

STAKEHOLDER APPROACH TO CONFLICT MANAGEMENT

Olga Gromova

The State University of Management, Moscow, the Ryazanky Avenue 99, Russia

Abstract

The article is based on the materials of the research conducted at the Department of control theory on CSR problems. In the process of CSR implementation a lot of stakeholders take part, i.e. stakeholders with their own interests and goals, which causes all sorts of their clashes, turning into various conflicts: goals, interests, agents. The conflict reveals the problems existing in the organization, and the implementation of CSR programs can solve it. One of the tools to achieve a balance of interests in the implementation of CSR programs is to increase the loyalty of many stakeholders, strengthening socially oriented investments.

Keywords: corporate social responsibility, conflict, stakeholders, stakeholder loyalty, conflict management, balance of interests, trust

Introduction. The essence of the stakeholder approach. The idea of the stakeholder approach, the founder of which is considered to be E. Freeman [2], in recent decades is gaining wider popularity not only abroad but also in Russia. This theory offers a look at the activities of the organization not only from the point of view of owners and employees, but also various authorities, communities and society as a whole. However, it does not answer the main question: how to find and determine a compromise between stakeholders, to what extent certain requirements of interested parties should be satisfied. Since different internal and external stakeholders have different impact on the activities of the organization, it is necessary to develop and implement methods of interaction of stakeholder groups for enterprises. Entering the international markets for Russian companies means the need to learn a lot of new practices and rules of the game. These innovations relate not only to changes in the internal management of the organization, building effective relationships with foreign participants in business processes, building competent communication-it is necessary to be prepared for what is expected of local communities, stakeholders, consumers, regulators from the behavior of the company operating in a foreign market.

The basis of the modern approach to the institution of corporate social responsibility laid published in 1953, the book of the American economist G. Bowen Social responsibility businessman, where the term is mentioned for the first time. According to Bowen, it is the responsibility of the businessman to carry out such activities, make such decisions or follow such a line of conduct that meet the goals and values of society. These provisions laid the Foundation for the manifestation of social responsibility of business, as a response to the troubles, the harm that many companies have to others. In General, CSR for a number of reasons is recognized as an urgent need for business. In organizational terms, this is implemented in the creation of special departments, committees, commissions with their representatives on the Board of Directors. For the purposes of further consideration, the CSR will be understood as the concept according to which organizations take into account the interests of the company, assigning responsibility for the impact of their activities on customers, suppliers, employees, shareholders, local communities and other stakeholders in the public sphere.

These obligations go beyond the statutory obligation to comply with legislation and imply that organizations voluntarily take additional measures to improve the quality of life of employees and their families, as well as the local community and society as a whole. These commitments serve as a model for corporate strategic behavior. Under CSR we will understand the concept according to which organizations take into account the interests of the company, placing responsibility for the impact of their activities on customers, suppliers, employees, shareholders, local communities and other stakeholders in the public sphere [3]. These obligations go beyond the statutory obligations to comply with the law and imply that organizations voluntarily take additional measures to improve the quality

