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# **CHAPTER 1**

## **INTRODUCTION**

Since the launching of reforms in 1979, the People's Republic of China's economy has experienced remarkable growth. There's no doubt that a catalyst of this economic expansion has been the opening up of Chinese companies to foreign investors. The number of Sino-foreign joint-ventures, which are a privileged form of investment granted by the Chinese statistics, at the end of 2002, represented approximately two thirds of about 300 000 foreign investment projects that were approved by Chinese authorities. In fact, among the developing countries, China is currently the one, which attracts the most Western investments.

During the last 50 years the professional discipline of project management has become well established in the Western business world. Until recently China has been relatively isolated from the influence of Western management practices, including project management practices. However, since the Chinese economic reforms of the 1979s, Western project management has become increasingly recognized in China as a management approach with potentially broad application.



Along with the process of the economic world, project management has been a trend just like a flood. Nothing can stop it. The enterprise use resources not only in the home country but also in the whole world. Of course in the intercultural environment the enterprise must appear to unquenchable challenge and chance. The business succeeds or not depends on how to manage in the intercultural environment.

With the growing of the international business there are more business cooperation opportunities between China and Western country. Because of the difference of culture between China and Western country enterprise, we will have to face many problems and conflicts caused by culture difference in communication and cooperation, especially in joint venture. Different culture has different effect on people's behavior. In the joint venture company there are too many people who come from different countries. They work in the same environment. So it is quite possible that some problems and conflict will emerge because of culture difference. Some international companies failed just because they ignore the influence of culture. So the problems caused by the culture difference are very important. If it is not solved on time, the company will suffer big losses.

Conflict handling styles have been given considerable attention in research on international joint ventures (IJV) (Black/Mendenhall 1993, Fey/Beamish 1999, Koot 1988, Lin/Wang 2002). Studies suggest that cultures differ in their preferred forms of handling conflict (Chua/Gudykunst 1987, Elsayed-Ekhoully/Buda 1996, Leung 1987, Morris et al. 1998, Ting-Toomey et al. 1991, Trubisky/TingToomey/Lin 1991, Chen/Ryan/Chen 2000,

He/Zhu/Peng 2002). The managerial importance stems from the fact that participants' adoption of different conflict resolution strategies not only affects the immediate resolution of a specific disagreement, but also has critical relational consequences (Lin/Wang 2002). While most of Western-based literature suggests that the right amount of conflict is healthy in organizations (Robbins 1974), many Asian cultures, East Asian cultures in particular, consider that conflict has a negative effect on the balance of feelings within the work unit (Swierczek 1994).

Understanding the ways in which people from different cultures approach resolving conflict is, therefore, of great importance. Although many researchers have addressed this problem, only a limited number of empirical studies have examined cultural or national differences in managers' preferences for conflict resolution styles in joint venture settings (Habib 1987, Lin/Wang 2002). To investigate this issue, the present research is based on joint venture between Chinese local companies and partner companies from Western regions. As such, this research provides a unique opportunity to examine the impact of national cultures, given the prevailing belief that culture exerts an influence on conflict resolution behavior.

This thesis, using the case of China-American joint venture enterprises in China, will look into the different behavior of partners when solving project management conflict within joint ventures. They have different project management conflict styles because of the culture difference between China and America and when two project managers originating of the

two countries work together it is a source of conflicts. The managers from different countries always have their own methods or managing styles to solve conflicts, but joint venture enterprise is a special organization. We can't say it is a Chinese or American company, because it is a mixture of both. We believe the unitary method or managing style isn't very fit for the joint venture enterprise for solving problems. From this point of view we will look into the different behavior of partners when solving project management conflict and try to give some suggestion on how joint venture enterprise should resolve conflicts. This research will not only throw light on the academic issue of conflict resolution, but also provide practical guidance to those who want to invest in China. The rest of this thesis is organized as follows. After reviewing the theoretical grounding and developing proposition on cross-cultural and cross-national differences in conflict resolution strategies, we will discuss the research methods employed in this study. Then we will report our empirical results with a discussion of our findings. Finally, managerial implications of the research will be presented.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

In recent years, many researchers and practitioners in project management have reported that there is an increasing trend in the use of cross-functional project teams because of the dynamic nature of today's projects and their life cycles. Joint venture (JV) projects based companies exist both as a mode of foreign investment and as a means of technology transfer. They have increasingly become the dominant form of international business growth for multinational enterprises seeking expansion of opportunities in both developing and developed markets.

