



Managing Internal Complaints' Report

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Executive Summary

In response to a paucity of public information about early intervention strategies employed by business to deal with workplace conflict, HR Advantage conducted a survey of clients and colleagues and held a workplace conflict seminar. The results of this research are outlined in this paper.

The research has found that business has embraced good policy and procedures as a basis for operation. Those policies are reviewed regularly and staff required to implement them are trained. Organisations are confident they provide natural justice, confidentiality and resources to conduct interventions in whatever form.

Business is also clear on what they can improve. The translation of training into effective operational skill varies and could be improved. The speed of response, keeping parties informed, making it okay to complain, obtaining agreement on procedure, knowing when to seek advice and managing performance better were all identified as other areas for improvement.

Proactive cultural actions to work on positive workplace environments seem to be receiving less attention than policy and procedures. Such actions could include values dissemination processes such as values in action workshops, holistic performance management processes and early intervention strategies.

The workplace conflict seminar participants focused on values dissemination, effective leadership, managerial skill development, the application of "zero harm" principles to conflict as psychological injury, and improved skilled and proactive Human Resource support as areas for potential action by organisations to more effectively and proactively manage workplace conflict.

From the research conducted and general experience, the HR Advantage team developed a checklist of the essential components of an effective complaints management system. This is outlined towards the end of the report below.

Introduction

HR Advantage has assisted a large range of clients with internal complaints, grievance handling, compliance matters, mediation and investigation services for more than 10 years. Our experience suggested that more effort went into dealing with crises after an event rather than preventative strategies to avoid significant conflicts escalating in the first place.

In our reading and research, we observed there was little hard data on how organisations deal with conflict. Most of the published articles addressed what to do when a crisis or complaint arises, particularly in relation to applying effective discipline and termination to errant employees. There was a paucity of articles dealing with the strategies to prevent complaints.

It was evident that the impacts of internal conflict were very significant. Conflict leads to:

- Productivity losses
- Staff departures (estimates of replacement costs vary between 50-100 percent of the person's salary)
- Stress claims, workers compensation claims, absenteeism and health-related problems
- Client impact (if team dysfunction is evident to the client and/or leads to a reduction in service quality)
- Dysfunctional and destructive behaviour where people become more engaged with a toxic relationship than with their work



It was also evident that these impacts don't only relate to the conflict participants; they also affect other team members.

Interestingly, the USA based Centre for Creative Leadership's research suggests that over 67% of managers spend more than 10% of their time handling workplace conflict and 44% of managers spend more than 20% of their time on conflict-related issues.

Consequently, HR Advantage resolved to pool our expertise and that of our clients and colleagues to address that gap. We decided to conduct a survey to determine what was actually happening in organisations today. This was followed up by an interactive workshop of highly experienced managers and practitioners with good organisational exposure to these issues to explore the survey findings further.

Methodology

The Survey

Step 1 in our process was to pool our existing internal expertise. HR Advantage consultants developed a briefing paper on productive (good) and unproductive (poor) behaviours they had observed, as well as a set of factors that had contributed to the escalation of complaints or the failure of an organisation to resolve issues quickly. We also developed a set of best practice behaviours that characterised organisations that effectively managed complaints.

This briefing paper was used in developing our survey. The survey questionnaire asked a series of open and closed questions about policy and procedures, management capability, the nature and frequency of interventions, what works and what doesn't work. The survey finished with demographic questions about the respondents and their organisations.

The Definition

For the purposes of the survey, we defined an internal complaint as

"A matter / concern raised by an employee about another employee.

It includes allegations of unfair treatment, bullying, sexual harassment, improper conduct or a breach of ethical standards or a code of conduct.

It does not include customer complaints about products or services, but does include customer complaints about an employee's conduct".

Survey Participants

The Managing Internal Complaints Survey was sent to 75 managers in 48 organisations in Queensland, New South Wales, the ACT and Victoria. Those invited to participate were Line Managers and Human Resource Specialists who were known to HR Advantage as people with a significant number of staff to manage or a significant organisational role in managing internal complaint processes.

23 responses were received. Of these, there were:

- 18 from Queensland
- 1 from ACT and
- 4 from Victoria

From the perspective of organisational type, there were:

- 13 respondents from the public sector (State Government, Local Government or Government Owned Corporation) and
- 10 respondents from a diverse range of industries in the private sector (building, cement, banking, mining services and sugar)



From the perspective of job type:

- 14 respondents were HR specialists; and
- 9 respondents were senior managers

From the perspective of organisational size:

- 15 employed > 500 staff
- 8 employed < 500 staff

Seminar Group Discussions

The survey findings were collated and presented to a seminar of approximately 20 clients on 3 September 2009. Participants at the seminar were highly experienced, senior practitioners and managers with exposure to these organisational issues.

