

# Principles of Contemporary Corporate Governance



# How to Resolve Internal Conflicts With Ease?

Conflicts are a natural and an inevitable part of life. They are part and parcel of human interactions. Conflicts occur everywhere including work, home, relationships and even in corporate boardrooms.

Talking about boardrooms, conflicts aren't an undesirable feature. If Board directors know how to handle them in a fruitful way, it's an excellent opportunity for improvement. Corporate Governance revolves around balancing the interests of a company's stakeholder, such as customers, management team, suppliers, shareholders, government and the community by keeping in view the rules, practices, and processes by which the company is directed and controlled. This course will explore the structure and dynamics of conflict, will encourage you to work in groups, allow participants to refine their conflict management skills, and reach a meaningful conclusion which is beneficial for all.



## 3 Key Pain Points to Look For Corporate Governance

The primary stakeholder having the greatest influence on corporate governance are the board of directors. They are elected by the shareholders as their representatives, and are responsible for appointing corporate officer, guiding the dividend policy, creating rules, processes and measures, building a capable hierarchy of executives to check the functioning of the company, maintaining and deciding the compensation of senior executives and the list goes on. But unfortunately, they usually get into conflicts, which hampers the overall governance process and curtail the productivity of the company.

## Corporate Governance



## Topics to be Covered:

**Transforming Conflict  
in Opportunity for  
Effective Governance**

**Dispute  
Resolution  
Skills for Board  
Directors**

**Dispute Resolution  
Systems in Shareholders  
Agreements**

# 1. Transforming Conflict Into Opportunity for Effective Governance

For ensuring that shareholder's interests are well-served, companies need to make quick and effective decisions. This requires numerous debates and discussions, which may sometimes turn into a heated discourse. Difference of opinions are not often accepted positively and often escalate tensions, leaving the board immobilized. Directors may often take decisions based upon power politics rather than on the issue's merits. Thus, directors and other management professionals need to be trained in conflict management styles to handle interpersonal conflicts in order to maximize the organization's efficacy. Let's discuss a few conflict management styles that can help transform conflicts into opportunity leading to effective governance.

## Harmonizing

(More Concern for Self & Others)

1. Also Referred To As 'Accommodating' & 'Obliging'



2. Diminishes The Differences & Accentuates Commonalities To Convince The Other Party's Concerns



3. Typically Found In Family Firms' Boards, Where Family Members May Often Differ With The Founder / Director



4. Decisions Are Often Based More on Fostering Relationships Than on Merits



## Subjugating

(More Concern For Self & Less Concern for Others)



1. Also Known As 'Competing', 'Directing', or 'Dominating' Type of Conflict Management Style



2. In This Conflict Management Style, The Director / Founder Forces Their Position Over The Other Party Members To Win His Point



3. The Director / Founder Spares Little Room for Debates & Discussions



4. The Director / Founder May Even Confront Unanimous Decisions & Hegemonize Conferences & All Party Meetings

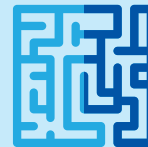
## Amalgamating

(More Concern for Self & Others)

1. Also Known As 'Collaborating', 'Cooperating', & 'Integrating' Type of Conflict Management Style



2. Associated With Problem Solving



3. Promotes Openness, Exchange of Information, Analyses Differences That is Admissible to Both Parties



4. Works for The Company's Best Interests



## Compromising

(Intermediate in Concern For Self & Others)

1. Also Known As 'Half-Ground' & 'Settlement' Type of Conflict Management Style



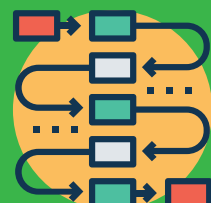
2. Both Sides Give Up Something In Order To Establish A Mutually Admissible Decision



3. Director / Founder Has Best Interests for The Other Party That They Are Dealing With



4. Director / Founder Follows Well-Established Decision Making Processes



# Withdrawing

(Less Concern for Self & Others)

1. Also Known As  
'Sidestepping' or 'Avoiding'  
Type of Conflict  
Management Style



2. Predominantly Found in  
Passive Management Boards  
Where Director / Founder  
Accepts All Proposals Without  
Proper Consideration



3. Often Fails to Satisfy Own  
Concerns & Those of Other  
Parties



4. Often Leads to  
Dysfunctional Outcomes



The above infographics suggests that more the conflict management style leans towards being harmonious with people and amalgamating everyone on the board, the more it is likely to produce exceptional results, both on the individual level and organizational level. On the contrary, more the conflict management style leans towards being hostile, the more it is likely to escalate conflicts, create obstructions and deliver negative outcomes.

