

Literature Review: Ethical Approaches in Employee Conflict Management for Building Sustainability in the VUCA Era

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Abstract

In the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era, companies face challenges in managing employee conflicts due to uncertainty and complexity. Leadership grounded in principles of fairness, transparency, and empathy is essential for resolving conflicts fairly and openly. A collaborative ethical approach can help prevent conflicts and create an inclusive work environment. This study aims to demonstrate that ethical leadership in conflict management can enhance workplace harmony, organizational resilience, and productivity while safeguarding the company's reputation amid uncertainty and rapid change. This research employs a Systematic Literature Review (SLR) method, analyzing an initial set of 17 journal articles, with 9 selected based on relevance, credibility, and contribution to the topic. The review highlights the importance of principles such as fairness, transparency, and empathy in effectively handling employee conflicts. The findings reveal that ethical leadership promotes fairness and open communication, fostering trust and collaboration among employees. Transparency reduces uncertainty, while empathy strengthens interpersonal relationships and workplace harmony. These findings are highly relevant for companies facing challenges in managing employee conflicts in the VUCA era.

Article History:

This study examines the importance of ethical leadership in conflict management in the VUCA era. It employs the Systematic Literature Review (SLR) method to analyze ethical approaches in employee conflict management to support sustainability in the VUCA era.

Keywords:

VUCA, Conflict Management, Ethical Leadership.

1. Introduction

In the VUCA era (Volatility, Uncertainty, Complexity, and Ambiguity), business and organizational dynamics face complex challenges, particularly in fostering harmony and sustainability in the workplace. Market uncertainty and volatility often trigger conflicts among employees, which not only affect productivity but also the overall sustainability of the organization. Therefore, ethical approaches to employee conflict management have become increasingly relevant to ensure sustainability amidst uncertain conditions. This ever-changing and uncertain work environment demands leaders to adopt strategic yet ethical approaches to create sustainable organizational harmony. Ethical approaches to conflict management not only emphasize problem resolution but also uphold the values of fairness, transparency, and empathy as integral parts of organizational culture. Research shows that ethical leadership not only enhances employee engagement but also promotes organizational sustainability through proactive work behaviors (Chreif & Farmanesh, 2022). Furthermore, the application of value-

based ethics, such as Kantian ethics and virtue ethics, has been proven to have a positive relationship with organizational sustainability by fostering an inclusive and collaborative work culture (Valenzuela et al., 2022).

The business environment in the VUCA era requires organizations to adopt adaptive strategies that integrate approaches at both individual and organizational levels. Research indicates that resilient organizational structures, along with cultures that support learning, innovation, and collaboration, are key elements for surviving in uncertain environments (Dhillon & Nguyen, 2020). Leadership strategies relevant to the VUCA era have been described as multidimensional approaches that blend social, emotional, professional, and spiritual intelligence. Leaders who understand and implement these elements are more likely to effectively navigate complex organizational dynamics and foster harmonious working relationships. Additionally, the concept of transformational leadership has garnered attention, where leaders not only focus on achieving organizational goals but also address the needs of individuals as valuable organizational assets. Research by Zhu et al. (2022) highlights that ethical leaders create psychologically safe work environments, which in turn enhance employee engagement and productivity. By fostering an inclusive work climate, ethical leaders can constructively manage conflicts to promote internal harmony.

In this era, leaders are not only responsible for task execution but must also ensure subordinate satisfaction, reshape organizational strategies, and integrate ethical values into decision-making processes (Ali & Anwar, 2021). This aligns with findings emphasizing the need for leadership oriented toward sustainability and long-term success through a holistic and participative approach (AKowo & Akinbola, 2019). Moreover, the importance of organizational sustainability lies in a leader's ability to create harmony in the workplace by applying ethical principles in conflict management. Effective strategies not only help resolve conflicts but also build a positive reputation and organizational resilience in facing the challenges of the VUCA era (Afrizon & Reskino, 2021). The purpose of this review is to identify and analyze the principles of ethical approaches relevant to employee conflict management in the VUCA era, as well as to examine the role of ethical values such as fairness, transparency, and empathy in managing employee conflicts within organizations operating in uncertain and complex environments. Specifically, this study addresses the following questions:

1. RQ1: How can the principles of ethical approaches be effectively applied in employee conflict management to address the dynamic challenges of the VUCA era?
2. RQ2: What is the role of ethical values such as fairness, transparency, and empathy in managing employee conflicts within organizations facing the uncertainty and complexity of the VUCA era?

