Banking reform in nigeria -implication for employees assignment

Economics

BANKING SECTOR REFORMS –Implications for Employees By: Mr. Feyi Oluwaremi (B. Sc, MBA, ACA) ABSTRACT Recent reforms carried out by Sanusi Lamido Sanusi, governor of the Central Bank of Nigeria (CBN), in the banking industry appear desirable. The CBN aims at ensuring the stability and soundness of Nigeria’s banking industry within the shortest possible time. However, the unintended negative effects of these present reforms of the banking sector on national economy are awful. The CBN Governor swept away chief executives of five commercial banks in Nigeria in one fell swoop. The decision took many Nigerians by surprise.

At the same time, it drew diverse reactions depending on which side one stands. Whereas some people applauded the action as belated but necessary to bring sanity to the Nigerian banking sector, others chastised the apex bank boss for taking a decision that would turn round to hurt not only the banks, but the entire Nigerian economy. Sadly, in spite of the apparent lofty intentions of the reputable risk manager, there are indications that unintended negative effects of the CBN action have begun to take their toll on the banks, the real sector, Nigerians and the entire economy.

From the empirical observation, employees of the various sectors of the economy are bearing the brunt of these reforms going on. This is evident by: high level of retrenchment, salary cuts, daily living in fear of losing one’s job, employee coercion for high performance in the face of hostile and polluted marketing environment, harassment and intimidation from the employers as a result of policy confusion, etc.

In the light of this, this paper reviews the Change Strategies which must be put in place, largely by the employees, towards building up a high corporate culture (-employees behaviours, attitudes, capabilities and commitment) if they want to maintain their relevance and keep their jobs in the present reality. The direction of my discussion will be through the headings itemized hereafter: 1. CURRENT BANK CRISIS AND CBN’s INTERVENTIONS 2. UNINTENDED EFFECTS OF CBN’s REFORMS 3. EMPLOYERS IN THE HARD TIMES 4. CURRENT BANKING REFORMS AS A STRESSOR IN THE WORK-PLACE 5.

EMPLOYEES- BEARING THE BRUNT 6. EMPLOYEES- CRACKING THE CODE OF CHANGE 7. SUMMARY/CONCLUSION. Thank you Signed: OLUWAREMI FEYI (08033995219) CURRENT BANK CRISIS AND CBN’s INTERVENTIONS In June 2009, Nigerian Central Bank Governor Sanusi Lamido Sanusi took office. He certainly had a intuitive feeling about how deeply distressed his nation’s banking sector was. Foreign risk management analysts had been issuing warnings about Nigerian banks and their toxic assets since January, 2009 and oil prices were down — always a harbinger of hard times coming for Africa’s top oil producer.

The current bank crisis emanated from greed and destructive capitalism of infinitesimal populace orchestrated by unguided bank reform of the then CBN Governor, Professor Charle Soludo. This position is succinctly narrated by the analysts and scholars as follows: According to Nigerian business journalist, Dayo Coker(2010): “ It was simply greed and destructive capitalism. ” He continued: “ There was a chance to make millions and people seized it. The regulators failed the people. Long before they failed the people, however, Nigeria’s regulators inspired them with a plan to overhaul their convoluted banking system, and open Nigerian finance to the world. In 2005, then-Central Bank Governor Chukwuma Soludo whittled down Nigeria’s 89 small-scale banks to a handy 25. The new banks born of Soludo’s consolidation were bigger, broader in scope and had much more credit to lend — but fewer checks on how to lend it. That’s where the problems began. The people trying to do that process didn’t realize they were creating mammoth institutions without really taking the time to double check the new freedoms offered to those in charge,” said economist Adama Gaye, chairman of Newforce Africa consultants in Senegal. Soludo’s consolidation worked, at first. The simplified financial structure encouraged more foreign investment into the national stock market. So, too, did soaring oil revenue. To benefit from the blossoming market, major banks extended tantalizingly easy, no-collateral-required margin loans to local stockbrokers.

That’s where the problems became larger. “ Poor people left their business and put everything in the market,” said Coker. “ It was crazy. Nobody thought about a correction. ” Only after the end of 2008, when that correction came and Nigeria’s market fell by 46 percent, did hints emerge about how poorly the banks managed many of those margin loans — holding onto shares longer than banks had agreed was advisable, for example, or simply providing too much money to small investors.