This review of literature will present a number of sets of information about cultures and conflicts in joint venture companies. It can be divided into five categories : a) project management theory, b) culture, c) the factors affecting the style up to the culture, d) culture and joint venture, e) conflict and culture.

#### **2.1. Project Management Theory**

In this part, we would like to provide some project management theories, such as the definition of project and project management, the activities of project management, the processes of project management and the styles of project management.

### **2.1.1. Project and Project Management Definition**

A project may be defined as: "A unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or an organization to meet specific objectives within defined time, cost and performance parameters." (MacLahlan, 1996: 2)

What is more, we would add that the project is only completed when the intended product or deliverable has been transferred satisfactorily into the hands of the customers.

This definition implies that a project involves both a process and an organization. This is very much distinct from the "product" which is the resulting output. In this respect, the word "project" is often misused to refer to "the end result", i.e. "the product". It should also be noted that a process is a "journey through time" and that the objectives, expressed in terms of scope, quality, time and cost determine the "boundaries" or limitations imposed on this journey. The measure of "customer satisfaction", on the other hand, is the measure of the project success as reflected in the perception and acceptance of the end product.

Project management can be defined as: “The application of knowledge, skills, tools, and techniques to project activities to meet the project requirement.” (Project Management Institute [PMI]. 2000, P.6)

Project management, then, is the management of the process or journey just described. Yet, it also has a fundamentally underlying concept. Perhaps this point was best demonstrated more than 2,500 years ago by the well-known Chinese philosopher Confucius, when he said, "In all things, success depends upon previous preparations - and without preparations there is sure to be failure."

In modern parlance, this elementary observation is translated into a simple two-step sequence: "Plan before doing". This basic concept is the foundation of the project life cycle by which one project needs to be managed. That is to say, firstly you should plan a project, and then accomplish what you have plan. This is also reflected in the Demming Quality mantra "PDCA" (also known as the Demming Wheel) which stands for Plan, Do, Check, Act and describes the Demming quality control management cycle.

### **2.1.2. Project Management Activities**

As we know, project management is the planning, organizing, directing, and controlling of company resources for a relatively short-term objective that has been

established to complete specific goals and objectives (Kerzner, 1995). Producing high levels of productivity and quality and low levels of uncertainty are also objectives of project management. It is the management of all the factors that surround and enable the technical work to be accomplished.

Project management is an organized or structured approach for managing a variety of independent, interdependent events and activities leading toward a common outcome. These activities are listed as follows:

- Goals, objectives, and acceptance criteria are defined.
- A plan is developed.
- Resources are available.
- Work is performed according to the plan.
- All efforts are coordinated to achieve the desired end.
- Intermediate results are towards the original goal.
- Interested parties are kept abreast of project performance.
- The original goal is still desired.
- The plan is adjusted to keeping it up to date.
- The final result is acceptable.

### **2.1.3. Project Management Process**

What we call the project management process is the specific methodology that has been developed for the management of all systems applications in a company, no matter where such applications may occur, or how large or small they may be.

A project is divided into the following processes (PMI 2000):

- Initiating.
- Planning.
- Executing.
- Controlling.
- Closing.

Connecting these processes and providing the fuel upon which they all work are communications -- candid, complete, clear, mutually understood and controlled.

Communication is the critical ingredient that gives project stakeholders the ability to negotiate, plan, solve problems, keep one another informed and reach consensus.

The processes use the techniques and principles associated with scope management, time management, cost management, communications management, human resource management, quality management, risk management and procurement (contract) management.