2. Method

This study employs the Systematic Literature Review (SLR) method to analyze ethical approaches in employee conflict management to support sustainability in the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era. SLR was chosen for its advantages in providing structured and transparent findings, minimizing bias, and generating in-depth understanding of the research topic (Mengist et al., 2020). The SLR method ensures that the literature review process is conducted systematically and rationally. Steps include the research includes the identification of keywords such as "conflict management," "ethical leadership," and "VUCA," as well as the selection of articles from reputable, indexed journals. The selection process was conducted through database platforms such as Scopus, EBSCOhost, and Springer, with inclusion criteria encompassing publications within the last five years, based on empirical or conceptual research, and relevance to the research topic. The findings of this study are expected to enrich the existing literature by providing strategic insights into the role of ethical leadership in fostering organizational sustainability, particularly in addressing the challenges of a dynamic and complex business environment.

This study reviews various literature using a systematic approach to relevant articles from 2019 to 2024. Selecting journals from the past five years is a strategic step aimed at ensuring that the data, methods, and findings used are aligned with the latest dynamics in the research field. Recent literature reflects current advancements and developments. Furthermore, recent studies are more likely to adopt

advanced and relevant methodologies, providing a stronger foundation for analysis. Journals published within the past five years also reflect changes in policies and regulatory frameworks, particularly those related to employee management and ethical approaches. This focus minimizes the risk of relying on outdated information. Recent literature also captures perspectives more suited to present needs, such as digital fairness or the importance of empathy in managing remote work. Therefore, focusing on journals from the past five years enables the research to remain relevant, adaptive, and contribute significantly to contemporary challenges.

The journal data filtering process within the framework of a Systematic Literature Review (SLR) began with collecting 195 articles from the Scopus database. The first stage involved filtering based on the publication year, focusing on articles published between 2020 and 2024. At this stage, 25 articles that did not meet the year criterion were excluded, leaving 170 articles. Next, filtering was conducted based on document type, retaining only articles classified as "journal." A total of 50 articles were excluded for not meeting this criterion, reducing the number of articles to 120. The following stage filtered articles based on open access criteria, excluding 59 articles that did not meet this requirement, resulting in 61 filtered articles. Finally, after applying all criteria (publication year, document type, and open access), 17 articles met all the criteria. From these, 9 journals were selected for the final review based on their relevance, quality, and contribution to the research topic. These were used in the literature review on ethical approaches to employee conflict management for building sustainability in the VUCA era.

Figure 1
 Flowchart of the Screening Process.

