Corporate Governance and Conflict Management

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Abstract

This paper acknowledges the importance of an immaculate corporate governance system and effective conflict management within the workplace as the principle ingredient of organization success. Therefore, the article dwells on how best to apply managerial practices to achieve the expected triumph. In addition, sources and methods of conflict resolution are discussed. Conflicts inhibit organizations from achieving their strategic goals and objectives through escalating employees' goal blindness. Claims and assertions of the paper are based on the literature review of the topic "Corporate Governance and Conflict Management." A collection of literature is sampled and reviewed accordingly. The findings are summarized in considerable detail.

Keywords: Governance; Conflict; Conflict Management

1. Introduction

The success of an organization is primarily grounded on the effectiveness of its corporate governance and conflict management systems (Keddy, 2010). On one hand, corporate governance is a phrase used to refer to rules, processes, and practices by which a company is controlled and directed. It is entails establishing a balance of the interests of the various stakeholders such as the management, shareholders, suppliers, customers, government, financiers, and the community. Given that corporate governance is constituted of the framework for achieving the organization's goals, it practically encompasses the entirety of management spheres ranging from corporate disclosure and performance measurement to internal controls and action plans. On the other hand, places of work are characterized by constant personal conflicts ensuing among members of staff. This may result to an immensely stressful environment. Letting such a situation get out of hand will only result to a further impaired working environment (Yadav, 2013). Conflicts at the workplace emanate from a number of sources: different values, poor communication, poor performance, differing interests, resource scarcity, and personality clashes among others. It is upon the management to move fast and intervene before arising conflicts ruin the mission, as well as the vision of the company.

These two areas of study have received overwhelming attention in the previous two decades. Apparently, scholars have developed theories related to corporate governance that ensure success of an organization (Doherty, 2008). The theoretical frameworks so produced help companies maneuver organizational challenges by providing a meaningful platform where rules, processes, and practices are built. Similarly, scholars have presented a wide research on conflict management and resolution. Conflicts within an organization come out as a very poisonous element that can bring down not only a firm but also an entire industry. Again, the management must seek the help of theoretical frameworks to enable them handle workplace conflicts. Corporate governance and conflict management form the backbone of this paper. Diverse literature related to the two subjects will be reviewed.

2. Methods used

Being an article reviewing various literature materials, the methodology is not complicated. The method adopted is a discussion written in prose. However, some items have been organized numerically to ease reading and understanding.

3. Discussion

Best managerial practices – Corporate governance

Victor Lipman, a Forbes contributor, emphasizes that a successful organization is built on a strong foundation of corporate governance. In his theory, he says that an employee's productivity is among the primary outcomes of effective management practices. Research indicates that an exceedingly high number of non-management staffs are widely disengaged implying that they do not work to their full productivity potential. Such a situation can be improved in a number of ways as suggested by Lipman (Lipman, 2013).

First, an organization should concentrate on offering economic incentives to employees. This has been ongoing in the majority of companies. Nevertheless, such incentives have only been channeled to the senior-level employees. This has resulted in a total neglect of the low-level employees. Most managers forget that this level of employees also contribute equally to the success of the company. Therefore, Lipman recommends that organizations to offer attractive economic incentives at all levels for the purposes of organizational success (Mandal, 2006). However, he cautions that this may turn out to me expensive. This should be remedied by assessing the cost benefit schedule to ensure additional payouts balance with the productivity of employees.

Second, it has been a culture that feedback is channeled upwards and rarely downwards. This is another point of failure. Organizations should develop a culture of sending feedbacks to juniors. This is a cornerstone for functional management (Lipman, 2013). Feedbacks should serve as motivation to employees. They should feel recognized and important to the organization. As a result, they would elevate the productivity hence success of the organization.

Third, respect for employees is important for organizational success. In essence, employees should be respected for more than what they are for the company. They should be recognized and made feel that way. Respect shown for the persons they, in addition to the job they do makes them feel obligated to go an extra mile for the sake of the company's success (Lipman, 2013). Fourth, training is needed more at the middle managerial level than the senior leadership training. Companies fail to notice that a lot of work is dispensed at the middle than the senior level. Training must be universal at all levels if an organization has to succeed. Fifth, an organization should be ready to provide timely support for its employees. This may take several forms. It may be emotional support when a member of staff faces unfair criticism, replacing inefficient or outdated equipment, or offer support for a logical work-life balance level among others. Timely support earns a company good reputation and builds employee loyalty and goodwill (Lipman, 2013). Finally, the senior leadership must behave in a respectable way. Employees will often be demoralized by substandard behavior portrayed by their seniors. An admirable senior team a secret motivation for employees; they must have a leadership to emulate. This gears a company towards success.