The seminar presented an opportunity to explore the survey findings and add to them. Discussion questions were presented to examine what organisations were doing to try to prevent internal complaints from arising in the first place or to minimise the disruptions, seriousness and/or escalation of them. The seminar participants were invited to offer their experience and opinions on these questions.

Key Survey Findings

Policy and Procedures

Question 1 - What Policy / Procedures does your company have in place that are relevant to internal complaints? (Place a cross in front of the relevant Policies / Procedures)

- ☐ Code of Conduct
- ☐ Anti-bullying and / or Organisational Violence Policy / Procedure
- ☐ Sexual Harassment Policy / Procedure
- ☐ EEO and / or Discrimination Policy / Procedure
- ☐ Staff Grievance Policy / Procedure
- ☐ Disciplinary Policy
- ☐ Other (please describe)

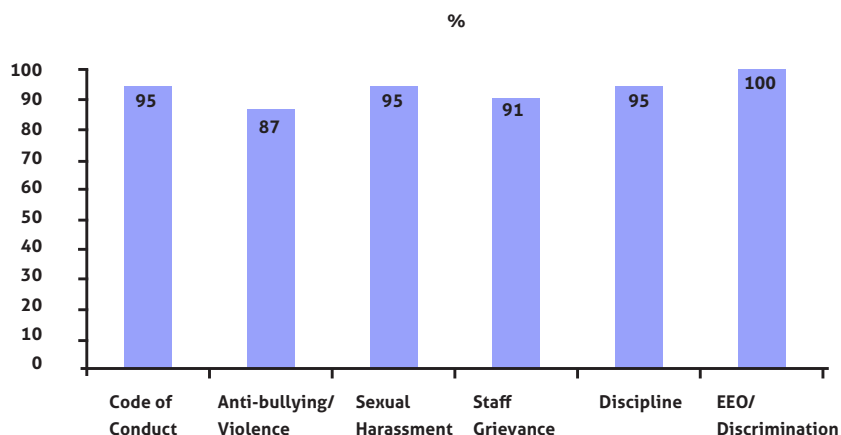


Chart 1 - Percentage of respondents with relevant policies and procedures



All of our respondents appear to have the field covered in relation to policies and procedures (refer Chart 1), although it appears the elements may be packaged slightly differently in some private sector organisations. In the private sector focusing on the need for a positive internal culture, and addressing “human values” were reported as additions to the options provided in the question.

One public sector agency has a complaint management system for use by clients and includes an employee’s conduct within its scope.

Of particular note, 65 per cent of respondents have reviewed their policies and procedures in the previous 12 months.

This would suggest that both public and private sector organisations understand the importance of learning from experience and reviewing the policies and procedures used to manage staff complaints.

It would seem that business, in both public and private sectors, is well equipped with the policies and procedures to provide guidance to managers and staff on dealing with conflict and behavioural issues within the organisation. This would seem to reflect the various legislative provisions that Australia has now had in place for almost 25 years.

Management Competence

Question 2 asked “Do you believe your HR staff in the organisation are adequately trained to manage internal complaints?” and a similar question “Do you believe line managers in the organisation are adequately trained to manage internal complaints?” It also asked “If not, what are the main skills you feel are missing?”

The results, which are summarised in Chart 2, suggest there is greater confidence in the competence of HR staff to manage internal complaints than in line managers. Indeed 85% of respondents believed their line manager competence in managing complaints was either variable or inadequate.