of life of employees and their families, as well as the local community and society as a whole. Commitments act as a model for the strategic behavior of corporations. Conflicts and their types. The conflict - active *vzaimonapravlennykh* actions of each party to achieve their goals, painted strong emotional experiences. Since the implementation of CSR affects the interests of many participants, then, of course, the collision of these participants, which may escalate into conflicts. Despite the General negative that causes conflicts, but from them (conflicts) can be considerable benefit. The emergence of conflict leads to a decrease in the overall tension between the participants in the implementation of CSR programs. The most important thing is that the conflict reveals the problems existing in the organization, sometimes for a long period of time. And to eliminate these problems is possible thanks to the implementation of CSR programs. There are several types of conflicts between stakeholders: conflicts of interests, goals, expectations, agents (hired managers) - Agency conflicts. Conflict of interests is the most common type of conflicts between stakeholders, as many different participants take part in the activities of the company, the interest of which, of course, does not coincide. Conflict of interest - actions of employees in which a person's personal interest affects the decision-making process and damages the company. Examples of conflicts of interest include: performance of other paid work (outside the organization); possession of securities, Bank deposits; receipt of gifts and services in excess of the amount set forth in the corporate code of the Corporation; property obligations and legal proceedings; interaction with a former employer in clear violation of established prohibitions (for example, the use of official information). The causes of conflicts of interest are quite diverse: violation of the basic requirements for official behavior; failure (poor performance) of the duties of the employee; non-compliance in their performance of the rights and legitimate interests of the organization, non-compliance with the norms of the current legislation; violation of restrictions and prohibitions related to the law on combating corruption, etc. Participants in conflict interaction have different attitudes to the situation, to its result. So employees (one of the stakeholders) expect from the organization of a decent level of wages, rapid career growth. And the Corporation, in turn, assumes for this qualitative work on the part of employees. But the fact is that each side understands in its own way "a decent level of wages" and "quality work on the part of employees". Preventing this type of conflict is possible, if at the beginning of the cooperation to agree on these definitions, i.e., each party should equally understand the content expectations of the other party. We will consider the conflict as a tool for diagnosing the problem, and CSR as a way to solve it. The task is to find a balance of interests and risks to overcome the contradiction. Appeared conflict indicates the presence of informed or the emergence of new problems. For example, an investor who has invested money in a company wants it to increase its efficiency, it is advisable to reduce some of the staff, t. E. reduce the number of existing jobs, leading to resistance by workers and, sometimes, by the state. What can be evidenced by the conflict: the irrational system of labor organization, shortcomings in working with staff, low qualification of workers. In order to establish relations and overcome the current conflict situation, it is advisable to expand the introduction of CSR in terms of training and re-profiling of employees. There are a number of ways to deal with conflicts of interest. A preventive method is to prevent the occurrence of a conflict of interest in the form of refusal of the employee who received the appointment from a share in the company's capital.

Disclosure of information-regular Declaration of their income, voluntary refusal to participate in the decision-making process, which can provoke a conflict of interest. Monitoring by anti-corruption organizations and collegiate bodies representing the interests of society and monitoring the emergence of conflict of interest. Change of the official or official position, the party which is the participant of the conflict. Refusal of the employee from the benefit which was the reason of emergence of the conflict of interests. Another type of conflict is the conflict of agents, which is a kind of conflict of interest in accordance with the theory of Agency relations (agency theory). The basis of these conflicts are the problems of hired managers, IE CEO (Chief executive officer) (mediation): top managers who may try to realize their personal interests at the expense of shareholders. The responsibility for preventing the development of the agents ' problem lies with the Board of Directors. It is clear that managers can be encouraged to act for the benefit of shareholders through incentives, restrictions and penalties. But these funds are effective only in cases where shareholders can follow all the actions of managers. The problem of moral hazard (moral hazard), i.e. the possibility of undetected actions of

managers in their own interests, arises due to the fact that shareholders in practice cannot control all the actions of managers. As a rule, to reduce Agency conflicts and partially solve the problem of moral hazard, shareholders should bear the Agency costs, which include all costs incurred in order to encourage managers to act from a position of maximizing the shareholders' wealth, not their selfish interests. It is possible to apply a number of methods or mechanisms of influence on managers in the interests of shareholders to prevent this type of conflict: incentive systems based on performance indicators of the company; direct intervention of shareholders; control over the composition of the boards of Directors; the threat of dismissal; the threat of buying a controlling stake in the company. Developing a system of incentives based on the performance of the company, namely: the system of award of shares (performance shares) i.e. the shares provided to the responsible employees of the company as a reward for success in work, measured — income per share. Dependence of CEO bonuses on the costs of research and development; on the payment of bonuses not in cash, but in shares. In addition, direct involvement of shareholders in the activities of the company's boards of Directors in the form of inclusion of various stakeholders in the Board of Directors may be implemented.