Another important management practice that guarantees organization success is the development of the correct culture within the company. A positive organization culture can be achieved by applying straightforward management practices as suggested by Michael VanBruaene (VanBruaene, 2012). According to Michael, working culture should be founded on collaboration, trust, accountability, and mutual respect. Such management practices channel employees' focus through the same strategy. This informs them of what is expected of them. It is such responsibilities that they are held accountable. Management practices should also establish a point of collaboration between managers and employees. Also, important is the establishment of essential communications between managers and employees.

VanBruaene recommends a number of strategies to this effect. To begin with, the management should carry out a succinct documentation and communication of strategic objectives for the whole organization. Even after they are strategically placed for everyone to see, there should always be a constant communication of the same. This becomes a unifying factor for the entirety of the company's employees. It positions the members of staff on the same platform hence a positive working culture. In addition, it is important to make constant mentions of strategic goals in the company's verbal and documented communications (VanBruaene, 2012).

Second, there should be clearly documented strategic objectives detailing on how an organization will achieve its strategic goals. These should be supported with a realistic methodology that provides a lead in the attainment of operating objectives. It is essential for such objectives to be quantifiable, specific and bear an inclusion of efficiency and effective measures. Efforts geared towards the achievement of the set objectives are significant for organization culture (VanBruaene, 2012). They help managers and employees identify the important things to do and the focal point of their collaborative and combined resources, as well as attention.

The senior leadership of the organization should be keen on frequently emphasizing the significance of the strategic objectives, in addition to related work processes.

Third, there should be a clear documentation of each employee's responsibilities. This should apply to all levels. Although this is majorly a function of management, the employees should be given an opportunity to make their contribution. With such a combined effort, both parties are fully aware of the responsibilities given to them, as well as the grounds on which employee performance are evaluated. Such a combined effort and mutual contribution results into a strong work culture and boosts employees' morale. As an equalization measure, employees should also be made aware of the responsibilities due to managers (Kandt, 2002). This is an improvement of employees' understanding of the important things and a minimization of confusion that can potentially damage the organization's culture.

Fourth, there should be regular meetings between direct report employees and managers. This is aimed at reviewing progress made and measuring the triumph made in achieving the set strategic objectives. The essence of these meetings is communication, accountability, and collaboration. This combination is expected to bring about a positive work culture (VanBruaene, 2012). A discussion on how performance will be improved should take the center stage in such meetings. Managers and employees should assess what additional contribution they can make to increase productivity even though success has already been achieved (Mandal, 2006). Efforts must be made towards maintaining an upward trend as far as success is concerned.

VanBruaene (2012) emphasizes that the leadership must come from the executives. It is the responsibility of the senior management to the set the pace for the organization. This should be followed by a proper adherence to the principles of leadership by managers at all levels. Both the senior and middle level management need to depict the following characteristics on a day to day basis: accountability for their actions, fair employees' treatment, leads by example, genuine actions and communications, and show interest in individual member of staff as a unique person and the job they do (VanBruaene, 2012).

With ever-increasing business complexities, the role of performance management and improvement has become the most popular topics. This is as a result of the need for organizations to become increasingly efficient and effective. Business strategies have to be immaculate and achieve more with further limitations in a bid to remain competitive. Therefore, performance management is another managerial practice that sets an organization sets on the success track. Performance management is different from the regular performance appraisal. It rather aims at enabling managers to measure and evaluate each employee's performance, as well as optimize productivity (VanBruaene, 2012). This is achieved by matching an employee's daily functions to strategic objectives, clarifying accountability in relation to performance expectations, pinpointing skill development focus and training activity choices, aligning each employee's performance with their compensation and decisions for career planning, and drawing documents for legal purposes meant to pivot decisions and minimize disputes.

Researchers claim that a poorly structured performance management process leads to dire consequences that curtail business success. The failure to align individual goals with the operating business strategy wastes both time and resources. Minimal employee engagement can be interpreted as under performance. Carrying out inconsistent evaluation rewards and criteria result into higher attrition, mistrust, and lower productivity. In case employees performing very well fail to notice a conspicuous differentiation in opportunities, performance ratings and compensations from those who are poor performers, may affect their morale (Yadav, 2013). It is obvious that stakeholders demand more and more transparency from the company of interests. There may arise stakeholder mistrust where documentation, accountability, and visibility are lacking. Failure to keep proper performance records may interfere with training priorities and development decisions. This implies that actions taken will not be at the best interest of the company. Managers may lack important information alerting them of issues threatening the company's survival at an early stage. Finally, failure to maintain up-to-date and proper performance records may attract legal issues (Doherty, 2008).

