



## Legal Issues Concerning the Role of Arbitration in Resolving Corporate Governance Dispute in Nigeria

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**Abstract.** This study conceptualized dispute as an integral part of man's existence and a common occurrence in all human interactions; social, political, industrial, international, national, corporate, commercial, etc. In a corporate organization, disputes may result owing to strained relationships between the various stakeholders who are involved in the determination of the direction, and performance of the company. However, what is important is that the parties should be able to find a common ground and resolve such disputes amicably hence the need for an informal, quicker, less expensive, effective, and confidential mechanism as opposed to the formal, strict judicially entrenched way of resolving disputes. Based on this background, the focus of this research is the examination of arbitration as a necessary and successful tool in the resolution of corporate governance disputes and, consequently, helping to preserve the privacy of the parties in the dispute and the company, contributing to the improvement of corporate governance practices through the strengthening of investors' confidence, increasing shareholder value, enhancing the access to financing, promoting business continuity, and reducing the overall costs arising from corporate governance disputes. Concerning this, the study adopts a doctrinal method of study, the primary and secondary sources of the material relied on were analysed through a descriptive and analytical method. The study therefore observes that despite the numerous advantages and successes recorded in the use of arbitration to achieve an amicable resolution of corporate governance disputes, it is still faced with some limitations. The study therefore in its conclusion, recommended various strategies that can be employed to enhance the use of arbitration in resolving corporate governance disputes.

**Keywords:** Arbitration, Dispute, Corporate Governance, Nigeria

### 1. Introduction

Despite the economic decline that hit Nigeria after COVID-19 which forced several corporate organizations either to liquidate or to constantly swim against the tides of bankruptcy, some companies not only survived the tough times but also grew tremendously despite the odds. The 2023 Inaugural Financial Times Report that ranked Africa's Fastest Growing Companies (Satope and Akanbi, 2014), indicated that Nigeria has emerged as one of the countries with the highest concentration companies showing high-growth in Africa (Adpinaga, 2014). The Report listed 100 companies which were arranged according to their Compound Annual Growth (CAGR) in revenues generated between 2018 and 2021. It was based on this growth rate and several other criteria that 27 Nigerian firms out of 100 companies from 42 African countries, were selected as businesses that are showing strong base, alongside successful growth potential in the country and possessing good prospects for further growth (Okongwu, et al., 2023). Indeed, the numbers of corporate organizations in Nigeria are increasing steadily. The rapid and steady growth of urban centers and the ever-increasing demand for goods and services keep accelerating the number of corporate organizations in the country. Corporate organisations are the main drivers of every nation's industrialization process, commerce, providing employment, and general economic growth and development (Aidonojie et al., 2022). The major purpose of establishing them is often to provide certain services or produce or exchange goods for consumption by individuals, organisations and government. Companies in Nigeria are taxed

periodically in order to generate income for the government, they provide job opportunities for the teeming population, and help in small way in the improvement of the standard of living of the people thereby ensuring and sustaining growth or development. Based on the above factors, the survival of corporate organizations is of interest to both government and individuals hence the need for promoting good corporate governance (Ablna, 2008).

Upon the incorporation of a company, it acquires what is generally referred to as a legal personality and then, it becomes a legal entity, separate and different from the shareholders or members of the company (Masajuwa et al., 2020). This is trite law. However, because the company is not a real person, but an artificial being, it can only operate, act and function through the instrumentality of its human agents in other words; natural persons. Indeed, disputes are generally inevitable resulting from human interactions. It is usual for human beings to disagree on and at almost every point of their engagement as long as they interact and so it is with a body corporate (Reuben, 2005). Just as there are different types of interactions and dealings, so are numerous parties involved in determining the direction and performance of a corporation. These parties include those who contributed capital to the organization (shareholders), those whose responsibility it is to run the everyday operations of the company (management) and then, those whose duty it is to oversee the managers and also protect the interest of the shareholders of the company (directors). Thus, considering all these parties, their influences and the many contractual relationships that exist between them, disputes in a corporate organization becomes quite frequent and unavoidable (Adison, 2000).

