



The Unassailable Business Case for Workplace Mediation

By Antony Sendall

I am going to stick my neck out and suggest that workplace mediation offers perhaps the largest untapped opportunity for cost-cutting and improving profitability in business in the UK today. The many benefits of a mediation culture, including lower levels of conflict, improved morale, improved staff retention and even improved relations with suppliers and customers are really important and are a big part of that business case, but are outside the scope of this article. I am going to focus here just on the cost savings in terms of management and HR time.

Any manager in business will tell you that a lot of their time is spent dealing with conflicts of various kinds. Their range is vast, including tiny niggles over terms and conditions, such as whether or not a shift bonus is being properly paid, personality clashes, serious allegations of bullying/harassment or even inter-departmental conflicts over resources that threaten the very survival of the business. Studies have repeatedly shown that workplace disputes occupy very significant levels of management time within organisations. It is not uncommon to see assessments quoting figures as high as 20% of all management time being spent dealing with such matters.

The sorts of conflicts referred to above all involve the investment of precious management and HR time, even

if no formal processes are undertaken. However, there often will be formal procedures, such as grievances or disciplinarys, as these are still the default option for most companies when faced with issues that arise. These processes will almost always require an initial investigation and entail outcomes that may be the subject of appeal within the organisation or even result in litigation. The 'hidden' cost of these processes in terms of management and HR time is difficult to calculate, but is truly staggering.

The CIPD Conflict Management survey report in 2011 indicated that managing a single workplace grievance takes an average of seven days of HR and management time. Many people reading this article will think that is probably an underestimate when the time of everyone involved is actually added up. The 'hidden' costs of workplace disputes include, but are certainly not limited to:

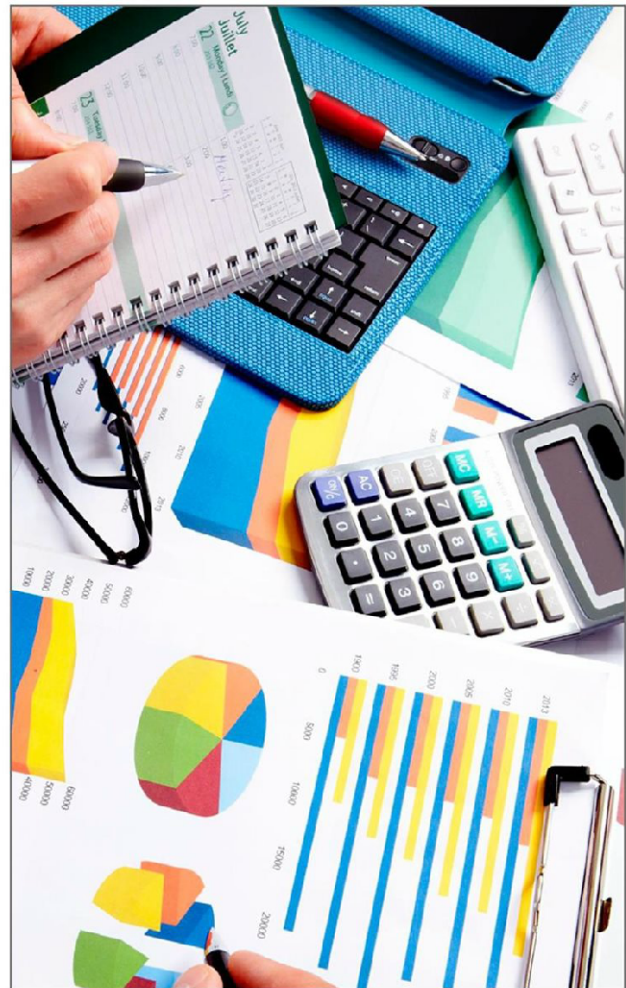
1. Time spent by management investigating and dealing with grievance/disciplinary issues and any resulting appeals. This will commonly involve:
 - a. Staff concerned with or affected by the issues in question;
 - b. Gathering and considering other evidence;
 - c. Identifying and freeing up appropriate persons to hear grievances/disciplinarys and any relevant appeals; ▶

- ▶ d. Considering outcomes and drafting appropriate outcome letters;
 - e. Providing cover for employees who are either suspended or are absent because of stress caused by the relevant process – for example, in ‘bullying’ cases it is not uncommon for both the alleged victim and the alleged perpetrator to be absent through stress as a result of the issues raised.
2. Time spent by HR in connection with the processing of grievances and disciplinary issues, including:
 - a. Providing advice to managers and staff
 - b. Arranging for investigations and investigatory meetings
 - c. Arranging for grievance/disciplinary hearings
 - d. Arranging for appeals from grievance/disciplinary hearings
 - e. Attending investigatory interviews and hearings
 - f. Note taking, transcribing and agreeing notes of investigations and hearings (including any appeals)
 - g. Dealing with the outcomes of investigations and hearings (including any appeals).
 3. The cost of paying employees who are not at work through sickness caused by the stress of the conflict or through suspension and the costs associated with covering the work they should be doing.
 4. The costs of lost production and lowered morale resulting from an atmosphere of dispute.
 5. The cost of recruitment of replacement employees for staff who leave as a direct or indirect result of workplace disputes.

Of course, all of those costs are before a single penny has been spent on legal advice in connection with any dispute or resulting litigation.

Compared to the costs of litigation, the costs of mediation are tiny. Workplace mediation has very high success rates, with reports of about 80% of mediated issues resulting in complete resolution. Usually, it is also a quick and straightforward process with costs to the organisation that are a fraction of the costs of the initial investigation and perhaps a first grievance or disciplinary hearing. Although there will be some internal costs to the organisation in terms of management and HR time in setting up and dealing with the mediation process, those will be much lower than the costs of the more traditional processes. The fees paid to the mediation provider will usually equate to no more than 3 or perhaps 4 days of mediator time in total for an average mediation, which will be measured in the very low thousands of pounds.

Given those sorts of success rates and the extremely low costs, there appears to be an unassailable business case for



incorporating mediation into the normal processes of any organisation that employs staff. Even if one only considers the reduction in litigation costs for the business, the cost savings are likely to be huge. When one factors in the ‘hidden’ costs and the ‘hidden’ benefits of a mediation culture, especially saved management and HR time, which allows them to devote more time to what they probably perceive to be the work that they are really paid to do, the impact upon profitability can be colossal.

It is also apparent that the earlier that mediation is introduced into the equation, the greater the cost savings can be.

So that raises the question as to why more businesses have not yet embraced workplace mediation or not embraced it fully. Is it just a matter of lack of awareness of the availability and/or effectiveness of mediation? Is it that business is so wedded to its traditional processes of grievances and disciplinarys that it is reluctant to introduce what may be perceived as a massive cultural change? Answers on the traditional postcard please or by email through that new-fangled interweb thingy, if you must...