In the light of the consequences highlighted above, performance management is incredibly important to an organization's success. Performance management processes can only function as required by establishing a link between daily business operations and strategic objectives. Ensuring a proper progress tracking and obstacle identification method, and effective goal setting are primary ingredients to achieve bottom line outcomes and success.

Keeping a regular track of progress against performance objectives gives an organization the chance to recognize, as well as reward members of staff for their exceptional contribution towards success (Anderson, 2010). It is natural that employees want to be recognized for their efforts and feel that their contribution is worthy. In a bid to ensure this happens within the emblems of human resources, employees should be made to understand their goals and objectives, and their significance in the achievement of the organization's goals.

4. *Conflict Management at the Work Place*

A conflict is defined as a sharp opposition or disagreement of ideas or interests. Conflict is known to be a common phenomenon at the workplace and has ironically been termed as a "part of doing business". At any workplace, conflict is both natural and normal. When workers within an organization are in conflicts, there tend to be an increase in absenteeism, lowered morale, and decreased productivity. Research shows that at least 25% of managers' time is spent on conflict resolution (Unviersity of Colorado Boulder, 2012). This results into decreased office performance. Conflict management and resolution at the workplace has been identified as one of the biggest challenges that face employees and managers. In a normal situation, a conflict environment is characterized by two responses: avoidance (run away) or battle it out. Either way, the parties to conflict feel dissatisfied with the outcomes since there lacks any resolution. Scholars argue that learning a meaningful and peaceful conflict management practices may help make a harmful situation a chance for improved performance and creativity.

Sources of Conflict

Conflicts emanate from numerous sources in a workplace. Here are just a few major sources.

i. Poor communication

Application of diverse styles of communication may bring about misunderstandings between an employee and the manager, or between employees. Total absence of communication further deepens a conflict.

ii. Diverse values

Given that the workplace is constituted of people drawn from diverse backgrounds, their cultural values and views of the world may be sharply different. Lack of tolerance and acceptance of such differences in people's way of life may result to misunderstandings hence conflicts.

iii. Differing interests

In addition to organizational goals that merge workers, each harbors some personal interests. Emphasis on individual interests may lead workers to fight between themselves.

iv. Resource scarcity

In a bid to do their work, employees may feel that they need to compete over the only available resources. In an environment where resource scarcity prevails, conflicts are bound to occur. This happens irrespective of initial notification of such scarcity.

v. Personality clashes

In a similar way where workplaces are made up of people from different cultures, personalities differ widely, as well. In the event that employees fail to accommodate and appreciate each other's way of approaching and solving problems, conflicts will arise.

vi. Poor performance

This is common within a department. There are cases where a number of employees are assigned the same task. In case one underperforms burdening his or her fellow, conflicts are bound to occur. Untimely address of such a situation makes conflicts inevitable.

Conflicts necessitate the management to be on high alert. It should be in a position to prevent their occurrence, as well as resolve them. There is a widely agreed and approved way of addressing conflicts at the workplace. This is done through taking measures such as avoidance, compromise, accommodation, collaboration, and competition. The management should apply the mentioned measures in an effort to prevent conflicts. Scholars agree that compromise or collaboration is the most effective measures to address conflicts because it eliminates winner/loser scenarios (University Alliance, 2012).

Apparently, a majority of managers face such situations almost daily. They must, therefore, make it their ultimate goal to positively resolve arising conflicts (University of Colorado Boulder, 2012). The conflict resolution process should adopt the following principles:

i. Succinct articulation of conflict causes – This amounts to an open acknowledgement that divergent perceptions will be present.
ii. Be purposeful – Conflict resolution process requires the arbitrator to make it known the reason he or she want the conflict resolved.
iii. Communication – it should be clear how the conflict will be handled and solved.
iv. Face-to-face resolution – Communication mediums such as emails, letters, memos among others are discouraged in the process of conflict resolution. Conflicting parties must hold face-to-face meetings as these are more productive.
v. Take a break – This aims at taking care of emotions that may interfere with the process.

The management should inform the employees that the best conflict resolution strategy is dealing with it. Ignoring such a situation only deepens the problem. Therefore, workers should be encouraged to face their troubles upon occurrence (Keddy, 2010). This way, a positive work environment will be created for everybody.

5. *Conclusion*

For an organization to succeed, it has to adhere to an effect corporate governance system, as well as conflict management. The former comprises management spheres ranging from corporate disclosure and performance measurement to internal controls and action plans essential a company's triumph. A conflicted workforce may fail an organization's strategic goals and objectives. The management should adopt recommended processes of conflict resolution.

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