Expectedly, when two parties are in dispute, the final consequence is usually to submit their case to a third party (usually the court), in order to get a possible solution for their differences. However, a dispassionate review of many cases reveals that most corporate governance cases ought not to have gone to the courts in the first place. Court cases have a way of diverting key personnel from productive activities, tarnishing reputations, taking up enormous sums of resources and destroying a profitable relationship between members or officers of a company (Orojo and Ajomo, 1999). However, apart from court processes being expensive, acrimonious, time-consuming, uncertain and its final judgment, a subject of further laborious appeals, the often-enormous damages the dispute will cast on the good image or reputation of a company in the business world usually tax the company's business heavily due to occasioned loss of

confidence in the eyes of prospective investors, associates and even employers.

In recent times, parties to governance corporate dispute in Nigeria have engaged arbitration as an alternative to litigation and which is capable of nipping disputes in the bud, resolving long-standing disputes/cases, and can even produce win-win solutions to such old and bitter fights that might have otherwise only leave both sides damaged. Further, the Supreme Court of Nigeria has held in the case of *Ras Pal Gazi Construction Company Ltd v. FCDA* (2001) 10 NWLR Part 722 page 559, that an award given at the end of a successful arbitration proceedings is at par with the with the court judgment. Also, its peculiarity for corporate and commercial disputes has made it acceptable to litigants both locally and internationally. Arbitration secures the privacy of the parties involved in the dispute, as well as that of the company. It is efficient, less complex, speedy and its flexibility ensures that it can be adapted to suit the needs of the parties in a particular dispute. It also grants autonomy to the disputing parties (Olagunju, 2007). Generally, arbitration could be referred to as one of the best alternative dispute resolution strategies that is being used in the world today. However, in spite of its tremendous achievements, arbitration in the corporate sector is faced with numerous limitations.

This study therefore, examines the arbitration technique as well as its prospects and viability as an effective mechanism for the settlement of corporate governance disputes. These disputes may arise between the company board and its shareholders or between the board directors and the executive management of the company. They can also be between shareholders or directors themselves or between them and other stakeholders. This work intends to showcase that although generally, litigation has been the most commonly used mechanism for the settlement of disputes, in the sphere of governance corporate dispute, arbitration is the preferred methods of dispute resolution because of certain obvious factors.

## 2. Methodology

Research methodology could be seen as the systematic process that is being used by researchers to investigate, explain, examine, scrutinize or to predict phenomena in a structured rigorous and precise manner. The research methodology adopted is the doctrinal approach. The doctrinal approach involved a review of the laws and principles that govern the subject materials. The primary and secondary sources constitute very important and helpful reference

materials. Materials considered in the research and which form the primary sources include statutes on arbitration and corporate governance, in addition to judicial pronouncement and judgments on the subject-matter. These are all considered as primary sources and they shape the foundation upon which actions and opinions are formed.

The secondary sources are related published and unpublished research works of scholars in the field of research. These materials include journal articles, books, seminar papers, monographs, internet materials on arbitration as well as on corporate governance. In the utilization of these materials mentioned above, the work adopted a conceptual and theoretical analysis of the materials by making comparison and contrasting them when necessary. This is with a view to the forming of opinions and then, arriving at conclusions.

### 3. Conceptual and Theoretical Clarification

Arbitration is one of the forms of alternative dispute resolution (ADR). It has been seen as a semi-judicial and less formal dispute resolution process in which a dispute is decided by a qualified and independent third party, usually called an arbitrator, who render the "arbitration award" and the award is legally binds the disputants on both sides and is enforcing in the courts (Nahal Allahhi, 2016). In this system, a dispute between not less than two parties is referred for determination in a judicial manner by a neutral person or persons other than a competent court (Kumaraswamy & Yogeswaran, 1998). It can be either voluntary or mandatory and there are usually limited options or rights of review and appeal of awards giving in the arbitration. The uniqueness of arbitration is that it helps in preserving and sometimes enhancing the relationship existing between conflicting parties. Analysis of the foregoing definition indicates that for the method of arbitration to be activated, there must be a dispute involving at least two or more parties who have agreed to arbitrate, agreed on an arbiter or a neutral third party known as the arbitrator, and also, the finality and binding nature of the arbitral decision or award. Also, it can be affirmed that in an arbitration, the parties have an option of choosing more than one arbitrator, and as a result of that, it affords them the opportunity of presenting their dispute to a neutral third party who are chosen by them and are knowledgeable enough to make a binding decision called an Award (Jensen & Meckling, 1976).

