



Examining conflict-handling approaches by Chinese top management teams in IT firms

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Abstract

Purpose – The purpose of this paper is to explore answers to two research questions: what types of conflicts do top management team (TMT) members in Chinese firms deal with; and what approaches do they take to handle them?

Design/methodology/approach – Interview data were collected from 52 TMT members in 16 Chinese entrepreneurial high tech firms, and were transcribed, coded and analyzed according to Thomas's typology of conflict handling approaches.

Findings – Results show that conflicts in those TMTs were mostly task-related and integration/collaboration was the most frequently used approach to handle conflicts, in contrast to the findings of previous studies with Chinese managers that reported avoidance to be most preferred. It was found that the most preferred approach used in the team also relates to the leadership style of the team leader.

Research limitations/implications – Methodologically, the paper did not apply any quantitative approach to triangulate the findings for greater reliability nor did it propose predictors of any type of conflict-handling approach. Also, analyses were done at the individual level. However, the results add to the conflict-resolution literature, and provide insights on conflict resolution processes in Chinese TMTs, which, in turn, will help to understand better Chinese TMT processes.

Practical implications – The results provide very practical guidance to TMTs and help generalize the theories that have been developed based on Western practices.

Originality/value – The study is first of its kind to examine conflict type and conflict handling approaches; and in Chinese high tech firms. It offers some interesting insights to the topic.

Keywords Conflict management, China, Managers

Paper type Research paper



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Numerous studies have been conducted on the topic of conflict resolution since the five conflict-handling styles – avoiding (withdrawal/denial), compromising (negotiating), dominating (power), integrating (confrontation/collaboration/problem solving) and obliging (smoothing/suppression) – were first identified in the 1970s (see Thomas, 1976). A similarly large amount of research has also examined TMT processes, including conflicts. The results have consistently shown that conflicts can be generally categorized into two types: interpersonal, and task related. Interpersonal conflicts have been found to be dysfunctional for the team; in contrast, task-related conflicts, when handled with an integrative approach, are constructive for the team (Pelled, 1996).

Most of the TMT research that involves conflict has addressed the effects of conflicts on TMT outcomes such as decision-making effectiveness and performance (e.g., Amason, 1996; Amason and Sapienza, 1997). Many studies have also emphasized the impact of conflict on the dynamics and outcomes of top management teams (TMTs) (Amason and Sapienza, 1997; Eisenhard *et al.*, 1997). Amason (1996), Amason and Sapienza (1997), and Iaquinto and Fredrickson (1997), for example, examined the relationship between different types of conflicts and TMT decision processes and found that effective conflict resolution can facilitate strategic decision making. Raren and Spencer (1998) have also pointed out that success in TMTs depends, to a great extent, on the TMT leader's capacity to "recognize, confront, and constructively manage the range of conflict that is inherent – and often necessary – within these groups of powerful individuals" (p. 171). However, very little research has examined the way TMTs handle conflicts and how that affects TMT effectiveness. Also neglected has been the relationship between leadership style of the top leader and the conflict approaches used among the team members.

Top management teams are those small groups of executives who are responsible for "formulating strategic and structural responses". Although it is true that in most firms the chief executive has the most power, it is still interesting to study management teams, because they are the dominant coalition of the organization, and because team members are likely to be influenced by the approaches their colleagues take when handling conflicts. Compared with outcome-oriented societies, a lot less research in conflict management, and on this important group of people in firms, has been conducted in relationship-oriented societies such as China.

The objective of this study is to add to the existing conflict and TMT literature by studying the types of conflicts TMT members in Chinese high-tech firms have to deal with, the approaches they take to handle the conflicts, and the outcomes of the different approaches. High tech industries, which either use advanced technological processes or make advanced products, are the most rapidly growing industries in the world. In China, these industries are a direct outcome of the nation's economic reform and are becoming a major stimulus in the country's economic development. Between late 1980s and early 1990s, over 10,000 high tech firms were established in Beijing every year. But a large percentage of these firms disappeared just as quickly. In Zhongguancun Region alone (known as the "Silicon Valley in Beijing"), about 90 percent of the 5,000 plus entrepreneurial firms established then disappeared within five years, with only 3 percent surviving more than eight years.

Although nobody has systematically examined the causes of the short life span of these firms, failure in achieving efficiency and effectiveness of decision making due to having to deal with too many conflicts could very well be one of them. Top management teams in IT industries typically have to deal with situations with high

ambiguity, high stakes, and extreme uncertainty under which discord, contention, debate, disagreement – in short, conflict – are natural (Eisenhardt *et al.*, 1997). Therefore, understanding conflict management among TMT members in high-tech firms will not only add to the conflict literature, but also help us better understand TMT processes in high-tech firms in general and provide necessary guidance for development of theories in this area. Furthermore, knowing how TMT leadership style affects the way TMT members handle conflicts in Chinese high tech firms will also help businesses already in and entering China get more insights about the leaders in the rising industries and work more effectively with them as more and more firms are doing businesses with Chinese firms.

In the discussion below, we will first introduce our empirical study on the TMTs in 16 high-tech firms in Beijing, which follows the method Eisenhardt (1989) used to study speedy decision-making processes in high-tech firms. Then we will introduce a number of propositions generated from the findings of the study and those from other published works. We will also provide some empirical support from the interview data for the propositions. Finally, we will discuss the rationale behind the propositions, and suggest areas for future research.

Methods

We followed the criteria set up by Lee (1998) when designing the study:

- phenomena must occur in a natural setting;
- empirical data should arise from participants' experiences within the natural setting;
- research designs should be flexible; and
- instrumentation, methods of observation, and analysis procedures must not be standardized.

Sample

A total of 20 teams were randomly selected from registered firms that had 50 or more employees in the Zhongguancun Sci-Tech Park in Beijing and had existed for more than three years. The process started with the CEO (designated here as the leader), whom we first contacted and interviewed, and from whom we obtained permission to interview the TMT members. However, because two teams declined participation and only the leaders (not the members) in two other teams were interviewed, data from 16 teams were used for the analyses. Demographic information on the team members and leaders from the remaining 16 firms is presented in Table I with the general information about each firm.

