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GOAL INTERDEPENDENCE AND CONFLICT MANAGEMENT FOR
GOVERNMENT AND BUSINESS COLLABORATION IN CHINA

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MPHIL

LINGNAN UNIVERSITY

2010

GOAL INTERDEPENDENCE AND CONFLICT MANAGEMENT FOR
GOVERNMENT AND BUSINESS COLLABORATION IN CHIAN

by
Wu Xinru

A thesis
submitted in partial fulfillment
of the requirements for the Degree of
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Lingnan University

2010

ABSTRACT

Goal Interdependence and Conflict Management for Government and Business Collaboration in China

by

Wu Xinru

Master of Philosophy

This study empirically examines the dynamics and conditions of conflict managing approaches on government and business collaboration. It posits that conflict for mutual benefit critically effects government and business collaboration outcomes. This study adopts Deutsch's (1973) theory of goal interdependence to understand when and how government officials and business managers adopt the mutually beneficial conflict approach. It proposes that cooperative goals between government officials and business managers promote the mutually beneficial conflict approach and reduce win-lose competitive conflict and avoiding conflict.

A total of 101 interviews were conducted in China in 2009. Results of structural equation modeling and other analyses support several of hypotheses as well the proposed theoretical model that goal interdependence affects different conflict approaches (conflict for mutual benefit, win-lose competitive conflict and avoiding conflict) that in turn influence government and business collaboration outcomes, specifically task accomplishment, future collaboration and public interest. It identifies that conflict for mutual benefit approach taken by government officials and business managers can promote task accomplishment, future collaboration and public interest. Path estimates show that avoiding conflict can undermine task accomplishment and public interest. But results indicate that win-lose competitive conflict approach does not necessarily undermine task accomplishment, future collaboration, and the public interest as expected. Findings suggest important practical implications that government officials and business managers can improve their collaboration in China by strengthening their cooperative goals and discussing conflicts for mutual benefit. The study contributes to the conflict management literature as well as the generalization of goal interdependence theory.

**Keywords: goal interdependence, conflict managing approaches,
government and business collaboration, China**

DECLARATION

I declare that this is an original work based primarily on my own research, and I warrant that all citations of previous research, published or unpublished, have been duly acknowledged.

Wu Xinru

Date

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CHAPTER I

Introduction

Researchers have emphasized the need for studies on government and business relations (Intriligator, Braguinsky, Bowen, Tullock, & Root, 1999; Pearce, 2001; Ring, Bigley, D'Aunno, & Khanna, 2005). The 2008 global financial crisis has focused attention on how governments and businesses affect each other and deal with common issues. This study explores the approaches government officials and business managers take to manage their conflicts and their effects on interaction outcomes. It hypothesizes that conflict for mutual benefit conducted by government officials and business managers promotes task accomplishment, increases confidence for future collaboration, and improves the public interest. Win-lose competitive conflict and avoiding conflict conducted by government officials and business managers frustrate outcomes such as task accomplishment, future collaboration, and public interest.

The goal interdependence theory is used to understand when and how government officials and business managers will adopt mutually beneficial conflict approach. This study hypothesizes that cooperative goals between government officials and business people promote the mutually beneficial conflict approach, undermine win-lose competitive conflict and avoiding conflict. Competitive goals and independent goals between government officials and business managers are expected to undermine conflict for mutual benefit and promote both win-lose

competitive conflict and avoiding conflict.

This chapter first provides background information for the study, then presents the research questions. Finally, it summarizes the significance of this study.

Background

The success of developed countries has promoted the free market as the most efficient way to develop an economy. Although China has carried out some reforms to develop free market economy, its government can and often does intervene. The Chinese government is still actively influencing industries to accelerate economic development. In China, the interaction between government and business is much more frequent than those countries having free market economy. As Chinese people usually maintain distance from those in power (Tjosvold, Nibler, and Wan, 2001), they cannot easily disagree with the government that is considered powerful. But in order to develop the economy and other aspects of social life (i.e. public interest and welfare.), government needs the cooperation of business firms. Government relies on business to implement its national economic strategies (Shaffer, 1995).

Chinese companies have many commercial opportunities as the country is pressing ahead with urbanization, transforming from a planned economy to a market economy. Companies participating in this process can help government solve problems like water supply and environmental protection. Companies are trying to enhance their relationship with government by taking these opportunities to cooperate with government. But companies and governments have different goals in

terms of self-interest versus social welfare (Rainey and Chun, 2005). Many conflicts of interests and collision between firms and governments are created as firms and governments have diverse aspirations (Chen, Lee and Li, 2008). Companies find it difficult to balance their own economic benefits and social benefits. Especially when economic benefit is the priority, companies sometimes have to sacrifice social benefits. But companies and government can both benefit by working together. Some government officials even think that it is appropriate to use “partners” to describe the relationship between government and business.

However, the objectives of government are not always the same with business managers who are more focus on their interests (Bonardi, Hillman and Keim, 2005; Henisz and Zelner, 2005). Thus, many problems may occur during the interactions and conflict is unavoidable. Marks and Hebner (2003) argue that governmental activity sometimes conflicts with the interests of local industry. In modern fast changing China, conflict is an ever-present reality (Tjosvold, Hui and Law, 2001). Compared to western managers, Chinese managers face more conflicts as they need to cope with the changing environment associated with updating State-Owned Enterprises, reforming a planned economy and working with international partners (Tjosvold, 2000).

Conflict has been viewed as an inevitable and commonplace element of social life (Cosier and Ruble, 1981; Jehn, 1995; Jehn and Bendersky, 2003; Kim, Wang, Kondo and Kim, 2007; Rubin, Pruitt and Kim, 1994). According to Thomas (1992), managers spend an average of 20 percent of their time managing conflict. Conflict

management is usually considered a niche area within organizational behavior, but it has been found that it extends throughout organizational studies (Tjosvold, 2007). Conflicts are usually perceived to be destructive. But actually how conflict is managed significantly predicts a variety of positive outcomes such as promoting team effectiveness (Alper, Tjosvold and Law, 2000, Chen and Tjosvold, 2002; Tjosvold, Poon and Yu, 2005), inducing citizenship behavior (Tjosvold, Hui and Yu, 2003), enhancing effective leader relationships (Chen, Tjosvold and Su, 2005), improving product quality, reducing cost and strengthening supply chain partners' relationships (Tjosvold, Cho, Park, Liu and Sasaki, 2001; Wong, Tjosvold, Wong and Liu, 1999).

Now attitudes and values about conflict are changing as it aids organizational effectiveness. To yield its benefits, conflict needs to be discussed openly and fully. It should be understood that it is not conflict itself, but the appropriate, skilled management of conflict that contributes to the success of organizations (Tjosvold and Johnson, 1989).

Literature on government and business interactions focused on corporate political activities. Explanations for corporate political activity were identified mostly on 'Macro' levels like country (Hillman and Keim, 1995), industry (Dean and Brown, 1995), or organization (e.g. firms and trade association) (Hillman and Hitt, 1999; Shaffer, 1992). Recently researchers have studied business-government relations within a managerial framework (Shaffer, 1995). In managerial perspectives, research on government and business interactions was mainly under a strategic

management framework. Few studies discussed the interaction dynamics of government agencies and business firms from an organizational behavior perspective.

This study explores conflict management between government and business. It is meaningful to provide implications for government and business on their interactions. This study uses goal interdependence theory to investigate the conditions that impact both parties' conflict resolving approach. We hypothesize that government officials and business managers' different goal-relation understandings influence how they manage conflicts. When government officials and business managers develop constructive conflict management, they can obtain positive outcomes.

Research questions

The objective of this study is to contribute to the conflict and government-business relation literatures by exploring the outcomes of the different conflict approaches between government officials and business managers. Though there is a growing body of research on business and government relations, there are few studies exploring conflict management between business and government. This study also examines the antecedents to different conflict approaches.

The first research question of this study is: How different conflict managing approaches affect the outcomes of government and business collaboration? Conflict itself has productive and destructive aspects: how it is managed affects whether it

leads to positive outcomes or not (Chen *et al.*, 2005). The way conflict is managed is the critical moderator between the emergence of conflict and the outcomes it has (De Dreu and Gelfand, 2008). Coping with conflict with different intentions and approaches will induce different outcomes. This study proposes that conducting conflict for mutual benefit but not win-lose competitive conflict or avoiding conflict promotes effective collaboration between government and business, specifically effective task accomplishment, more confidence on future collaboration and improved public interest. Government and business is so intertwined in China, and conflicts between them seem hard to handle. People desire to know appropriate methods to deal with conflicts. Therefore, the impact of different conflict approaches on collaboration outcomes can provide important implications for government officials and business managers.

Managing conflict constructively among and with Chinese people is both highly valuable and demanding (Tjosvold, Hui and Law, 2001). Different approaches may be adopted when facing conflict. How to promote positive conflict approaches is an important practical issue. The second research question is under what conditions Chinese government officials and business managers adopt different conflict managing approaches. This study uses goal interdependence theory to propose that cooperative goals instead of competitive or independent goals help to promote conflict for mutual benefit which in turn leads to positive collaboration outcomes.

This study tests the impact of goal interdependence on three conflict approaches (conflict for mutual benefit, win-lose competitive conflict and avoiding

conflict) that in turn foster or undermine government and business's task accomplishment, future collaboration and public interest.

Significance of this study

This study makes several contributions to the literature of government and business interaction, goal interdependence theory, and conflict management and provides practical implications to government officials and business managers. This study enriches the management literature on government and business interaction by investigating the dynamics of government officials and business managers' cooperation. Management literature on government and business interaction focuses on macro and strategic perspective in which corporations pursue political resources, competitive advantage and legitimacy (Bonardi, Hillman and Keim, 2005; Hillman and Keim, 1995; Hillman and Hitt, 1999). Few studies have examined the joint working effect of government and corporations. The current study considers the views of both parties when they work together on projects. We conducted interviews on both parties to understand their interaction more comprehensively.

Specially, this study contributes to the existing conflict management literature by testing the effects of different conflict management approaches on government and business cooperation. It further testifies to the constructive effects of skilled conflict management.

This study applies goal interdependence theory to understand the conflict managing resolutions between government and business. Previous management

studies on government and business rely on agency theory, institutional theory, and resource dependency theory (Bongjin and Prescott, 2005; Hillman and Hitt, 1999; Keim and Baysinger, 1988; Pearce, 2001; Rodriguez, Uhlenbruck and Eden, 2005). Conflict has high constructive potential if well managed (Deutsch, 1971; Tjosvold, 1998). Different approaches towards conflict lead to opposite outcomes. This study demonstrates the effects of goal interdependence on conflict managing behavior that can suggest constructive ways government and business people can manage their conflicts.

This study provides evidence on how to promote mutually beneficial conflict management by showing the effects of goal interdependence. Findings provide practical implications for business managers and government officials by identifying the importance of cooperative goals for managing conflict for mutual benefit.

CHAPTER II

Literature Review and Hypotheses Development

The first chapter introduced the background, the research questions and the significance of this study. This chapter first reviews research studies on government business relations. Second, it discusses the definition and value of conflict, the effects of Chinese values on managing conflict, and approaches to managing conflict. Then, it introduces goal interdependence theory, which constructs the theoretical framework of this study. Finally, it presents the hypotheses and summarizes the literature review.

Government and business relations

Government policies and business activities influence each other. Their interaction has been concerned for many scholars and practitioners. Empirical studies on business-government interaction show the intertwined relations between business and government. Business maintains relations with government to pursue their aims. And governments also may solicit firm input and even rely on business actors (Cutler, Haufler and Porter, 1999; Woll and Artigas, 2007). Business and government exchange information and reciprocal learning with mutual benefit when they closely work with each other (Shaffer, 2003; Woll, 2005). Therefore, exploring the interactions between government and business has theoretical and practical implications.

Business political activity

Historically, studies on the relationship between business and government mainly focus on business political activity and its dynamics. Business political action is regarded as an important factor for business marketplace success because government and its policy provide uncertainty for firms and influence firms' competitive future (Yoffie, 1988; Hillman and Hitt, 1999). The more significant effect of government on business, the more likely firms engage in political activity (Bonardi, Hillman and Keim, 2005). Studies on business political activity especially consider the interests and activities of corporations and trade associations in legislative and regulatory processes (Shaffer, 1995). Organizations commonly adopt environmental scanning, lobbying, political action committees (PACs), coalition building (including trade associations), and advocacy advertising to protect and advance their political interests (Shaffer, 1995). Trade politics researchers have explored that trade decisions are greatly determined by industry lobbying (Buchanan, Tollison and Tullock, 1980; Krueger, 1995). Business offers votes or financial incentives to influence political decision-making (Woll and Artigas, 2007).