#### **2.1.4. Project Success**

For the most part, a successful project meets its objectives within time and budget constraints, while fulfilling the needs of stakeholders, including: project sponsors, product users, product managers, product support people, project performers and participants. Project sponsors and users should be satisfied that project results will add value. A project may be regarded as successful if it is cancelled when it becomes clear that it will not add value.

A product is the result of a project. It might be a new or upgraded software product, a business process, or service. Product success depends on the usefulness and marketability of a product, typically related to reducing operating costs, improving customer service, and making profits, etc.

Project objectives should be measurable, linked to strategic initiatives, prioritized with respect to one another and the objectives of other projects, clearly understood by project stakeholders, and expressed as a few major objectives which may be subdivided into more detailed aims.

### **2.1.5. Project Management Styles**

In terms of project management, we can't say that there is only one style, just one can fit all. Different project managers can have different styles for different projects, and run projects of similar nature yet in different ways in different countries. Differences may derive from cultural distinctions, as well as unequal importance given by project managers and their customers, to the various success measures of the project.

From the point of view of results, the effectiveness of an organization is determined by the way work is organized and by the way people work with or against each other. The way, in which people co-operate with each other, with the leadership and with the community, and indeed the extent of their commitment to their organization, rest upon the styles of project management.

Various styles of project management will have an impact on people and on the way in which people work together. This in return will affect the end-results. As an example, just imagine the many supplies and services required to enable a large city like Beijing to survive. Food has to be produced, harvested, stored and transported; waste products have to be collected and treated or dispersed; electricity has to be generated and distributed; transport has to be provided; houses have to be built; streets have to be cleaned and maintained; districts have to be policed. And all these are necessary for millions of people in everyday life.

In this modern, industrialized, technological and highly competitive international environment, it is essential that many experts from diverse areas of activities, diverse levels of society, diverse backgrounds of communities work together to successfully accomplish large projects such as exploring space, building large oil gatherings and refining installations.

Many experts have to work together to provide our daily needs, to enable us to lead good and satisfying lives. Discord in one area can inconvenience many people, as a consequence, it is critical that people co-operate with each other freely and effectively.

Experience shows that the larger the projects, the more difficult it is to achieve the necessary degree of co-operation and that larger projects are usually much less effective than smaller ones as people are working against each other instead of co-operating. Most people will see that the improvement of the styles of project management can by itself increase the effectiveness of operation and this improvement will reduce the way in which resources are being used by about 20-30% (Daniel Z Ding. Management Research News, 1993). The gains to be made by improving the styles of management are thus rather considerable not only from the point of view of a better return to the shareholders and to the community, but also from the point of view of greater contentment and satisfaction felt by employees.

People live and work together. What is the important thing is that the way in which they feel about their place of work, and the way in which they co-operate, relies on controllable factors and the styles of management.

Those who live with you, work with you, or work for you will take into consideration living and working with you in one way or another. There is no doubt that the way in which they react depends on the way in which you behave including your styles of management. In fact many factors can explain the behavior of people and manager. (Manfred Davidman 1997)

## **2.2. Culture**

Projects involve people who work cooperatively together toward a common end, within an established time frame and budget to produce identifiable deliverables. During the past 50 years, project success has been defined by the criteria of time, budget, and deliverables (Atkinson, 1999). During the 50 years, projects have continued to fail in their efforts to achieve this commonly known iron triangle. The failure to meet the success criteria is supported by repeated surveys and research efforts that clearly identify a low ability to consistently achieve the project team goal (Meadows, 1996; Ollila, 2002). From the perspective of literature of project management, a partial listing of project failure causes includes "poor requirements definition" (Faulconbridge & Ryan, 2002), selection of the

wrong person as project manager and/or misused management techniques (Kerzner, 1998), or inadequately applied project management principles and processes (Cleland & Ireland, 2002). A common theme to project management success or failure is the participants involved in a project.

People and their culture is an area that is common to all projects. Still, culture is an area that has been identified as a cause of project failure (Dinsmore, 1984; Jaeger & Kanungo, 1990; Verma, 1995; Muriithi & Crawford, 2003). Since everyone brings his culture to the project, the project manager needs to be aware of, and understand how culture can and will impact the project.