As can be seen in Table I, all but two of the organizations were founded within the past decade. All firms had a minimum of 50 employees when they were selected for the interview, but three of the firms had fewer than 50 when the interviews were conducted. The products and services of the firms included computer software, automation systems, and mobile information services. The average age for both the leaders and team members was 39. The difference in age between the eldest and the youngest member in the team varied between two and 24 years, averaging 8.9 years. Our measure of TMT members' college education was the mean educational level they reached. Over half of the TMT leaders (69 percent) and over one third (39 percent) of

TMT	Type	Year founded	No. of employees ^a	Type of ownership	TMT size	No. interested ^b	Age		Job tenure (in years)		Education		Job tenure in present firm	
							Leader	Member (mean)	Leader	Member (mean)	Leader	Member	Leader	Member (mean)
1	IT industry	1994	130	Limited	6	5	38	34.6	16	11.2	BA	BA/MA	6	4.8
2	IT industry	1994	105	Stock Ltd	8	3	39	35.0	17	12.5	MA	BA	10	8.0
3	IT industry	1993	387	Limited	5	4	40	39.0	12	15.5	MA	BA/MA	7	5.3
4	IT industry	1992	300	Joint venture	8	7	37	35.2	12	13.3	PhD	BA/MA	8	7.0
5	IT industry	1995	200	Stock Ltd.	5	3	36	34.7	16	15.3	BA	BA	6	6.0
6	Biology	1996	200	Stock Ltd.	4	2	37	37.0	10	22.0	PhD	MA	4	3.5
7	Engineering	1988	70	Stock Ltd.	3	2	61	49.0	41	29.5	BA	BA	12	7.5
8	IT industry	1993	42	Joint venture	7	4	36	39.3	13	15.5	MA	PhD/BA/MA	5	5.5
9	IT industry	1999	110	Stock Ltd.	5	2	34	47.0	12	33.0	BA	MA	1	1.0
10	IT industry	1998	80	Limited	7	3	37	40.3	13	18.5	MA	BA	3	2.7
11	IT industry	2000	20	Stock Ltd.	3	2	40	34.5	19	13.0	MA	BA	1	1.0
12	IT industry	1994	400	Stock Ltd.	6	5	46	43.0	27	21.5	PhD	MA/BA	6	4.0
13	Metallurgy industry	1997	65	Stock Ltd.	5	3	37	53.0	22	28.5	BA	BA	3	2.0
14	IT industry	1999	42	Stock Ltd.	3	2	42	37.3	19	18.5	PhD	BA	2	2.0
15	Environment protection	1987	285	Stock Ltd.	6	3	50	45.0	24	13.0	PhD	PhD	6	7.7
16	IT industry	1995	123	State-owned	4	2	49	41.5	32	21.5	MA	PhD	5	4.0

Notes: ^aNumber of employees hired; ^bNumber of TMT members interviewed

Table I.
Description of
characteristics of the
TMT members and their
teams interviewed

the members held masters' or doctoral degrees. Members in one team all received doctoral education. Most of the leaders as well as members majored in various technical fields (87 and 88 percent respectively). Other educational majors of the leaders included management, physics and economics. For team members, other majors also included management, physics and humanities. A total of 81 percent of the leaders and 92 percent of the members had worked in different firms before joining the current one. All the leaders except one had worked more than ten years; the longest tenure was 32 years. Over 78 percent of the members had worked more than ten years. Sixty-three percent of the leaders and 56 percent of the members had worked five or more years in the current firm.

Team size varied from three to eight members, with an average of 5.7 members. We asked about prior relationships among the members. Nine leaders (56 percent) reported having some sort of relationship with team members (e.g. former classmates, alumni, colleagues, or coming from the same hometown) before joining the team. One of the leaders had hired his son as the vice president in the firm.

Interviews

Semi-structured interviews were conducted with the majority of the TMT members in the 16 teams. To minimize the effect of social desirability, we collected data on team conflict management by asking them to give specific examples showing how the team made decisions, communicated with each other, and handled conflicts, instead of directly asking how they dealt with conflicts. Descriptions of the process often consisted of specific scenarios. When scenarios were not offered, we would ask them to give us a detailed account of a conflict and then tell us how it was solved. All interviews were conducted individually. Each interview lasted about an hour on average. Most of the interviews were conducted in the interviewee's office by the researchers. Two were conducted in one researcher's office. With each interviewee, we explained the purpose of the project, assured the participant of the confidentiality of the data, and asked for permission to tape the interview before we started.

Coding

Interview data were transcribed and coded using published content analysis procedures (Miles and Huberman, 1984). The transcriptions were coded according to the categories specified in an earlier study (Fu *et al.*, 2002), and the same coders for that earlier study – four trained graduate students from two Chinese institutes in Beijing – were used for this study. Each transcription was coded by all four graduate students independently, and the coding results were cross-checked. Differences were discussed and resolved using the majority rule. The average reliability among the possible pairs of coders was 0.76 prior to the discussion and resolution of differences. In the following sections, the firms studied were numbered from 1 to 16, indicated as C₁ – C₁₆. Members, including the leader, are identified by M₁ to M_x. Team numbers and member numbers are all listed in Table II.

