Study on Succession Conflicts and Solutions of External Executives in Enterprises

Luying Zhi[a, *], Bixiang Zhu[b]

School of Economics and Management, Nanjing University of Science and Technology, Nanjing 21000, China

[a]18788837589@163.com, [b]1533411572@qq.com

*Corresponding author

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Abstract: The market competition environment is becoming more and more complex. For the purpose of improving enterprise performance and management level, enterprises tend to introduce elite talents from the outside to restructure the senior management team. When the newcomer takes the corresponding decision-making position, it will break the harmony of the original management team and face a series of conflicts. It includes team conflict, Baton conflict, management conflict and cultural conflict. If not handled properly, it will cause huge losses to the enterprise. Therefore, it is of great practical significance for the development of enterprises to explore the succession conflict of external executives and find solutions.

1. Introduction

In the early stage of enterprise development, the scale of the enterprise is small, the market share is small, the enterprise has enough members to run the enterprise together, and the human capital can meet the needs. With the development of enterprises, the market share gradually expands, which puts forward higher requirements for the management level and management ability of enterprises.

In order to cope with the fierce industry competition, enterprises need to introduce fresh blood with rich experience and excellent ability from the outside to make up for the shortage of human resources. For example, scholar Wu Lidong pointed out that family enterprises with poor performance will increase the possibility of CEO turnover, and the higher the proportion of family's direct shareholding in the enterprise, the stronger the turnover of senior executives [1]. However, when professional managers enter the enterprise, they will break the original harmonious state of the enterprise and conflict with the original senior management team, corporate culture and the original leadership style of the company.

Therefore, it is of great practical significance to analyze the conflicts during the period of succession and explore how to successfully complete the process of organizational socialization in the new organization and new environment.

2. Related Overview

2.1 Definition of external executives

External executives can be understood as professional managers. At present, many scholars have defined the concept of it.

For example, Yan Kewen pointed out the common characteristics of professional managers: after professional education and training, they obtained the post technical qualification through formal examination; received fixed remuneration; owned the management right of the enterprise, rather than the ownership; had certain professional ethics and professional integrity, and accepted the constraints of various relevant systems [2].

Li Ying shows that professional managers are professional managers who can improve the

efficiency of enterprises, have received professional training, and can skillfully use management knowledge and skills to optimize the combination of production factors of enterprises [3].

Hu Zhongsheng pointed out that the professional manager is the agent of the enterprise, has the right of management, makes a living by means of management, and pursues to create profits for the enterprise all his life [4].

Based on the views of the above scholars, the definition of professional managers in this paper can be summarized as follows: the management experts employed by enterprises from the outside, who are paid by means of salary, stock options, etc., who are responsible for the operation and management of enterprises and create profits for enterprises.

2.2 Theoretical basis

The theoretical basis of this paper mainly includes the theory of executive echelon and principal-agent theory.

According to the theory of principal-agent, in the relationship of principal-agent, because the utility function of principal and agent is different, principal pursues the maximization of his wealth, while agent pursues the maximization of salary and allowance income, luxury consumption and leisure time, which will lead to the conflict between them. At present, scholars have carried out relevant research, such as scholar Wang Chunli, who has studied the status quo of principal-agent relationship in family business, and analyzed the existing problems from the aspects of constraint mechanism, manager market, employment system and incentive mechanism [5].

Secondly, the theory of high-level echelon points out that due to the complexity of internal and external environment, managers do not have a comprehensive understanding of all aspects of it. Because of the differences in work experience, education background, age, gender, values and other characteristics of the members of the high-level team, there are some differences in their views and perceptions of events, which will lead to conflicts.

For example, scholar Jehn studies from the perspective of conflict types, which shows that information differences will increase the probability of task conflict and process conflict, and value differences will increase task conflict, process conflict and relationship conflict at the same time [6]. Eisenhardt, kahwajy and bourgeois Ⅲ pointed out that the top management team must have differences and disputes due to the change of external environment [7].

In addition, Liu Xue, a domestic scholar, studies the conflict between the "airborne soldier" and the original management team, which shows that the introduction of "airborne soldier" will increase the internal conflict of the enterprise, and the main factors affecting the conflict are salary difference, information difference, perception ability and value difference [8]. Chen Shenglan studies executive turnover from the perspective of CEO succession source and senior management team reorganization, pointing out that hiring senior managers from outside will destroy the cooperation behavior of the original team [9].

3. Conflict Status and Causes

In the process of organizational socialization, the external executives employed by enterprises will have conflicts and contradictions with the surrounding areas. The specific types and causes of conflicts are as follows:

Team conflict: In the process of enterprise management, there are disputes between professional managers and the original management team in the distribution of interests and power.

