

# Conflicts between stakeholders in basf se



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BASF SE is also the biggest chemical company in the world. This company is headquartered in Germany and its name stands for Badische Anilin- und Soda-Fabrik (Baden Aniline and Soda Factory). In the end of year 2009, it has more than 50, 000 employees in Germany and a total of 110, 000 people in the whole organization. In the following paragraph, I will discuss the conflicts of interest that could arise between different stakeholders in the organization as well as giving solutions to the possible conflicts that arise.

Stakeholder is defined as a group that can make an impact on the organization and its business. The definition of the stakeholders to be exact is teams where the organization must have to exist (Fisher, 2003).

In this organization, there are a few stakeholders that can be seen. The highly ranked position is the CEO (chief executive officer), where he is in charge of the whole management in the organization. This is a position chose in the organization reporting to board of directors. He holds the responsibility for a few actions in the organization. His role is to alter the company, in terms of internal and external by utilizing his strategic vision. However, the main responsible is to ease business outside of the company. In the midst of achieving the goals of the organization, he guides employees and other people in the management team as well to go along with him. His initiatives taken are all to meet the objectives of the organization.

Part of this organization is a small chemical refinery where it gives the CEO a few problems left by the previous CEO. Currently he needs to clear up the situation left by the previous management.

The second stakeholders are employees. The employee gives their expertise and does the detached activity related to economic production. In fact, the accurate meaning of employee is any person hired to do a job. Nowadays, such a term carries the meaning of possessing a relation among the organization and individual but not similar relationship as the client with customers. They are also people who helps the organization meets its target and goal while able to enjoy the benefits of improved financial rewards as time passes. They can also make big impact in the organization.

The third stakeholder is the public. The public have certain expectations to see benefits from the organization which is successful. They also depend on the organization to be successful in economic viability and their social and recreational infrastructure (Holme, 2008). All parties including the retailers and service companies in the area gain success of the organization as well. The economic will fluctuate when huge factories shuts down, while it will rise when many amenities are developed.

Newspaper is a main media to communicate to customers, as it is effective because almost everyone has got home delivery of newspaper. Most of the hotels also buy those newspapers in a thousand copies a day in bulk to give their guests. It is cost effective and wide reach. It is flexible that newspaper can get at anywhere and anytime. Readers of the newspapers tend to perceive from the advertisements and getting positive feeling towards the brand. However, the life span of newspaper is short as many people do not read the same contents again and again. The average life span of daily newspaper is only 24 hours, so the life span of the advertisement is limited.

Television is an expensive media to use, but it subject to competitive clutter and it brings brand images to life and adds personality to a brand.

Advertisement in television actually aims to increase product awareness and remind the brand of the product. Television

Virtually, there have heavy users of radio and nearly 100% of all households have radio in any third world country because of the radio is cheaper than other media. The purposes potential customers listen to the radio are to relax them, gain more information and spend their free time. This stakeholder can build a well awareness and strong brand image among customer.

#### Relationship Conflict

When interpersonal incompatibilities do happen within the stakeholders, the relationship conflict will arise. As an example, are some incompatibilities emotions such as unfriendly, tension and depress among group members. When conflict in relationship has happened, the attention of the stakeholders has passed to how to solve conflict of personal and how to avoid this conflicts which will interfere with stakeholders productivity.

#### Task Conflict

When several arguments and misunderstandings happen like differences in viewpoints, ideas and perspective in group, task conflict will happen. Conflict about the chore is a nuisance among stakeholders doing daily jobs due to the interference together. Task-related conflicts might also create tension, antagonism between stakeholders, negative cooperation in the future and

also unhappiness. In the stakeholder of the organization, in response to any form of arguments and misunderstanding, frustration and dissatisfaction will occur among group members. Of course, the task conflict also benefits the creativity groups. It carries the definition where conflict of task can minimize conflict among group performance and individuals effectively.

### Process Conflict

Many work group performance are seem to be detrimental to productive work processes: when a team brainstorms on their roles played in the organization, completion of task are longer, stakeholders interrupted by the uncertainty that the conflict produced, and they frequent show the motivation to leave or change groups. In this case, the process conflict is under observation in value of time. Different groups are to some extent insensitive to the deadlines, while the other stakeholders are always hurrying to the project goal. As far as production is concerned, the stakeholders in organization are tending to be less careful for the quality; however, others are less creative than the stakeholders.