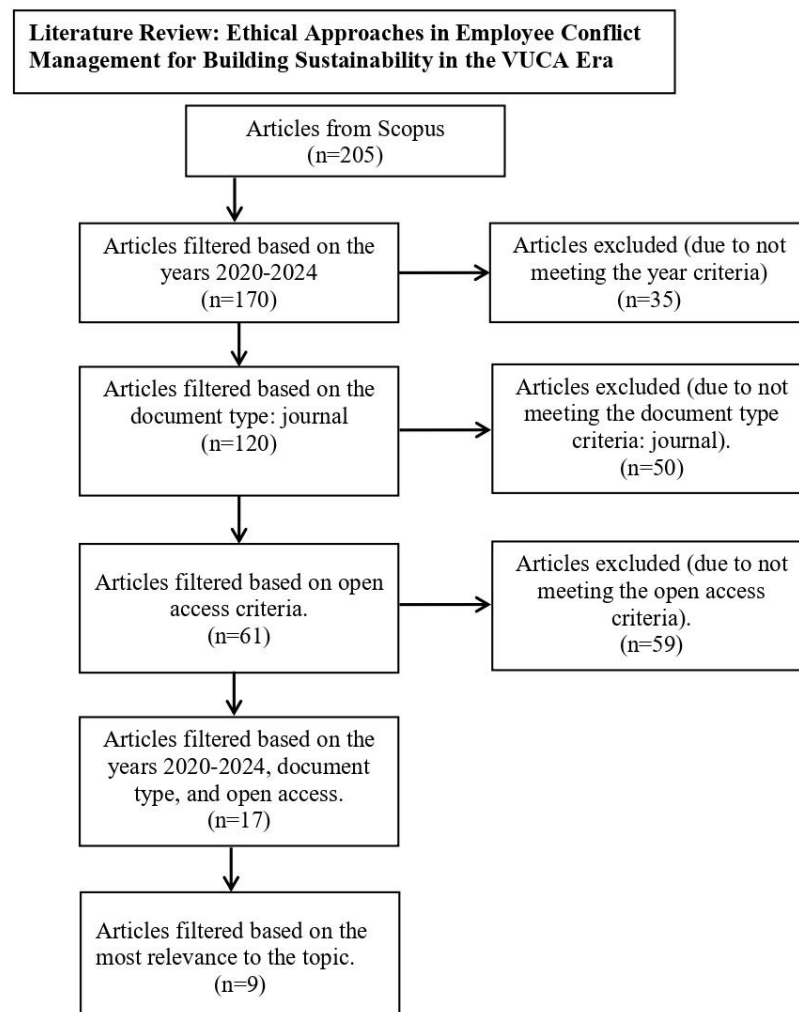


Table 1

Research Findings

Title			Publication	Results
Employee Voice: A Mechanism to Harness Employees' Potential for Sustainable Success		A	He, Zhu., Muhammad, Kamran, Khan., Shakira, Nazeer., Li, Li., Qinghua, Fu., Alina, Badulescu. (2022). Employee Voice: A Mechanism to Harness Employees' Potential for Sustainable Success. International Journal of Environmental Research and Public Health, doi: 10.3390/ijerph19020921	This study emphasizes ethical leadership as essential to fostering psychological safety and encouraging employee voice, which can effectively manage conflict. This approach supports sustainable success in the VUCA era by promoting open communication and collaborative decision-making within organizations.
Ethical Practices and Organizational Sustainability: A Three Dimensional Approach			Marierose, P., Valenzuela., Lorena, H., Garcia., Elaine, Joy, C., Apat., Mario, R., Briones. (2022). Ethical Practices and Organizational Sustainability: A Three Dimensional Approach. International journal of academe and industry research, doi: 10.53378/352954	This study emphasizes that ethical practices, especially virtue ethics, are critical in managing employee conflict. By cultivating an ethical mindset, organizations can enhance sustainability, ensuring that leaders and employees collaborate effectively in a volatile, uncertain, complex, and ambiguous (VUCA) era.
Conflict: The Missing Ingredient for Sustainability in Complex Partnerships			Ami, Carpenter. (2023). Conflict: The Missing Ingredient for Sustainability in Complex Partnerships. Sustainability, doi: 10.3390/su15054326	This study emphasizes that conflict management is critical to sustainability in cross-sector partnerships. Engaging in conflict, rather than avoiding it, fosters shared understanding, trust, and effective governance, essential to navigating the complexities of the VUCA (Volatile, Uncertain, Complex, Ambiguous) era.
A Study on Importance of Ethical Responsibilities in HR Management			Niharika, Valecha. (2022). A Study on Importance of Ethical Responsibilities in HR Management. doi: 10.55938/ijgasr.v1i1.7	This study emphasizes ethical approaches in employee conflict management during the VUCA era emphasizing intuitionism, moral idealism, and utilitarianism, fostering a healthy ethical environment that supports sustainable business practices and enhances organizational success through effective stakeholder engagement and ethical decision making.

Applying Green Human Resource Practices toward Sustainable Workplace: A Moderated Mediation Analysis	Maya, Chreif., Panteha, Farmanesh. (2022). Applying Green Human Resource Practices toward Sustainable Workplace: A Moderated Mediation Analysis. Sustainability, doi: 10.3390/su14159250	This study emphasizes the role of ethical leadership in cultivating a psychologically green climate, which can enhance employee engagement and green behavior, essential for sustainability in the VUCA era. Ethical leaders model behaviors that promote collaboration and resolve conflicts effectively.
Ethics –A Mandatory Instrument to Ensure Good Governance of the Public Sector	Sorela, Maria, Pruteanu. (2020). Ethics –A Mandatory Instrument to Ensure Good Governance of the Public Sector. doi: 10.18662/LUMPROC/GEKO S2020/32	This study emphasizes that developing ethical infrastructure in public institutions encourages responsible decision-making, which is essential for managing employee conflict. This approach enhances organizational integrity and sustainability, especially in the VUCA (Volatile, Uncertain, Complex, Ambiguous) era.
Job Autonomy and Work Meaning: Drivers of Employee Job-Crafting Behaviors in the VUCA Times	Ting, Nie., Min, Tian., Mingyang, Cai., Qiaoqiao, Yan. (2023). Job Autonomy and Work Meaning: Drivers of Employee Job-Crafting Behaviors in the VUCA Times. Behavioral sciences, doi: 10.3390/bs13060493	This study does not specifically discuss ethical approaches in employee conflict management. However, it emphasizes the importance of job autonomy and work meaning in fostering proactive behavior, which can indirectly contribute to sustainable conflict resolution in the VUCA era.
Strategies to Respond to a VUCA World	Dhillon, R., & Nguyen, Q. C. (2021). Strategies to respond to a VUCA world.	This study emphasizes the importance of strategic leadership and human resource management in facing the challenges of VUCA (Volatile, Uncertain, Complex, Ambiguous) environment. The study shows that decentralized organizational structures and collaborative cultures support fast and flexible decision making, which are essential for managing uncertainty.
A Smart Leader in VUCA World	Kumar, A., Anand, G., & Nandedkar, T. (2024). A Smart Leader in VUCA World: Presenting Key Components of Strategic	This study emphasizes four key components of strategic leadership: idealized influence, intellectual stimulation, individual