According to the Nigerian anti-corruption police- The Economic and Financial Crimes Commission shows how banks, in the recent times, aid and albeit fraudulent accumulation of wealth process in the the capital market as in many instances banks asked borrowers of margin loans to invest in particular stocks — an illegal way of artificially inflating the stock's price. What a way of making the rich richer and the poor poorer (destructive capitalism at the peak).

As many banks continue to record unsustainable debt portfolio, the management of such banks continued to extend loans to friends and non-existent companies without ever expecting to see the loans paid back. Eventually, the banks accrued more debts than either they or the central bank could hide; investors fled and analysts watched what was, to many, a predictable end unfold. There was mixture of really what seemed to be poor professionalism with a lot of cronyism and the outcome is not surprising," said Gaye. I think anytime you have this cozy relationship between banking executives, regulatory leaders, central bank bodies and political leaders at the government level you are doomed to have an explosive cocktail. " Recent reforms carried out by Sanusi Lamido Sanusi, governor of the Central Bank of Nigeria (CBN), in the banking industry is strongly desirable to correct man-made anomalies in the financial system. The CBN's objective at ensuring the stability and soundness of Nigeria's banking industry within the shortest possible time is laudable. THE UNINTENDED EFFECTS

Sadly, in spite of the apparent lofty intentions of the reputable risk manager, there are indications that unintended negative effects of the CBN action have begun to take their toll on the banks, the real sector, Nigerians and the entire economy. The first immediate fallout is a serious rundown on the affected banks whose Managing Directors and entire management teams were sacked. The unprecedented panic withdrawals by customers of the respective banks defied the CBN's N420 billion bailout funds and the assurance that it would guarantee the liabilities of the affected banks.

Secondly, the capital market had also, within the period this recent banking reform, reportedly lost over N50 billion. The capital market reaction to the CBN action was attributed to the fact that the banking sub-sector accounts for 60 percent of the market capitalisation of the Nigerian Stock Exchange, NSE. With the clampdown on the five banks and the auditing of 14 others, equity investors have been wary of investing in bank stocks. This, according to findings, has inhibited stocks from appreciating despite the swan song of confidence preached by the leadership of the capital market regulatory authorities.

In addition, the international ratings of the Nigerian economy dropped from B+ to B. For those opposed to the CBN governor's action which they described as arbitrary and unprofessional, the rating was an indication of a signal to the international community that the Nigerian economy is unstable, primitive and not to be trusted. They argued that his action may have wiped off the little confidence built in the Nigerian economy in the past 10 years, a development they pointed out would scare foreign investors. Furthermore, there is the spate of retrenchment now hitting the banking sector.

Some of the banks have either retrenched their staff or are in the process. Others have slashed salaries and allowances in a bid to cut cost amidst the existing tight fiscal policies put down by the CBN. The liquidity problem faced by banks as a direct consequence of the current banking reform has led to credit crunch in the economy. The banks are no more advancing loans and this has stifled the economy in no small measure. For instance, the Bureau of Public Enterprise, BPE’s privatization programmes are suffering.

The full import of the unintended consequence manifested in the ongoing process to sell the Skypower Aviation Handling Company Limited, SAHCOL. The BPE recently asked other top bidders for the company to advance their bid for government’s 100 percent equity after the preferred bidder and the reserved bidder failed to pay at the expiry of the deadline given for them to pay. The company, Eraskorp Corporation, had offered N13. 45 billion to emerge the preferred bidder but could not pay on agreed date while Pan Express Services Limited, the reserved bidder with N10. billion offer, also failed to pay. Their inability to pay was because they could not source finance from the banks due to the crackdown on them by the CBN. Even the unsuccessful sale of the Nigerian Telecommunications Limited to a core investor is also traced to the current crisis in the banking industry The downstream oil sector is also groaning under the effect of the current credit crunch. The independent petroleum marketers recently raised an alarm that there was going to be fuel crisis because of their inability to get credit from banks to import fuel.

Findings show that the problems of the banks have been worsened by the fact that foreign banks were no more honouring letters of credits from their Nigerian counterparts. Furthermore, the foreign investors are now developing cold feet because of the bad image the CBN action has given the banks. EMPLOYERS IN THE HARD TIMES The current banking sector reform piloted by the Central Bank of Nigeria (CBN) has been described as a mixed bag of blessings and misfortune for various stakeholders in the economy.