Stakeholders. Stakeholders (eng. *stakeholder*), interested party — individual or organization having a right, share, claim or interest regarding the system or its properties. I.e., group, organization, or individual, which affects the company and on which it depends. This term has been used to describe corporate owners beyond shareholders since about 1989. Stakeholders are primary (inner circle) and secondary. A significant contribution to understanding the nature of stakeholders was made by the management of the stakeholder engagement standard, in which we find a definition of stakeholder: "a group that can influence the activities of the organization or, conversely, can be influenced by the activities of the organization, its products or its services and related activities". Primary-shareholders, employees, investors, clients, business partners in the production chain, who have a legitimate and direct impact on the company. Secondary have indirect influence on business, they include: authorities and management; competitors; other companies; local communities, which include the media, non-profit organizations, including civil society organizations (ecologists, consumers, human rights defenders, etc.) and charitable, local activists, forming public opinion. Some of these groups are "stakeholders inevitably" out of and in addition to their own choice, but precisely because of the damage that they can cause business activity of the company. Internal stakeholders provide stability and enhance understanding of the importance of internal operations. External stakeholders bring a broader perspective and a fresh perspective on the challenges facing the organization. Recently there was a term market stakeholders.

Market stakeholders – those groups or individuals who participate in economic transactions with the company as a supplier of goods and services (primary stakeholders). Non-market stakeholders are people or groups who, although they do not engage in direct economic exchange with the firm, are affected or likely to be affected by its actions (secondary stakeholders). The behavior of influence groups is determined by their interests. These interests are relatively stable over time, and different groups are willing to make different efforts to put pressure on the organization to adjust organizational behavior in line with these interests.

The inclusion of Union representatives on boards can help firms avoid decisions that are more likely to be blocked by the Union. The inclusion of environmental advocates can improve the firm's social image and reduce the likelihood of future trouble. Another type of conflict between stakeholders is the "conflict of goals". Conflict of goals-active actions of each party to implement their personal goals, due to the fact that the parties (stakeholders) in different ways see the desired state of the object in the future. For example, shareholders want more profit, employees want a higher level of WN, local authorities want more investment in social facilities. The first conflict of objectives was between G. Ford and his shareholders, who sued Ford because of the increase in SN workers instead of paying large dividends and won the case. G. Ford resigned, handing over control to his son, then bought up all the shares, thereby eliminating the need to pay dividends to shareholders. Diversity and intersection of interests of stakeholders creates conditions for conflicts of all these types in the conditions of limited resources. For example, the investor has invested money in the company and wants it to work effectively, and it does not matter what, will have to give up to achieve this goal, if you want to reduce

staff, it does not matter. In turn, trade unions and the state are interested in the existing number of jobs, even if the investor is not profitable. So there is a conflict of interests between external stakeholders. There may also be contradictions between inner influence groups. The investor who invested in the firm wants it to work effectively. For this purpose it is necessary to reduce a part of the personnel. The unions are against it. There may also be a disagreement between internal and external stakeholders. Example 1. Conflict between two external stakeholders. Managers of the company decided to introduce the new equipment increasing automation of production. This is likely to lead to a reduction in staff, which, of course, causes discontent among the public and trade unions. Example 2. Conflict between internal stakeholders. The Department of the company wants to increase the presence of the company in the new markets, the Department of quality against, because I am not sure that will be able to provide quality with an increased volume of output, as well as to maintain the level of service with an increase in the number of customers.

Example 3. Conflict between internal and external stakeholders. The management of the company decides to develop the automation of production, which can lead to a reduction in jobs. The Union opposes. These examples show that there can be a variety of conflicts and that the main task of the organization is to understand the expectations of different stakeholder groups and to obtain assessments of their mutual position from the point of view of management. We do not say that conflicts should be eliminated, but to be able to respond correctly to the problems they identify, and to search for solutions by appropriately selected CSR program as one of the tools to achieve a balance of interests in the implementation of CSR programs, increasing the loyalty of the entire set of stakeholders, strengthening socially-oriented investments.

The participants of the conflict interaction have different views on the situation and its outcome. So employees (one of the stakeholders) expect from the organization of a decent level of wages, rapid career growth. And the Corporation, in turn, assumes for this qualitative work on the part of employees. But the fact is that each side understands in its own way "a decent level of wages" and "quality work on the part of employees".

Preventing this type of conflict is possible, if at the beginning of the cooperation to agree on these definitions, i.e., each party should equally understand the content expectations of the other party.