Cultural conflict: The more forward-looking culture that managers carry out in enterprises is different from the old culture.

Baton conflict: The information asymmetry between principal and agent leads to trust crisis and conflict.

Management conflict: First of all, the original system of the enterprise is not perfect, and the new strategy and decision-making carried out by the managers cannot be effectively implemented, resulting in conflicts. Secondly, managers tend to adopt the leadership style of change, while employees' attitude and acceptance of change are different, which leads to contradictions and

conflicts.

4. Solution analysis

4.1 Enterprise

(1) Build incentive oriented salary system

For professional managers, enterprises can take measures from two aspects: improving the salary system and strengthening spiritual incentive.

First of all, design a reasonable salary system. A reasonable salary system can adjust the contradiction between enterprises and professional managers. The salary of professional managers is linked with the performance of enterprises, and equity incentive and benefit sharing are adopted. It does not affect the control of the enterprise, but also can achieve the purpose of encouraging managers, reducing agency costs, reducing moral hazard, easing the contradictions between the principal and managers, and optimizing the principal-agent relationship.

Secondly, we should strengthen spiritual motivation. For professional managers, they pay more attention to the realization of self-worth. Under certain conditions, enterprises should authorize professional managers as much as possible, so that they have more space to display their talents, meet their spiritual needs and self-realization needs, increase their sense of belonging, so as to optimize the principal-agent relationship and solve the possible conflicts from the source.

For the original executives of the enterprise, broadband salary mode can be adopted. The professional managers and the original managers are included in the same salary level, based on performance, and the specific salary level is linked with the individual's efforts and performance. From the perspective of fairness theory, the sense of unfairness of the original managers can be eliminated.

(2) Take training measures aimed at cultural integration

After the introduction of occupation managers, enterprises can arrange training courses for personnel departments, take the way of combining online and offline, propagate and manage managers' culture and values in the enterprise, and collide and melt with the original culture of enterprises, and retain the essence of China that is suitable for the times. At the same time, it lays the foundation for the external executives to carry out the reform.

(3) Create a smooth succession oriented company mechanism

First, optimize the exit mechanism of the original senior management team members. When the enterprise develops to a certain degree of maturity, the rights need to be gradually transferred to the professional management team to do a good job in the ideological work of the core members, so that they can accept and cooperate with this process.

Secondly, build the internal competition system of talents. Enterprises need to redesign the system, clarify the responsibilities and powers of each post again, improve the promotion system, and make clear career planning for employees. At the same time, a set of scientific and complete assessment system is developed to restrain managers. Qualified managers will continue to stay in office, unqualified managers will be eliminated, and a benign competitive atmosphere will be created in the enterprise.

Finally, business owners need to give managers enough trust. Support for change and decision making.

4.2 External Executives

(1) Combine the use of change mode

Professional managers should study the organizational structure of enterprises, make strategic plans, determine reform plans, and gradually implement changes in a planned way in combination with the priorities of each period. Before the change, let employees see the difference between actual behavior and expected behavior and fully communicate with them, and encourage their participation and investment. Secondly, carry out the reform and develop new culture and values in a planned way, establish a new balance within the organization, and actively strengthen, let

employees accept the new culture, fix the new behavior mode, avoid conflict, and realize the reform.

(2) Choose leadership style in a flexible way

External executives should choose appropriate leadership style according to the situation. For example, according to Federer's contingency model, leadership style can be selected according to different situations. When entering the enterprise, we can adopt the task-oriented leadership style to solve practical problems and avoid conflicts.

After the achievement of work performance, the relationship among the members of the organization is relatively optimized, and the relationship oriented leadership style can be adopted to resolve the succession conflict and complete the process of organization socialization.

5. Conclusion

The conflict between the enterprise strategy makers will affect the quality of strategy making and decision-making. It will have an unpredictable impact on the development of the whole enterprise. Therefore, in order to solve the problem of succession conflict of external executives, both enterprises and executives should make efforts for it. The enterprise can ease the contradiction between the new comer and the original team from the perspective of salary formulation, and give them enough trust.

Professional managers should understand the original culture and values of enterprises as soon as possible, and promote their own more forward-looking management concepts and methods. The original executives should actively cooperate with the professional managers to help enterprises establish a core culture with the market development. At the same time, professional managers should constantly adjust their leadership style according to the situation, use their strength to obtain recognition, so as to resolve conflicts and successfully complete the process of organizational socialization.

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