# Conflicting priorities

- reputation matters

"Maintaining a healthy reputation is critical to continuing business success. Effective conflict management is a vital key to such maintenance".

"How an organisation manages conflict can be a building block for reputation development. All too often it isn't - because senior management separate it off from their strategic thinking, it becomes a legal issue"
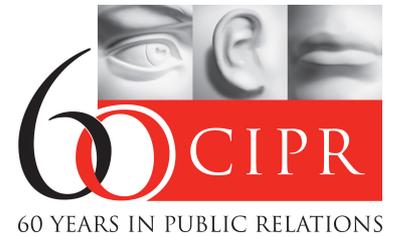
EXECUTIVE SUMMARY

This document reports on the results of a survey undertaken by the Centre for Effective Dispute Resolution (CEDR) in conjunction with the Chartered Institute of Public Relations (CIPR).

The purpose of the survey was to gather the views of public relations professionals with regard to the reputational issues involved in the way that companies and other large organisations conduct themselves when involved in disputes.

It is important to note that this survey is not about the well known aspect of crisis management – that is, how an organisation should communicate if in a crisis situation. Rather, it is about how an organisation conducts its disputes, and whether there are any reputational implications if such conduct becomes known.

The survey results confirm that this is an important issue, with 95% of public relations professionals reporting their view that it is "extremely" or "very" important that an organisation has a good reputation for the way it handles disputes. (Not one respondent believed this to be an unimportant issue).

Nevertheless, only 33% of respondents could identify any well known organisation who they would regard as having such a good reputation – with the most commonly cited being the Virgin brand.

Conversely, more than twice as many respondents (68%) were able to think of organisations with a bad reputation for managing disputes. Over 70 different organisations were named, albeit with the majority cited only by one individual each, but the clear standouts were British Airways (15%), Royal Mail (15%), the National Health Service (8%), the Post Office (7%) and McDonalds (5%). Half of all respondents named one of these five companies.

How important is good conflict management?

Overwhelmingly public relations professionals believe it is important that an organisation has a good reputation for the way it handles disputes.

How important is it that an organisation is perceived as being adept at dealing with disputes (whether litigated or not)

Extremely important	54%
Very important	41%
Fairly important	5%
Not very important	-
Not at all important	-

The investor stakeholder group were perceived as placing the highest importance on perceived competence in handling disputes, with 82% of respondents rating this as "very important" or "extremely important" to that group.

71% of respondents believed that employees rated an organisation's competence at dealing with disputes as being "very important" or "extremely important".

Similar figures were reported for senior management (74%) and customers (67%), whilst the issue was clearly perceived as being less significant to suppliers (47%) and other business partners (58%).