Corporate governance can be deduced as a system by which corporate organizations are directed and controlled. It is a set of inter-relationships between the board of directors of a company, its shareholders and

other stakeholders like the management; all of which are involved in providing the structure that sets the objectives of the company and the means by which those objectives are attained, while monitoring the performance (Abid et al., 2014). A corporate organizations or company is made of different organs, performing various functions. The Board of directors is the organ responsible for the governance of the organization. They are saddled with the responsibilities of setting out the company's strategic aims, providing a company management that will put them into effect, supervising the day-to-day management of the business, and then, reporting back to the shareholders on their activities and stewardship. The role of the shareholders is to provide the capital, appoint the directors and also satisfy themselves that an appropriate governance structure has been put in place (Clark, 1998). It is then the management of the company that carries out the day to day running of the company towards the achieving of the company's overall goal. Corporate governance therefore entails a set of inter-relationships between the management of the company, its board of directors, shareholders, and perhaps, other stakeholders. It is this corporate governance that provides the structure that sets the company, as well as how the means of actualizing those set objectives and the monitoring of performance are determined (Agyris, 1973).

From the above definitions, the key constituents of corporate governance that are common are: corporation (company) and stakeholders (the principal players) (Majekudumi et al., 2022). As earlier stated, a corporation is a juristic person distinct and separate from its shareholders and/or managers. However, a corporation being an abstraction is bound to operate through natural persons in diverse capacities as directors, shareholders, managers and other employees (Daily et al., 2003). It is these relationships between a company and these natural persons that create some responsibilities and duties between the company and the operators, as well as relationships among the operators themselves. This relationship is expected to protect the interests of each party with the aim of minimizing disputes and producing beneficial outcomes, but sometimes the relationships itself breeds disputes (Egielewa & Aidonjije, 2021). By way of conceptualization, it has been offered that a dispute exists when a claim or assertion made by a party is rejected by another party and the party who made the claim or assertion does not accept the rejection (Padilla, 2002). From this definition, it can be explained that disputes involve conflicting parties and that it is more certainly to arise when the conflicting parties demonstrates an action or arguments to a controversy. Disputes entails

disagreement over issues. David Foskett concludes that an 'actual' dispute may not occur until one party insist on a claim and it's 'disputed' by the other.

A corporate governance dispute involves corporate authority and its exercise. It mainly concerns the organs and officers' powers responsibilities and actions or their failure inability or refusal to act. Corporate governance disputes can arise in various (Runesson & Guy, 2007). It may emerge as a disagreement between the shareholders of the company and its board; between the board of directors and the Chief Executive Officer (CEO) and/or the senior management; even among the board directors themselves; between the board and the company employees' representatives; or between the company board and social communities. It should be noted that a dispute may involve the company as a corporate entity, but yet, that dispute does not concern or pertain to its governance. These disputes are experience in the course of doing business, it is part of business, and it is usually up to management to find ways of resolving them (Agrawal & Chen, 2008). As part of its responsibility of oversight and monitor, the board is usually informed of significant litigation that may affect the operations, finances and reputation of the company. Also, it is proper for the company board to ensure that that in the company's policy and guidelines, there are in place, dispute resolution policies and mechanisms that can mitigate disruptions and reduce expenses that might result from these disputes (Oladele et al., 2022).

However, the agency theory which is rooted in economic theory, was expounded by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). This theory showcased that there exists an agency relationship between principals, such as the shareholders holders of a company and their agents, such as the company's directors, executives and managers. By this theory, the shareholders who provide capital for the company and are the owners or principals of the company, hires the agents (directors, executives and managers) to perform certain task. These principals delegate the running of the company business to the directors or managers, who are the shareholder's agents. Indeed, Daily et al (2003) argued that two basic factors influence the prominence of the agency theory. First, the theory is conceptually a one in that it reduces the corporate organization to two participants, which are referred to as principal and agents. Second, agency theory proposes that employees or managers in organizations can pursue their own interest or become self-interested.

Further to the above, Agyris (1973) argues that agency theory view as an economic being, the employees of a company and that they suppress their own individual aspirations and then, must act and make decisions in the interest of the principal. Although, in some cases, the decisions of the agent may not necessarily be in the best interests of the principals. The agent may give in self-interest, exhibit opportunistic behavior and then, fall short of the congruence between the aspirations of the principal and the desires or pursuits of the agent. With such setbacks, disputes may arise which ought to be settled fast, effectively and efficiently.

