ombudsing. Below are our guidelines for submission. As always, the co-editors welcome your ideas and questions.

The Journal publishes articles, book reviews and case studies related to the profession of ombudsing. Prospective writers are encouraged to submit manuscripts that focus on the varied aspects of our work: practice, education, legislation, research, social media or administration. Our goals as editors and peer-reviewers is to support each writer produce the highest quality of work possible that conveys the author's voice and intent.

Each submission should be submitted to the co-editors electronically, double-spaced with one inch margins. Length of each submission should not exceed 20 pages, including references and notes. Our *Journal* abides by APA standards. Please include a title page with the authors, title, institution, email address and an abstract containing no more than 100 words.

All submissions are reviewed by at least two editorial board members. Peer review is a blind process, and reviewers may recommend acceptance, rejection (with reasons given), revisions (with specific suggestions), or resubmission. Recommendations will be sent to the author. Submissions may be edited for clarity, consistency and format.

Book Review Guidelines

Book reviews are welcomed by the editors which relate to the field of ombudsing. Book reviews should be limited to 1500 words and should clearly state the author's thesis or intent of the book. Lastly, the reviewer should assert an opinion, evaluation or stance of the book in the beginning of the review.

The editor welcomes feedback and inquiries regarding submissions. You can contact him by email for feedback: [Jim Laflin](mailto:Jim.Laflin@cccuo.org).