### **2.2.1. The Meaning of Culture**

Cultures exist subconsciously in our society today. A fish merely discovers its need for water when it is no longer in it (Trompenaars and Hampden-Turner 2000). It is such that, removing the cultural boundaries that bind communities together, is like depriving a fish of water.

Experience in managing international projects indicates that, for culture convergence to take place, managers of both parties need to understand the culture of the other side, and analyze the different patterns that make up the culture. This means that learning the other country's history, geography, economy, religion, traditions and politics. Both sides,

therefore, need to become fully aware of fundamental differences involving educational level, professional experience, experience on this kind of project, knowledge of the language, and host country way of life.

The culture has been defined in various ways by diverse people. A sampling of these definitions can be provided. Kluckhohn (1951, p.36) described culture as “patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts.” Hofstede (1984, p.21) defined culture as “the collective programming of the mind which distinguishes the members of one human group from another.” These definitions can be combined into the following definition: “Culture is an evolving set of shared beliefs, values, attitudes, and logical processes that offer cognitive maps for people within a given societal group to perceive, think, reason, act, react, and interact. This definition implies that culture is not static; rather, it evolves over time” (Tung, 1995, p.491).

Culture is the product of interaction between human beings who share a certain environment and who live in a certain region at a certain period of time, in other words, people who interact with each other within certain geographical and historical limits. The outcome of such interaction is what we call traditions, taste, art, literature, laws and the like. In this way, culture can distinguish one group of people from another.

Basically, culture is the whole of the mankind's knowledge, beliefs, arts, morals, laws, customs, and other capabilities and habits adapted by individuals as members of society. Culture comprises an entire set of social norms and responses that condition people's behavior; it is acquired and inculcated, a set of rules and behavior patterns that an individual learns but does not inherit at birth. For this reason, culture may be considered the enduring norms, values, customs, and behavioral patterns available to a particular group of people. Culture refers to a set of shared values, norms and beliefs held by the members of a group, such as a nation or an organization (Hofstede, 1994; Lewicki, Litterer, Minton & Saunders, 1994).

### **2.2.2. The Main Element of Culture**

Culture contains a good many of abstract things, but the sources of culture are basically families, educational institutions and religions.

#### **2.2.2.1. Families**

The most fundamental unit to the development of culture is the family. The construction of family households varies among cultures. For instance, in America, families have been fairly independent units. However, in many cultures, such as that of Italy, one family unit is made up of the mother, father, children, grandparents, and uncles.

#### **2.2.2.2. Educational institutions**

Another fundamental source of culture development is educational institutions differing from society. Some societies, like Germany, heavily emphasize organized, structured forms of learning stressing logic, while others, including Great Britain and America, take a more abstract, conceptual approach.

#### **2.2.2.3. Religions**

Different societies develop different religions, which are the major causes of culture differences in many societies. Religious systems, on the whole, “provide a means of motivation and meaning beyond the material aspects of life.” (Lustig and Koester 1999) A case in point is that the United States, to a certain extent, reflects the Protestant work ethic. Protestantism, like Catholicism, derives from Christianity. On the other hand, many Asian cultures, such as Japan and China, are heavily influenced by Buddhism and the practical aspects of Confucianism.



### **2.2.3. The Culture Dimension**

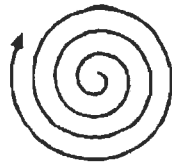
The foregoing definitions of culture suggest that culture is a very broad concept that encompasses numerous and varied dimensions. (Hofstede, 1984) The specific cultural dimensions that have a significant impact on cross-national business interactions are: (1) high-versus low-context cultures; (2) monochronic versus polychronic time; (3) miscommunication; and (4) Hofstede's four cultural dimensions. These dimensions can be used as a means of understanding and comparing cultures. Failure to take into consideration differences across cultures/nations along these dimensions can lead to misunderstanding, mistrust, conflict, and even open hostility by people of different nations.