Literature on business political activity is diverse and based in different disciplines. In economics, a system of market-like exchange was developed to explain public choice. All actors are assumed to be self-interested where rent seeking is one of the important objectives of both parties (Spiller, 1990; Shleifer and Vishny, 1998). Rent seeking refers to when firms obtain competitive advantage not through economic transaction or added product wealth but by manipulating legislative and

regulatory processes (Buchanan, Tollison and Tullock, 1980). Public policy has the supplier and demander (Hillman and Hitt, 1999). Usually the process of public choice is described in a relatively macro perspective considering individual firms' strategy not so important. In political science, an interest group paradigm has been developed to explore public policy process, which is the result of competing goals of interest groups (Walker, 1991; Heinz, 1993). Forms and mechanisms of business power and effectiveness of business power (Salamon and Siegfried, 1977; Vogel, 1987; Quinn and Shapiro, 1991) are also explored by political scientists. Management researchers have mainly studied business political activity using frameworks of resource dependency theory, agency theory, and institutional theory (Bongjin and Prescott, 2005; Hillman and Hitt, 1999; Keim and Baysinger, 1988; Pearce, 2001; Rodriguez, Uhlenbruck and Eden, 2005). Strategic management scholars examined the effects of government regulation on intra-industry competition, why and how firms use different political strategies to gain advantage and the effect of politics as a means of domain maintenance and domain defense (Shaffer, 1995).

A series of studies examined why and how firms respond to governmental issues, with an emphasis on institutional and organizational factors (Boddeyn and Brewer, 1994; Greening and Gray, 1994; Hillman and Keim, 1995). Firms use political strategies which try to affect political agenda to gain competitive advantage or even survival (Hillman and Hitt, 1999; Hillman, Zardkoohi and Bierman, 1999; Mahon and McGowan, 1996; Schuler, 1996; Shaffer, 1995). Bonardi and his colleagues (2005) contended that a firm's decision to become politically active was

influenced, in part, by the attractiveness of the political market, and they outlined conditions that make political markets more or less attractive for firms to compete in to advance their interests. They proposed that the following attributes make political markets more attractive: nonelection issues, issues with concentrated benefits and diffused costs or concentrated costs and diffused benefits, defense of existing regulations rather than challenge of them, creation of new issues as opposed to challenge of existing regulations, issues with a narrow policy domain, and those issues without unique partisan

Hillman and Hitt (1999) developed the choice of approaches and taxonomy of strategic options grounding in resource dependence and market exchange theories. They also drew on the resource-based view and institutional theory to identify specific firm and institutional variables such as the degree to which firms are affected by government policy, the level of firm product diversification and the degree of corporatism/pluralism in the country, that affect sequential decisions firm faced in formulation political strategy. Researchers have identified three aspects of factors that can predict firm-level political activity, including firm variables such as firm size, diversification, lobbying resources, organizational slack (Salamon and Seigfried, 1977; Lenway and Rehbein, 1987); industry variables such as number of firms, import penetration and domestic demand (Lenway and Rehbein, 1991; Shuler, 1996); and institutional variables like formal and informal constrains (Rodriguez, Uhlenbruck and Eden, 2005).

Keim and Baysinger (1988) used principal-agent model to specify the

conditions under which business political activity can gain sustained competitive advantage. They identified that successful strategies combined the elements of potential value, imperfect limitability, and proper organization to gain sustained competitive advantage. Kim and Prescott (2005) used agency theory to predict how different forms of deregulation (frame-breaking, metamorphic, piecemeal, and plodding) impact variations in the speed of adaptation of internal governance mechanisms. Rodriguez, Uhlenbruck and Eden (2005) adopt institutional theory to examine a two-dimensional framework (pervasiveness and arbitrariness of corruption) affect multinational enterprises' organizational legitimacy and strategic decision making.

Effect of government on business

Business firms take actions to influence government and its policy; studies also are trying to document the effects of government on business. Government is so complicatedly intertwined with other societal systems that its effects are difficult to identify (Pearce, 2001). While calling for studying the effects of government, several studies have tried to explore how government matters on industry.

How government matters research has mainly focused on the following aspects (Ring, Bigley, Insead, and Khanna, 2005): first, the extent to which government action can help foster industry creation and economic development at national and global levels (Spencer, Murtha and Lenway, 2005; Mahmood and Rufin, 2005); second, the impact of corrupt governments on firm level decision making by

managers of multinational enterprises (Rodriguez, Uhlenbruck and Eden, 2005); third, the concept of the attractiveness of political markets and the impacts they can have on firm-level strategies (Bonardi, Hillman and Keim, 2005); fourth, how deregulation can affect the governance mechanisms of firms (Kim and Prescott, 2005).

Maintaining a good relationship with government creates many benefits. Government to some extent creates uncertainty for firms and a good relationship can reduce this uncertainty (Jacobson, Lenway and Ring, 1993). Effective government relations help firms gain competitive advantages, increase market share, sales growth, reduce the threat of new entrants, increase bargaining power over suppliers and customers (Baron, 1997; Gale and Buchholz, 1987).

Previous researches on government and business relations focus on how macro-factors affect business firms' behaviors on influencing government policies. (Bonardi, Hillman and Keim, 2005; Ring, Bigley, Insead, and Khanna, 2005;) Instead of discussing how a country's political and economic environment affect government and business relations, this study focus on exploring the business collaboration between government agencies and business firms. It explores government and business interaction from organizational levels of analysis by examining how government officials and business managers managing conflict.

Comparing to business to business negotiation, government and business bargaining needs to consider more factors. Government is also a regulator and has

general authority. Government has lots of resources that companies can not provide such as broad knowledge and much more industry or market information. While companies can help government improve their management abilities, promote economy and strengthen community development. Business people's behaviours in dealing with conflict with government can be quite different from their actions to other business partners. Will business managers adopt their usual conflict managing styles when facing government? What kind of conflict managing style will business managers and government officials use? Will they combine different style more or less frequently? Will the same kind of conflict managing style have the same outcomes as company to company? On a same project, government may acts with different priorities and objectives from companies. The working style and procedures in government agencies are not the same as companies either. Differences and specialties between government and business may make their collaboration process different from traditional business to business collaboration. It can be quite interesting when studying conflict management style in the context of government and business collaboration.

To summarize, in the management literature, government business relations are mostly studied in macro-level from strategic management perspective. Ring and his colleagues (2005) argued that there is a persisting neglect of government as contexts in organizational behavior (OB) research. Few studies especially OB studies concerned the government and business partnerships and its benefit to both parties. However, they can achieve mutual benefits by working together (Pearce, 2001; Ring

et al., 2005, Tjosvold, *et al.*, 2008). Prugert (1999) showed that government-industry partnerships are critical for small businesses to launch innovative ideas successfully into the market place. This study explores how to promote government and business collaboration through identifying mutually beneficial conflict-managing approach as very constructive for government business relations.

Understanding conflict

Conflict is complicated with its extensive breadth and content. Conflict has been studied in different disciplines including physics, mathematics, biology, anthropology, psychology, sociology, economics political science, organizational behavior, and communication studies (De Dreu, and Gelfand, 2008); furthermore it occurs among different levels of protagonists, which can be within individual, between individuals, between groups, between organizations and between nations; even it happens in different situational contexts such as at home, in organizations, on the battlefield and so on (Barki and Hartwick, 2004). Despite that work on conflict is voluminous, researchers still do not have consensus on a specific definition of conflict.

Defining conflict

A clear understanding of conflict is important as different definitions can affect the study of conflict and its resolution. For a long time, conflict was defined as opposing interests that were caused by scarcity of resources and goal divergence and frustration (Mack and Snyder, 1957; Pondy, 1967; Schmidt and Kochan, 1972).

Rubin, Pruitt, and Kim (1994, 2004) defined conflict as perceived divergence of interests, or the belief that the parties' current aspirations cannot be achieved simultaneously. In other words, Pruitt and Kim argued that conflict is a belief that if one party gets what it wants, the other (or others) will not be able to do so. Wall and Callister (1995) argued that "conflict is a process in which one party perceives that its interests are being opposed or negatively affected by another party". Thomas said that "conflict is the process which begins when one party perceives that the other has frustrated, or is about to frustrate, some concern of his".

Defining conflict as opposing interests confuses conflict with competition and overlooks the reality that people with cooperative, highly overlapping goals can be and often are in conflict (Tjosvold, 1998). Group members may have opposing views on how to finish a project, although they have common goals on accomplishing the task as everyone benefits from the achievement of the project. Confusing conflict with competition induces negative conceptions of conflict that in turn accelerate the difficulty of positive conflict management as more destructive approaches like competitive and avoiding approach are fostered.

Deutsch (1973) defined conflict as incompatible activities. An action is incompatible with another when it prevents, obstructs, interferes, injures, or in some way makes the latter less likely or less effective. He distinguished competition and conflict and made clear the relations between competition and conflict. Competition can produce conflicts. But not all conflicts exist within competition. Conflict may occur even when people have compatible goals. The effects of different conflict

approaches in cooperative and competitive context then can be identified more clearly when recognizing the difference between competition and conflict.

Value of conflict

There is a more general recognition that conflict often serves useful functions (Deutsch, 1971; Thomas, 1976; Pondy, 1967). Conflict is and will still be prevalent in the future, and its management requires nimble efforts (Wall and Callister, 1995). Research on conflict dynamics and outcomes can potentially give implications for many aspects of social science, as conflict is critical to understand international relations, political parties, social structure, organizations, small groups, individuals, as well as history and literature (Tjosvold, 1998).

Recognizing the important impact of conflict on all social aspects, researchers launched many studies to investigate the effects of conflict. Studies have explored conflict types and its effect on outcomes (Amason, 1996; De Dreu and Weingart, 2003; Jehn, 1994, 1995, 1997; Hehn et al., 1999). Two major types of conflict are task conflict and relationship conflict, and task ones were argued to promote positive outcomes such as better decision making (Amason, 1996; Simons and Peterson, 2000; Parayitam and Dooley, 2007), enhanced task focus, increased critical evaluation and communication (De Dreu and Weingart, 2003; Jehn and Bendersky, 2003) while relationship ones induced negative results (Amason, 1996; DeDreu, *et al.*, 1998; Jehn, 1995, 1997; Pelled, 1996). Other studies have focused on the dynamics of conflict management and how to promote constructive conflict management and prevent

destructive ones (Ayoko, Hartel and Callan, 2002; De Dreu, 1997; Tjosvold, 1997). However, De Dreu and Weingart's (2003) meta-analysis suggests that the relationship between the types of conflicts and outcomes is not clear and the types of conflict did not have the expected useful function on understanding constructive conflict. They concluded that both types of conflict were disruptive. This study peruses the second main stream of conflict management research to identify how government officials and business managers cope with their conflict affects the outcomes of conflict.

With constructive conflict management, the protagonists benefit from dealing with the incompatible activities (Chen and Tjosvold, 2002). Studies in West have showed that constructive conflict management is critical for team effectiveness (De Dreu, Weingart, and Kwon, 2000; Rubin, Pruitt and Kim, 1994). Cooperative conflict can foster team performance (Somech, Desivilya and Lidogoster, 2009). Conflict can help improve leadership effectiveness (Barbuto and Xu, 2006) and enhance relationships (Tjosvold, Poon, and Yu, 2005). The utility of conflict for decision-making has been showed (Amason, 1996; Cosier and Dalton, 1990). Effective conflict management also helps develop justice and fairness perceptions (Chen and Tjosvold, 2002; Shapiro and Brett, 1993).

Leung (1997) argued that the value of conflict management for collaborative work is usually not extended to China and other collectivist cultures. Major conflict management findings show that Chinese managers and employees prefer indirect ways to cope with conflict (Ding, 1998, Kirkbride, Tang and Westwood, 1991; Tse,

Francis and Walls, 1994). Recently, researchers have suggested that collectivist cultures can also benefit by using open conflict management and have begun to study conflict management in China directly (Ohbuchi, Suzuki and Hayasi, 2001). But few studies examine conflict management between government and business. China is changing with an increasing interdependence between government and business that demands studies on how to promote their collaboration.

Chinese values and managing conflict

Conflict avoidance is prevalent in East Asian cultures (Leung, Koch and Lu, 2002) that are generally collectivistic and value harmonious relationships (Bond, 1989; Hofstede, 1980; Triandis, 1990). Chinese fear that confrontation may disturb relationships and their mutual dependence with partners. Also, direct aggressive behaviors from either party can damage the face of the other (Kirkbride, Tang and Westwood, 1991). To maintain harmony, retain relationship and save social face, Chinese people are often thought prefer to avoid conflict (Leung, 1997; Triandis, 1990; Kirkbride, Tang, and Westwood, 1991; Tjosvold, Hui and Law, 2001). Niber and Haris (2003) found that Chinese could not benefit from high levels of debate as did their U.S. counterparts. Avoiding conflict is relied upon as openly discussing conflict may show disrespect and challenge other's face. Constructive conflict management is perceived quite difficult to adopt in China. However, Chinese values, if used appropriately, may facilitate constructive conflict management (Leung, *et al*, 2002).