Just as those whose jobs were swept off by the reform may never see anything good in the exercise, captains of industry have on their part continued to bemoan their woes over the drastic reduction in industrial capacity and low sales. Opinions sampled from across the various sectors of the economy, show that apart from, thousands of jobs lost in both banking and real sectors of the economy due to the reform, the flow of credit to the private sector has also plunged drastically over the past six months with business confidence equally nose-diving dramatically.

President of the Nigeria Economic Summit Group (NESG), Mr Sam Ohuabunwa, observed that the current wave of illiquidity would impact negatively on the domestic economy, as financing from banks was being stalled. He explained that financial institutions in the country are in a big dilemma trying to survive the constraints posed by the meltdown which led to the losses that spurred the CBN into auditing their books. He expressed worries that banks are no longer concerned about motivating the economy through granting of business credit, but may have opted to play safe in terms giving credit to customers.

Well the business climate in Nigeria is still very difficult going by infrastructure, security and access to funds. Looking at these developments, one can conclude it has not been very favourable to businesses in the country. We had the Niger Delta militancy issues and very recently we started having political issues in parts of the country. Again we had issues with public sector corruption and several other challenges that tend to confirm that it is really not good for business.

This is because anytime the supply of credit to any economy is disrupted, the consequence on businesses and citizens are usually very phenomenal and could include capacity reduction and inability to meet profit projections while the citizens could suffer massive unemployment and mass poverty. For instance more than 10, 000 direct and indirect employees of the banks have been sacked since the reform stated. The figure does not include the losses recorded in other sectors of the economy where credit crunch and harsh operating climate have forced several companies to either close down completely or reduce capacity.

Indications are that the dearth of credit to oil the wheel of businesses was aggravated by uncompetitive fiscal environment which have forced may companies to either relocate to neighbouring countries or close down completely and taking with it thousands of jobs. The real sector of the economy is seriously feeling the bite of the credit crunch. Dolapo Oguntuga, chairman, Manufacturers Association of Nigeria, MAN, Ogun State branch, said the recent development in the banking sector has adversely affected manufacturers because banks now reject letters of credit.

He said the consequence of this is that most of the organisations have begun to lay off their staff because of lack of funds to do business. Joseph Arumemi-Johnson, managing director of Rockson Engineering Nigeria Limited, said the CBN’s action has affected the ability of his company to complete the National

Independent Power Projects, NIPP. According to him, manufacturers handling the production of equipment for four of its ongoing power projects have stopped work following the sack of the MD of the five banks.

He said with the present state of uncertainty in the bank, it is doubtful whether Intercontinental Bank will continue to back the letters of credit for the project as it did before the crisis. The bank was one of the five proclaimed by the apex bank boss as having symptoms of distress. The CBN sacked its managing director and the board. Publishing the names of the entrepreneur debtors in the pages of newspapers by CBN has not only breached the confidential relationship between banks and customers but would discourage young business entrepreneurs from going to the banks to borrow money to expand their business and create employment..

We are taking a wrong step, we are destroying the economy because these people that borrowed money to develop industries who are now persecuted, you will not see anybody going again to borrow money to develop industries and create more employment. EMPLOYEES- BEARING THE BRUNT As the wave of mass sack in Nigeria’s bank spreads across the country, bank workers now live in palpable fear. Some banks are downsizing workforce, slashing salaries and stopping certain allowances the workers hitherto enjoyed. At least 8, 000 bank workers across the banks, especially in the eight rescued banks, had been axed recently.

According to a Zenith Bank staff based in Maiduguri, Borno State, who preferred anonymity said some Zenith Bank staff in Abuja and Lagos were sacked and that has left many of them worried. “ We just come to work now and expect anything. Any day you close without receiving a sack letter, you have earned your pay for that day and there is no guarantee you would resume the next day. Banking jobs are not secured now," he said. Another banker, a staff of UBA who spoke anonymously also confirmed the sack of over 1, 500 staff. She said all staff are in fear of the unknown as more names for sacking were being compiled.

According to her, UBA recently released a memo stopping all forms of salary advance and loans to staff and that end of year bonuses were also stopped. Everybody is just praying not to get sacked now. It is really terrible and more names will be released soon, so we heard," she said. The on going sack in the nation's bank has taken a new twist with the former President of Association of National Accountants of Nigeria (ANAN) Dr Samuel Nzekwe saying that the reason why banks indulge in mass sacking is because of little or no terminal benefit attached to the staff.