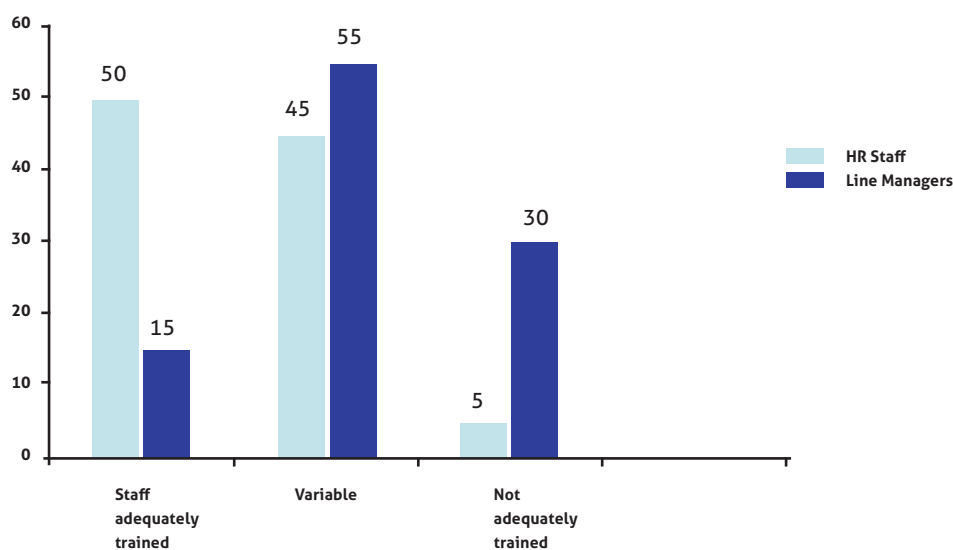


Chart 2 - Competence of HR Staff and Line Managers to manage internal complaints



The main deficiencies identified were interpersonal skills, confidence, experience, understanding the process of investigation and speed of response.

On the whole, private sector businesses showed more confidence in the training of their staff and in the ability of their staff to manage conflict.

Although there is evidence that organisations are investing time and resources in training their staff, their own experience suggests that more needs to be done to ensure staff (especially line managers) are competent. Training is only part of the appropriate preparation of management to handle issues. Personal experience and coaching in the use of complaint processes are also essential components.

The nature and frequency of interventions

Question 3 asked “*Has your organisation undertaken any interventions, either internally or with external support, in the last 12 months in relation to managing complaints?*” A list of interventions was provided.

Not surprisingly, high levels of interventions were reported and a range of intervention styles and tools were employed. Informal investigations by managers or by HR were cited by a significant majority of respondents. The number of respondents reporting each type of intervention is shown in Chart 3.

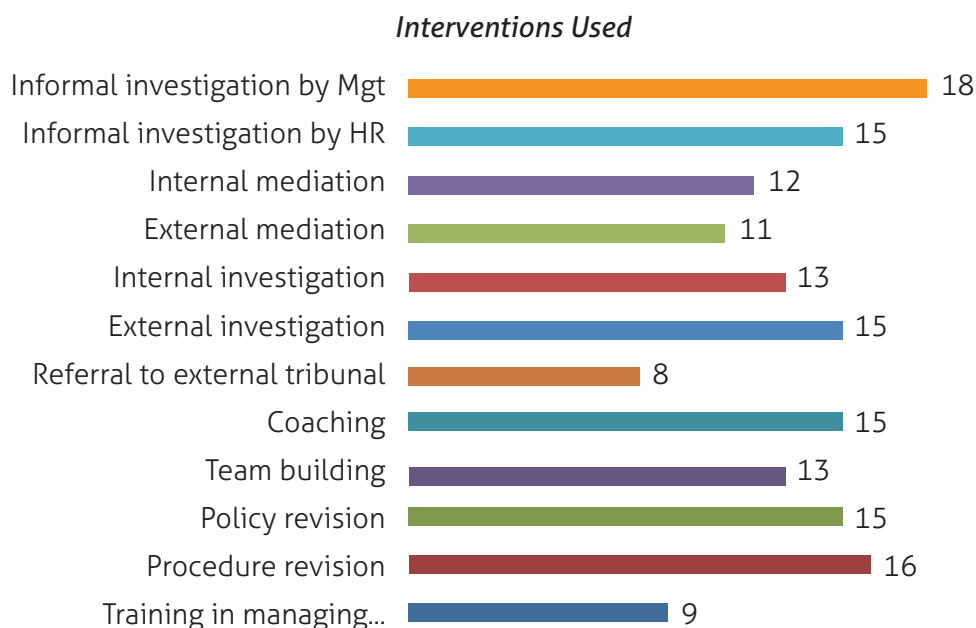


Chart 3 - Number of respondents using interventions (n=23)



It is encouraging to observe that 70% respondents indicated that they had revised their policy or procedures in the past 12 months. This indicates many organisations are continuously improving their processes based on experience.

Formal investigations were used by more organisations than mediation. While few statistically significant differences emerged between public and private sector organisations, more public sector organisations (65%) used external formal mediations / investigations than private sector organisations (35%). Furthermore, all eight respondents who reported interventions were referred to an external tribunal or authority were Public Sector organisations. Whether higher union density in Public Sector organisations is a contributing factor to these results can be speculated but was not tested in the survey.