#### **2.2.3.1. High-context Versus Low-context Cultures**

In the context of cross-national communication, there are significant differences in styles and patterns of communication between members of high versus low-context cultures (Hall, 1973). In high-context cultures, such as Japan, China, Arabic and Mediterranean countries, communication is primarily implicit. This implicit mode of communication is possible because of the close personal relationships among family members, friends,

colleagues, and clients, which collectively form an extensive information network (Hall and Hall, 1987).

High-context cultures are characterized by “synthetic, spiral logic” and prefer an “indirect, no confrontational” mode of conflict resolution. In low-context cultures, such as the United States, the Scandinavian and north European countries, on the other hand, communication is often explicit. Low-context cultures tend to use “analytic, linear logic” and usually espouse a “direct, confrontational” attitude toward conflicts and conflict resolution (Ting-Toomey, 1985). Research has shown that there is a high correlation between high context cultures and questionable payments. It is erroneous, however, to construe all types of gift-giving as questionable payments (Hall and Hall, 1987). Gift giving, for example, is very prevalent in East Asian societies. In high-context cultures characterized by close tight-knit networks, such gift giving is designed to nurture and cement the cordial relationships among members in the group. Gift giving in such societies is often reciprocal. Since a major objective in gift giving is to please the recipient, caution should be exercised in selecting gifts to ensure that such items will not be considered offensive and/or omens of bad luck in the foreign culture. Furthermore, in some societies such as Japan, the wrapping of the gift may be as important as the gift itself. In high cultures, messages are implicit and indirect. One reason is that those who are communicating-family, friends, coworker, and clients-tend to have both close personal relationship and large information network. In low context cultures, people often meet merely to accomplish objectives. Since they do not know each other very well, they tend to be direct and focused in their communications.



Low context/Specific  
From specific information to  
general, contextual information



High context/Diffuse  
From general, contextual information  
to specific information

FIGURE 1: HIGH CONTEXT AND LOW CONTEXT

“Managing Cultural Differences Strategies for Competition Advantage” Lisa

Hoecklink (1995 □ Page 98)

#### 2.2.3.2. Monochronic VS Polychronic Time

The orientation toward time also varies across societies. Monochronic time (M-time) involves doing one thing at a time, whereas Polychronic time (P-time) entails engaging in several activities all at once. M-time people “concentrate on the job; take time commitments (deadlines, schedules) seriously; are low-context and need information; adhere religiously to plans; are concerned about not disturbing others; follow rules of privacy and consideration; emphasize promptness; (and) are accustomed to short-term relationships.” P-time people, on the other hand, “are highly distractible and subject to interruptions; consider time commitments an objective to be achieved, if possible; are high-context and already have information; are committed to people and human relationships; change plans often and easily; are more concerned with those who are closely related; base promptness on the

relationship; (and) have strong tendency to build lifetime relationships” (Hall and Hall, 1987, pp.16-19). Most people from the United States, Scandinavian and north European countries operate on M-time, whereas the rest of the world's population appears to function on P-time. In some societies, however, both modes can be combined. Consider that the Japanese operate on an M-time basis in their handling of technology and in their transactions with foreigners, but revert back to a P-time mode in other aspects of their daily lives, particularly in interpersonal relationships. This explains why Japanese employees, in general, do not appear to separate their work from their personal lives. This different orientation toward time also explains why punctuality in adhering to scheduled appointments is not an important concern in Arabic and Mediterranean countries.

#### **2.2.3.3. Miscommunication**

Communication is the process of transferring meanings or interpretation from one sender to one receiver (Figure 2). On the surface, it appears to be a fairly straight forward process. Although the communication process is the same worldwide, its use is often influenced by culture difference. Miscommunication, both verbal and non-verbal, can create misunderstandings, lead to conflicts, and thus pose barriers to cooperation. Effective communication, on the other hand, can break down such misunderstandings and thus facilitate performance in an organizational setting. Miscommunication can arise when the message intended by the sender fails to resemble the message perceived by the receiver. This gap between intention and perception can stem from the different fields of experience of the

sender and the receiver, including the meanings/interpretation assigned to specific words and the encoding/decoding of message on either side (Ronen, 1986). These different fields of experience are largely culture-based. As noted earlier, members of high-context culture flourish on implicit messages whereas members of low-context cultures insist on directness.