How much importance do you believe each of the following stakeholders place on an organisation's perceived competence at dealing with disputes?
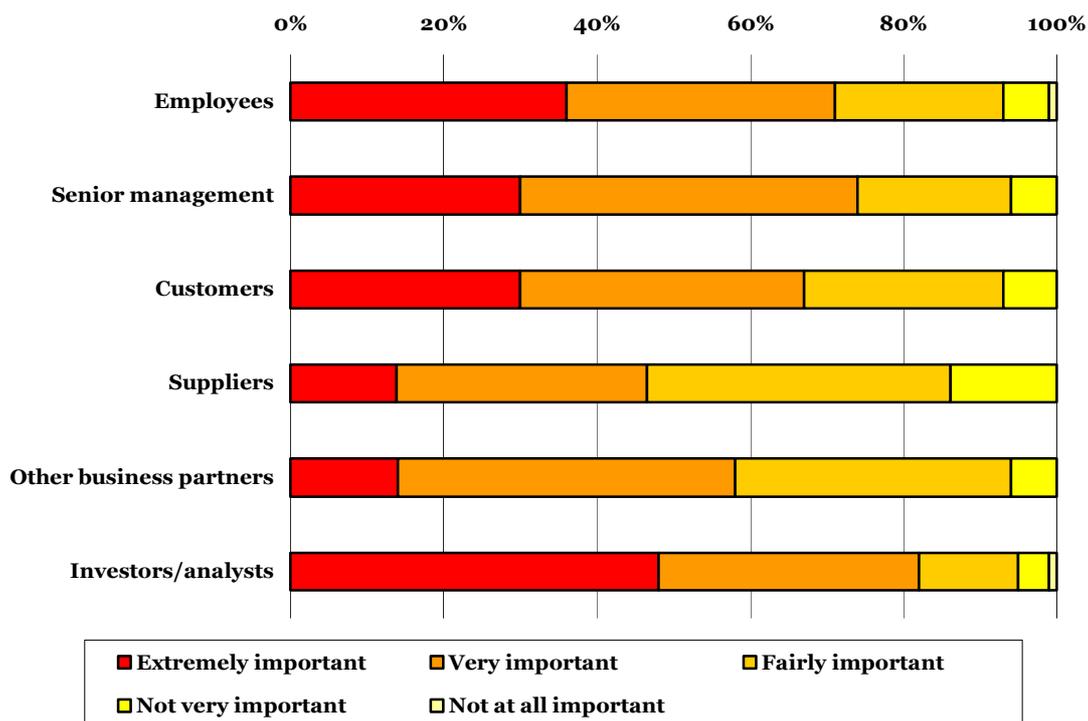
Why is good conflict management important?

The reasons our survey respondents provided as to why good conflict management is important fall into two broad categories:

- o firstly, disputes are, per se, bad for an organisation's reputation and thus cause for concern;

- o secondly, once a dispute has got into the public domain, the public eye focuses not simply on the facts of the dispute but also on the way that the organisation handles itself in that situation.

We asked respondents to reflect on their experience of organisational disputes in which they had been personally involved or consulted. 65% of respondents reported personal experience of their own client or organisation being involved in a dispute which became public. And they reported that, not only did the public exposure of the existence of the dispute generally (79%) have a negative impact on the organisation's reputation, but 50% of the time further damage was then done by the public exposure of the conduct of that dispute.

How did the public exposure of the existence or details of the dispute affect your organisation's reputation?

*How did the public exposure of the conduct of the dispute affect your organisation's reputation?*
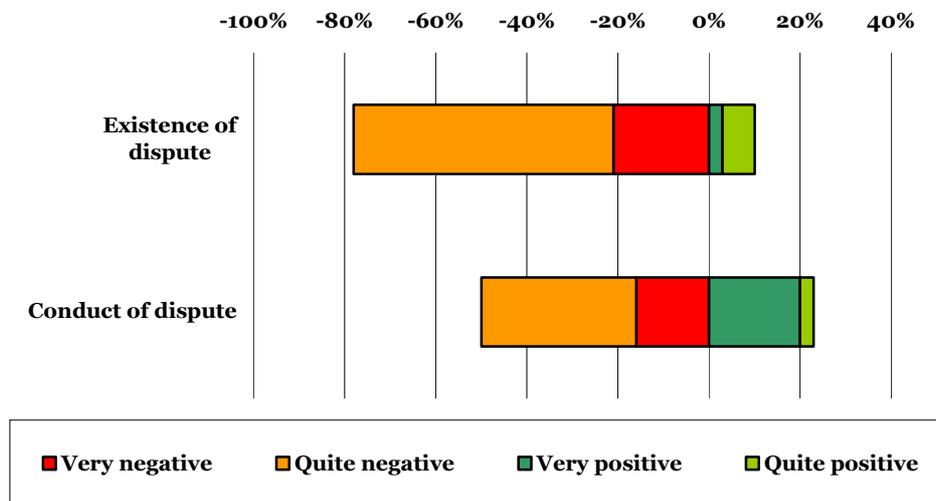
Respondents suggested that an organisation's dispute experience might be an indicator of:

- o Low management quality: e.g. *"Disputes of any kind, once they come into the public domain create the impression of incompetence and that the organisation is not in control. This erodes confidence and trust".*