40% of respondents reported that they had engaged in training staff in managing complaints during the last 12 months. 65% of respondents had employed coaching as a complaint resolution tool. When these results are viewed together, it seems clear that organisations are concerned about management competence and continue to seek ways to improve skill levels in this area.

Chart 4 contrasts the numbers of respondents reporting mediations and investigations that were handled internally versus externally. While the differences are not large, the higher use of external interventions may reflect a desire for skill and independence to be brought to difficult complaint matters.

The survey asked "If you have utilised an external resource for mediation or a formal investigation, what did you find beneficial about the intervention?" By far the most prominent response was that external mediators / investigators were valued for their independence and expertise.

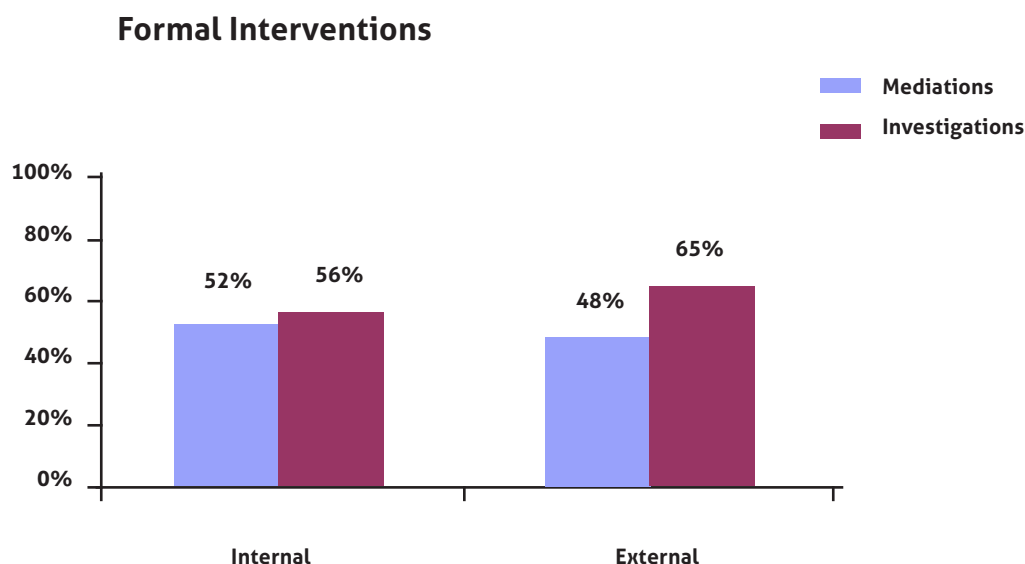


Chart 4 - Number of respondents reporting formal mediations and investigations that were handled internally versus externally.



What do organisations do well?

Respondents were asked "When managing internal complaints, what are the 2 or 3 key things that you feel your organisation does well?"

In order of frequency, respondents named the following positive behaviours (the number of respondents for each response is in parenthesis):

- Have clear policy and procedures / code of conduct / contact officers (9)
- Seek advice (HR or Ethical Standards Unit) (6)
- Provide natural justice (4)
- Provide confidentiality (4)
- Conduct mediations / investigations well (3)
- Resolve at the lowest possible level (3)
- Provide participants with respect and empathy (3)

What can organisations improve?

Respondents were also asked "When managing internal complaints, what are the 2 or 3 key things that you feel your organisation could improve?"

In order of frequency, respondents named the following improvements (the number of respondents for each response is in parenthesis):

- Training (12)
- Timeliness / speed of response (6)
- How people affected are advised of progress and outcomes (4)
- Follow agreed procedure (3)
- Make it okay to complain (3)
- Know when to seek HR advice (2)
- Manage performance better (2)
- Consistency (2)

Clearly, having appropriate policies and procedures, a transparent process that is fair, equitable and confidential is important to employers. It is also important for them to be seen to have such processes. Timely response is also seen as highly desirable in order to deal with a complaint effectively. This can include investigating a matter before a formal complaint is received.

Summary of survey findings

Business has embraced good policy and procedures as a basis for operation. Those policies are reviewed regularly and staff required to implement them are trained.

The translation of that training into effective operational skill varies. The Private Sector appears more confident in the operational skills of their staff than the public sector. Consequently, the Public Sector is more likely to use training, coaching and general skill upgrading as a conflict resolution technique. In the Private Sector these methods are less frequently used.