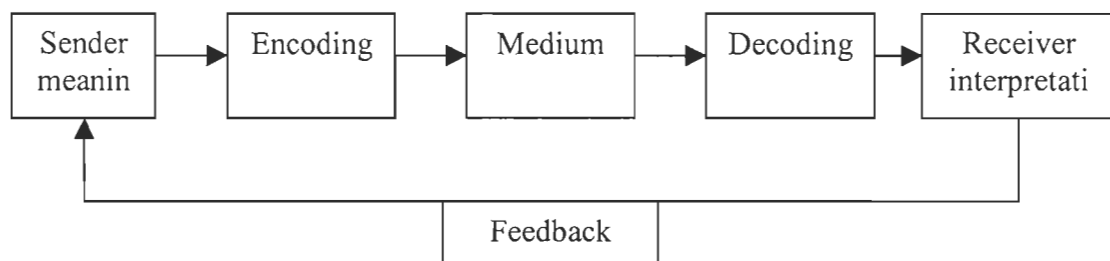


FIGURE 2: THE COMMUNICATION PROCESS

#### 2.2.3.3.1. Verbal Miscommunication

It is estimated that only 30 percent of the information transmitted in a conversation is verbal, while the remaining 70 percent of communication is essentially non-verbal (Hall, 1973). This is not to discount the significance of languages in cross-national communications. Even where interpreters are used, misunderstandings can arise due to inadequate interpretation services. Slangs and/or colloquialisms can often be misinterpreted.

Furthermore, some messages, jokes for example, are almost impossible to translate because the punch-line does not carry the same meaning in different languages. Even peoples from English-speaking countries may use words distinctly. The British, for example, use the term “petrol”, whereas Americans use “gas”. Orasanu, Fischer and Davison (1997) have discovered that a significant number of aviation accidents or near mishaps in recent years can be attributed to cultural and communication problems. These include problems attributable to language/accent, dual language switches, unfamiliar terminology, and differences in social interaction style.

#### **2.2.3.3.2. Silent Language**

Hall (1973) has labeled the non-verbal form of communication as the “silent language”. He identified five dimensions of the “silent language”: time, space, material possessions, friendship patterns, and business agreements.

1. Time involves the concept of monochronic versus polychronic time.
2. Space refers to personal and architectural space and the importance assigned to certain spatial locations. The personal space (physical distance) maintained between two individuals in the course of a conversation in the United States, Scandinavian and north European countries is typically greater than that between two individuals in Arabic and Mediterranean societies. In the latter countries, people stand in much closer physical proximity to each other.

3. Material possessions refer to the extent to which peoples of different society's value material possessions and the way in which they are flaunted.
4. Friendship patterns refer to the way in which people associate with others.
5. Business agreements refer to the way in which agreements are formed and the extent to which they are binding in different societies.

#### **2.2.3.4. Hofstede's Four Cultural Dimensions**

An approach that may be useful in identifying the various dimensions along which cultural differences could be measured is one developed by Geert Hofstede (Arvind V. P. 1995:132). Hofstede (1984) proposed four dimensions:

1. Power distance refers to the distance between individuals because of different social hierarchies, educational levels and occupations;
2. Uncertainty avoidance measures the extent to which people tend to feel threatened by uncertain ambiguous future;
3. Individualism is the tendency of people to look after themselves which is in direct contrast with collectivism, the tendency of people to belong to groups;
4. Masculinity tends to assertiveness, materialism and less concern for others, while femininity emphasizes a concern for others and relationships.