#### **4. Corporate Governance Disputes in Nigeria**

It is pertinent to know that disputes in corporate governance is almost inevitable. This dispute may arise between the board of a company and its shareholders or between board of directors and management of the company. Such dispute may also emerge between and among the directors themselves (Okongwu et al., 2022). The list of possible sources of dispute between these players is endless and can include issues pertaining to the company itself (what is being carried out - related-party transactions, strategic priorities, company control, etc), the board processes (this concerns how things are done, for example, in the appointment of new directors, defining of board agenda, planning succession in the company, etc), and personalities (who is doing things - behaviors, attitudes and styles of directors) (Imoisi et al., 2023).

In identifying the nature of the dispute, critical attention must be paid on the parties' identity and the nature, cause and type of the dispute, so as to distinguish a corporate governance dispute from other forms of corporate disputes (Oaihimire & Aidonjje, 2023). For example, a contract for goods or services can be awarded by the management, in violation of the company's policy on related transactions. This can result in a dispute the board and management (Sloan, 2009). This form of dispute would be regarded as a corporate governance dispute. However, where there is a supply of goods or services and a dispute erupts between the supplier and the company's management over the terms of the aforementioned contract, this could be properly described as a commercial dispute. Those involved in governance dispute resolution must understand the nature of corporate governance of each company; the ways that corporate governance disputes can arise within them and the manner of such disputes (Reuben, 2005).

Generally, corporate governance dispute can be classified into two main categories, namely; internal and external corporate governance disputes. An internal corporate governance disputes arises within the company. This is especially among the company's directors or between the directors and senior management or officers of the company (Adpinega, 2014). Such disputes usually have as their source, the relationship between the board chairmen and the CEOs and/or other directors (executive and non-executive). These rifts are usually concerning the board role or functions, problems of agency, strategy of the company, or certain specific corporate control or financing transactions. This suggests that corporate governance disputes are likely the consequence of struggles of power between the company's top management and certain board factions. External corporate governance disputes arise between the board of the company and the shareholders or sometimes, between the shareholders themselves. Matters and areas that often lead to battles between the company board and the shareholders can include a wrong done to the corporate right of a shareholder, a proposed acquisition, a disposal of a substantial part of the company's assets, valuation of the company's share and bond, lack of disclosure, non-respect of corporate governance best practices, nomination/appointment of new board members, and then, corporate social responsibility (Jensen & Meckling, 1976).

Corporate organisations are composed of board of directors, shareholders and officers that are skillful, thoughtful, outspoken and independent-minded. This is good and not a bad thing. There should be robust debate and vibrant arguments especially in the boardroom, and decisions should expectedly result from a process in which the board is seen to consider all reasonably and available information (Daily et al., 2003). It is believed that a company board that never argues, debate or disagrees among themselves is most likely to be a passive, inactive, or inattentive board. Better put, a board that is not effective is neither carrying out its duty of care nor fulfilling its oversight function in the company. Also, shareholder activism, or the ability of shareholders to influence the company direction or to assert their ownership power, is a positive trend (Runesson and Guy, 2007). When shareholders scrutinize a company's performance and question its strategic decisions, it makes for a healthy and sound corporate governance system that can help protect their rights and keep the board members and senior executives up to their responsibilities.

Yet, if a boardroom disagreement and/or a shareholder conflict is not handled promptly and properly, it can degenerate into a full blown and acrimonious dispute that undermine a company's operation and

performance. Disputes left unchecked and unattended can easily and quickly escalate into public matters that can have terrible, disastrous and long-term consequences for the company and its key stakeholders (Aidonojie et al., 2024). An acrimonious corporate governance disputes can divert the boardroom resources, can disrupt and disorganise board's work thereby paralyzing them from making critical decisions, obstruct and frustrate company's operations, delay major strategic decisions. Such dispute can undermine the company's hard-earned reputation, reduce its market share, dissuade potential investors, divert the company's financial resources, divert the human resources, cause a breakdown in stakeholder relations, hinder growth, weaken the trust of internal and external stakeholder, prompt resignation of board members and senior executives, and then, affect corporate results. All these have the tendencies of hastening the company's demise.

Indeed, corporate governance disputes 9isorganizes the cordial relationship between the organs of a company and constitute a hurdle to its corporate growth. It is therefore important that machineries ensure the quick and amicable resolution of corporate governance disputes are put in place to the satisfaction of the disputing parties, and thus, reduce to the barest minimum the resort to litigation as a means of settling such disputes.