Type of conflicts most frequently handled

Conflict theorists have described conflicts as having two dimensions: one consists of task disagreements, often called task or substantive conflict; and the other, referred to as socio-emotional or interpersonal arguments, is described as emotional or affective

Firm	Profession	Team size	Number interviewed	Team members
C ₁	IT	6	5	C ₁ M ₁ ; C ₁ M ₂ ; C ₁ M ₃ ; C ₁ M ₄ ; C ₁ M ₅
C ₂	IT	8	3	C ₂ M ₁ ; C ₂ M ₂ ; C ₂ M ₃
C ₃	IT	4	4	C ₃ M ₁ ; C ₃ M ₂ ; C ₃ M ₃ ; C ₃ M ₄
C ₄	IT	8	7	C ₄ M ₁ ; C ₄ M ₂ ; C ₄ M ₃ ; C ₄ M ₄ ; C ₄ M ₅ ; C ₄ M ₆ ; C ₄ M ₇
C ₅	IT	5	3	C ₅ M ₁ ; C ₅ M ₂ ; C ₅ M ₃
C ₆	Biology engineering	4	2	C ₆ M ₁ ; C ₆ M ₂
C ₇	Biology engineering	3	2	C ₇ M ₁ ; C ₇ M ₂
C ₈	IT	7	4	C ₈ M ₁ ; C ₈ M ₂ ; C ₈ M ₃ ; C ₈ M ₄
C ₉	IT	5	2	C ₉ M ₁ ; C ₉ M ₂
C ₁₀	IT	7	3	C ₁₀ M ₁ ; C ₁₀ M ₂ ; C ₁₀ M ₃
C ₁₁	IT	7	2	C ₁₁ M ₁ ; C ₁₁ M ₂
C ₁₂	IT	6	5	C ₁₂ M ₁ ; C ₁₂ M ₂ ; C ₁₂ M ₃ ; C ₁₂ M ₄ ; C ₁₂ M ₅
C ₁₃	Metallurgy industry	5	3	C ₁₃ M ₁ ; C ₁₃ M ₂ ; C ₁₃ M ₃
C ₁₄	IT	3	2	C ₁₄ M ₁ ; C ₁₄ M ₂
C ₁₅	Environment protection	6	3	C ₁₅ M ₁ ; C ₁₅ M ₂ ; C ₁₅ M ₃
C ₁₆	IT	4	2	C ₁₆ M ₁ ; C ₁₆ M ₂

Table II.
Identifiers for the TMT
members and teams

conflict (see Deutsch, 1973; Thomas, 1976). When viewed as a two-dimensional construct, task/substantive conflict has a beneficial effect on cognitive task performance, therefore it is functional, whereas emotional/affective conflict has a detrimental effect, typically increasing turnover and impeding performance, and so it is dysfunctional or destructive (Pelled, 1996).

Task conflicts

Task conflict is also referred to as positive conflict (Tjosvold, 1992), which is important for generating the divergent perspectives necessary for creative problem solving and performance. Interpersonal or emotional conflict has, on the other hand, been associated with ineffective teams. Jehn (1997) suggested emotional and task conflict to be possible mediators of TMT diversity and outcomes. Pelled *et al.* (1999) noted that task conflict had more favorable effects on cognitive task performance than did emotional conflict. Other researchers have also found task conflicts to be generally associated with positive outcomes for group decisions (Putnam, 1994; Schweiger *et al.*, 1989; Amason, 1996) and relationship conflict negatively affects group decision quality (Evan, 1965; Staw *et al.*, 1981; Janssen *et al.*, 1999).

A high-tech environment usually means a high velocity environment in which changes in demand, competition, and technology are so rapid and discontinuous that information is often inaccurate, unavailable, or obsolete. People who survive in such an environment are usually forced to focus on getting jobs done rather than worrying about interpersonal relationships (likes or dislikes of each other), and conflicts arising among TMT members would be mostly task-related. Such is particularly the case in Chinese IT firms because, compared to TMTs in other industries, team members in IT firms are relatively young and ambitious, and more performance-oriented than in other industries because of the rapid changes in new technology; and members in these firms are mostly drawn together by common interests or goals rather than *mianzi* (face) or *renqin* (emotional ties), which are often factors that make people commit themselves to

doing something that they may not be interested otherwise. Externally, the nature of the businesses, the exposure to the Western world, and most of all, the desire to thrive, all drive these firms to focus on performance. Thus conflicts occurring among TMT members would be usually associated with beneficial effects. Therefore, we suggest:

- P1.* In general, most of the conflicts among TMT members in Chinese high-tech firms will be task related.

The majority of the managers we interviewed acknowledged having to deal with conflicts at work. Like much of the conflict literature that separated task-related conflicts from affective conflicts, the managers also clearly separated the two types of conflicts and pointed out that most of the conflicts were task-related. "We trust each other here, [and] do not engage in activities that hurt people personally like some of the people do in other firms" (C₄M₄). "Sometimes, the differences in values and views do hurt personal feelings, but we usually handle them properly" (C₁M₁).

Unlike traditional beliefs that regarded conflicts as negative, urging people to "forgive, tolerate, and cooperate with others" (Diamant, 2000, p. 525), managers in those firms regarded task-related conflict as normal and conducive to a healthy working environment. For example, one manager said: "It's natural for any firm to have conflicts" (C₇M₃), and another commented "When things are purely black and white, you will not have any conflict. But things are usually complicated and people look at the same thing from different angles, therefore, having conflicts is normal" (C₂M₂). They also regarded having task-related conflicts as valuable: "It would become a type of inertia if it's too peaceful in a group" (C₁₀M₁). "I think it would be dangerous for a firm if members in its TMT think alike" (without conflicts) (C₂M₂).

Emotional conflicts

Two of the managers we interviewed were not so positive about conflicts: "If conflicts occur constantly, people will be very frustrated and very tired" (C₈M₄). "If people repeatedly argue over one problem, it would be very distracting and efficiency would suffer" (C₄M₇). Their views corresponded to the findings that cognitive conflict can spiral into affective conflict if not handled properly. Emotional conflicts were also reported, although with relatively lower frequency. "Differences on management philosophies and firm development usually involve emotions, but they do not show up often" (C₁₃M₁). "Emotional conflicts are much fewer, very few. We spend so much time on work that we have very little time interacting with each other about non-job related issues" (C₁₂M₂).