We would like to discuss these four dimensions separately. In countries where people display high power distance, employees respect their manager's formal position in the

hierarchy and work according to what the manager wants, which results in centralized structure. In countries where power distance is low, superiors and subordinates are regarded as equal in power and they find it easy to cooperate with each other. Initially, China had many traditional cultures about centralism, which was one person control the main power at hand. Even the parliament that established the law should obey his order. The civilians seldom had rights to announce their needs or opinions about social institutions and revolutions. In this case, we can find that the phenomena occurred before because of factors that have been important historically in China, such as traditional thoughts under traditional education, inequality and authority of different classes. Hence, low-power classes accept the big pressure resulted from the dominant class's high power and class-consciousness. By contrast, in America people will have more liberty of speech.

As we have explained above, countries with a high level of uncertainty avoidance have clear rules and regulations. Jobs provide more security and stability. On the contrary, low level of uncertainty avoidance leads to lower anxiety and stress from jobs. Companies are less formal and some managers take more risks. Japanese, for instance, may change their decisions after business contracts have been signed and prefer to keep necessary silence during business meetings, while Americans are convinced that contracts should be a stable element in the changeable international environment.

When referred to individualism, Hofstede (1984) found that economically advanced countries tend to place greater emphasis on individualism than do poorer countries. For



example, in the United States, Great Britain and Australia, individual achievement is highly valued and competition exists. In countries such as Panama and Pakistan, people have a strong belief in group decisions.

According to Hofstede's definitions, masculine societies define gender roles more rigidly than feminine societies. In business community, managers should be aware of the treatment to different genders under different cultural influences. In today's world, because of the masculine value, men take up most senior managing positions. But an experienced manager believes that it is preferable that men work with women since women sometimes are more sensitive. Therefore, to balance the masculinity/femininity from different cultures and backgrounds in order to maximize the team power is worth considering by managers.

In sum, Hofstede's model can help international project managers identify and describe the culture of a country and affect organizational processes. His research findings can be applied to specific situation and needs. This framework is especially useful to better understand people's conceptions of an organization, the mechanisms that are considered appropriate in controlling and coordinating the activities within it, and the roles and relations of its members (Hoecklin, 1996). Meanwhile, there are some limitations. Mead (1998) pointed out that Hofstede's model had the limits of the culture and worked within a single industry (i.e., the computer industry) and a single multinational company.