He also said the recent development in the banking industry would further overheat the already fragile economy and increase the rate of crime in the society. He said the Nigerian banks contributed in creating inflation in the system by paying jumbo salaries to their staff which they can no longer pay as a result of the huge amount of non performing loans and poor corporate governance. However, good number of economic analysts and CBN continue to adduce reasons to justify this retrenchment actions of banks.

For instance, commenting on the job loss shortly after the Monetary Policy Committee meeting in Abuja, the CBN governor Sanusi stated that the job cut was in order as the banks could no longer sustain the huge wage bill. He pointed out for instance most of the sacked staff were engaged for branches that had not been opened yet, arguing that the sack gale was a global phenomenon at the moment in line with the global financial meltdown. He said " I do not think it is the place of regulators to or government to tell the private sector bank how many staff it requires".

In the same manner, the managing director of Oceanic Bank Mr John Aboh admitted at a recent meeting with the press, that the damage done to the institutions required serious attention. He said his teams cost cutting strategies were necessary to reengineer the bank's business for growth. The relevant trade unions are not folding their arms watching their members losing their means of livelihood. Both the Trade Union Congress and the Association of Senior Staff of Banks and other Financial Institutions (ASSBIFI), had concluded plans to picket the affected banks to protest the mass sack of bank workers as a result of the reforms.

The unions are worried that rather than retrenching, the banks would have deployed the sacked staff to strengthen their debt recovery machinery and save thousands of families the agony of losing their means of livelihood. President of ASSBIFI, for instance, argued that any retrenchment exercise done without negotiation would be resisted by the association. He regretted a situation where a government that had pledged to stimulate job creation through fiscal policies will be cutting jobs in the banking industry through the current reform project.

Besides the sack of thousands of professional hands in the banking industry, the banks have gone ahead to review salaries and emoluments of serving staffers by between 15 and 35 percent in a further to reduce operational cost in these institutions. Although the banks' staffs have taken it in their strides as part of the sacrifice they had to make as stakeholders to ensure a better future for the bank. The employees insist that they shared the vision of returning the banks to profitability, stressing that no sacrifice would be considered too big for this. CURRENT BANKING REFORM AS A STRESSOR IN THE WORKPLACE

It is a clear fact that current banking reform, considering its countless unintended negative effects, has become a stressor (source of worry) in the workplace. Attempts to define stress have been many and varied (see, Kilty and Bond, 1982; Mills 1982). Stress may refer to external influences acting on individuals (Selye, 1976), physiological reactions to such influences (Mayer 2000), psychological interpretation of both the external influences and the physiological reactions (Code and Langan-Fox, 2001; Selye, 1983), and adverse behavioural reactions exhibited in work, or social situations, or both (Richmond and Kehoe, 1999; Vasse et al. 1998). According to Lazarus and Folkman's (1984) they recognised that stress is the result of a particular relationship between the person and the environment that is appraised by the person as endangering his or her well-being. Stressors in the workplace: – they may be in the form of day-to-day worries, major events, or prolonged problematic work situations (Bhagat and Bailey, 1987), – they may arise from certain ideas, thoughts and perceptions that evoke negative emotions (for example, the idea that one may not reach the position that one aspires to (Buunk and Janssen, 1992). Relationships at work with superiors, colleagues, and subordinates have been identified as potential stressors. Studies have found that mistrust of co-workers is related to high role ambiguity, poor communication, low job satisfaction, and poor psychological well-being (Danna and Griffin, 1999). The current banking reforms in Nigeria is a source of daily worry to both the employers and the employees. The employers daily worry for nose diving of industrial capacity and low turnover while the employees worry losing one's job due to massive retrenchment operations going on among banks and the real sector of the economy.

Consequently, there is a considerable volume of mis-trust between the management and the co-workers. This position grossly undermines productivity in the workplace as greater proportion of the workforce becoming ACTIVELY DISENGAGED (that is losing passion for work). CRACKING THE CODE OF CHANGE In the present order, an employee who wants to remain employable must be able to appreciate that there is fire on the mountain thus, business will not be as usual. The employers are passing through the most difficult time in the history of business in Nigeria.

The present reality demands that every organization must display high sense of corporate governance, efficient customer service delivery and strictly adhere to the rules of the game. For clarity and refreshment sake, what is our main responsibility as bankers?. Our main responsibility under the Banking Ordinance is to promote the general stability and effective working of the banking system. In common with banking regulators in other countries, we interpret this to mean that our principal concern should be to determine that individual banks are financially sound and prudently managed.