Leung and his colleagues' study (2002) on the dualistic model of harmony (instrumental perspective and value perspective) suggests that the benefits of debates and disagreement under cooperative goals are more possible if a value perspective on harmony is endorsed, which is in fact in line with the central tenet of classical Confucianism. With instrumental perspective, people use harmony-seeking way like avoiding conflict to achieve superficial harmony to protect their interests and prevent troubles with others. If harmony is considered a value itself, people concerns for trust, closeness, compatible and mutually beneficial behaviors encourage them to directly manage conflict. So harmony cannot always be perceived to induce conflict avoidance. It can promote direct conflict expression when people consider harmony itself as a value. Tjosvold and his colleagues (2001) also argued Chinese people are not automatically obligated to avoid conflict to preserve outward harmony.

Experimental studies have suggested that Chinese values can positively affect productive conflict management. An experiment suggested that persuasion, communication of respect and a cooperative context facilitated productive conflict management between Chinese people (Tjosvold and Sun, 2001). Another experimental study indicated that confirmation of personal face developed a cooperative context for conflict management. Group members can manage their conflicts constructively when they communicate a direct confirmation of face (Tjosvold and Sun, 2000). In China, when social face is confirmed, conflict can have constructive outcomes (Tjosvold, Poon and Yu, 2005).

In recent years business environment in China has changed dramatically, and

Chinese domestic companies face severe competition. Economic globalization increases Chinese people's exposure to western cultures. Increasing interactions with foreign countries encourage them to understand direct conflict handling and not to avoid conflict rigidly. A recent qualitative study showed that Chinese top management teams most frequently used integrative/cooperative approach to handle conflicts (Fu, *et al.*, 2008), in contrast to previous findings that Chinese managers most preferred avoidance (Morris, *et al.*, 1998).

Chinese values do not automatically undermine constructive conflict management in China. Besides avoiding conflict, Chinese people can have different approaches toward conflict that may lead to different outcomes. Indeed, the Chinese relationship-oriented values may make them value and demand constructive conflict management (Chen, and Tjosvold, 2002; Tjosvold, Hui and Law, 2001).

Approaches to managing conflict

Whether conflicts are constructive or destructive is greatly affected by what strategies protagonists take (Tjosvold, Poon and Yu, 2005). Organizational researchers have developed five-option conflict handling patterns.

Blake and Mouton (1964) developed The Managerial Grid with one dimension being "concern for production" and the other "concern for people". Thomas (1976) isolated these conflict approaches into taxonomy with five conflict-handling modes (competing, collaboration, compromising, avoiding and accommodation). These modes were classified by the two underlying dimensions of assertiveness and

cooperativeness. Assertiveness is attempting to satisfy one's own concerns, while cooperativeness is attempting to satisfy other's concerns. High assertiveness and low cooperativeness results in competing. Both high in assertiveness and cooperativeness results in collaboration. Intermediate in both assertiveness and cooperativeness produces a preference for compromising. Low assertiveness and low cooperativeness result in a preference for avoiding. Low assertiveness and high cooperativeness result in a preference for accommodating. Rahim (1983,1986) referred to the dual concerns with "concern for self" and "concern for other" and also similarly developed five conflict management patterns which are integrating, obliging, compromising, dominating, and avoiding.

Basing on Deutsch's (1973, 1980, 1990) theory of cooperation and competition, how people perceived their goals related with others affect their attitudes and actual interactions in conflict situations. According to these perceptions, there are cooperative and competitive intentions to conflict. People who emphasize their cooperative dependence consider the problem a mutual one and seek agreements that are advantageous to all (Tjosvold, 1989). With competitive intention to conflict, people intend to outdo and "win". To not confuse with cooperative goals and competitive goals, this study labels cooperative and competitive conflict with conflict for mutual benefit and win-lose competitive conflict. Avoiding conflict is also an alternative method to open conflict. Therefore, this study proposes that the mutually beneficial, win-lose competitive, and avoiding approaches that protagonists take toward conflict affect the consequences of conflicts.

This study adopts three conflict managing approaches, which are conflict for mutual benefit, win-lose competitive conflict and avoiding conflict. Both these three approaches and the five-option patterns outlined above are active conflict-engaging patterns. They are different in the following aspects. First, the five-option handling patterns emphasize action strategies. Whereas, conflict for mutual benefit, win-lose competitive conflict and avoiding conflict distinguish intentions for how protagonists want to manage conflict, which is more psychological. Second, the five-option handling patterns focus on understanding the antecedents to conflict strategies, rather than the overall effects of these strategies (Rahim, Magner and Shapiro, 2000). In contrast, our approaches emphasize people's cognitions about others' intentions as mutually beneficial or not and the effects of these approaches to conflict.

Tjosvold (1989) argue that what is most critical is not the strategy taken but the conclusions people reach about how they are managing their conflict. When it comes to conflicts, behavior is driven by perception rather than reality (Ward, *et al.*, 2007). This study uses the three conflict approaches, conflict for mutual benefit, win-lose competitive conflict and avoiding conflict.

With mutually beneficial conflict approach, people discuss differences open-mindedly and work for benefit for all. Mutually beneficial conflict management helps develop an integrated solution to problems; it is not just openly discussing conflict but also pursuing mutual benefit. Openly discussing conflict does not necessarily promote higher levels of satisfaction among group members than avoiding conflict norms (Jehn, 1995). People react to an action because of the

intention that is thought to motivate it. People can discuss their differences openly, but one can argue his or her views aggressively and invasively or one can show his or her opinions tolerantly and open-mindedly. Although these two behaviors both are open discussion, their impacts are likely to be quite different and will in turn lead to different outcomes.

Alper and his colleagues (2000) indicated that conflict management based on mutual benefit promotes team members' confidence on tackling conflicts, which in turn improves their team effectiveness. Tackling conflict with mutual benefit induces people to listen to different ideas and openly discuss differences and other party's concerns. It helps shorten the distance between government and business people as people perceive that government officials are trying to promote mutual benefit. Business people in turn can communicate their ideas to them. With mutual benefit intention, government officials may handle conflict to promote the public interest by listening to the concerns of the public and trying to understand what people think. Public interest by government can be promoted when adopting conflict for mutual benefit. This study proposes that:

H1a. Conflict for mutual benefit conducted by government officials and business managers promotes task accomplishment, increases confidence for future collaboration, and improves public interest.

With a win-lose competitive conflict approach, people stick to their own position and try to defeat others. This approach persuades people to resolve divergent

opinion by “I-win-you-lose” dominance games (Somech, Desivilya and Lidogoster, 2009). It results in one-sided, imposed resolutions that fragment relationships. The winning party meets their needs at the expense of the other party. People interact with each other with attempts to harm or gain power over other party. Conflicts are handled with the intention to fulfill one side’s benefit and get the better of others. Studies have shown that competitive conflict management results in poor team performance (Johnson, Maruyama, Johnson, Nelson and Skon, 1981; Alper, *et al.*, 2000; Tjosvold, Hui, Ding and Hu, 2003). Based on the above discussion, this study proposes that:

H1b. Win-lose competitive conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

Conflict avoidance is the attempt to smooth over conflicts and minimize discussion of them (Chen and Tjosvold, 2002). It is the behavior to not openly deal with, directly discuss or debate with others to solve the conflict. Avoiding conflict is also an alternative method to open conflict management. It is assumed to be commonly adopted by East Asians, including Chinese. Studies have indicated that avoiding conflict is ineffectual (Barker, *et al.*, 1988). Avoiding differences may induce an easy acceptance of one side’s view without completely resolving problems.

Researchers have explored the relationships of conflict avoiding with other approaches, finding that avoiding conflict reinforces competitive conflict whereas a

more open way complements cooperative conflict (Barker, Tjosvold and Andrews, 1988; Tse, Tjosvold, 1982, Tjosvold, Johnson and Fabrey, 1980; Tjosvold, Johnson and Lerner, 1981). Tjosvold and his colleagues (2003) found that avoiding conflict led to increased competitive interactions. This study proposes that:

H1c. Avoiding conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

Goal Interdependence Theory

Introduction of goal interdependence theory

Deutsch (1949, 1973) argued that how groups and individuals perceived their goals are related impacts how they interact with each other and these interactions affects the outcomes. Perceived goal-relations very much affect expectations, communications, and problem-solving methods. How people interpret their goal interdependence is classified into three categories that are cooperative goals, competitive goals and independent goals.

In cooperation, people believe their goals are positively related; the achievement of others' goals helps them to reach their goals. In competition, people believe their goals are negatively related; the achievement of others' goals prohibits or at least makes it less likely for others to achieve their goals. In independence, people believe their goals are independent. The goal attainments of others have no

impact on their achievements.

Using goal interdependence theory in managing conflict

How a situation is framed or labeled influences how people behave. Conflict partners' perception on how others will deal with the conflict is more critical than the specific behaviors performed (Tjosvold, 1998). Deutsch (1973) held a view that the context that conflict occurs greatly affects the outcome of conflict, which can be constructive or destructive.

With cooperative goals, people know that they will attain his goals if and only if others attain their goals. They conclude that they are joined together and expect others will also help them to act effectively. Favorable attitudes and supportive climate are developed in cooperative context that fosters more mutual trust and openness of communication. This trusting and friendly attitude increases sensitivity to similarities and common interests. Cooperative goals were found to promote open-mindedly discussing opposing views between government officials and private industry managers that led to effective decision-making and strengthened relationships (Tjosvold, Peng, Chen and Su, 2008). Cooperative goals lessen communication difficulties and encourage people to understand each other's feelings and opposing views. Under this context, people recognize others' interests and the necessity to search for a solution that is responsive to the needs of each side (Deutsch, 1973). With cooperative goals, people have joint interests on reaching a mutually satisfactory problem solution. Cooperative efforts provide a context in which the

structures and skills for managing conflicts constructively may be successfully implemented and learned (Johnson and Johnson, 1989). Therefore, this study hypothesizes that cooperative goals promote a mutually beneficial conflict approach and reduce win-lose competitive conflict and avoiding conflict.

H2a. Cooperative goals between government officials and business managers promote conflict for mutual benefit.

H2b. Cooperative goals between government officials and business managers reduce win-lose competitive conflict.

H2c. Cooperative goals between government officials and business managers reduce avoiding conflict.

With competitive goals, people expect others will achieve their own goals by scarifying them. They believe that when others fail they are more likely to succeed; when others are ineffective, they can perform better. As it is a win-lose game, information may not be exchanged fully or accurately. Or they may even try to mislead and obstruct others to pursue their own interests. These suspicious and hostile attitudes stimulate the win-lose struggle on conflict. One side or the other imposes a conflict.

H3a. Competitive goals between government officials and business managers reduce conflict for mutual benefit.

H3b. Competitive goals between government officials and business managers

promote win-lose competitive conflict.

H3c. Competitive goals between government officials and business managers promote avoiding conflict.

With independent goals, people do not care about others' performance. Whether others act effectively or not, fail or succeed means little to them. In this context, people even do not communicate with others and have little information and resource sharing. All tasks and problems rely on only one individual side. Conflict is also to be handled by one party itself. Studies show that independent goals have similar effects on interaction as competitive goals (Deutsch, 1973; Johnson and Johnson, 1989)

H4a. Independent goals between government officials and business managers undermine conflict for mutual benefit.

H4b. Independent goals government officials and business managers promote win-lose competitive conflict

H4c. Independent goals government officials and business managers promote avoiding conflict.

Summary

In recent years, management researchers focus more on government and business relationships. Previous studies on government and business relationship are

mostly on the macro level with less attention on more specific interaction between the two parties. Few studies focus on the dynamics of government and business collaboration. Actually government and business can both benefit by working together and their interaction is increasingly important especially when the whole world suffers from the financial crisis. This study discusses government and business interactions, focusing on their different conflict managing approaches and the effects of these approaches on collaboration outcomes.

Conflict is everywhere and inevitably exists. Open conflict management can lead to positive outcomes. But collectivist society like China cannot be assumed to utilize the open discussion conflict approach and the theories analyzing conflict (Hofstede, 1993). Studies on productive conflict management in China are needed. Chinese values, which have been generally perceived to induce indirect ways towards conflict, actually do not automatically undermine constructive conflict management. Experiments have showed that Chinese people can value and use conflict when they manage conflict for mutual benefit (Tjosvold, Hui and Law, 2001).