### **5. Litigation Mechanism in Settling of Corporate Governance Disputes in Nigeria**

Whether in Nigeria or other jurisdictions, the conventional way to settle disputes, even corporate governance disputes, is by litigation. However, the impact or cost of litigation on corporate governance disputes has become increasingly counter-productive (Brown & Marriot, 1999). In a country like Nigeria with our weak and unreliable legal system, litigation mechanism for the settlement of disputes is usually slow and cumbersome, lacks a tailored resolution, is costly, and is full of uncertainties. Thus, the use of litigation in settling corporate governance disputes can radically escalate the dispute, increase its cost, damage the company's hard-earned reputation, and occasion the delay in the resolution of strategic issues (Masajuwa and Aidonojie, 2020). The longer the dispute persist, the more or greater the costs in out-of-pocket expenses, distraction of the management, consumption of the time of the board, and impairment of strategic and operational decision-making. Moreover, corporate governance disputes usually lack the legal basis and tenet of a court case and are more often premised on personal issues and/or business

judgment, other than on legal principles (Ovwigbo, 2010).

What can easily be designed from the above is that the cornerstone of a good corporate governance is a recognized, simple, speedily, efficient and cost-effective strategy of resolving the disputes that might inevitably emerge. For these reasons, there is great need of a dispute resolution techniques and processes that can proffers solutions quickly so that the company board and management can fulfill their duties and obligations to the company and its shareholders (Aidonjio & Agbale, 2020; Gunawan et al., 2023).

## 6. Arbitration Strategies for the Settlement of Corporate Governance Disputes in Nigeria

The legal framework for providing arbitration practices in Nigeria is the Arbitration and Mediation Act (2023). It is essentially based on the albeit of the UNCITRAL Model Law on International Commercial Arbitration, with some modifications, adaptation and domestication. It provides for a uniform legal framework for quick, fair and efficient settlements of disputes by arbitration and conciliation, and to make applicable in Nigeria, the Convention on the Recognition and Enforcement of Arbitral Awards. Generally, arbitration is preferred to litigation especially as it relates to corporate governance disputes. The following are some reasons behind its efficiency:

**a) Selection of Arbitrator:** The opportunity to select an appropriate arbitrator or one's choice is the hallmark and a major benefit of corporate governance arbitration. Given that arbitration is a final, adversarial process, ideally a party would want a decision maker who will identify with his position or will at least be open to his position (Ovwigbo, 2010). In corporate governance arbitration, when the party chooses an experienced arbitrator or panel of arbitrators, the arbitrator(s) usually help in the identification and framing of the relevant interests and issues of the parties, also, help the parties in testing their case, and then, evaluate the risk/reward of pursuing the matter. If asked, an arbitrator can provide a helpful and objective analysis of the merits of each party's case, suggest and even foster creative solutions, and identify and assist in solving impediments to settlement.

**b) Speed and Efficiency:** One thing that really matters in corporate governance is the opportunity and time for officers and directors to carry out their organizational responsibilities. Time is important in governance and arbitration has been a far more expedited settlement process than litigation. An

Arbitration process can be commenced and concluded within weeks or months, and often in less than a year and are hardly a subject of an appeal (Idigbe, 2010). The reason for this is because an arbitral awards or decisions are mostly the consent of all the parties involved in the conflict and which considers the most suitable action for everyone concerned. This equally makes it quite efficient.

**c) Less Expensive:** When arbitration processes is engaged in corporate governance dispute, the process often results in reduce lawyer's fees, cost of filling court processes and related expenses, all of which puts burden on a company finance (Falusi et al., 2023). This is because the arbitration as a simple mechanism for settling dispute, usually does not include the discovery process that is common in courts in Nigeria. This process is often times time consuming and expensive.

**d) Party Autonomy:** A major merit of corporate governance arbitration is that by its very private nature, it is known to afford parties to a dispute the opportunity to exercise greater control and flexibility over the way their dispute is resolved rather than the way it would have been resolved if it was settled using court litigation. Parties in a corporate governance are at liberty to customize the arbitration process based on their specific needs, style and preferences. They can choose the arbitrator or arbitrators that understanding the nature of their dispute or that is amenable to their reasoning, establish the rules and procedures of the proceedings, and determine the timeline for the overall process. This autonomy helps streamline the process and ensures a more efficient and agreeable resolution.