### Crisis of Cultural Differences

The personnel management of the cross-cultural issues:

Culture is one of the sources of crisis. Cultural differences will lead to nuisance and disaster in group. In the organization, the present director's leadership style differs a lot with the style of the predecessor.

Motivation in the management of cross-cultural issues:

Motivation to the various means people can not afford the interest of personal creativity difficult to mobilize; for the stakeholders strong demand, leaders collects ownership was underestimated.

Communication Management of cross-cultural issues:

Some problems appear with the multi-culture background of stakeholders: language barriers; communication barriers and low efficiency of communication.

Solutions

First of all, a full report on the quantity and type of chemicals which caused an amount of damage should be collected. These waste could make an impact and costly in the process of cleaning them up as well as rebuilding the company infrastructure. With a report taken, the situation will be known and also able to proceed to the best course of action to be taken.

Next, a meeting will be conducted among stakeholders to discuss such a matter in detail. In fact, the past steps taken will not be used and a better recommendation will be given. The toxic waste will have to be cleaned up and we must come up with a schedule on when and how it is to be done. Even though it is stated that a clean- up can begin in two years, we need to identify when we will be able to complete the task and at what cost. A discussion on how the organization obtains funds to start the process should also be held.

A press conference has to be held to inform the public about what has happened. Stakeholders should be engaged and informed in no uncertain

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terms that while the organization has made mistakes in the past, they will try their best to change and also get support when necessary. As this is a big conflict, it must be solved so that the organization will not be troubled by such issue in future.

During the press conference, the speech and also content should be well prepared, so that no additional conflicts will arise. It should be well taken into consideration that most of the stakeholders will know and react to the conference held. The situation of the organization should be explained clearly and honestly in the conference and at the same time not conceal the truth. The date of conference should also be set wisely. If things are rushed, the stakeholders might not be able to accept it and turn unhappy. This is because if announcement are made just before the possible actions taken, there might be a public outrage about why the company avoided disclosing such information for so long. A question and answer session should be held after the conference as well.

The organization should also pay for stakeholders which suffer negatively due to the conflicts arise among them. By solving this problem in monetary terms, the company can also control the situation and also prevent a class action lawsuit that may arise and possibly drain the company's finances.

#### Effective Empowerment with Trust

Forrester (2000) stated that empowerment focus on the company power from upper management down to lower management levels. Empowerment is a minor role in motivation which provides greater responsibility and power to stakeholders in the group.

Yukl (1994) argued that trust among stakeholders does play a key part in the implementation of empowerment strategy. Correct leadership gives up control of the authority and releases to stakeholders, trust will be shown to the group to assist them in meeting goals of theirs. Stakeholders who are given trust will make a commitment to hold up the trust and will work harder to complete their task. In a health empowerment working environment, stakeholders will feel their responsibility not for doing one job, but to ensure an entire group's work to be better. Thereby the stakeholder is a decision maker and not a follower. Each stakeholder member can realize that they are a part of the group and they are valuable.

Stakeholders are not only reactors to the organizations demands but also an initiator of task. Stakeholders will come to understand that they are able to perform what they wish to do and able to meet their goals. From effective empowerment, each stakeholder feels that they can let go creative energy and learning new skills to meet new challenge at work.

Lastly, group member's morale will be impacted by the effective empowerment. Because group members can control their own future and end products, the work will become exciting, enjoyable, and meaningful. Group members who have higher morale with pleasant working atmosphere will promote job performance and member satisfaction.

“ Leadership must be involved in a continuous challenge to give up strict control over the work and unlock the potential capabilities of employees by promoting empowering initiatives” (Taborda 2000, p. 43). In this organization, the CEO can use effective empowerment strategy which



includes building mutual trust working environment, providing adequate resources, and offering members authority and freedom to make decisions without interference. Thus empowerment will foster harmony within group and bring great help for the stakeholders towards the improvement of job performance and member satisfaction.