When we looked for causes of emotional conflicts, we found that most of them were due to lack of communication, personal differences and difficult interpersonal relationships. As one of the interviewees said: "Lack of communication leads to misunderstanding or distrust, making people second-guessing each other's intent, which lead[s] to such (emotional) conflicts" (C₁M₄). The length of service or relative newness among the members would heighten affective conflict as well because not knowing how to deal with each other would generate a certain level of uncertainty, which can also lead to misunderstandings and affective conflicts.

Admittedly, almost all studies that measure perceptions of task and emotional conflict in groups have shown significant positive correlations between the two types of conflicts (e.g. Simons and Peterson, 2000). Teams that report task conflicts also tend to report relationship conflicts. The reasons that our interviewees, particularly those in

private firms, reported mostly task conflicts (see Table III) were that the industry is so competitive and that in private firms, which are not fully protected by the government (Fu *et al.*, 2002), “. . . team members have no choice but to focus on work and the overall situation . . . [T]hink about it, if we do not do that, the company will suffer, disappear in no time” (C₁M₂).

Another reason is the high level of individual quality of the members. “People will not build anger or hatred because of arguments or differences at work. After all, we all have received good education” (C₁₅M₂). “No, no differences turned into personal conflicts. It could be because we work with people who are highly educated. They are all professors from Peking University and know how to express themselves without arousing anger” (C₁₂M₅). Obviously, people who are better educated are often able to rationalize better and usually capable of expressing the differences without provoking the other party.

The high level of vigilance companies have against emotional conflicts may be another reason. Team members are aware of the negative consequences of such conflicts. “We are particularly keen on solving conflicts, because if you let them accumulate and turn into relational conflicts, it would be much more difficult to deal with” (C₈M₃).

Many TMT studies found environment to be a moderator of the TMT process (e.g. Iaquinto and Fredrickson, 1997). Since most of the firms we studied faced a similar type of environment, we focused our attention on the level of autonomy as a result of the ownership system, while looking for factors that caused affective conflicts. The following quote by a TMT leader of a firm that was set up by the government but managed by the team explained why the ownership system constrained the autonomy and was more likely to cause affective conflicts:

They [higher authority] assigned a leader to be the president of [the] board to oversee the operations of the general manager. But because the president does not understand the business and has no clue about management, he simply cannot fulfill the obligations. The general manager, on the other hand, was also assigned. Honestly, our general manager simply did not know how to manage, but he followed an order to take the position. The board members did not know how to deal with him; people at lower levels could not get rid of him. They had to write reports, but reports did not help. Only when the whole firm collapsed, the higher authority realized the problems and replaced the leader. This general manager managed to ruin a very good company in two years (citation not provided for anonymity purposes).

As with the firm in this quote, many of the high-tech firms in China were often spin-offs of some large state-owned research institutes or other organizations. Some of the large parent firms recognized the competitive nature of high-tech firms and gave the spin-offs the necessary autonomy to run the firm. But many others did not. High tech firms that did not have full decision-making power often could not operate in a normal way. They could not pick the strategy for their firm, and could not even hire or fire managers as needed because personnel decisions were also made by a higher authority. Also, the pay of the managers was often tied to the position rather than to performance. Under that kind of situation, leaders and members are not likely to fit each other and cannot work together effectively, thus making it more likely for emotional conflicts to take place. Therefore, we suggest:

- P2. The level of autonomy a TMT holds negatively correlates with the proportion of emotional/affective conflicts among the members.

Table III.
Two types of firms,
examples of conflict types
and their perceived
causes

Firm type	Examples of transcribed descriptions	Conflict type
Private	<p>Conflicts occur because members have different opinions about the way a problem is solved or about a decision (C₁M₄)^a. Things are usually not as clear as black and white. They are often complicated and should be viewed from different perspectives. But when viewing the same issue from different perspectives, conflicting opinions often occur (C₃M₂)</p> <p>Our conflicts are mainly caused by different working styles. Sometimes, a team member thinks a problem should be solved in this way, but I do not think it was the right way (C₄M₅)</p> <p>These ideologies show that we can reach a common ground without too much difficult. Serious conflicts seldom occur among us (C₅M₁)</p> <p>When people work together, there are always some conflicts because people may have different views (C₆M₂)</p> <p>You need to make constant progress working for a cause, and conflicts are bound to occur when you want to move ahead (C₇M₁)</p> <p>What are the root causes of conflicts? I think the key is that people think differently due to different training and experiences ... (C₉M₁)</p> <p>Due to different backgrounds, people think differently, they also have different angles, so conflicts do occur (C₁₀M₁)</p>	<p>Task-related conflicts caused mostly by different working styles, backgrounds and experiences</p>

(continued)

Firm type	Examples of transcribed descriptions	Conflict type
Non-private	<p>I think some people consider more about their personal interests, for example, how to possess better positions in order to gain more power and benefits... When you deal with such people, it is hard to reach an agreement (C₂M₄)</p> <p>Task conflicts can turn into emotional if not solved in time (C₈M₃). There are emotional conflicts, originating from both parties not being very sincere when evaluating their jobs (sense of injustice). They appeared to have an attitude (C₁M₁). The key is lacking communication, which led to some misunderstanding (C₁M₄). Lacking communication may cause some suspicion (distrust). Therefore, as accompany, particularly based on partnership, the first thing is that the team has to be united. Members have to communicate often. If people cannot communicate, there would be problems soon or later (C₁M₄)</p> <p>Differences in ideology and company construction will naturally result in emotional differences (C₁₃M₁)</p> <p>The two people do not have good working relationship. They hardly talk, not necessarily who is wrong, it is just neither wants to be cooperative (C₁₅M₂)</p> <p>When it involves the allocation of resources and the amount of interests, it would be abnormal if you do not argue and fight (C₁₅M₂)</p>	<p>Non-task related conflicts such as different goals, differences in benefits, distrust, misunderstanding, the feelings of injustice, etc.</p>

Note: ^aSee Table II for the meaning of the codes

Table III.