The aim is to reduce the risk of bank failure that would result in depositors losing money and threaten the stability of the banking system as a whole. We concentrate therefore on checking that the banks have adequate capital and liquidity and effective management and internal controls. However, this is not all that we do. Section 7 of the Banking Ordinance goes on to say, among other things, that our functions include the following aspects that have a distinct “ ethical” flavour: ?

Taking reasonable steps to ensure that authorised institutions operate in a “ responsible, honest and business-like manner” ? Promoting and encouraging “ proper standards of conduct and sound and prudent business practices” ? Suppressing “ illegal, dishonourable or improper practices”. From these responsibilities above, the main challenge to bankers is guided living vide high ethical values. Successful organisations are characterised by strong values and a strong vision that communicates what behaviour is appropriate and what is not.

If these values are widely shared across the organisation and are reflected in the everyday actions of employees at all levels, both individually and collectively, then there is a strong culture. A value is a belief, a mission, or a philosophy that is meaningful. Whether we are consciously aware of them or not, every individual has a core set of personal values. Values can range from the commonplace, such as the belief in hard work and punctuality, to the more psychological, such as self-reliance, concern for others, and harmony of purpose.

When we examine the lives of famous people, we often see how personal values guided them, propelling them to the top of their fields. For example, one actor was motivated by his commitment to social justice, which led to important acting roles related to that value that made him world famous. Likewise, a well-known business CEO was motivated by the personal value that technology should be easy to use, which caused his company to spawn a technology revolution. Whatever one's values, when we take them to heart and implement them in the smallest details of our lives, great accomplishment and success are sure to follow.

Just as individuals subscribe to values, so do organizations and institutions. Likewise, we see how political parities and politicians subscribe to certain core values — ranging from helping the poor, easing the burden of the middle class, improving the environment, making government responsive and efficient, engendering loyalty and unity, and so forth. TEST: WHAT ARE THE CORE VALUES OF STANBIC-IBTC? -harmonizing the needs of our customers, our people and our shareholders, -relevant to the needs societies -ableness to attract, retain, develop and deploy people with energy, passion and skills.

Below is a list of important values culled from years of observation: Accomplishment, Success Accountability Accuracy Adventure All for one & one for all Beauty Calm, quietude, peace Challenge Change Cleanliness, orderliness Collaboration Commitment Communication Community Competence Competition Concern for others Connection Content over form Continuous improvement Cooperation Coordination Creativity Customer satisfaction Decisiveness Delight of being, joy Democracy Discipline Discovery Diversity Ease of Use Efficiency Equality Excellence Fairness Faith Faithfulness

Family Family feeling FlairFreedom Friendship Fun Global view Good will Goodness Gratitude Hard work Harmony Honesty Honor Improvement Independence Individuality Inner peace, calm, quietude Innovation Integrity Intensity Justice Knowledge Leadership Love, Romance Loyalty Maximum utilization (of time, resources) Meaning Merit Money Openness Patriotism Peace, Non-violence Perfection Personal Growth Pleasure Power Practicality Preservation Privacy ProgressProsperity, Wealth Punctuality Quality of work Regularity Reliability Resourcefulness Respect for others Responsiveness

Results-oriented Rule of Law Safety Satisfying others Security Self-givingness Self-reliance Self-thinking Service (to others, society) Simplicity Skill Solving Problems Speed Spirit in life (using) Stability Standardization Status Strength Succeed; A will to- Success, Achievement Systemization Teamwork Timeliness Tolerance Tradition Tranquility Trust Truth Unity Variety Wisdom We can energize our lives by making the full effort to implement the values we subscribe to. Once we identify values that are meaningful to us, we can develop strategies to implement them.

When we make the determined effort to implement those strategies, good fortune it sure to follow — in the form of new opportunities, new sources of revenue and income, and other forms of material and psychological benefit. We may even notice that as we implement values, we experiences instances of “ life response” — where good fortune suddenly comes to us from seemingly out of nowhere, defying our normal perceptions of what is logical and possible. We understand that customers trust their bankers with their personal information and that bank's success is dependent upon retaining that trust.

That is why Code of Ethics and Business Conduct has been in place for many years and, although revised from time to time, continues to serve as the cornerstone of banking business. Code of Ethics and Business Conduct is more than an expression of our commitment to integrity. It represents the guiding values of organization and helps to instill ethically sound behavior and accountability among all employees. We believe that you want to conduct business with an organization that values honesty and integrity, not only because the law requires it, but also because it is the right thing to do.