**e) Privacy and Confidentiality:** Corporate governance arbitration just like other arbitration proceedings is resolved in private and this makes it very attractive. Only the parties, their arbitrator (s), counsel and witnesses (if any) attend the proceedings. Confidentiality of the corporate governance arbitration is taking very seriously. Also, parties can agree on sensitive testimony and documents, (Falusi et al., 2023). It is often tagged a private affair as no good company wants to wash her dirty linen in public. Only people who are invited can attend a corporate governance arbitration session. Even the arbitrator or arbitrators as the case may be are generally bound not to divulge any information disclosed in the process.

**f) Finality of Award:** In corporate governance arbitration, just like in any other arbitration proceedings, decisions made by an arbitrator or the arbitral award is usually considered to be final and binding on the parties. It is only contested in certain limited circumstances (Abright, 2012). This serves as

a great advantage to the disputing parties. The reason for this is because the finality associated with the award prevents any delay in the decisions as well as retains the cost of an appeal procedure.

**g) Preservation of Existing Relationship:** The directors, shareholder and officers of a company are like members of a family and can be likened to a body with different parts. Arbitration tends to value and foster the parties' existing relationship. The belief here is that if parties can be convinced to abandon or adjust their original positions and instead, shift their attention to those interests that underlines their positions, then, they can find ways of satisfying those their interests. They can produce different options, some of which could provide higher value for both parties and perhaps offer them a win-win solution (Ojielo, 2001). Arbitration proceedings are less adversarial and can resolve a dispute in a manner that saves a business or personal relationship that, ultimately, the parties would prefer to save.

#### 7. Limitations of Arbitration in Corporate Governance Dispute in Nigeria

Suffice to say that in spite of the lofty benefits associated with arbitration as an alternative dispute mechanism in corporate governance, there is however a handful of limitations connected with same. As a general and practical rule, the arbitrator's decision or arbitral award can hardly be appealed in court (Abright, 2012). This is to say that in corporate governance arbitration, only in certain limited circumstance, such as upon the proof of an arbitrator's misconduct, corruption, fraud or undue influence or when it can be shown that the arbitrator exceeded his or her mandate or authority or upon, will an arbitral award be reviewed by a competent court. This rule is strict. Also, it has been argued that corporate governance arbitration may not really be a cost saving mechanism in resolving disputes (Abright, 2012). This parties will have to take care of the arbitrator's fees and expenses. This can be substantial. There is also administrative fees and expenses, which may also be high especially if fees are assessed in reference to the disputed amount. To be paid also are fees needed to be paid on other facilities that are required to facilitate a smooth arbitral process. All these adds to the cost of arbitration. The arbitrators themselves can only exercise limited powers in the course of resolving corporate governance. But in sum, arbitration still remains a widely accepted and utilized method for resolving corporate governance disputes, but careful consideration has to be given as to whether it is applicable to or preferable in a particular dispute.

#### 8. Conclusion and Recommendations

In Nigeria today, most people spend most of their life time contributing or working in a company. This brings about interaction and relationships between them which may end up becoming sources of disputes. This paper points out the numerous challenges and shortcomings of the Nigerian justice system. The considered embrace and implementation of arbitration mechanism with its characteristic features, increases the company's shareholder value and therefore making it more profitable and the company attractive to investors, secures the privacy of the parties in the dispute and the company, can be adapted to the needs of the parties and the particular dispute and preserve the often-hard-won image of the company.

It is, however, baffling that despite the many gains or benefit of arbitration, so many corporate organisations in the Nigeria still lacks arbitration provisions in their articles, by-laws, legal contracts and frameworks. This paper concludes that there is need to make arbitration in corporate governance dispute compulsory and enforceable. Arbitration provisions and clauses ought to be inserted in the contracts and binding documents of companies. Inserting this has the important consequence of placing the dispute resolution framework at the relationship's beginning, not when a conflict arises. It is reasoned that by making arbitration provisions a part of a company legal framework, the various parties that may be involved in a corporate governance dispute become used to the process. Then, their minds become more attuned to meeting, discussing, and the identification of disputes and the resolution of the disputes based on an identity of interest, while focusing on preserving relationship in other to achieve agreed goals.

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