- o Lack of management focus: e.g. *"Senior executive disputes attract the most attention from nearly all stakeholders - they're the ones who are supposed to provide leadership which is lost during conflict".*

- o Poor employee relations: e.g. *"The more disputes, the more evidence of an undesirable employer".* *"People are generally less understanding when you are perceived to mistreat your staff".*

- o Weak brand management: e.g. *"Lack of synergy with company slogans and claims creates doubt and suspicion; sense of being unethical affects brand values and loyalty".*

- o and concerns about underlying business performance: e.g. *"All of these impact on businesses' reputation to do business - which can manifest itself in problems with the share price and investor willingness, productivity, product desirability, fitness as an employer and even an operating business".*

Further evidence of the concern caused by disputes came from our survey respondents' personal experience of disputes. The following chart compares, for different categories of dispute, the frequency with which respondents have encountered such disputes in their professional capacity, with the degree of concern caused (note: the frequency chart here records those proportions of respondents reporting frequency score of 5, 6 or 7 on a sliding scale where 0 is "never" and 7 is "very frequently")
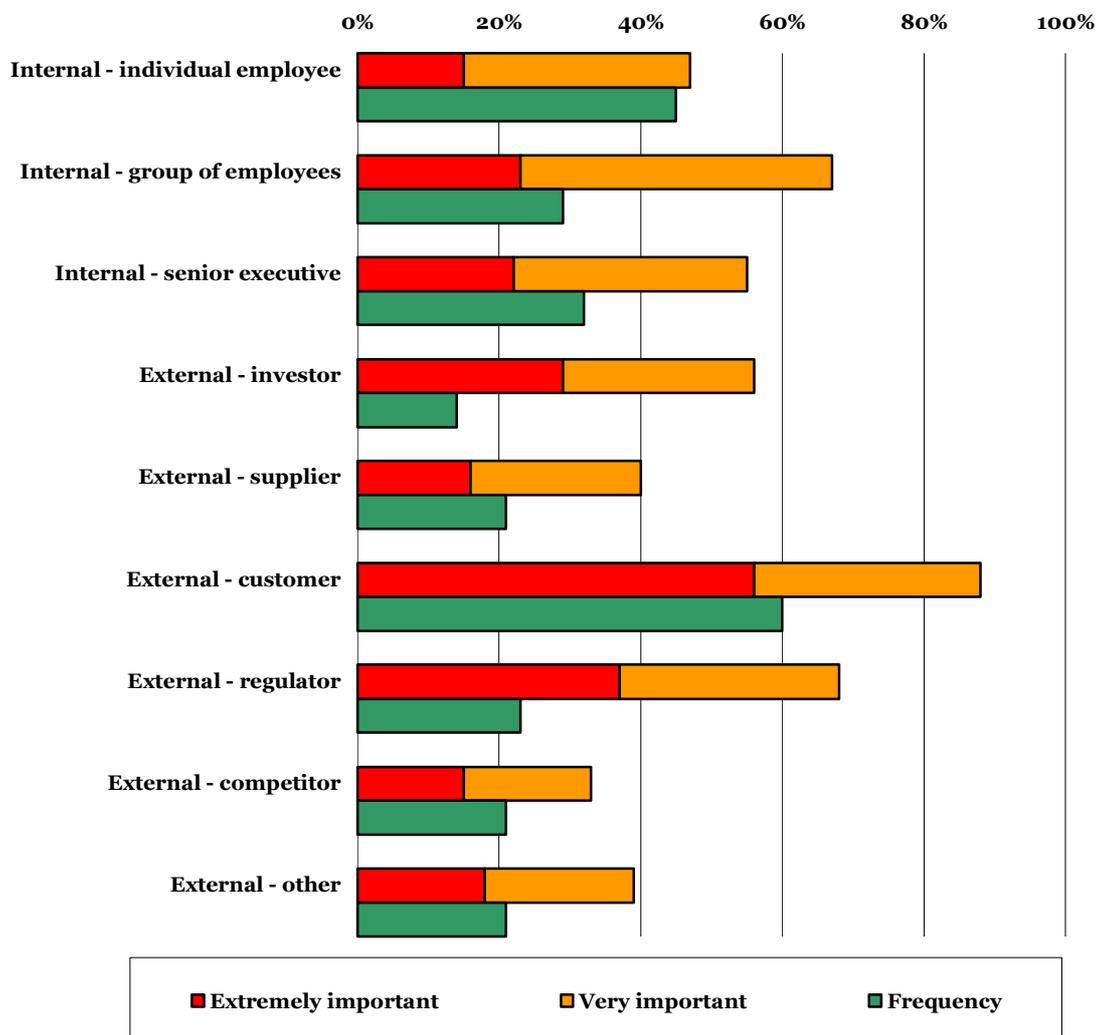
It is unsurprising that external disputes with customers appear at the top of the list with regards both frequency and concern as this is an audience which is clearly of interest to public relations professionals.