Interventions to manage complaints are more likely to be informal than formal in both the Public and Private Sector. The Public Sector was more likely to request an external investigator to assist.

Tools such as coaching and team building were used as enrichment tools. This was more likely to happen in the Public Sector than the Private Sector.

The Private Sector is generally more confident in "how they do things" than the Public Sector.



They are confident of their policies and procedures, providing skilled staff to assist, natural justice, confidentiality and conducting the interventions in whatever form well.

The Public Sector is clear on what they can improve. Training, speed of response, keeping parties informed, making it okay to complain, obtaining agreement on procedure, knowing when to seek advice and managing performance better were all identified as areas for improvement.

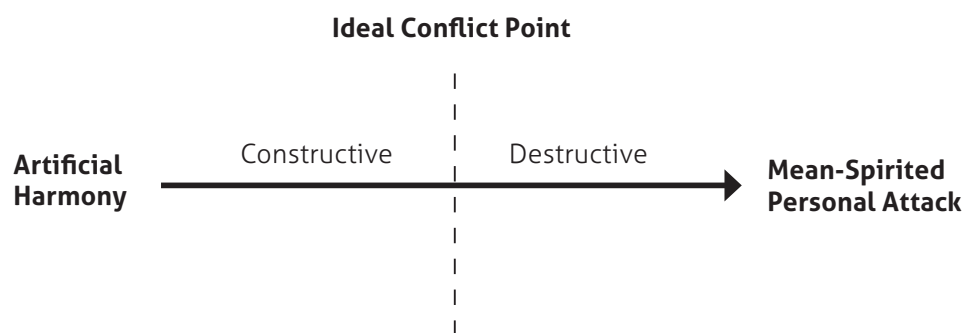
Proactive cultural actions to work on positive workplace environments seem to be receiving less attention than policy and procedures. Respondents to the survey made little if any comment on cultural actions, such as values dissemination and workshops, holistic performance management and development processes and early intervention strategies.

Workplace Conflict Seminar

On 3 September 2009, HR Advantage conducted a workplace conflict seminar, at which the findings of the survey were revealed. Participants at the seminar were highly experienced, senior practitioners and managers. The workshop explored their experience, reflections and insights around improving workplace culture to reduce unproductive conflict.

We talk about “unproductive conflict” because the absence of any conflict may not necessarily be the most desirable state for an organisation. It is important for innovation and good decision making that people feel free to offer different opinions, debate their views firmly and resolve differences in a mature way.

Patrick Lencioni, in “Overcoming the five dysfunctions of a team”, talks about an ideal conflict point as being somewhere along the continuum between artificial harmony and mean-spirited personal attacks. He represents it this way:



At the seminar, strategies were identified through small group discussion exploring what organisations have done to develop positive, constructive and proactive approaches in creating positive workplaces and in reducing unproductive conflict.

Discussion Questions

The workshop asked participants to consider three discussions questions:

- *What strategies have you used for making organisational values live in practice at the workplace?*
- *How are behavioural expectations communicated at all levels in the organisation and how can this be done more effectively?*
- *What strategies have you used for improving the skills of managers, employees and teams in better conflict management?*



The following draws out key themes from the discussion:

Making Organisational Values Relevant

- Several organisations used processes to cascade values starting with the top executive group working on articulating values and then working this through all levels of the organisation. This may include behavioural statements being developed at team level. There were some good experiences reported in such approaches. In one organisation some senior managers 'self selected' out of the organisation on personal fit grounds once values processes were inculcated and this was reported as a positive measure of the values operating in action.
- One organisation reported a particularly successful strategy that involved the executive leadership team working through a facilitated, open and frank discussion to identify important organisational values and agree how these apply in concrete behavioural terms to the way they individually work and to expectations of each other. Individual executives then sponsored values and facilitated sessions with other levels of management directly to explore what the values actually meant in expectations and in practice. This created a meaningful dialogue and cascade with clear executive leadership. It was 'owned' and actively championed by top executives.
- Some organisations reported success in story telling approaches that reinforced values and behaviours – particularly those stories that reinforce positive examples and recognise values being applied. The examples were used to create powerful legends around the values.

Values incorporated in systems and frameworks

- Several participants identified the importance of recognising in competency, performance, recognition, and reward frameworks the important behaviours and values regarding 'how we do business' - ensuring this is recognised as well as technical / outputs.
- One organisation successfully introduced a structured code of ethics – which take the values and develop them into ethical standards and behavioural requirements through the organisation; underpinned by competency and development approaches.