How conflict is approached very much affects its dynamics and outcomes (De Dreu, Weingart and Kwon, 2000; Deutsch, 1973; Rubin, Pruitt and Kim, 1994). Handling conflict with positive intentions can lead to productive outcomes. This study labels three conflict approaches, conflict for mutual benefit, win-lose competitive conflict and conflict avoiding. With conflict for mutual benefit, people openly discuss differences with the intentions to obtain mutual benefit. Differences

are not only discussed but also considered to make a sound resolution that combines both parties concerns. With win-lose competitive conflict, people handle conflict with attempts to win at the expense of others. It leads to one-sided and deficient resolution. With conflict avoiding, instead of confronting and handling conflict, people minimize and even refuse to discuss differences. This study explores the effect of these three conflict approaches to government and business collaboration outcomes (task accomplishment, future collaboration, and public interest). Conflict for mutual benefit comparing to win-lose competitive conflict and avoiding conflict promotes task accomplishment, increases confidence for future collaboration and improves public interest.

The theory of goal interdependence is used to analyze the conditions and antecedents of conflict management approaches people adopt. According to goal interdependence theory, there are three types of goal relations: cooperative goals, competitive goals and independent goals. How people's goal related affect people's interaction, including conflict handling (Deutsch, 1949, 1973). Therefore, these three types of goal interdependence are used to understand in what conditions conflict for mutual benefit, win-lose competitive conflict and conflict avoiding will be promoted. The second set of hypotheses propose that cooperative goals promote conflict for mutual benefit, undermine win-lose competitive conflict and avoiding conflict, competitive goals and independent goals promotes win-lose competitive conflict approaches and avoiding conflict, and undermine conflict for mutual benefit.

CHAPTER III

Hypotheses

Chapter II reviewed the literature and the central theory and constructs of this study. This chapter presents the hypotheses about conflict managing approaches and goal interdependence that have been proposed based on the literature review. It first displays the hypothesized model, and then explains the model variables.

Hypotheses

In this study, twelve hypotheses are proposed:

H1a. Conflict for mutual benefit conducted by government officials and business managers promotes task accomplishment, increases confidence for future collaboration, and improves public interest.

H1b. Win-lose competitive conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

H1c. Avoiding conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

H2a. Cooperative goals between government officials and business managers promote conflict for mutual benefit.

H2b. Cooperative goals between government officials and business managers
reduce win-lose competitive conflict.

H2c. Cooperative goals between government officials and business managers
reduce avoiding conflict.

H3a. Competitive goals between government officials and business managers
reduce conflict for mutual benefit.

H3b. Competitive goals between government officials and business managers
promote win-lose competitive conflict.

H3c. Competitive goals between government officials and business managers
promote avoiding conflict.

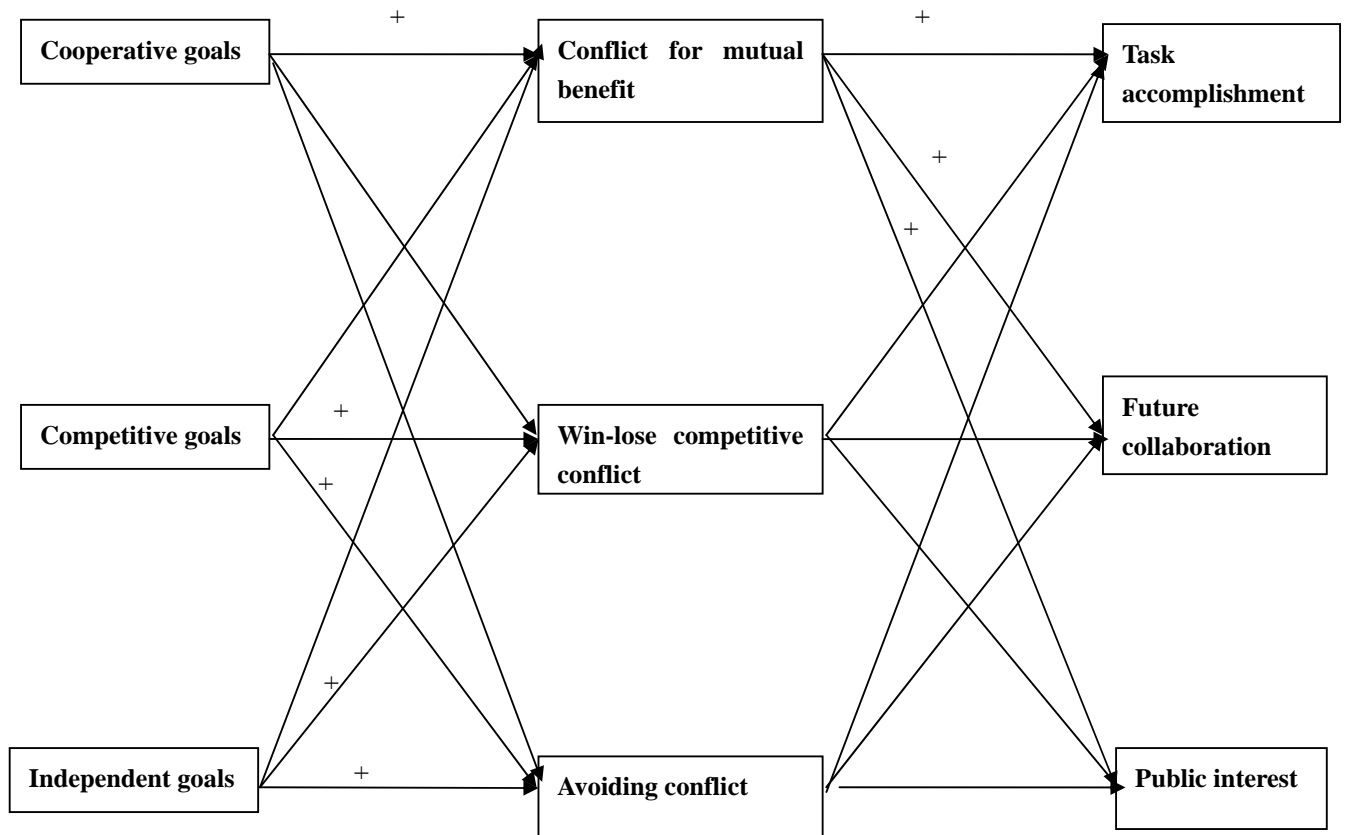
H4a. Independent goals between government officials and business managers
reduce conflict for mutual benefit.

H4b. Independent goals between government officials and business managers
promote win-lose competitive conflict

H4c. Independent goals between government officials and business managers
promote avoiding conflict.

Hypothesized Model

Figure 1 Hypothesized Structural Model in this Study



As shown in Figure 1, the proposed model to be tested in this study is that the three goal interdependencies affect conflict managing approaches between government officials and business managers and these approaches lead to three outcomes. In this model, cooperative goals, competitive goals and independent goals are identified as antecedents to affect the three outcomes (task accomplishment,

future collaboration, and public interest).

Introduction of Variables

This study proposes that goal interdependence between government officials and business managers affect conflict-managing approaches they take, and then different conflict managing approaches affect the outcomes. There are nine variables in the hypothesized model with three antecedent variables, three mediator and three outcomes. All the variables are measured using 7-point Likert-scale items.

This section defines each variable in the model (Figure 1):

Cooperative goals are measured by the extent the interviewees think their goals and their partners' are positively related. Competitive goals are measured by the extent the interviewees think their goals and their partners' are negatively related. Independent goals are measured by the extent the interviewees think their goals and their partners' are unrelated.

Conflict for mutual benefit is measured by the extent the interviewees think they deal with conflict with mutual benefit and are oriented toward joint benefit. Win-lose competitive conflict is measured by the extent the interviewees think they deal with conflict in a win-lose situation involving pressure to conform to one side's view. Conflict avoiding is measured by the extent the interviewees smooth over differences, avoid expressing concerns and try to maintain harmony.

Task accomplishment is measured by the extent that their interaction with

others helps them to solve the problem effectively and efficiently. Future collaboration is measured by the effect of the interaction between government officials and business managers on the likelihood of their future effective collaboration. Public interest is measured by the extent that government agency cares about public interest and act with public interest.

The next chapter presents in detail the method we used to test the hypotheses and proposed model (Figure 1).

CHAPTER IV

Methodology

Previous chapters identified the hypotheses and proposed model of this study. Our research questions are how different conflict managing approaches affect the outcomes of government and business collaboration, and how to promote positive conflict approach between government and business. This study has twelve hypotheses for these research questions and uses data collected through interviews to test them.

To test the hypothesized model (Figure 1) proposed in last chapter, I collected data through interviews. This chapter introduces the sampling, interview schedule, and data analysis respectively.

Participants

Participants in this study included one hundred and one persons from Quanzhou, Guangzhou and Nanjing, mainland China. Of all the participants, twelve were from Guangzhou, sixteen came from Nanjing, and seventy three were from Quanzhou. They were all recruited through my personal networks, such as friends, formal schoolmates, and relatives, and were chosen to represent diverse industries, government agencies, age, gender, and education levels in China.

Fifty participants were from business and 51 were from government agencies. Among the 50 participants from business, males took up 54% and female 46%.

Average age of the participants from business was 28.9, with 35 (70%) between 20 to 30 years old, 10 (20%) between 31 to 40 years old, 3 (6%) between 41 to 50, and 2 (4%) at the age of 51 or above. Regarding to the highest education qualifications obtained, 26% were high school or below level, 30% had college degree, 40% got university degree and 4% obtained graduate degree. As for industry, 46% were from manufacturing, 10% belonged to construction, 10% were transportation and telecommunications, 14% fell into banking and insurance, 14% were tenancy and commercial service, and 6% belonged to culture, sports and entertainment. As for position level, 26% were average employees, 38% junior managers, 28% intermediate managers, and 8% senior managers. The average years they worked in current post was 5.9 years.

For the 51 participants from government agencies, 33 (66%) were male and 18 (34%) were female. The average age of them were 31.3, with 34 (68%) between 20 to 30 years old, 8 (16%) between 31 to 40 years old, 6 (12%) between 41 to 50 years old, and 3 (6%) at the age of 51 or above. Regarding to the highest education level, 1 (2%) was at high school level, 12 (23.5%) held college degree, 34 (66.7%) obtained university degree, 4 (7.8%) had graduate degree. They served in different position levels with average employee 23.5%, junior managers 41.2%, intermediate manager 27.5% and senior manager 7.8%. The average years they served in current post was 6.3 years.

Table 1 Demographic Characteristic of Interviewees

		Participants from Business		Participants from Government	
Gender	Male	27	54%	33	66%
	Female	23	46%	18	34%
Age	20-30	35	70%	34	68%
	31-40	10	20%	8	16%
	41-50	3	6%	6	12%
	>=51	2	4%	3	6%
Education Level	High School or below	13	26%	1	2%
	College Degree	15	30%	12	23.5%
	University Degree	20	40%	34	66.7%
	Graduate Degree	2	4%	4	7.8%
Position	Average employee	13	26%	12	23.5%
	Junior Manager	19	38%	21	41.2%
	Intermediate Manager	14	28%	14	27.5%
	Senior Manager	4	8%	4	7.8%
Average time in current post		5.9years		6.3years	

Interview Schedule

Critical Incident Technique The Critical Incident Technique (CIT) was used to develop the interview structure. CIT is considered to be a particularly useful method when studying complex interpersonal phenomenon (Walker and Truly, 1992). Researchers have begun to use interviews as practical ways to help people report past events fully with accuracy (Yukl, *et al.*, 1996). Moreover, this method could help moderate the errors when persons need to summarize across many incidents to

provide response in most surveys (Schwartz, 1999).

The interviewees were assured that their responses would be kept confidential and the objective of the study was to investigate how business and government in China manage conflicts during their collaboration. The interview was conducted in Chinese Mandarin and usually lasted for 40 minutes to one hour. Business people were asked to describe a concrete example when they interacted with government officials and had different opinions during the interaction; government officials were asked to describe a specific incident when they interact with business people and have different opinions with them. Interviewees were told to recall what led to the situation, with whom you were working, what happened, how both of them reacted, and what were the results of the interaction. They were informed that result of the incident could be constructive or destructive.

The interview schedule was originally written in English, I translated it into Chinese. To ensure conceptual consistency, the questionnaires were back-translated into English by two MPhil students in Management. The translator and back-translators met to discuss the differences and develop the final Chinese version of the instruments.

After describing the incident, the interviewee was asked to rate specific questions according to the interaction mentioned on 7-point Likert-type scales. Measures include goal interdependence, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, task accomplishment, future collaboration,

and public interest.