Is there any respectable bank that would claim NOT to attach high importance to core ethical values such as honesty, integrity, fairness, responsible citizenship and accountability? Is there any bank that would claim that it was right to accept bribes in return for loans, to lend to connected parties and to cheat customers? Unfortunately, it is not as simple as this. If it were the case that business ethics simply represented values which everyone accepted and put into practice, this training and my presence, here today, would both be superfluous. However, there is sometimes a gap between what banks claim or preach and what they actually do.

Empirical evidences are obvious from the recent results of CBN's audits of the existing commercial banks which showed apparent moral laxity among the top echelon of bank officials who have attracted a lot of notoriety to themselves through vain publicity and large scale frauds usually caused by immodest carriage. Consequently, the current Banking Reform by the CBN to checkmate these unethical practices and professional misconduct in the banking industry is a good step in the right direction. My question to you all is ‘ WHAT KIND OF MANAGER/LEADER ARE YOU ?

To effectively answer this question, I shall focus on several components of a manager’s influence that are key to motivating people in the organization. Research points to several truths about smart leaders/managers: 1. Smart leaders appreciate the organisation’s core values, monitor their own attitude and make needed changes. 2. Smart leaders use goal-setting principles daily. 3. Smart leaders are mindful of their communication styles 4. Smart leaders learn tactics to help people handle job change and conflict. 5. Smart leaders strive to achieve business success through collaboration by creating teamwork.

Organization leaders are responsible for creating a work environment that enables people to thrive. If turf wars, disagreements and differences of opinion escalate into interpersonal conflict, you must intervene immediately. Not intervening is not an option if you value your organization and your positive culture. In conflict-ridden situations, your mediation skill and interventions are critical. How to Mediate and Resolve Conflict •Meet with the antagonists together. Let each briefly summarize their point of view, without comment or interruption by the other party.

This should be a short discussion so that all parties are clear about the disagreement and conflicting views. Intervene if either employee attacks the other employee. This is not acceptable. •Ask each participant to describe specific actions they'd like to see the other party take that would resolve the differences. Three or four suggestions work well. An example is, " I'd like Mary to send the report to me by Thursday at 1 p. m. so I can complete my assignment by my due date of Friday at noon. " A second example is, " I would like to have responsibility for all of the business development and follow-up with that client.

The way the work is divided now causes Tom and I to never know what the other person is doing. " •Sometimes, as in the second example above, you, as the supervisor, must own some of the responsibilities for helping the employees resolve their conflict. Always ask, " What about the work situation is causing these staff members to fail? " •If the situation needs further exploration, use a process I've adapted from Stephen Covey in which you ask each participant to additionally identify what the other employee can do more of, less of, stop and start. All participants discuss and commit to making the changes necessary to resolve the conflict. Commit to noticing that the other person has made a change, no matter how small. Commit to treating each other with dignity and respect. It is okay to have reasonable disagreements over issues and plans; it is never okay to have personality conflicts that affect the workplace. •Let the antagonists know that you will not choose sides, that it is impossible for a person external to the conflict to know the truth of the matter. You expect the individuals to resolve the conflicts proactively as adults.

If they are unwilling to do so, you will be forced to take disciplinary action that can lead to dismissal for both parties. •Finally, assure both parties that you have every faith in their ability to resolve their differences and get on with their successful contributions within your shared organization. Set a time to review progress. Actions to Avoid in Conflict Resolution Do not avoid the conflict, hoping it will go away. Trust me. It won’t. Even if the conflict appears to have been superficially put to rest, it will rear its ugly head whenever stress increases or a new disagreement occurs.

An unresolved conflict or interpersonal disagreement festers just under the surface in your work environment. It burbles to the surface whenever enabled, and always at the worst possible moment. This, too, shall pass, is not an option – ever. Do not meet separately with people in conflict. If you allow each individual to tell their story to you, you risk polarizing their positions. The person in conflict has a vested interest in making himself or herself “ right” if you place yourself in the position of judge and jury.

The sole goal of the employee, in this situation, is to convince you of the merits of their case. Do not believe, for even a moment, the only people who are affected by the conflict are the participants. Everyone in your office and every employee with whom the conflicting employees interact, is affected by the stress. People feel as if they are walking on egg shells in the presence of the antagonists. This contributes to the creation of a hostile work environment for other employees. In worst case scenarios, your organization members take sides and your organization