## 2. Dispute Resolution Skills for Board Directors

The chairperson must manage disputes and encourage productive board discussions by acting as a facilitator and a guide. They need to constantly check that shareholder's interests are met out in the given deadline, and disagreements are resolved at the earliest. This creates an environment where the directors encourage team spirit, treating everybody equally and without dominating discussions. The chairperson should appoint a trustable director who can act as a peacemaker and settle disputes between other directors at times when the chairperson is absent. The board directors need to adapt and have the will to learn to mediate without the need to find a common ground. This can be achieved if they strive to improve communication, bring clarity, and re-focus attention on the company's interests.

Following are few things that directors must keep in mind while mediating:

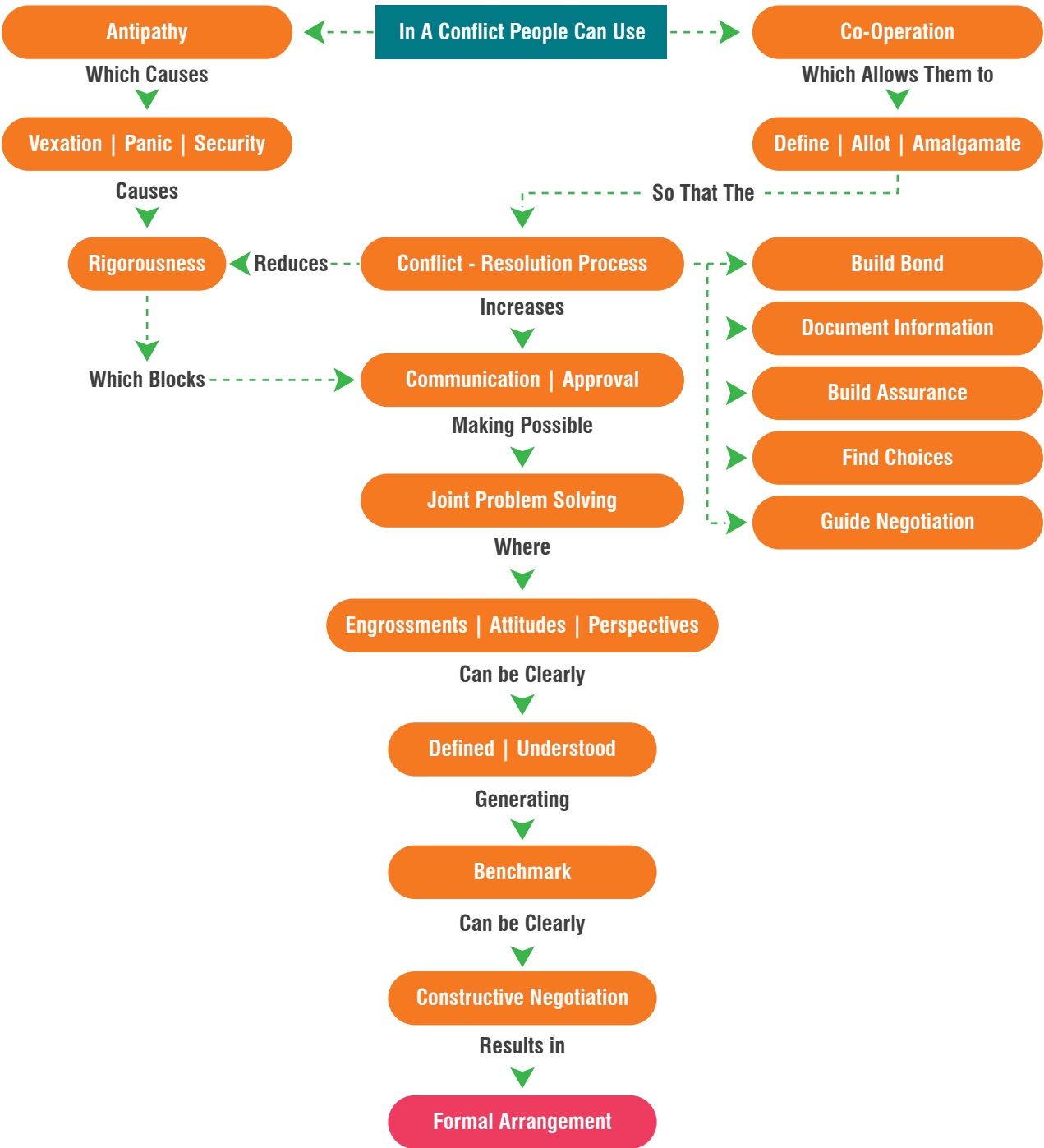


Communicating effectively is another important skill that directors need to learn. Effective communication facilitates constructive dialogue, positive engagement, and minimizes obstacles. Moreover, it helps prevent misunderstandings and avoids the director’s statements and opinions from getting misconstrued. Directors should learn to use the right lexicons as they have the ability to create persuasive messages, and engage deeply with the key stakeholders. Directors should also focus on various blocks to effective communications, and remember not to commit them consistently.

Few of such blocks are mentioned below:

- 1 Avoid Interrupting While Others Speak
- 2 Argue Unnecessarily
- 3 Avoid Acting Like A Snob
- 4 Dominating Conversations
- 5 Being Moralistic
- 6 Being Judgemental
- 7 Being Judgemental

Dispute Resolution Dynamics



### 3. Dispute Resolution Systems in Shareholders Agreements

Third parties often act as impartial bodies in conflict situations. They are observers who bring out the 'better' if not the 'best' from the conflicting parties. They create new relational structures and possibilities for moderating the conflict, and act as consultants. They also act as facilitators as they set the agenda and drive productive discussions. It's wise to rely upon the third-party experts to help resolve many of the corporate governance issues when the issues can no longer be resolved by the company's management team, or when local advocacy groups intimate the company's strategic progress. Also, it is a good idea to seek the help of third parties while going through difficult corporate changes, like Mergers and Acquisitions, which are often a breeding ground for heated discourses. Mediation is often the most flexible process for resolving various corporate governance disputes and does not debar the use of other processes, such as court litigation or arbitration. Mediators can set an atmosphere for negotiation, clarify priorities, offer alternatives, and facilitate joint sessions to address these