Scales

Goal Interdependence

This study uses scales developed from Deutsch's (1949, 1973) cooperation and competition theory in the form of 7-point Likert-scale (from 1=strongly disagree to 7=strongly agree) (Tjosvold, 1995; Tjosvold, Andrews and Strthers, 1991; Liu et al, 2004; Alper, Tjosvold and Law, 1998). Variables for goal interdependence indicated how the interviewees construed their relationship between their goals and those of their partner's in the conflict incident. The three items for cooperative goals measured the extent the interviewees assumed a cooperative goal relationship with their partners. A sample item for cooperative goals is "In this incident, our partner and we sought compatible goals with each other".

The three items for competitive goals measured the extent the interviewees assumed the incompatibility goals and rewards with their partners. A sample item is "In this incident, our partner did things in ways that promote their own goals rather our goals." The three items for independent goals measured the independence of goals, tasks and benefits between the interviewees and their partners. A sample item is "In this incident, our partner and we work for our own independent goals". The interviewees were asked to rate on a 7-point scale (1 strongly disagree, 7 strongly agree) according to their degree of agreement or disagreement to the statements. The Cronbach alpha for the cooperative, competitive and independent goal scales

were .82, .80, and .75, respectively.

Conflict approaches

The scales for conflict for mutual benefit win-lose competitive conflict, and avoiding conflict were developed from a series of experimental studies (Tjosvold, 1985) and survey studies (Barker, Tjosvold, and Andrews, 1988; Tjosvold, Wedley and Field, 1986). The six items for conflict for mutual benefit measured the interviewees' orientation toward joint benefit and work to find a solution that is good for both parties. A sample item for conflict for mutual benefit is "The partner and we sought a solution that will be good for all of us."

The win-lose competitive conflict had four items to measure conflict was a win-lose situation where people press to obtain conformity to one side's view. A sample item is "The partner and we treated conflict as a win-lose contest." The avoiding conflict scale had two items to measure the interviewee and their partners smoothed over differences and avoided discussing divisive issues. A sample item is "the partner and we smoothed over differences by trying to avoid them." The Cronbach alpha for conflict for mutual benefit was .75, for win-lose competitive conflict was .74, and for avoiding conflict was .80.

Task accomplishment

This study adopts the items used by Tjosvold, Peng, Chen, and Su (2007) to measure the extent that the interviewees and their partners' interaction helped them to

solve the problem effectively and efficiently. A sample item is “How much did you and this partner make progress on the task because of this interaction?” The Cronbach alpha for this scale was .79.

Future collaboration

Three items were adopted from Tjosvold, Peng, Chen, and Su (2007) to measure the extent that their interaction with partners contributed to their intention and confidence to cooperate successfully in the future. A sample item is “How much did this interaction help you feel motivated to work with this partner in the future?” This 3-item scale had a Cronbach alpha of .84.

Public interest

Three items were developed from Poortinga and Pidgeon (2003) to measure the extent government agency promotes public interest. A sample item is “In this incident, the government was acting in the public interest.” The Cronbach alpha of this scale was .86.

Table 2 Measures

Measures	Number of Items	Alpha
Cooperative Goals	3	0.82
Competitive Goals	3	0.80
Independent Goals	3	0.75
Conflict for mutual benefit	6	0.75
Win-lose Competitive Conflict	4	0.74
Conflict Avoiding	2	0.80
Task Accomplishment	3	0.79

Future Collaboration	3	0.84
Public Interest	3	0.86

Analysis

Common method variance

As all variables were perceptual measures, the potential problem of common method variance should be considered. To control common method variance, this study adopted Harman’s one-factor Test. This method is one of the most widely used techniques that have been used by researchers (Podsakoff and Organ, 1986; Podsakoff, Scott, Lee and Podsakoff, 2003). This technique assumes that if a substantial amount of common method variance is present, either a single factor will emerge from the factor analysis, or one “general” factor will account for the majority of the covariance in the independent and criterion variables (Podsakoff and Organ, 1986). Exploratory Factor Analysis was used to perform Harman’s one-factor test. The Exploratory Factor Analysis resulted in nine factors with eigen values greater than 1, with the first factor accounting for only 28% of total variance. This result suggests that common method variance is not likely to have caused significant relationships among variables in our study. Thus, we do not believe that common method variance can explain our research findings.

Confirmatory Factor Analysis

A series of confirmatory factor analyses (CFA) using AMOS 7.0 to establish

whether the respondents' ratings would load on nine distinct factors, namely three types of goal interdependence, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, task accomplishment, future collaboration and public interest.

This study compared the 9-factor model labeled M0 with five alternative 8-factor models, one 7-factor model and one single factor model to test the factorial structure of the items. The 8-factor models of M1, M2, and M3 were all formed by merging conflict for mutual benefit with each outcome variables. M4 was formed by merging win-lose competitive conflict and avoiding conflict as these two variables were significantly correlated. Competitive goals and independent goals were merged to form M5 to test whether these two variables were distinctive. The 7-factor model (M6) was formed by merging three consequence variables into one aggregate factor and the one-factor solution model (M7) merge all indicators into a single factor.

Table 3 Confirmatory Factor Analyses

Models	d.f.	Model χ^2	$\Delta\chi^2$	CFI	IFI	RMSEA
Baseline 9-factor Model (M0) keeping Conflict for mutual benefit, Win-lose competitive conflict, Avoiding conflict, Task accomplishment, Future collaboration, and Public interest as distinct factors	374	496.7	-	.90	.91	.07

8-factor Model (M1) including a combined Conflict for mutual benefit and Task accomplishment factor	391	750.6	253.9	.76	.77	.10
8-factor Model (M2) including a combined Conflict for mutual benefit and Future collaboration factor	391	728.9	232.2	.78	.78	.09
8-factor Model (M3) including a combined Conflict for mutual benefit and Public interest factor	391	852.5	355.8	.69	.70	.11
8-factor Model (M4) including a combined win-lose competitive conflict and avoiding conflict factor	391	701.1	204.4	.79	.80	.09
8-factor Model (M5) including a combined competitive goals and independent goals factor	390	683.4	186.7	.81	.81	.09
7-factor Model (M6) including a combined Public interest, Future collaboration and Task accomplishment factor	392	783.0	286.3	.74	.75	.10
One factor solution (M7)	413	1339.2	842.5	.38	.39	.15

Notes: * N of cases =101

* In the one-factor Model (M7), all the factors were combined into one factor.

Results of the confirmatory factor analysis are showed in Table 3. M0 indicated that our proposed 9-factor measurement model fits the data well, with a Comparative Fit Index (CFI), IFI, and RMSEA of .90, .91, and .07 respectively. The indicators showed that the 9-factor model fit the data significantly better than the seven alternative models. First, as shown in Table 3, the model chi-squares of alternative models were dramatically greater than the baseline model. Second, the CFI and IFI of the alternative models were all below .90 and much lower than the

baseline model, which indicates they are not satisfactory models. Third, RMSEA of alternative models were all above .08 indicates that they do not fit the data well. Therefore, the comparison suggested that the 9 factors in the proposed model (M0) were distinct measures of the constructs in our study. We concluded that the respondents distinguished the nine constructs.

Hypotheses Testing

We first tested whether the location of the respondents had effects on the results. The participants were divided into three groups according to their locations and tested the differences of their responses.

Correlation analysis was adopted to test the hypotheses linking goal interdependence, conflict approaches, and outcomes. Then structure equation analysis through AMOS 7.0 was used to explore the underlying causal relationships among goal interdependence, conflict approaches (conflict for mutual benefit, win-lose competitive conflict, avoiding conflict) and the outcomes (task accomplishment, future collaboration, public interest).

A nested model test commonly adopted in causal model analysis was used where three alternative models were compared to our hypothesized model (indirect model). In the first alternative model (M1), goal interdependence directly impacts outcomes without causal relationships between conflict approaches and the outcomes. In the second alternative model (M2), goal interdependence and conflict approaches together lead to the three outcomes. In the third alternative model (M3), goal

interdependence directly impacts conflict approaches and outcomes.

Summary

This chapter discussed the interview schedule and research methods used in this study. One hundred and one participants from Guangzhou, Nanjing and Quanzhou, mainland China, were interviewed from June 2009 to August 2009. We used the critical incident technique to conduct interview. Interviewees were asked to recall a specific government business interaction incident in which they have differences with their partners. Then they rated several questions on 7-point Likert-type scale based on the incident provided. Scales included goal interdependence, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, and the three outcomes as task accomplishment, future collaboration, and public interest.

Both qualitative and quantitative methods were applied to analyze the data. Confirmatory factor analyses (CFA) first validated the nine distinct scales. Then correlational analyses were used to initially test the relationships among antecedent variables, mediator, and outcome variables in the hypothesized model. Structural equation modeling (SEM) explored the causal relationships among three types of goal interdependence, conflict for mutual benefit, win-lose competitive conflict and avoiding conflict and the three outcomes. Regarding the qualitative analyses, some typical cases were selected to understand the conditions that lead to different conflict approaches and the outcomes. The next chapter reports how we analyzed the data

collected from the interviews and the results of the data analyses.

Chapter V

Results

This chapter discusses the analyses of the data collected from the interviews. Specifically, it describes the sample difference analysis, correlational analysis, structural equation modeling analysis, and the results. The chapter concludes with a summary of the incidents with examples.

Sample Difference Analysis

This study conducted interviews in three cities in China, Guangzhou, Nanjing and Quanzhou. Within-and-between group analysis was used to test the regional difference among these three cities. The effects of the interviewees' working city were examined to see whether cultural background and working environment significantly affected interviewees responding. Guangzhou is in the Pearl River Delta, Nanjing is in the Yangtze River Delta and Quanzhou is in the newly developing economic zone named Taiwan-Strait West Coast Economic Zone. The three cities have different cultures and traditions and are in different development phrases. Yangtze River Delta and Pearl River Delta have the fastest economic development in China. With the competition of foreign companies, local firms and governments in the two districts have more exposure to the outside world. They are more open and free to western cultures. While Taiwan-Strait West Coast Economic Zone is in the

initial stage with much slower development than the other two districts. People in Quanzhou are not that open comparing to people in Yangtze River Delta and Pearl River Delta. Therefore, interviewees may have different responses to goal interdependence, conflict approaches and outcomes across the cities.

Table 4 shows that there are no significant differences in the three groups of interviewees' ratings to our variables. Therefore, we analyze the data by combining the three sets of data into one.

Table 4 Results of Regional Difference Analysis

	df	Mean Square	F	Sig.
Cooperative goals	2	1.576	.769	.454
Competitive goals	2	4.864	2.268	.109
Independent goals	2	.072	.04	.961
Conflict for mutual benefit	2	2.275	2.015	.139
Win-lose competitive conflict	2	.793	.538	.586
Avoiding conflict	2	4.030	3.713	.057
Task accomplishment	2	1.333	1.125	.329
Future collaboration	2	1.832	1.266	.287
Public interest	2	5.043	2.727	.070

Correlational Analysis

Correlations among variables (Table 5) provide an initial examination of the hypotheses linking three types of goals, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, task accomplishment, future collaboration, and public interest. The results of correlations provide initial support to hypothesis 1a in that conflict for mutual benefit is significantly positively related to the three

outcomes of task accomplishment, future collaboration, and public interest ($r=.71, p<.01$, $r=.61, p<.01$, $r=.47, p<.01$). Win-lose competitive conflict negatively but not significantly related to the three outcomes of task accomplishment ($r=-.17$, ns), future collaboration ($r=-.09$, ns), and public interest ($r=-.16$, ns). So hypothesis 1b is not supported. Hypothesis 1c is partly supported as avoiding conflict negatively but not significantly related with task accomplishment ($r=-.14$, ns) and future collaboration ($r=-.10$, ns), but negatively and significantly related to public interest ($r=-.24$, $p<.05$).

Hypothesis 2a predicts that cooperative goals between government officials and business managers promote conflict for mutual benefit. Correlation results support hypothesis 2a. Cooperative goals positively and significantly correlated with conflict for mutual benefit ($r=.67$, $p<.01$). Hypothesis 2b posits that cooperative goals between government officials and business managers undermine win-lose competitive conflict. Correlation results do not support H2b with cooperative goals negatively but not significantly related with win-lose competitive conflict ($r=-.02$, ns). Hypothesis 2c predicts that cooperative goals between government officials and business managers undermine avoiding conflict. Correlation results do not support H2c in that cooperative goals were negatively but not significantly related with avoiding conflict ($r=-.01$, ns).

Hypothesis 3a concerns that competitive goals between government officials and business managers undermine conflict for mutual benefit. Correlation results support hypothesis 3a. Competitive goals negatively and significantly related with

conflict for mutual benefit ($r=-.23$, $p<.05$). Hypothesis 3b is also supported as competitive goals positively and significantly related with win-lose competitive conflict ($r=.52$, $p<.01$). But Hypothesis 3c is not supported. Competitive goals positively but not significantly related with avoiding conflict ($r=.14$, ns).