Moving further down the list, the relative frequency of disputes coming to the attention of public relations professionals appears to be consistent with the likely level of opportunities for conflict within a typical organisation, but there is some notable variation in the levels of concern caused by such disputes, with employee group and regulatory disputes being regarded as particularly significant.

## So what does good conflict management look like?

Firstly, good conflict management is about adopting a forward-looking relationships-based approach to disputes – with management focussing on maintaining relationships and getting back to business rather than fighting the win-at-all costs litigation battle.

This starts with corporate attitudes to conflict. We asked public relations professionals to give their views on a number of possible corporate policy statements with regard to dispute management:
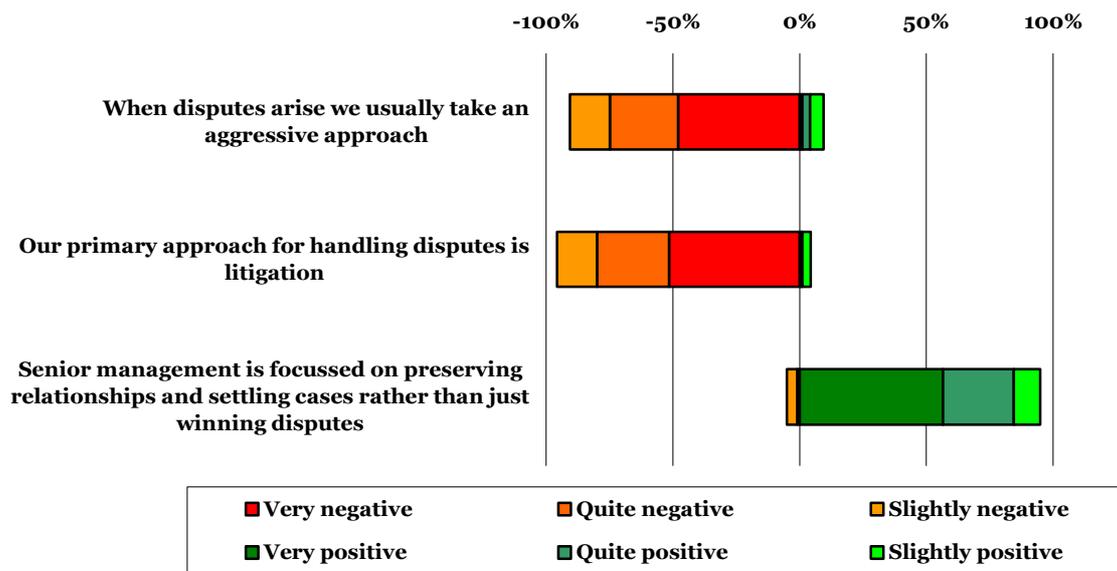
The strong preference for maintaining relationships was reinforced when we sought public relations professionals' views on how important certain items were when disputes arose between their organisation/client and its users. The most highly rated items were those which reflected a broader commercial focus (e.g. Maintain Relationships; Fairness of Outcome; Impact on Sales). In contrast, the traditional litigation measures of Legal Fees and Winning were rated the least important.