problems. They encourage the transfer of information from one party to another, and shift the focus from a blatant past to a golden future. The management board can select the right mediator based upon their specific needs, objectives, and the issues that need to be resolved. This requires the directors and other decision makers to have complete knowledge about the processes available to them, and a knack to select the best approach. Let's discuss the different mediation styles available to the decisions makers:

#### Facilitative Mediation

An Unbiased Third Party Facilitates The Mediation Between Parties to Expedite Settlement

The Mediator Doesn't Enforce His / Her View Upon Either of The Parties

The Mediator Brings Out The Priorities, Agendas, And Factual Information on The Table

The Mediator Doesn't Control The Outcome but Has Influence Over Both The Parties

#### Directive Mediation

The Mediator Doesn't Intercede Between The Discussions but Only Shares The Legal Information

The Mediator Works The Best Under A Deadline

The Mediator Is More Concerned About Bringing Both Parties Towards A Settlement Rather Than Building A Cordial Relationship Between Them

The Mediator Focuses on Bringing Both The Parties to A Settlement As Quickly As Possible

#### Evaluative Mediation

It Is Based Upon The Principle of Self-determination by The Parties

The Mediator Relies Upon The Parties' Abilities to Reach A Voluntary Agreement

The Mediator Grants Opinions & Raises Issues About The Case's Weaknesses & Strengths

The Mediator Tells His / Her Opinion on How One or Matters Can be Resolved



## Transformative Mediation

Transformative Mediation Deals With Conflict As A Crisis in Human Interaction

The Mediator Hears The Parties' Conversation & Empowers Them to Move From Weakness to Strength

The Goal of Transformative Mediation is to Help People Change The Quality of Their Conflict Interaction

The Transformative Mediator is Less Active Than The 'Facilitative' & 'Evaluative' Mediator

**Conclusion:** Today, there are myriad programmes on Corporate Governance but unfortunately, most of them are devoid of tools that can train Board directors to address and arbitrate unavoidable issues. Board directors are trained to see conflicts as a negative and undesirable feature. This kind of view escalates the conflicts, which negatively impacts the effectiveness of the management team, and ultimately leads to poor performance of the company as a whole. In our 4 day workshop, **Elton Simoes**, will teach you how to sail your way through the nitty-gritties of Corporate Governance, through real life case studies, Role-Play Board Meetings, Conflict escalation models, and interactive presentations to equip you with Board Toolkit for Conflict Management etc. We urge you not to miss this opportunity, and take-home expert corporate governance skills to help you decide when and how to negotiate, mediate and arbitrate disputes.



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