Table 1. Examples of stakeholder expectations that may lead to conflicts

Stakeholders	Expectations of the Corporation from stakeholders	Expectations of stakeholders from the Corporation
Consumers	Expansion of the sales market, increase customer loyalty to the brand	Satisfaction of demand with a range of quality goods and services at reasonable prices
Suppliers and business partners	Delivery of quality goods and services on time at reasonable prices	Stability of orders, payment on time and under the terms of the contract, after-sales service
Authorities	Creation of favorable investment climate, low tax rate	Compliance of corporate activities with the requirements of the Russian legislation, ensuring employment
Workers	Performance of official duties on time and in full	Timely remuneration, creation of favorable conditions of work and rest, ensuring the safety of the workplace
Population of the regions of presence	The availability of highly qualified specialists	Creating jobs, caring for the environment

Investors, creditors	Availability of financial resources, long-term cash flows	The ratio of the risk level to the level of profitability at an acceptable level
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Conflict management between different types of stakeholders. First of all, we are interested in external stakeholders, as their management is the most difficult.

Buyers. Important groups of buyers should be thoroughly studied. Their representatives can be involved in the development of new products. A communication channel must be established with buyers. Customer opinions must be heard and understood. Sometimes relations with customers can even be quite informal, they should be perceived by employees as "their" and vice versa. Important: the knowledge of those who sold the product, sometimes more important than what actually sold.

Suppliers. Many firms have already built relationships with their suppliers so that the latter are practically involved in the development of strategies and important decisions. They are the most involved in the activities of the company and they established partnerships. In the production, in which the speed and accuracy of the timing is important, properly built relationships with suppliers can allow you to get the goods, if necessary, immediately, bypassing possible delays. In this case, the goods may sometimes pass the supplier's warehouse and immediately be shipped to the buyer.

Competitors. They may not always be seen as a belligerent force. There are situations when the competing parties combine their efforts at a time when under the threat of the emergence of an innovative product. Also competitors can unite in Alliance for the purpose of competition with other firms of the same branch. In any case, competitors – the driving force of any company, their activities directly affect the organization, makes advance to calculate all the strategies and moves in advance.

The authorities. These include both state and municipal authorities. Government bodies and firms may have common goals, such as creating an enabling environment for international trade and developing infrastructure. Established contact with the authorities, sometimes supported by specific types of cooperation, is extremely important. In the EU are very common associations of government and business structures. In some sectors, the interaction of government and business is the strongest, for example, in the energy sector or aviation. Good relations with local authorities can have a positive financial effect such as benefits, tax cuts and other preferences. The local authorities are interested in the organization conducting legal activities, and also expect assistance to social structures: schools, hospitals, cultural institutions. Accordingly, in order to enlist the support of the authorities, it is necessary to fulfill these expectations. **Public organization.** These include groups of socially active citizens. Cooperation with them is necessary to study public opinion and maintain a positive image of the company in the eyes of the public, which in turn will necessarily pay off in the form of profits. The same group can include trade unions, which include employees of the enterprise. Important: the positive image of the company is not abstract, but quite a specific thing that brings money.

We will consider loyalty to be an increased interest of stakeholders in the company's activities. In General, the loyalty of stakeholders can mean the satisfaction of stakeholders from the interaction with the company. Because of the types of stakeholders is too large, it in the study of loyalty has been allocated a few types of loyalty in accordance with the types of stakeholders: the Client (consumer), provider, personnel, shareholder. Customer (consumer) loyalty is a measure of the relationship between the company and its customers, the willingness to consistently and intensively use the company's services on a permanent basis and the willingness to recommend a "favorite" supplier to its social environment. It has been established empirically that attracting new consumers costs five to six times more than retaining existing ones. Consequently, management, which takes into account the consumer's interests, provides a long-term profitable business.

The degree of customer loyalty is characterized by its adherence to a certain brand of product and is usually measured by the number of repeated purchases of the product. The highest form of customer loyalty is to honor the brand-a product that consumers prefer and acquire, not guided by the principles of "price-quality". It seems that the actual founders of the really stakeholder-oriented companies were

small, often family businesses, which were based on trust, reputation, and respect for customers, demanding staff, close interaction with neighbors, local communities and local authorities. Studies of family businesses clearly show that such companies are motivated to interact with stakeholders is non-financial factors. Moreover, family companies are more inclined to use proactive stakeholder interaction. There are several types of customer loyalty: absolute, hidden, behavioral, and false.