How important are the following items when disputes arise?

Legend:
- Extremely important
- Very important
- Fairly important
- Not very important
- Not at all important
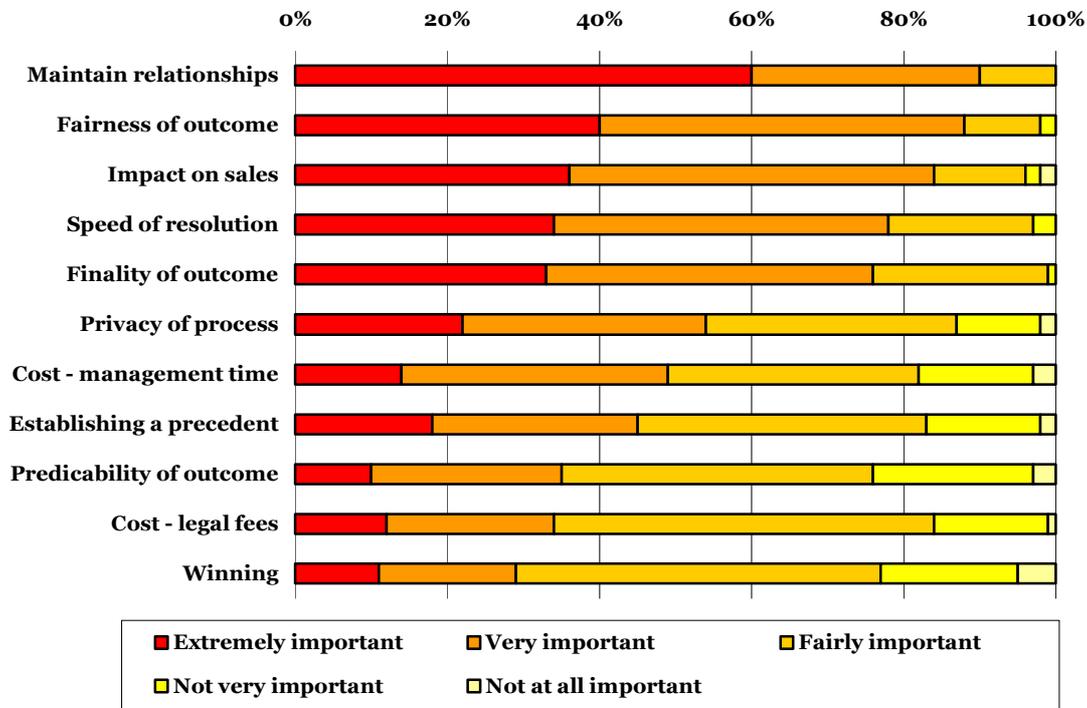
As well as emphasising the need for a commercial focus on effective conflict management, and as might be expected from the survey base, many respondents reinforced the importance of early involvement of public relations professionals, e.g.

o *"An organisation must communicate effectively to get its point across and not become negative or defensive. When this happens even if the organisation is in the right the public perception will likely be negative"*

o *"Rule of thumb - early action and high profile engagement give the best chance of managing the situation to your benefit. - Listen to your PRO!!!!"*

And as to the messages to be delivered:

o *"Confident, sophisticated and bullish but not intimidatory corporate governance is an important part of reputation. How you handle a dispute and what that says about you is as important as the actual outcome - particularly if you lose".*

o *"We are keen to send ethical, value based messages about our goods and services and ensure those values are reflected in organisational behaviour".*
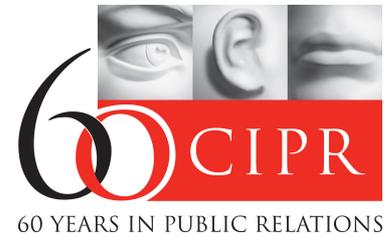
So who has a good (or bad) reputation?