Using multiple conflict-handling approaches

According to conflict management literature, understanding the intentions (decisions to act in a given way in a conflict episode) people have when handling conflicts helps us better understand the dynamics in the process. Conflict-handling approaches are based on two dimensions: cooperativeness (satisfying the other party's concerns) and assertiveness (satisfying one's own concerns) (see Thomas, 1976). Along with these two dimensions, there are five different types of handling styles: competing (assertive and uncooperative, also called dominating or zero-sum), collaborating (assertive and cooperative, or called integrating and win-win), avoiding (unassertive and uncooperative, also called inaction or the ignoring style), accommodating (unassertive and cooperative, also called obliging), and compromising (midrange on both assertiveness and cooperativeness) (Thomas, 1976; Rahim *et al.*, 1992).

Many studies have found Asian managers relying on "a style of *avoiding* explicit discussion of the conflict" (e.g. Morris *et al.*, 1998, p. 730). Tsang (1999) found that Chinese managers in Hong Kong preferred to use the "compromising" and "withdrawal" approaches to handle or resolve conflict. Trubisky *et al.* (1991) found that Taiwanese participants in their study relied on an indirect avoiding style more than US participants. More recently, Morris *et al.* (1998) reported that Chinese managers "tend toward an avoiding style" (p. 741). These findings are all consistent with traditional Chinese values, which promote an indirect, avoiding style of handling conflicts (Bond and Wang, 1983).

The essence of the Chinese traditional values consists of Confucian values, which are represented by four major virtues: the class system, obedience, doctrine of the mean and *Renqing*. The four virtues are very closely connected to each other. The class system refers to maintaining the ancient rituals and proper ordering of positions in society. If everyone follows the predetermined orders from birth, the social order is maintained. Thus, if you were born a subject, you were to obey the emperor; a son was to obey the father, etc. "By affirming and embracing patriarchy as the organizing principle of society, China's imperial rulers solidified their absolute authority over their subjects as well".

Orders would not matter much unless people observe them; therefore, obedience was the next major virtue. Of the five cardinal relationships, three of them (father-son, husband-wife, and brother-brother) explicitly address social relations within the family. Therefore, obedience is essentially the doctrine of filial piety in the family. In ancient China, a country was perceived as a large family with the emperor as the head, so all countrymen were the children, and were expected to obey the emperor as they would obey their own parents. The virtue of obedience is the cultural root of paternalistic leadership found in many overseas Chinese enterprises (Farh and Cheng, 2000). Therefore, employees are expected to be obedient to their superiors. When conflicts occur, the doctrine of the mean (avoiding extremes) basically encourages people to control their emotions and remain calm when upset, thus making it possible for them to follow various orders and remain obedient to their superiors under all circumstances. Therefore, theoretically, avoidance and compromise are the two approaches that are most consistent with these principles and were empirically supported by previous studies (e.g. Chen *et al.*, 2002).

However, despite the continued and widespread influence of traditional Chinese values (Zhao, 1998), the business environment has changed tremendously in recent

years, and IT industries, in particular, face severe competition that compel Chinese executives and their team members in high tech firms to become more assertive and more performance-oriented. The WTO membership has accelerated the global competition, the increasing exposure to western cultures and the widely spread modern MBA education all discourage them to take the avoidance or compromising approaches to deal with conflicts.

To find out what approaches TMT members in Chinese IT firms used, we adopted the popular five conflict-handling styles to categorize the approaches of the Chinese managers gleaned from the interview transcripts, and found that the Chinese managers used multiple approaches to handle one single conflict. For example, when one team member, a vice president (VP) of a software company, refused to adopt a new market strategy the leader, President of the company, proposed that, theoretically, the leader could force the VP to obey since he owns the majority of shares and was the founder of the firm (competing); however, instead, he asked the VP's reasons of objections and looked for a midpoint where both parties could agree (compromising). He also offered to take care of some of his concerns (accommodating). When none of that worked, the President suggested that the VP take a vacation (avoidance) before making a decision.

Our results show that collaboration (when both parties are willing to satisfy the concerns of each other) was the most preferred approach. Of the 52 managers, 57.7 percent (30/52) displayed this kind of intention. The next most frequently mentioned (20/52, or 38.5 percent) approach was accommodating (willingness of one party to place the opponent's interests above his or her own), which often occurred when handling conflicts with superiors, when personal interests conflicted with those of the organization, or when a minority view conflicted with that of the majority. Ten of the managers (19.23 percent) displayed the avoiding intention. In total, 12 (23.1 percent) of them had the competing intention (a desire to satisfy one's interests, regardless of the impact on the other party to the conflict). The least reported intention, 7.7 percent (4/52), was compromising, a solution in which each party is willing to give up something they were seeking for the sake of reaching an agreement. Table IV offers examples of each of the five types of approaches.

Based on our findings, we proposed the following proposition:

- P3.* Given the joint influence of the four virtues, TMT members in Chinese firms are likely to take an integrative approach, using some or all of the five approaches together, when dealing with a conflict to take care of the different concerns of both parties.

Leadership style and conflict-handling approaches

The pattern in conflict-handling approaches we found among Chinese managers in high tech firms is largely consistent with the findings of other conflict studies outside China (e.g. Cheung and Chuah, 1999; Gross and Guerrero, 2000). However, we noticed the obvious influence of the team leader's leadership style on the type of conflicts appeared among the team members and the approaches team members took to handle the conflicts.