Hypothesis 4a posits that independent goals between government officials and business managers undermine conflict for mutual benefit. Correlation results do not support hypothesis 4a. Independent goals were negatively but not significantly related with conflict for mutual benefit($r=-.08$, ns). Hypothesis 4b is supported with independent goals positively and significantly related with win-lose competitive conflict ($r=.48$, $p<.01$). Hypothesis 4c is not supported. Results show that independent goals were positively but not significantly related with avoiding conflict ($r=.12$, ns).

Table 5 Correlations among Variables

	Mean	Std.D	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1)Cooperative Goals	4.64	1.40	1								
(2)Competitive Goals	3.16	1.48	-.15	1							
(3)Independent Goals	2.58	1.33	-.07	.46**	1						
(4)Conflict for Mutual Benefit	4.46	1.07	.67**	-.23*	-.08	1					
(5)Win-lose Competitive Conflict	2.34	1.21	-.02	.52**	.48**	-.11	1				
(6)Avoiding Conflict	3.42	1.06	-.01	.14	.12	-.01	.27**	1			
(7)Task Accomplishment	4.62	1.09	.63**	-.26**	-.10	.71*	-.17	-.14	1		

(8)Future Collaboration	4.51	1.21	.53**	-.17	-.05	.61*	-.09	-.10	.66**	1	
(9)Public Interest	4.63	1.38	.45**	-.31**	-.08	.47*	-.16	-.24*	.49**	.36**	1

Note: N=101

**p<.01; *p<.05.

Structural Equation Modeling Analysis

Structural equation analyses through AMOS 7.0 were used to further explore the relationship among goal interdependence, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, task accomplishment, future collaboration and public interest. We compared the hypothesized model with alternative models to see whether the hypothesized one fits the data best.

Model comparison

Results on Table 6 present that the hypothesized model fits the data quite well. The χ^2 of the hypothesized model was 26 (d.f. =12), CFI and IFI were respectively 0.95 and 0.96. Given the usually critical value of .90 (Bentler and Bonnett, 1980), results of the fit statistics suggest that the hypothesized model can be accepted.

Three alternative models (M1, M2, and M3) were considered to compare with the hypothesized model. The first alternative model (M1) is a direct model with the mediator omitted. It suggests that goal interdependence directly affect the three outcomes. The second alternative model (M2) indicates that both goal

interdependence and three conflict approaches are the antecedents of the three dependent variables. The third alternative model (M3) posits that goal interdependence has a direct impact on the three conflict approaches and the other three outcomes.

As shown in Table 6, we can see the superiority of the hypothesized model after comparing to the alternative models. First, the hypothesized model has a great improvement on the chi-square indicator. The χ^2 of M1, M2, M3 were 32.8(d.f.=3), 127.8(d.f.=15), and 80.1(d.f.=15) respectively. Second, the model fits of hypothesized model are much better than the alternative models. The CFI and IFI of the three alternative models are all below .90, whereas the hypothesized model has CFI, .95 and IFI, .96. Overall, the fit statistics show that the hypothesized model fits the data best.

Table 6 Nested Model Analyses

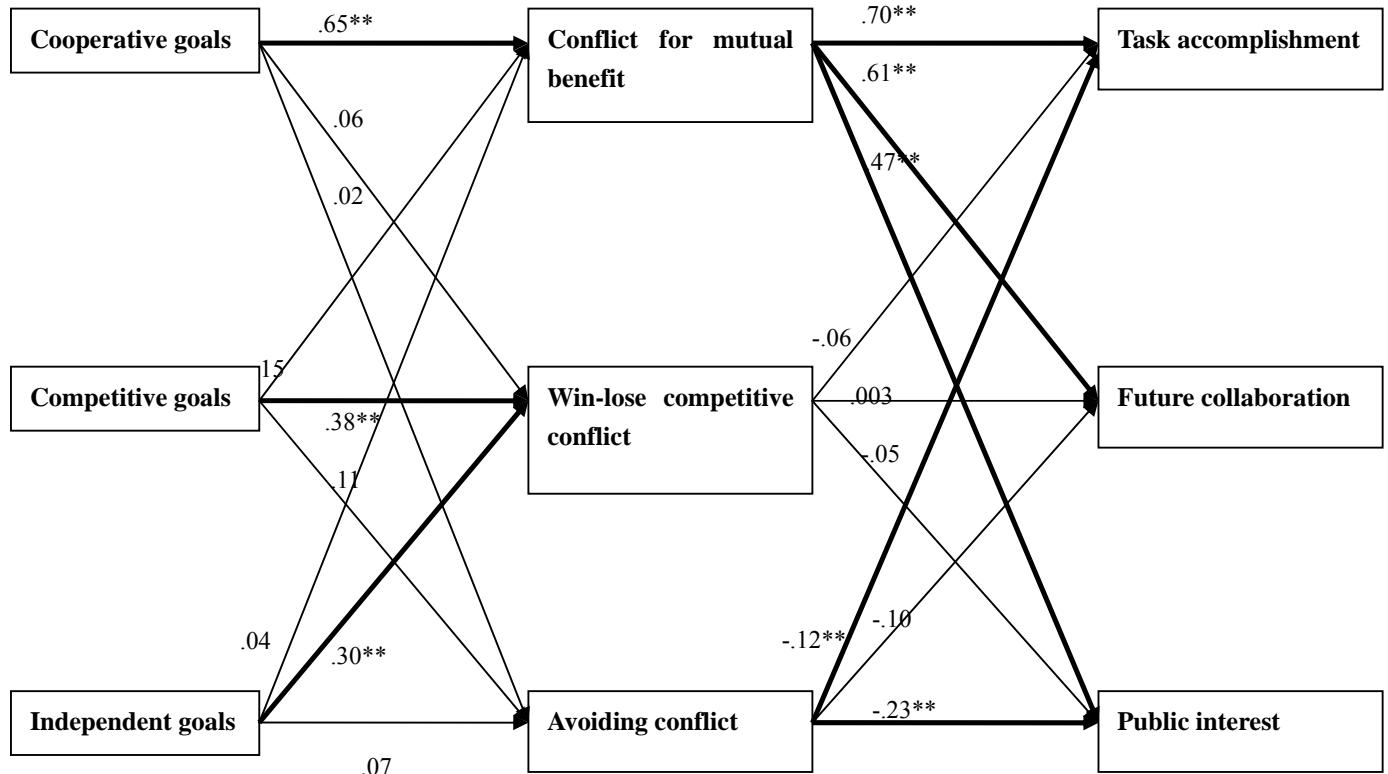
	Chi-square	df	$\Delta\chi^2$	CFI	IFI
M0	26	12		.95	.96
M1	32.8	3	6.8	.83	.84
M2	127.8	15	101.8	.63	.65
M3	80.1	15	54.1	.79	.80

Structural Equation Modeling Analysis for the Hypothesized Model

The path estimates of the hypothesized model explore the findings more specifically (Figure 2). Generally, the findings on path estimates provide reasonable

support for the study's hypotheses.

Figure 2 Path Estimates for the Hypothesized Structural Model



Note: N=101;

**p<.01; *p<.05

The results indicate that conflict for mutual benefit has positive and significant effects on task accomplishment ($\beta=.70$, $p<.01$), future collaboration ($\beta=.61$, $p<.01$), and public interest ($\beta=.47$, $p<.01$). The results support Hypothesis 1a that conflict for mutual benefit conducted by government officials and business managers promotes task accomplishment, increases confidence for future collaboration, and improves

public interest.

The results indicate that win-lose competitive conflict has negative but not significant effect on task accomplishment ($\beta = -.06$, ns), positive but not significant effect on future collaboration ($\beta = .003$, ns) and negative but not significant effect on public interest ($\beta = -.05$, ns). These results do not support Hypothesis 1b that win-lose competitive conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

The results indicate that avoiding conflict has negative and significant effects on task accomplishment ($\beta = -.12$, $p < .01$), negatively but not significantly affects future collaboration ($\beta = -.10$, ns), and have negative and significant effects on public interest ($\beta = -.23$, $p < .01$). These results partly support Hypothesis 1c that avoiding conflict conducted by government officials and business managers undermines task accomplishment, reduces confidence for future collaboration, and lowers public interest.

The results present that cooperative goals have significant, positive effects on conflict for mutual benefit ($\beta = .65$, $p < .01$), nonsignificant positive effects on both win-lose competitive conflict ($\beta = .06$, ns) and avoiding conflict ($\beta = .02$, ns). These results support Hypothesis 2a that cooperative goals between government officials and business managers promote conflict for mutual benefit, but do not support H2b and H2c, which respectively posit that cooperative goals undermine win-lose

competitive conflict and avoiding conflict.

Hypothesis 3a is not supported as the results indicate that competitive goals have negative but not significant effect on conflict for mutual benefit ($\beta = -.15$, ns). Competitive goals have positive and significant effect on win-lose competitive conflict ($\beta = .38$, $p < 0.01$), therefore H3b is supported. Competitive goals have positive but not significant effects on avoiding conflict ($\beta = .11$, ns) and therefore H3c is not supported.

The results indicate that independent goals positively but not significantly impact conflict for mutual benefit ($\beta = .04$, ns). Therefore, H4a is not supported. Independent goals positively and significantly impact win-lose competitive conflict ($\beta = .30$, $p < 0.01$). H4b is supported. Independent goals have positive but not significant impact on avoiding conflict ($\beta = .07$, ns). Therefore, H4c is not supported.

Previous research finds that avoiding conflict reinforces competitive conflict (Barker, Tjosvold and Andrews, 1988; Tse, Tjosvold, 1982, Tjosvold, Johnson and Fabrey, 1980; Tjosvold, Johnson and Lerner, 1981). Win-lose competitive conflict and avoiding conflict may have similar effect on collaboration outcomes. But the path estimates of the Hypothesized Structural Model indicate that win-lose competitive conflict has no significant effect on task accomplishment ($\beta = -.06$, ns), future collaboration ($\beta = .003$, ns) and public interest ($\beta = -.05$, ns). And avoiding conflict has negative and significant effects on task accomplishment ($\beta = -.12$, $p < .01$), negatively but not significantly affects future collaboration ($\beta = -.10$, ns), and has

negative and significant effects on public interest ($\beta = -.23$, $p < .01$). To test whether win-lose competitive conflict has weakened effect on the outcomes than avoiding conflict, this study conducts another model comparison.

M0 is the hypothesized model. M4 indicates that win-lose competitive conflict has the same effect on the three outcomes (task accomplishment, future collaboration, public interest) as avoiding conflict. (Table 7)

Table 7 Model comparison 2

	Chi-square	df	$\Delta\chi^2$	CFI	IFI
M0	26	12		.95	.96
M4	28	13	2	.95	.95

** $p < .01$; * $p < .05$

The hypothesized model compared with alternative model 4. The chi-square of the hypothesized model was $\chi^2 = 26$ (d.f. = 12). The chi-square of M4 was $\chi^2 = 28$ (d.f. = 13). The difference between the hypothesized model and the alternative model (M4) was not significant ($\Delta\chi^2 = 2$, $P = n.s.$), indicating that hypothesizing win-lose competitive conflict has the same effect on the three outcomes as avoiding conflict is acceptable. Results show that win-lose competitive conflict and avoiding conflict has similar effect on the three outcomes.

Summary of the incidents

A total of 101 incidents were recorded. According to the interviewees' ratings on three goal interdependence and their descriptions on the incidents, 81 cases indicated perceived largely cooperatively related goals and in which 79 cases reported successful collaboration. 15 cases reported competitive goals and all had undesirable outcomes. The remaining 5 cases reported independent goals and 3 of them had positive outcomes. These results are consistent with the correlations and structural equation analyses that cooperative goals are positively related with conflict for mutual benefit and outcomes.

Case Illustrations

Based on interviewees' qualitative accounts of their incident, this study presents three typical cases. The interviewees rated the cases as high or low in the three conflict approaches: conflict for mutual benefit, win-lose competitive conflict and avoiding conflict. These three cases respectively represent cooperatively related, competitively related, and independent goals, and illustrate how the perceived goal interdependence affects government officials and business managers' conflict approaching behavior and how these approaches impact the outcomes.

Case A illustrates how cooperative goals lead to conflict for mutual benefit between government officials and business managers, and in turn lead to satisfactory task accomplishment, confidence for future collaboration and public interest. A senior manager of a real estate development company described a recent incident in

which they have difficulties with the government that prevented their progress. They had a project to construct residential buildings, office buildings and hotel buildings in a district. They did some market research and found that residential building was more demanded than hotel building in that district. So they wanted to change and construct residential building on the land that was planned to build hotels. But the land was initially approved by the government to build hotels not residential buildings. The local government did not allow them to change. The government argued that the city planning should be well managed and residential buildings would destroy the city image. They argued that residential buildings look quite different from hotel buildings, as traditionally in China residential building has balconies that are necessary for living. To persuade the government, the manager and his colleagues went to observe and study other places' successful cases. And they made special design on the appearance of the residential building to make it look like hotels. Then they communicated with government many times and provided strong evidence. Finally, the government accepted their idea to change the use of the land.