Leadership and Management

- Several organisations had positive experiences around ensuring performance management processes focus on the clarity and quality of conversations rather than the form to be filled out. Skills development for managers focused on feedback and constructive performance conversation skills.
- There was clear recognition that skills development needs to equip managers to initiate and conduct difficult conversations, including the ability to surface conflict. In addition it was recognised that skilling managers to have regular and ongoing 'business as usual' performance discussions was critical so that feedback is an ongoing part of work – part of how the manager sees their role and what employees expect.
- Using leadership frameworks (eg. QPS/APS leadership competencies) in understanding values and applying them as well as using them for skills development.

Education

Promotional campaigns particularly for reach in large organisations have been used to raise awareness and educate staff on values – eg. poster campaigns and kits with information and education processes which managers can use with their staff.

Providing information on options to address possible areas of workplace conflict, such as understanding what is possible with flexible work hours / options was highlighted as another useful education/information strategy.



Lessons from 'Zero Harm'

The success of 'zero harm' and similar safety initiatives in effecting positive behavioural change within organisations was identified by a number of participants which led to broader reflection about the learning that could be gained from good cultural safety activities transferring to broader values activities.

Leadership development work which highlighted zero harm encompassing psychological injuries and articulated the roles of leaders in early identification of concerns and intervention activities was reported as having been highly successful for one organisation. This included changing the cultural focus of complaints from negative connotations of investigations to investigations being seen positively when leaders refer matters to get resolved with assistance. An underpinning of the success of this initiative involved executive level recognition and direct involvement in cultural change.

The same organisation reported that shifting performance measures from lag to lead indicators in measuring psychological and related risk issues was powerful.

Internal Human Resources

- The role of HR was identified as important in supporting managers, however it was also identified by participants as perhaps needing development

To be 'positioned' and recognised within the organisation as having the capability to be able to support managers.

HR practitioners need to develop the 'right' kind of relationships with managers – to be able to identify needs, influence them effectively and be seen as enabling and helpful.

HR practitioners need to be able to operate as internal consultants and this requires particular skills sets that may not automatically exist in HR areas (e.g. in more technical HR approaches).

Applying HR expertise through case teams which bring together areas of expertise working with managers on more difficult matters (e.g. bring H&S, ER and HR skills together) had been successful for one organisation.

Components of an Effective Complaints Management System

Taking into account the survey findings, the conflict seminar output and other research, HR Advantage has developed a checklist of the essential components of an effective complaints management system:

- A **leadership team** which actively demonstrate desired behaviours / ethos which they require of their staff members and use performance management practices in a constructive manner
- A values dissemination process, led by the leadership team, which reinforces desired workplace behaviours and is supported throughout the business
- A culture where people are well informed and can **disagree without retribution**; managers encourage and are open to a range of feedback and employees feel comfortable discussing concerns
- **Policy and procedures** that provide a formalized and well understood grievance process for all staff, where issues can be dealt with quickly and usually informally. Resolving complaints is seen to be part of normal business. Policy and procedures are reviewed regularly
- A formalized system of **performance feedback**; which addresses values, behavioural standards, expectations and feedback. Managers capable of articulating clear performance expectations and held accountable both for recognizing good and addressing poor performance



- A **workforce** familiar with their rights and responsibilities regarding workplace conduct, harassment and discrimination (**well trained and educated** in this subject area)
- **Management training** that emphasizes the formation and nurturing of workplace relationships and that includes skills in handling difficult conversations
- **Effective support** for employees and managers through an internal equity / justice network and HR professionals who are trained to coach managers in handling conflict quickly and effectively
- A bias for dealing with inter-personal conflict or poor performance promptly, with courage, diplomacy and tact

Conclusion

What is the challenge for organisations from this survey?

The basic compliance requirements of policy and procedure are in place and working. Some staff training is in place. The behavioural competence of staff to deal with complaints is viewed as less than adequate across business.

The challenge for organisations is to ensure that leadership teams accept conflict resolution as a business priority and part of every manager's job. Leaders must model the desired principles and behaviours they seek. They must nurture a culture where people are well informed and can disagree without retribution; where employees are encouraged to raise issues; and where managers feel comfortable dealing with them. They must develop a workforce well trained and educated in their rights and responsibilities to others. In such a culture, inappropriate management behaviours, interpersonal conflict and poor performance will be addressed promptly with courage, diplomacy and tact.

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