As noted above, public relations professionals overwhelmingly believe it is important that an organisation has a good reputation for the way it handles disputes.

However, when asked whether they could think of any well-known organisation that they would regard as having a good reputation for the way it manages its disputes, only 33% could do so.

Conversely, when asked if they could think of a well-known organisation that had a bad reputation in this area, 68% (i.e. more than twice as many respondents) said they could.

Unsurprisingly, many respondents were reluctant to name names – and where names were given, a long and diverse list was received, with most organisations being named by only one respondent. There were, however, a number of notable stand-outs:

- o Amongst companies perceived as having a good reputation for the way they deal with disputes, one company, Virgin, was spontaneously mentioned by 28% of all respondents to this question. The next most popular responses, Tesco and London Underground, each received about a quarter of the support of Virgin (although these commendations were offset by an equal number of respondents rating them as having a bad reputation).

- o Given the greater number of respondents who could think of organisations with a bad reputation for managing disputes, it is perhaps unsurprising that an even longer list of names was given here – in fact respondents mentioned some 70 different organisations (again with the majority cited only by one individual each). Of these, the clear standouts were British Airways (15%), Royal Mail (15%), the National Health Service (8%), the Post Office (7%) and McDonalds (5%). (Half of all respondents named one of these five companies).

Conclusion

Many of the concluding contributions from our survey respondents make for a useful primer on effective conflict management within an organisation:

o *"Conflicts are bound to happen. It's best to settle them honestly while the issue may be still young and can be prevented from escalating"*

o *"Handled badly or aggressively, conflict can seriously damage an organisation's reputation, no matter how strong it was previously"*

o *"It seems to me to be fundamental that well-governed and well-managed organisations will have an honest, robust and mature attitude to dispute. It is counter-productive to be otherwise (and certainly not cost effective in human or in PR terms)"*

o *"Trying to beat the opposition into the ground is the surest way to ensure you inflict at least as much damage on yourself as you do on them. Grow up, be prepared to listen to the other side (even if they are unreasonable or unrealistic)"*

o *"How an organisation manages conflict can be a building block for reputation development. All too often it isn't - because senior management separate it off from their strategic thinking, it becomes a legal issue"*

o *"Organisations do not understand the importance of conflict resolution and its impact on reputation until it is too late. Like crisis management, they do not think it will happen to them until it does"*

o *"Maintaining a healthy reputation is critical to continuing business success. Effective conflict management is a vital key to such maintenance".*
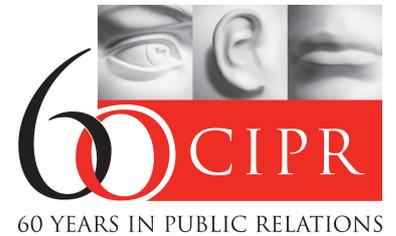
About the Survey

Methodology

The survey was conducted using an online tool, SurveyMonkey, and its existence was promoted by both CIPR and CEDR throughout the second half of 2007 (the original intention had been to publish the survey results in September but this did not provide possible because of date and venue clashes and thus the survey has been open for rather longer than originally planned).

A total of 160 individuals visited the survey site during the period it was open, and the majority of these visitors responded to the majority of the survey's 22 questions. Demographics of survey respondents are given below.

The survey was conducted on an anonymous basis, although respondents were given the opportunity to leave an email address if they wished to receive a personal copy of the survey findings.

Demographics

Respondents came from across the seniority range : 22% were at MD or Head of Marketing/PR level, 13% at Director, 34% Managers and 15% Executives (the balance being largely freelancers).

In terms of organisation background, 65% of respondents were in-house, 20% agency and 15% freelance.

In terms of specialisation, 44% were in corporate communications, 11% in internal communications, 10% in public affairs, 10% in B2B, and 5% in B2C. The remaining 20% included a number of public/voluntary sector specialists and a number of generalists.