We noticed the strong influence of leadership styles while interviewing the leader as well as the members. For example, the collaboration approach focuses on solving problems in a way that ends in a win-win situation. Individuals who take this approach

Conflict-handling approach	Transcribed descriptions
Collaboration	<p>My basic rule is to be kind to people and make sure that what I do is beneficial to others, in order words, to result in a win-win situation (C₁M₃)^a</p> <p>We encourage everybody to speak their minds when dealing with a specific issue. We will incorporate all the views and make a decision based on that (C₁₀M₂)</p> <p>We do not allow the middle ground. If you have any opinions, put them on the table, let everybody know. Everybody has to do that. It does not help at all to talk beneath the table (C₂M₂)</p>
Dominating	<p>They were very anxious, trying to convince me of their request. But I did not think it was the right way, so I told them decisively to follow my way (C₁₂M₁)</p> <p>At the time, all the members in the team were against the decision, but I insisted on trying, and ended up in failure (C₆M₁)</p> <p>Basically, there are some differences when making the decision. My view was that we should hold and not to hurry to a decision, but the GM insisted and the decision was made (C₁₁M₁)</p>
Compromising	<p>When the conflict is very serious, we can only coordinate and make both parties compromise in order to reach an agreement (C₁₀M₃)</p> <p>Because we had the same goal, it was possible to get both parties compromise (C₄M₁)</p> <p>Sometimes when you want to solve a problem, the only way to do so is to “see common ground on major issues while reserving differences on minor ones” (C₁M₃)</p>
Avoiding	<p>When conflicts occur in dealing with major changes, those who cannot accept have to be avoided temporarily, leaving them to think more. You have to be firm and will only hurt the company if you hesitate (C₃M₁)</p> <p>When I encounter conflicts, I usually do not hurry to a solution. Instead, I let people to take the time and think more about it and when they have better understanding of the situation, we would come back to the issue again. The principle I adopt is the avoiding principle (C₉M₂)</p> <p>If there are major differences over some issues, we would write the differences down instead of trying to solve them at one meeting and go back to discuss them again later (C₄M₂)</p>
Accommodating	<p>If you are a vice president, you are forever secondary and have to follow the decision made by your superior, the General Manager (C₈M₄)</p> <p>In a firm, the General Manager is the supreme person in daily operations. Like in a war, he is the general commander. It will never do if he says to go east, and you move west (C₁₂M₅)</p> <p>Nothing can be done if people do not tolerate each other. We have an old saying in Chinese: <i>he qi sheng cai</i> (harmony brings fortune). When conflicts occur, one side has to compromise, otherwise it would mean to split (C₅M₁)</p>

Table IV.
Ways conflicts are handled

Note: ^aSee Table II for the meaning of the codes

face conflict directly (the approach is therefore often called confrontational) and try to creatively solve the problem so that concerns of both sides are considered. Adopting the approach requires an open and friendly team atmosphere. We noticed that collaborating managers usually had a democratic or caring team leader who actively engaged in open and direct communication. For example, one team leader said he

believed in being kind to others and in achieving a win-win situation. "Being kind" in Chinese culture has a broader implication because it not only means benevolent, but also means showing respect to others and respecting their opinions. When the leader does that, naturally members will be encouraged to speak their minds. His team members mentioned engaging in constant and free communication among them and with the leader at work. "We reach a common ground through informal communication in our decision-making process," said one of the members, and the collaborating approach to resolving conflicts in turn reinforced the collaborative atmosphere in the team.

However, in teams where the leaders were autocratic, members would not be given the opportunities to voice their opinions. Willingly or not, members in those teams reported using accommodation (willingness of one party to place the other party's interests above his or her own) when handling conflicts with leaders more than in other teams. The approach was also reported being used when personal interests conflicted with that of the organization, or a minority view conflicted with that of the majority. In the existing literature, much has been explored from the communication perspective. For example, Morrill (1995) pointed out that the role of communication is vitally connected with the management of conflict in top management teams. However, few studies have examined the effect of leadership styles on conflict management in TMTs. We therefore proposed the following:

- P4.* TMT members with participative leaders are more likely to build an open and candid team atmosphere, which in turn would encourage members to take the collaborative approach to handle conflict.

Active use of the avoidance approach

In Western culture, avoiding or withdrawing occurs when people physically or psychologically remove themselves from the conflict scene or episode often by denying the conflict, being indirect and evasive, changing and/or avoiding topics, employing noncommittal remarks, and making irrelevant remarks or joking as a way to avoid dealing with the conflict at hand. The reactions of others are generally negative since avoidance is viewed as passive and uncooperative, creating what has been termed the chilling effect, with disputants becoming increasingly cold and withdrawn. However, our analyses show that our Chinese participants' intention of using avoidance was not a passive and negative way to protect fact, or avoid damaging interpersonal relations (Leung, 1996), but to slow down the acceleration of a conflict. "When differences grow, it is often better for both sides to cool down first" (C₁₁M₁). "We can always put aside our differences when we cannot reach an agreement" (C₁₀M₂). "I adopt the avoiding approach by letting people discuss... the issue for some time, and seek a solution after they have gained some insights over the issue" (C₉M₂). In the example mentioned earlier, the president suggested that the VP took a vacation when he was having difficulty accepting the reason for the new strategy the president proposed and could not be convinced. The VP took the offer and took some time off. He told us that staying away from the company enabled him to reconsider the rationale behind the strategy calmly and from different perspectives. In the end, he found the strategy proposed by the president acceptable and came back to work. Basically, these managers managed to resolve conflicts by actively avoiding the direct confrontation while looking for a better timing or occasion to deal with them. Therefore, we propose:

- P5. The avoidance approach, to Chinese TMT members, particularly those in collaborative teams, often means waiting for a better timing or a more appropriate opportunity to deal with a conflict rather than passively ignoring or denying the conflict.

Discussion

This research explores the types of conflicts top management team members in young, entrepreneurial high-tech firms in China have to deal with and the approaches they take to handle them. Based on the results of interviews with 16 teams and supported by some literature on conflict resolution, we generate a set of propositions consistent with our initial findings, which indicate directions for important future research.