Case B illustrates the dynamics of how competitive goals might lead to win-lose competitive conflict between government officials and business managers and that in turn influenced their outcomes. A company had a business license in a suburb, "Pukou". To make operations more convenient, they rented a building as office in the city center. But the office actually just conducted company internal operations without doing new business with clients. The statistical department of the city government came to require them to register for economic census. They rejected

this because they had registered in Pukou where their business license was located. Over-registration would not be good for a company. But the government officials did not agree and strongly required them to register again. The officials continuously came to interrupt the company, even took some offensive behaviors like taking away the company's computers. The company thought that the government should base on facts and did not want to over register whereas the government wanted to collect more registered companies to make their performance look better. Both parties were quite angry and had competitive goals with each other. Although the company got back their computers with the mediation of third party, they broke their relationship and avoided work with this government agency.

Case C describes how independent goals lead to win-lose competitive conflict between government officials and business managers and enables unsatisfactory outcomes. A government agency in Nanjing wanted to purchase automobiles. The agency had such requirements as that the cars should be made within three months. An automobile dealer came to introduce their cars to the government agency officials. The government agency was satisfied with the dealer's products and bought the cars. However, when examining the cars, they found some of the cars did not meet their requirements. So they returned the purchase. The officials thought that they had a lot of choices and just needed to buy the best automobiles that conform to the agency's requirements, whereas, the automobile dealer wanted to sell more and earn money. The official thought their goals were independent because he could buy automobile from other dealers and also the dealer could sold the cars to other people who are

satisfied with their products.

Summary

This chapter illustrates the methods and the results of the data analysis. We conducted sample difference analysis, correlational analysis, and structural equation modeling analysis to develop the results. Results of within-and-between group analysis did not find significant differences in participants' ratings on variables due to the regional differences. (Guangzhou, Nanjing or Quanzhou). Hypotheses 1a was supported by correlational and SEM analysis, indicating that conflict for mutual benefit can lead to better task accomplishment, more confidence for future collaboration and improved public interest. Hypotheses 1b was not supported. Path estimates results show that Hypotheses 1c was partly supported because avoiding conflict has negative and significant effect on task accomplishment and public interest, and negative but not significant effect on future collaboration. Hypotheses 2a, 3b and 4b were supported that cooperative goals can promote conflict for mutual benefit; competitive goals lead to win-lose competitive conflict and independent goals induce win-lose competitive conflict. But Hypotheses 2b, 2c, 3a, 3c, 4a and 4c were not supported. This chapter also included summaries of typical cases to illustrate how goal interdependence and conflict management affect the work between government and business in China.

Chapter VI

Discussion

This study proposes that goal interdependence between government officials and business managers influence their interactions which in this study focused on how they deal with their conflicts and specifically whether they approached conflict for mutual benefit, win-lose competitive conflict and avoiding conflict. These interactions in turn have positive or negative impact on the outcomes of task accomplishment, future collaboration, and public interest. Results obtained support several of the hypotheses proposed. Earlier chapters described how the data were analyzed and the results. This chapter reviews the study's results and discusses important findings. Then it describes practical implications, limitations and future research possibilities.

Summary of the results

A series of statistical analysis were taken to test the hypothesized relationships among variables. Results extend the understanding of the role of conflict for mutual benefit on Chinese government and business collaboration. When government officials and business managers rely on managing conflict for mutual benefit, they can accomplish tasks, develop confidence for future collaboration, and promote the public interest. It is also documented that cooperative goals but not competitive or independent goals are important antecedents of conflict for mutual benefit.

Tests did not find significant difference on participants' ratings on variables due to the different culture and background of their cities (Guangzhou, Nanjing or Quanzhou). The correlations partially supported the hypotheses by showing that conflict for mutual benefit positively and significantly related to task accomplishment, future collaboration and public interest. Results also indicate that cooperative goals but not competitive or independent goals positively related to conflict for mutual benefit. Structure equation modeling was conducted to test the causal relationships among goal interdependence as antecedents, conflict for mutual benefit, win-lose competitive conflict, avoiding conflict, and the outcomes. Model indices show a good fit of the data.

Goal interdependence and conflict approaches

Hypothesis 2a suggesting cooperative goals promote conflict for mutual benefit was supported. Both correlational and path estimates results are consistent with previous argument that cooperative-constructive process of conflict resolution is fostered by the typical effects of cooperation (Deutsch, 2000). Findings in this study indicate that when government officials and business managers conclude that they have cooperative goals in which one succeeds, the other succeeds, they approach conflict for mutual benefit. Government officials and business managers are more likely to openly discuss their differences with mutually beneficial intentions when they believe that they have cooperative goals. People with cooperative goals are more motivated to tackle different issues and opposing opinions as they recognize that they are on the same boat. Cooperatively related goals let them regard conflict as

a mutual problem to be resolved, which greatly helped them to develop a solution that is mutually satisfactory.

Hypotheses 2b and 2c suggesting cooperative goals undermine win-lose competitive conflict and avoiding conflict were not supported. The results suggest that the existence of cooperative goals cannot directly reduce win-lose competitive conflict and avoiding conflict. The value of cooperative goals seems to arise because they can induce government officials and business managers to work for conflict with mutual benefit. Cooperative goals appear not to be able to insure a low level of win-lose competitive conflict or avoiding conflict though they can directly impact people's positive actions towards conflict, making government and business more likely to deal with conflict for mutual benefit.

Both correlational evidence and path estimates results support Hypothesis 3b, suggesting that competitive goals between government officials and business managers promote win-lose competitive conflict. H3a that competitive goals undermine conflict for mutual benefit is supported by correlational analysis. When goals are incompatible, people believe others' goal attainment interferes with their own goals. They try to tackle conflict at the expense of the other party, as only one side can succeed. With the emphasizing of opposing interests, people pursue win-lose rewards do not much consider their mutual benefit. However, in the path analysis, competitive goals did not significantly undermine conflict for mutual benefit.

We did not find support for hypothesis 3c that competitive goals between

government officials and business people promote avoiding conflict. One possibility for the null result could be that competitive goal attainment stimulates people to defeat the other party, which may induce them even to create and reinforce conflict rather than smooth over conflicts. Instead of avoiding interaction, people may even actively try to mislead and undermine others.

Both correlational and path estimates results supported Hypothesis 4b that independent goals between government officials and business managers promote win-lose competitive conflict. These results are consistent with previous argument that independent goals have similar effects on interaction as competitive goals (Deutsch, 1973; Johnson and Johnson, 1989). Results suggest that independent goals may not necessarily undermine conflict for mutual benefit nor promote avoiding conflict.

Findings provide further support for the utility of goal interdependence theory for understanding organizational issues. Studies have tested the generalizability of goal interdependence theory on organizations and even in Chinese context (Chen and Tjosvold, 2002; 2008; Snell, *et al.*, 2006; Tjosvold, *et al.*, 2001; Tjosvold, *et al.*, 2008). This study supplements these studies by connecting goal interdependence theory with conflict managing approaches and testing these on government and business interface in China which are rarely explored in the organizational behavior literature.

Conflict approaches and government-business collaboration outcomes

Results are consistent with previous research that conflict can be valued, especially cooperative and mutual orientation toward conflict (De Dreu, *et al.*, 2000; Tjosvold, *et al.*, 2003). Conflicts may provide the motivation and means to deal with divisive issues; the skilled management of conflict, though causing temporary interruptions, strengthens relationships (Tjosvold, Poon and Yu, 2005). This study suggests that the approach government officials and business managers take to cope with their conflicts is critical, consistent with past conflict research (Edmondson, *et al.*, 2003). Findings underline the advantage of conflict for mutual benefit over win-lose competitive conflict and avoiding conflict in promoting government and business collaboration outcomes.

Hypothesis 1a is supported suggesting conflict for mutual benefit adopted by government officials and business managers promote task accomplishment, increase confidence for future collaboration, and improve public interest. These suggestions corroborate past research findings that cooperative approaches to conflict management are especially important for creating positive outcomes (Coetzer and Trimble, 2010). Managing conflict with mutual benefit appears to be a concrete way for government officials and business managers to promote their collaboration. When government officials and business managers rely on conflict for mutual benefit, they consider conflict as a common problem and figure out mutual resolutions to enable both of them to accomplish their tasks effectively. These findings support arguments that open discussion of differences help government agencies and private businesses solve problems and help them make progress on their goals as well as

strengthen their relationship (Tjosvold, *et al.*, 2007).

Contrary to Hypothesis 1b, results did not support that win-lose competitive conflict significantly leads to lower task accomplishment, less confidence for future collaboration, and a decline in public interest. A possible explanation for this unexpected finding may be that business managers just learn to accept government officials' win-lose competitive conflict style. They think government is there with power and right that can not easily be challenged. So they accept the competitive conflict style from government and still try their best to complete the project.

Path estimates findings suggest that avoiding conflict between government officials and business managers lead to lower task accomplishment and public interest but not necessarily induce less confidence for future collaboration. Results are consistent with arguments that avoiding conflict will aggravate the negative effects of conflict on firm outcomes (Liu, Fu and Liu, 2008). It challenges the traditional arguments that avoiding conflict is prevalent and appropriate for China (Triandis, 1990; Tse, *et al.*, 1994). Avoiding conflict hinders effective communication and reinforces the competitive way toward conflict. With this approach, government officials and business managers do not actively seek to handle their conflicts. This approach toward conflict can help develop superficial agreement without further tackling essential problems. Therefore, it has negative effects on task accomplishment and public interest.

However, results do not support that avoiding conflict negatively relates to

future collaboration. One possible explanation is that avoiding conflict creates a relatively harmonious relationship between government and business, which gives people the positive illusion about their collaboration and may be useful for aiding future collaboration with this partner.

In addition, results of model comparison 2 shows that win-lose competitive conflict has the same effect on the three outcomes as avoiding conflict. Therefore, although path estimates do not support that win-lose competitive conflict has significant negative effect on the outcomes, win-lose competitive conflict does not have weakened effect than avoiding conflict which has negative significant effect on task accomplishment and public interest.

This study supports arguments that mutually beneficial conflict managing processes has constructive outcomes (Alper, Tjosvold and Law, 2000; Barbuto and Xu, 2006; Chen and Tjosvold, 2002; De Dreu, Weingart and Kwon, 2000; Somech, Desivilya and Lidogoster, 2009; Tjosvold, Poon, and Yu, 2005). Past research shows that conflict can shape favorable outcomes when managed properly (Tjosvold, 2008), results of the present study corroborate these findings. Conflict for mutual benefit between government officials and business managers can lead to better task accomplishment, more confidence for future collaboration and improved public interest.

Government and business interaction

Shih and Susanto (2010) argued that the application of management

knowledge should not be confined to the domain of private organizations. This study extends to the domain of public organizations and generalizes research findings by exploring conflict management between government officials and business managers.

This study develops our understanding of government-business interface by examining how government and business tackle their conflicts. Consistent with previous research on the positive effects of conflict on relationship enhancement (Wong, Tjosvold, Wong and Liu, 1999), this study testifies that government and business relations can be reinforced when government officials and business managers approach conflict with mutual benefit. Joint efforts on managing conflict appear to help them exchange more information and resources and figure out satisfactory solutions. Results support that government agencies and private industry can be partners on common projects (Tjosvold, *et al.*, 2007). This study further emphasizes the working effects of government-business partnerships. Their working relations are beneficial on furthering their interests. Results indicate that government and business collaboration can have better task accomplishment, more confidence for future collaboration and improved public interest when they rely upon managing conflict for mutual benefit.

Studies on business-government interface are mostly within frameworks of institutional theory, agency theory, and resource dependency theory (Bongjin and Prescott, 2005; Pearce, 2001). This study extends government and business interaction literature by applying the social psychological goal interdependence

theory. The theory proved useful to identify when government officials and business managers confront conflict effectively.

Previous studies on government-business relation were mostly developed from one-side perspective like firms' political activities (Hillman, Zardkoohi, and Bierman, 1999; Schuler, 1996; Shaffer, 1995) or government's impact on firm (Ring, Bigley, Insead, and Khanna, 2005). This study combines both parties together and examines the joint effects of their interaction. Results indicate that constructive government-business conflict management helps firms have better task accomplishment and also improves public interest. It highlights previous arguments that government and business have resources that are complementary for each other and can help pursue joint success (Intriligator et al., 1999; Thibaut and Kelley, 1959).