Absolute customer loyalty means that customers fully trust the organization, buy its products for a long period of time. Latent loyalty characterizes the fact that the consumer allocates this organization from among competitors, but acquires its products not so often and not in such quantity as absolutely loyal consumers, because of external factors (for example, because of low income) in this situation, the organization should strive for the development of behavioral loyalty, applying price incentives. False loyalty is a threat to the organization to which the consumer is not attached, its purchases — a consequence of habits, traditions of the family, limited supply; when finding a company that satisfies him more, the consumer refuses service, to retain it, you need to strengthen perceived loyalty. The loyalty of shareholders implies the shareholder's commitment to the Affairs of the Corporation, their preference for the company over others. To increase such loyalty, corporations develop entire programs to maintain the loyalty of shareholders. Loyalty is the opposite of conflict, if there is conflict, loyalty decreases or falls to zero.

The loyalty of the staff. Another important stakeholder, whose loyalty determines the success of the Corporation, is the loyalty of the staff.

Highly loyal employees contribute to the success of the company. They affect the retention of the consumer, their professionalism and manner of performance of official duties determine the quality of interaction units (the so-called quality of internal services). This, in turn, directly affects the quality of customer service. Employees who are committed to their company contribute to the development of even those organizations that do not pay enough attention to consumer retention. Conversely, unmotivated staff can ruin even a well-established line of work

Loyalty of suppliers. The group of rational factors includes such indicators as the ratio of price and quality of products used (mainly high) technology, depth and width of the range. The group of functional factors include all conditions of cooperation: delivery, availability of warranty service. Factors of personal communications suggest the opportunity to communicate with the dealer in an informal setting: going to the bath trip out of town for barbecue New Year's meeting, etc.

Management of CSR. In order to maintain its competitive position, each corporate structure is constantly evolving, increasing the scope of activities and the amount of controlled capital, and at a certain stage its activities begin to have a negative impact on the country's economy, as the state interests and the interests of individual corporations do not always coincide. These factors were the main reason for increasing the requirement for openness and transparency of corporate activities. The global economy is currently experiencing one of the most severe crises of the last century. Companies around the world are revising their investment programs, some of them cutting staff and freezing social benefits.

Since CSR implies a significant investment in various social programmes, strategic planning is required for the expenditure of these funds, which in turn implies the implementation of the CSR management process. Consider in more detail the concept of CSR management. CSR management is a long-term, continuous process based on constant dialogue with stakeholders. The purpose of CSR management is to increase the business reputation of the Corporation and create additional competitive advantages, the implementation of a model of strategic behavior of the Corporation in the field of economic, environmental and social activities. Why would corporations spend money and time organizing this process? This is implemented in order to: increase the business reputation of the Corporation; create additional competitive advantages; implement a model of strategic behavior of the Corporation in the field of economic, environmental and social activities. A socially responsible Corporation makes decisions about the production and sale of certain goods, taking into account not only economic viability but also the interests of all related parties.

Consider this issue on the example of Rosatom "(4), which is actively and comprehensively involved in the life of settlements where nuclear power plants and subsidiaries are located, as well as on infrastructure facilities implemented with the participation of specialists of the nuclear Corporation. In Rosatom CSR manifests itself in the following: attracts specialists with housing, education, infrastructure; increases information transparency and openness of the company to all interested parties, publishes non-financial reporting; discloses information about its achievements and problems; publishes information on the strategy and its implementation; information on the resources used; openly declares its contribution to the development of people, technologies, regions. All these parts of the CSR of Rosatom affect the reputation of the organization, the growth of the company's value, reducing risks when investing and increasing public confidence in the activities of the largest state-owned company

Conclusion. The article deals with the results of research conducted at the Department of management theory on the problem of conflict management in the implementation of CSR. The conflict appears as a result of the different interests of a number of stakeholders, but these conflicts reveal problems in the implementation of CSR. With proper management of CSR implementation, taking into account the loyalty of various stakeholders, it is possible to achieve a balance of interests of stakeholders for a certain period of time, to increase the social orientation of investments.

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