Our preliminary findings show that most of the conflicts managers in young high-tech firms deal with are task-related (*P1*). However, dictatorial ownership systems tend to provoke various managerial conflicts, and so we argue there is a positive correlation between the level of a TMT's decision-making autonomy and the proportion of emotional/affective conflicts (*P2*). Traditional Chinese values are underpinned by four Chinese virtues; we argue that, because of these influences, Chinese TMT managers are very likely to take two or more of the five conflict-handling approaches simultaneously (say, X and Y) when dealing with a conflict in order to address the needs of the different parties involved (*P3*). From the interviews, we also notice the influence of the TMT leader's styles on the conflict-handling approaches of its members (*P4*). Finally, we proposed that Chinese TMT members actively use the passive avoiding approach. Instead of merely avoiding an unpleasant atmosphere, they wait for a better timing or a more appropriate opportunity to deal with the conflict (*P5*).

Top management teams generally have to deal with more conflicts than lower level management teams in other industries. However, because of the extreme uncertainty due to the high speed, high ambiguity and high risks typical in IT industries, TMTs in high tech firms not only have more conflicts, but also have less time to deal with them. The competitive nature of the IT industries is universal, which is why the overall conflict-handling approaches adopted by the TMTs in Chinese high tech firms are similar to those used by their counterparts in the Western world. However, the rationale behind some of the approaches and the purposes might be different because of the different cultural values embedded.

The approaches that Chinese TMT members we interviewed used to handle conflicts and the underlying rationale we discussed can be summarized as follows:

Collaboration focuses on solving the problem in a way that ends in a win-win situation. Individuals who use this style face conflict directly (the style is therefore often called confrontational) and try to creatively solve the problem so that the concerns of both sides are heard. Most of the firms we interviewed were founded by groups of individuals who shared similar goals, and most of them face severe competition. Therefore, it was natural for them to prefer the collaborative approach to handle conflicts, which is also generally perceived as the most appropriate and most effective style in the literature (see Cheung and Chuah, 1999; Gross and Guerrero, 2000).

To establish such a style requires an open and friendly team atmosphere. We noticed that teams with democratic leaders tend to have more frequent informal communication. For example, the leader of one team said he believed in being kind to others and in achieving a win-win situation. "Being kind" in Chinese culture not only

means being benevolent, but also means showing respect to others and to their opinions. Therefore, members in his team mentioned engaging in constant and free communication among themselves and with the leader at work. "We reach a common ground through informal communication in our decision-making process," said one of the members, and the collaborating approach to resolving conflicts in turn reinforces the collaborative atmosphere in the team. Our findings regarding this style are quite similar to those reported in the Western literature, and may very well be a major success factor that differentiates effective firms from failing firms. However, further research is necessary to validate our findings.

Accommodating was the next most frequently mentioned style in our study. As proposed, this approach often occurred when handling conflicts with superiors, particularly when the superiors were perceived to be very dominating, when personal interests conflicted with that of the organization, or when a minority view conflicted with that of the majority. *Accommodation* is associated with accommodating behaviors that include putting aside one's own needs to please the other party, passively accepting the decisions the partner makes, making yielding or conceding statements, denying or failing to express one's needs, and explicitly expressing harmony and cooperation in a conflict episode. The approach is consistent with the Chinese doctrine of the mean, a traditional value that emphasizes harmony and balance (Yu and Fu, 2003). Adopting the obliging approach is consistent with the high power orientation in the Chinese society (Hofstede, 1980), under which subordinates willingly give up personal interests for the higher authority. "If you are the vice president, you are forever inferior to the president and you have to obey the decisions the president makes" (C₁₂M₃); "It is the principle for the lower level managers to follow those of the higher level" (C₈M₄).

Gross and Guerrero (2000) pointed out that the *compromising* style is unique in that it focuses on the individual's self-goals, as well as on the needs of others. Compromising requires searching for an intermediate position, through strategies such as splitting the difference, meeting the partner halfway, suggesting a trade-off, maximizing wins while minimizing losses, and offering a quick, short-term resolution to the conflict at hand. Compromising is generally viewed as a necessary complement to other approaches to solving conflicts in studies of Western firms, and this is also the case with Chinese managers. There is a subtle difference between the two, however, which may be due to the Chinese managers' embedded value of *qiu da tong cun xiao yi* (seeking common ground while reserving differences). "Sometimes, when you run into a problem, you have to *qiu da tong cun xiao yi* in order to reach an agreement with the opposite side" (C₆M₂). "Even if the conflict is very, very severe, it is still job related, and has to be coordinated. After coordination, both sides give in some to resolve the conflict" (C₁₀M₃). Future studies should explore the consequences of the approach in different types of teams.

Of the 52 managers, 12 (23.1 per cent) of them used the *competing* approach (a desire to satisfy one's interests, regardless of the impact on the other party to the conflict). Managers who used this approach often imposed their ideas onto their subordinates, and the conflict usually ended with negative results.

Avoiding was found to be used differently in our study. The results are very interesting, and enlightening to some extent, because in Western culture, avoiding or withdrawing occurs when people physically or psychologically remove themselves

from the conflict scene or episode, often by denying the conflict, being indirect and evasive, changing and/or avoiding topics, employing noncommittal remarks, and making irrelevant remarks or joking as a way to avoid dealing with the conflict at hand. The reactions of others to avoidance tactics are generally negative, since avoidance is viewed as passive and uncooperative, creating what has been termed the chilling effect, with disputants becoming increasingly cold and withdrawn. However, our preliminary results show that Chinese managers' avoidance was not only used as a passive way to protect face or maintain internal relationships (Leung, 1996); rather, it was a temporary retreat allowing them to subsequently deal with the conflict more aggressively and more effectively. "When the differences grow, it is often better for both sides to cool down first" (C₁₁M₁). "We would wait if opinions differ" (C₁₀M₂). "It is a flexible, active approach that would enable us to avoid head on conflict and look for better opportunities. When differences are big, we would even write it down first and discuss about it later" (C₄M₂). "I am usually calm and unemotional. I don't rush for conclusions, but rather I purposely let people deal with each other's differences before I ask for a way to solve the problem. This is the avoidance principle I use" (C₉M₂).