<p>Leadership Method. <i>Management and Accounting Research</i>, 23(1), 87-108.</p>	<p>Using <i>Indonesian SLR</i></p>	<p>consideration, and inspirational motivation, plus important elements such as social, emotional, professional, and spiritual intelligence. This leadership helps organizations face VUCA challenges with adaptation, innovation, and sustainability.</p>
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3. Results and Discussion

3.1 Results

Ethical approaches to employee conflict management are highly relevant in addressing the challenges of the VUCA era, where volatility, uncertainty, complexity, and ambiguity dominate the workplace environment. Findings from various researchers indicate that addressing the dynamic demands of the VUCA era in employee conflict management requires the application of ethical principles such as fairness, transparency, and empathy. Fairness, as a fundamental principle, strengthens the relationship between leaders and team members, ultimately supporting proactive behaviors such as voicing opinions without fear. The principle of fairness promotes equal treatment of all individuals, contributing to reduced tensions and increased trust among employees (Zhu et al., 2022). The next principle, transparency, plays a role in mitigating the inherent uncertainty of the VUCA era. Transparent and fair leaders facilitate employee engagement in behaviors that support organizational sustainability, both socially and environmentally (Ami et al., 2023). Empathy strengthens interpersonal relationships, enabling employees to feel heard and valued. This supportive environment encourages openness and innovation in the workplace, which are critical for organizational sustainability. Leaders who demonstrate empathy can better understand employees' perspectives during conflicts, fostering more harmonious working relationships. Empathy also enhances the quality of relationships between leaders and employees, referred to as Leader-Member Exchange (LMX), which plays a crucial role in mediating conflicts and promoting positive behaviors (Amit Kumar et al., 2024).

Ethical values such as fairness, transparency, and empathy play a vital role in conflict management in the VUCA era. By integrating these principles and values into conflict management strategies, organizations can better address dynamic challenges, foster harmonious working relationships, and maintain operational stability.

3.2 Discussion

The application of ethical principles in employee conflict management is a strategic key to building organizational sustainability in the VUCA (Volatile, Uncertain, Complex, Ambiguous) era. Ethical leadership plays a central role in creating psychological safety, enabling employees to feel secure in sharing ideas and opinions without fear of sanctions, ultimately fostering innovation and collaboration. In this context, leadership that integrates the values of fairness, transparency, and empathy into conflict management demonstrates effectiveness in resolving disputes with a fair and communicative approach, thereby strengthening workplace relationships and creating an inclusive organizational culture. Ethical approaches support good governance in the public sector by minimizing administrative conflicts through transparency and fairness, maintaining public trust even in complex situations (Maria et al., 2020). Transparent communication and decision-making based on ethical values can transform conflicts into opportunities to build trust and strengthen team collaboration, which is crucial for navigating uncertainty (Ami et al., 2023).

Transparency, on the other hand, plays a crucial role in reducing uncertainty by providing clear information about conflict resolution, thereby enhancing clarity and employee engagement. Empathy complements the ethical approach by ensuring that every party involved in the conflict feels heard and understood, fostering collaborative resolution. In environments characterized by uncertainty and complexity, integrating universal values such as fairness, transparency, and empathy enables

organizations not only to resolve internal issues but also to leverage conflicts as opportunities to build long-term sustainability. This approach strengthens cross-cultural relationships, creates synergy within global teams, and ensures alignment between individual goals and organizational vision through effective communication. Thus, ethical approaches to employee conflict management are indispensable strategies for navigating the dynamics of the VUCA environment while ensuring organizational stability and long-term sustainability.

4. Conclusion

Ethical approaches to employee conflict management are highly relevant and strategic for addressing the challenges of the VUCA era, characterized by volatility, uncertainty, complexity, and ambiguity. The application of ethical principles such as fairness, transparency, and empathy provides a strong foundation for effectively managing conflicts. Fairness fosters trust and strengthens relationships between leaders and employees, transparency reduces uncertainty and promotes engagement that supports organizational sustainability, while empathy enhances interpersonal relationships and mediates conflicts to create workplace harmony. These principles, along with accountability, adaptability, and sustainability, enable organizations not only to resolve conflicts but also to prevent similar issues in the future. Thus, integrating these ethical values helps organizations navigate complex dynamics, build productive working relationships, and ensure stability and long-term sustainability in the VUCA era.

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