

## Corporate governance and stakeholder conflict

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**Abstract** The stakeholder management literature is dominated by the ‘shareholder value’ and ‘inclusive stakeholder’ views of the corporation. Each views the governance problem in terms of *inter-functional* conflicts between stakeholder groups, such as between investors and managers or managers and employees, and rests on the assumption of an idealized corporate structure characterized by the separation of ownership from management. Our review of corporate governance and stakeholder conflict shows that such functional-based characterization is too simplistic and fails to account for important intra-functional conflict. Through a comparative review that considers managerial, stakeholder and family systems of governance, we demonstrate that, while the modality of conflict varies by system, substantial intra-functional conflict is endemic to each. We integrate the findings of the agency and comparative stakeholder theories of corporate governance to offer an authority-based framework with three different governance structures that offers complementary insights into stakeholder conflicts. Thus, our study highlights the important, but often neglected, intra-stakeholder type of conflict in various organizations and provides a basis for understanding their various manifestations and consequences under the different systems of governance.

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