We also found from our earlier study that managers in high-tech firms used *avoiding* actively (see Fu *et al.*, 2002). Instead of passively avoiding conflicts, which usually means not dealing with them at all, they avoided direct confrontation only while waiting for better timing or a more appropriate opportunity to resolve the conflict. The example of the president of the software company was a good case in point. Instead of taking the time to talk or even argue with the President, the VP took the time off and when he went back to work after the vacation, the two of them sat down and talked again and quickly reached an agreement over the issue. Basically, these managers managed to resolve conflicts by actively avoiding the direct confrontation.

In addition to its passiveness and withdrawal, the avoidance style is also viewed by the Chinese managers we interviewed as an active way instead. The style reflects a sense of timing and flexibility, which can be found throughout the book "War and Management" by the ancient Chinese philosopher Sun Tzu (Wee *et al.*, 1996). "I am usually very calm when I encounter problems. I do not lose my head and usually do not rush to a solution. Instead, I adopt the avoiding approach by letting people discuss about the issue for some time, and seek a solution after they have gained some insights over the issue" (C₉M₂). "Oftentimes, it is necessary to keep some distance instead of communicating everything without reservation" (C₁₂M₁). However, these findings, too, need to be validated with further studies.

Limitation of the study and suggestions for further research

This study is the first one to examine TMT conflict-handling approaches in Chinese high tech firms using the qualitative approach, however, it is limited in that it did not investigate which type of approach resulted in positive outcomes; nor did it propose predictors of any type of conflict-handling approach. Methodologically, we did not apply any quantitative approach to triangulate the findings for greater reliability (Miles and Huberman, 1984). Thus, the implications of our study are somewhat limited.

We also focused on individual members' views and descriptions of the conflict handling approaches, but did not analyze the responses at the team level. Although there were clear patterns among different teams reflected by the descriptions given

individual members, future studies need to consider the attributes of team members (i.e. diversity), and some other external variables such as firm culture or firm ownership systems.

Since our sample only included firms that were willing to participate in our research, it could be the result of selection bias that most of the TMTs we studied appeared to have a positive attitude toward conflicts, and most of them reported having conflicts that were task related. Poor-performing firms may have declined to participate because they usually do not like public exposure. In fact, choice of the IT population itself may have restricted range of firm types for the study. So the findings from the study should be taken with caution.

Despite some limitations such as small sample size and lack of outcome measures to examine team performance, our results add to the conflict-resolution literature, and provide insights on conflict resolution processes in Chinese TMTs, which, in turn, will help us better understand Chinese TMT processes. They also lay a foundation for further empirical work in the area.

Future research can build on our results to explore the predictors for various types of conflict-handling approaches, and their effects in terms of outcomes such as TMT effectiveness. Future research can also compare TMT conflict-handling approaches in IT industries and those of TMTs in other industries to examine the influence of industry on the types of conflicts and different approaches to handling them. The results of these studies would provide very practical guidance to TMTs and help generalize the theories that have been developed based on Western practices. Western managers working in China or with Chinese counterparts should learn more about Chinese cultural values so they would understand better why Chinese' avoidance approach is actually a proactive tactic to deal with conflicts; also team leaders should pay attention to their own leadership styles as the results also show that their leadership styles affect the approaches members use to deal with conflicts in the team.

Conclusion

The key function of TMTs is to make decisions and it is within the decision-making process that the Chinese TMTs we interviewed reported encountering conflicts. We found that most of the conflicts within the Chinese TMTs in IT industries are task-related, are caused by different opinions or views, and contribute to high quality decisions and TMT effectiveness (Amason, 1996).

Although based on only our interview data, the results of our study do offer a glimpse of the types of conflicts, the leadership styles and the approaches used to handle conflicts in Chinese TMTs we interviewed. Because this approach allows members to freely express their views and communicate openly with each other, leaders can synthesize the different opinions and make the most acceptable and high quality decisions, particularly strategic decisions. Such results may also explain why the IT firms in China have been enjoying such rapid growth and been able to maintain their effectiveness and efficiency (Chen *et al.*, 2002).

Contrary to earlier research findings on Chinese conflict-handling styles (e.g. Morris *et al.*, 1998), the withdrawal or avoiding approach was not found to be the major conflict-handling approach. Although a few teams reported using the approach, the purpose was not entirely to maintain the harmony or protect interpersonal relationships. Particularly when a superior used avoidance, it was often temporary

and the main purpose was to look for better or more appropriate opportunities to resolve the conflict. Therefore, it is no longer a passive withdrawal to ignore or deny an actual or potential disagreement, as indicated by other research (Cheung and Chuah, 1999), but rather an active tactic toward ultimate resolution of the actual disagreement.

However, dominating and obliging/accommodating approaches still exist and are being used by both the team leader as well as team members in the firms we interviewed. Both approaches discourage the relevant parties from voicing their opinions and hinder communication processes, making it impossible to utilize all available resources. Such approaches not only affect the quality of the decision, but also affect the implementation of the decision (Tjosvold, 1985). However, dominating or accommodating are both necessary when decisions need to be made immediately in urgent circumstances (Tjosvold, 1984).

Compromising is an approach that reflects mixed intentions, and the consequences can be either positive or negative depending on whether the party made the compromise willingly. Compared to other approaches, compromising was relatively less frequently mentioned in our interviews.

The competitive environments high-tech firms face in China are particularly challenging to the traditional Chinese way of handling conflicts. Conflicts caused by constraints caused by certain types of ownership systems were extremely difficult to handle. Our results reflected the practices of this very distinct group of managers and offer a starting point for future studies. Admittedly, high-tech firms are in fast-paced, technology-driven environments, which may force managers in those firms to deal with conflicts in more positive ways. However, if the ideas presented here are confirmed in empirical tests, they will offer guidelines to all managers, at least in IT industries, in their conflict handling approaches as they strive to survive in an increasingly competitive world. The findings will also enrich the conflict literature for researchers.

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