Practical implications

If continued to be successfully replicated, this study has potentially significant implications for government and business collaboration in China. It helps to specify the critical value of conflict management process to outcomes (Chen, Tjosvold and Su, 2005; Shapiro and Brett, 1993; Tjosvold, Poon and Yu., 2005; Wong, Tjosvold, Wong and Liu, 1999). Findings of this study show the aiding effects of constructive conflict management on government and business collaboration. In stead of smoothing over conflicts and minimizing discussion of opposing views, openly dealing with conflicts helps to understand divisive issues and learn from different ideas, which in turn promotes positive outcomes. Adopting conflict for mutual

benefit could be useful for government and business collaboration as this interaction can promote task accomplishment, increase confidence for future collaboration and improve public interest. Such information is useful to formate training programs to develop government officials and business managers' conflict skills. People can be trained to express ideas and feelings directly.

Previous research supports that perceived goal interdependence greatly affects the course and outcomes of conflict (Tjosvold and Johnson, 1989). This study suggests the value of fostering conflict for mutual benefit. Results reaffirm the effect of cooperative goals for enhancing mutually beneficial conflict between government and businesses. When government officials and business managers are committed to cooperative goals, they are more able to deal with their conflict with mutual benefit. Cooperative goals but not competitive or independent goals between government officials and business managers help each other consider conflicts as common problems and provide joint efforts to fix them, and not try to outdo each other. Managing goal interdependence, especially by promoting cooperative goals, is necessary to help realize a mutually beneficial approach to conflict which leads to favorable outcomes. The government and business can develop common goals, help each other fulfill their responsibilities and solve problems.

The Chinese government has been taking steps to withdraw from economic activities (Fan, Wong and Zhang, 2007; Ralston, Tong, Terpstra, Wang and Egri, 2006). More market-oriented economy provides many opportunities for business to operate effectively and freely. However, this study indicates that government and

business both have their specialty on resources and ideas which, if combined and used together, can create more benefits (Tjosvold, *et al.* 2007). In addition to the Chinese government effectively retreating from economic activities, it is also important to correctly position the role of government for business development. This study posits that government and business can work as partners on a variety of projects. Joint collaboration between government and business can bring such mutual benefits as task accomplishment, confidence for future collaboration, and improved public interest. Instead of intervening or indulging business activities, government should create a more open climate to serve business firms and help them develop and exert their advantages.

Limitations

Notwithstanding, this study has limitations. The data are self-reported and subject to biases, and may not be accurate, although studies have showed that self-reported data are not as limited as expected (Balzer & Sulsky, 1992; Spector, 1994). These data are correlational, which are not able to provide direct evidence of causal links between goal interdependence, conflict handling approaches and outcomes.

The relatively small sample of 101 participants in interviews limits the validation and generalization of the findings. The critical incident methodology, although is appropriate to explore problems and proved to be useful in this study, it makes difficult to collect a wider sample. In addition, the sample may not well

represent mainland China as a whole. We collected data from the three cities of Guangzhou Nanjing and Quanzhou. These cities are all different than other cities in China.

Another limitation is that for each incident participants recalled, we only collect one party's view (either government officials or business managers). Although we interviewed both government officials and business managers, they recalled different incidents. It is possible that the other party may have different perceived goal interdependence to the incident, have different perceptions on conflict managing approach and report different outcomes.

This study relied on Western-developed scales. Although the scales have been tested in China, some researchers still doubt the viability of applying scales developed in the West to China because Chinese people's perceptions and understandings of certain issues may be different and are likely to result in different outcomes (Helms, 1992; Hofstede, 1993). Replicating findings on the model with the scales in this study would strengthen this study's findings.

Possible Future Research

This study highlights the following future possible research directions. First, cases in this study reveal that government and business can work together on different social areas like community development, public welfare, and business investment. The needs and resources of both parties are apt to vary depending upon these areas. Therefore, government and business interaction may construct and

develop differently depending upon the area of collaboration. The future research could investigate the dynamics of government and business cooperation in different areas.

Second, it would be useful to provide direct verification of the dynamics of goal interdependence, conflict managing approaches and outcomes in government-business cooperation, with more systematic data collection such as a wider sample or gather data from both parties on a same incident. Experiments can test the model with high internal validity by providing direct evidence of causal relationships.

Conclusion

Conflict management has been studied for several decades in a variety of social aspects. But conflict management between government officials and business managers has received little attention. This study examines how government officials and business managers in China manage their conflict and its effects. It also identifies predictors of different conflict approaches taken by government officials and business managers.

This study links the literature of conflict management and government-business relations. Few studies examine conflict management between government and business. This study explores the effects of different conflict managing approaches on government and business cooperation. It gives implications for government officials and business managers on how to make good use of conflict

for mutual benefit.

This study shows that when government officials and business managers conduct conflict for mutual benefit, they can combine their resources, advantages and ideas to resolve conflict. When conflict is regarded as a common problem, both parties try their best to develop an effective resolution. Therefore, government and business collaboration can have positive outcomes like better task accomplishment, more confidence for future collaboration and improved public interest. But contrary to the hypothesis, win-lose competitive conflict was not found to undermine collaboration outcomes. Results suggest that avoiding conflict undermines task accomplishment and public interest. When government and business take avoiding conflict approach, they try to smooth over difference and make superficial harmony. Thus, as conflict is not resolved, it negatively impacts government and business collaboration.

This study testifies to the role of goal interdependence on predicting conflict management between government and business in China. Results indicate that cooperative goals between government and business are an important condition for conflict for mutual benefit and that in turn lead to better task accomplishment, more confidence for future collaboration and improved public interest. Whereas, competitive and independent goals promote win-lose competitive conflict, an approach that was not found to be useful.

Findings suggest that concluding their goals are positively related is an

important antecedent for conflict for mutual benefit and that this interaction can promote task accomplishment, future collaboration and public interest. Challenging traditional ideas that avoiding conflict is much preferred by Chinese people (Triandis, 1990; Kirkbride, Tang, and Westwood, 1991), this study provides evidence that openly conflict managing approach for mutual benefit can be adopted and productive in China, specifically between government officials and business managers.

Appendix I



Contact: Ms Wu Xinru, Crystal

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Government and Business Interdependence in China (Company Questionnaire)

Interviewee: _____

Position: _____

Organization: _____

Years at organization: _____

Gender _____ Age _____ Education Level _____

What industry does your firm belong to? _____

What is the ownership of your firm?

State Owned Enterprise

Joint Venture

Private firm

Others _____ (please elaborate)

A. We are studying interdependence between government and business. We want you to recall and describe a concrete example when you interacted with government officials and had different opinions during the interaction. Please select a situation when you and government interacted and it affected the public interest of the city and area. It can involve such aspects as building the community, projects to promote social welfare, and supervision from the government. The situation may have turned out to be successful or unsuccessful.

B. Describe what led to the situation, with whom you were working, what happened, how both of you reacted, and what were the results of the interaction?

[Scales]

Goals

What were your objectives in this interaction?

(Record Verbatim)

What were the other person's objectives in this interaction?

(Record Verbatim)

These questions ask you about how you and your partner worked together at the beginning of the incident:

Cooperative goals

1. In this incident, our partner and we ‘swim or sink’ together with each other

Little 1 2 3 4 5 6 7 A Great Deal

2. In this incident, our partner and we wanted each other to succeed.

Little 1 2 3 4 5 6 7 A Great Deal

3. In this incident, our partner and we sought compatible goals with each other.

Little 1 2 3 4 5 6 7 A Great Deal

Competitive goals

4. In this incident, our partner did things in ways that promote their own goals rather our goals.

Little 1 2 3 4 5 6 7 A Great Deal

5. In this incident, our partner and we liked to show that we are superior to each other.

Little 1 2 3 4 5 6 7 A Great Deal

6. In this incident, our partner gave high priority to the things they want to accomplish and low priority to the things we want to accomplish.

Little 1 2 3 4 5 6 7 A Great Deal

Independent goals

7. In this incident, our partner and we “do our own thing” without regard to the other.

Little 1 2 3 4 5 6 7 A Great Deal

8. In this incident, our partner and we like to be successful through our own work.

Little 1 2 3 4 5 6 7 A Great Deal

9. In this incident, our partner and we work for our own independent goals.

Little 1 2 3 4 5 6 7 A Great Deal

The following questions ask you about how you actually approached and discussed issues in this case.

Cooperative conflict

10. The partner and we encouraged a “we are in it together” attitude.

Little 1 2 3 4 5 6 7 A Great Deal

11. The partner and we sought a solution that will be good for all of us.

Little 1 2 3 4 5 6 7 A Great Deal

12. The partner and we treated conflict as a mutual problem to solve.

Little 1 2 3 4 5 6 7 A Great Deal

13. The partner and we worked so that to the extent possible we all got what we really wanted.

Little 1 2 3 4 5 6 7 A Great Deal

14. The partner and we combined the best of positions to make an effective decision.

Little 1 2 3 4 5 6 7 A Great Deal

15. The partner and we work together for the benefit of both of us

Little 1 2 3 4 5 6 7 A Great Deal

Competitive conflict

16. The partner and we demanded that the other agree to our own position.

Little 1 2 3 4 5 6 7 A Great Deal

17. The partner and we wanted the other to make concessions but did not want to make concessions ourselves.

Little 1 2 3 4 5 6 7 A Great Deal

18. The partner and we treated conflict as a win-lose contest.

Little 1 2 3 4 5 6 7 A Great Deal

19. The partner and we overstated our own position to get its way.

Little 1 2 3 4 5 6 7 A Great Deal

Avoiding conflict

20. The partner and we smoothed over differences by trying to avoid them.

Little 1 2 3 4 5 6 7 A Great Deal

21. The partner and we sought harmony even at the expense of open discussion.

Little 1 2 3 4 5 6 7 A Great Deal

22. The partner and we tried to avoid discussing divisive issues.

Little 1 2 3 4 5 6 7 A Great Deal

23. The partner and we express our views fully?

Little 1 2 3 4 5 6 7 A Great Deal

These questions ask you about the effects after the incident was completed.

- (1) Specify the effects of this interaction on you:

- (2) Specify the effects of this interaction on the organization:

Task accomplishment

24. How much did you and this partner make progress on the task because of this interaction?

Little 1 2 3 4 5 6 7 A Great Deal

25. How efficiently did you and this partner accomplish the task?

Little 1 2 3 4 5 6 7 A Great Deal

26. How effectively did you and this partner work on the task?

Little 1 2 3 4 5 6 7 A Great Deal

Future cooperation

27. How much did this interaction help you feel confident that you and your partner can use your abilities effectively in the future?

Little 1 2 3 4 5 6 7 A Great Deal

28. How much did this interaction help you feel motivated to work with this partner in the future?

Little 1 2 3 4 5 6 7 A Great Deal

29. How much did this interaction help you feel more motivated to take on projects with your partner?

Little 1 2 3 4 5 6 7 A Great Deal

Public interest

30. In this incident, the partner was acting in the public interest.

Little 1 2 3 4 5 6 7 A Great Deal

31. In this incident, the partner listened to concerns raised by the public.

Little 1 2 3 4 5 6 7 A Great Deal

32. In this incident, the partner listened to what ordinary people think.

Little 1 2 3 4 5 6 7 A Great Deal

**Government and Business Interdependence in China
(Government Questionnaire)**

Interviewee: _____

Position: _____

Organization: _____

Years at organization: _____

Gender _____ Age _____ Education Level _____

A. We are studying interdependence between government and business. We want you to recall and describe a concrete example when you interacted with business managers and had different opinions during the interaction. Please select a situation when you and business firms interacted and it affected the public interest of the city and area. The situation may have turned out to be successful or unsuccessful.

B. Describe what led to the situation, with whom you were working, what happened, how both of you reacted, and what were the results of the interaction?

[Scales]

Goals

What were your objectives in this interaction?

(Record Verbatim)

What were the other person's objectives in this interaction?

(Record Verbatim)

These questions ask you about how you and your partner worked together at the beginning of the incident:

Cooperative goals

1. In this incident, our partner and we 'swim or sink' together with each other

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6. In this incident, our partner gave high priority to the things they want to accomplish and low priority to the things we want to accomplish.

Little 1 2 3 4 5 6 7 A Great Deal

Independent goals

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Little 1 2 3 4 5 6 7 A Great Deal

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Little 1 2 3 4 5 6 7 A Great Deal

15. The partner and we work together for the benefit of both of us

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Competitive conflict

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Little 1 2 3 4 5 6 7 A Great Deal

18. The partner and we treated conflict as a win-lose contest.

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Future cooperation

27. How much did this interaction help you feel confident that you and your partner can use your abilities effectively in the future?

Little 1 2 3 4 5 6 7 A Great Deal

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Little 1 2 3 4 5 6 7 A Great Deal

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