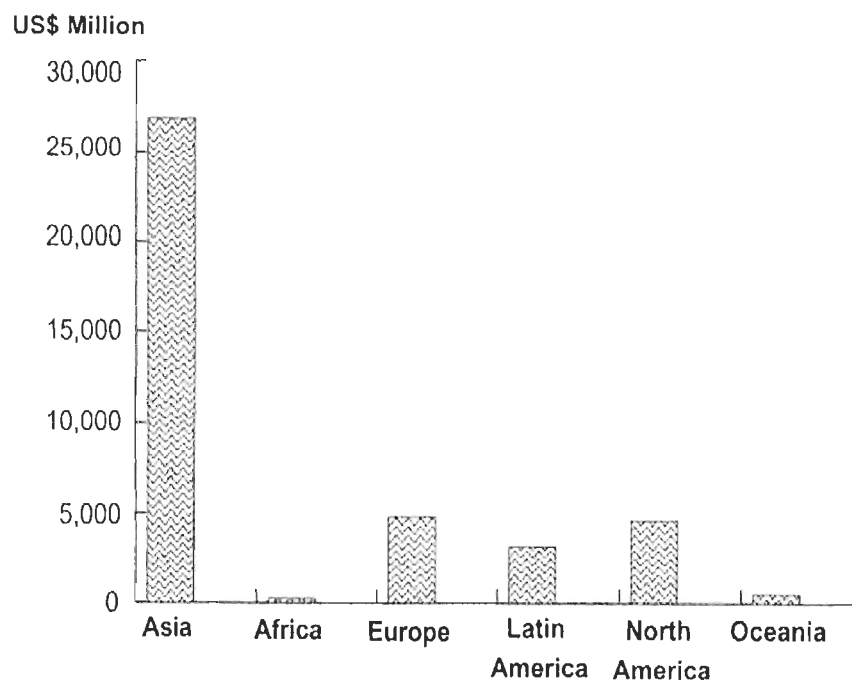
#### **2.2.4. Culture Difference**

Different countries have different cultures.. One country' ethic is decided by his culture. Because of the culture differences, it is easier to cause ethic conflicts. People are always proud of their own culture. Most people think that their own country culture is legitimate yet the dictions and behaviors of the people from other countries are strange. However, in fact, these strange dictions and behaviors are truly normal for foreigners themselves. With the increasing importance of the China's market in the world economy, numerous international companies rushed and planned to enter into China to explore business opportunities. They enter the huge market by forming joint ventures or participating in mergers and acquisitions. This has spurred the need for cross-cultural research in China. It was reported that the great barriers caused by cultural differences like difficulties of communication, higher potential transaction costs, different objectives and means of cooperation and operating methods, have led to the failure of many Sino-foreign cooperation projects. The questions like "how to understand China" and "how to do business with Chinese people" have occupied the minds of international business people who are planning to enter China.

##### **2.2.4.1. General Cultural Differences between the West and China**

China, as one of the largest markets across the world and perhaps the most appealing marketplace in Asia, is entering into global collaboration with a wide range of foreign

partners. As can be seen from Figure 3, apart from the foreign direct investments, from Asian countries, the second and the third largest investors are from North America and Europe. It seems necessary to investigate the cultural differences between China and its international business partners in North America.



Source: China Statistical Yearbook, 1999

FIGURE 3: FOREIGN DIRECT INVESTMENT IN CHINA

To clarify the differences between China and the West, we will refer to Hofstede's four cultural dimensions. Among researchers who have given a variety of definitions of culture, Hofstede is one of the first people to adopt a pragmatic problem-solving approach in the field

and relates culture to management. He defines culture as a kind of "collective programming of the mind, which distinguishes the members of one category of people from another" (Hofstede, 1980). He explained that culturally-based values systems comprised four dimensions: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance.

By comparing some Western countries with China along these five dimensions according to their cultural dimension scores (Data source: Hofstede, 1991), some tentative conclusions may be drawn. Firstly, Western countries seem to be generally lower (United States of America 40, Canada 39, United Kingdom 35, Germany 35, and France 68) than China (80) in power distance.

Secondly, in terms of individualism, Western countries are generally much higher (United States of America 91, Canada 80, United Kingdom 89, Germany 67, and France 71) than China (20). Moreover, Western countries seem to have short-term orientation while China is considered to be long-term oriented.

Thirdly, according to Hofstede (1980), individuals in masculine cultures value material success and assertiveness more than nurturance and caring as reflected in feminine cultures. The United States was found to be more masculine than China in Hofstede's study. Out of 50 countries, Hofstede (1991) pointed out that the United States was ranked 15th and China was ranked 33rd. Therefore, due to the cultural differences, people in China tend to place high

values on service, warm relationships, and life quality while people in the United States tend to emphasize assertiveness, performance, competition and success. According to the studies of Hofstede (1980 and 1983), individuals in a feminine society would be more concerned about environmental issues. The preservation of the environment will be of more value in countries with lower masculine cultures.

In addition, Hofstede (1983) found that individuals in high uncertainty avoidance societies believed that the rules adhere to the guidelines consistently and rigidly. They are more likely to follow a formalized set of ethical norms than those in low uncertainty avoidance nations. However, people in a strong uncertainty avoidance culture may more likely to view the absence of a rule as a license to do what may be concerned as unethical, compared with those in low uncertainty avoidance cultures who may think about breaking a rule for best serving society's interests (Goodwin and Goodwin, 1999). Vitell et al. (1993) posited that individuals in high uncertainty avoidance cultures will be less likely to perceive ethical problems, more likely to perceive negative consequences of their questionable actions, and more likely to consider formal professional codes of ethics, in comparison with individuals in low uncertainty avoidance cultures. In review of the dimension of uncertainty avoidance, we find that China's uncertainty avoidance index value is medium high at 69, while that of the United States is lower at 46. Individuals in a high uncertainty avoidance culture might view the unethical business practices which are done legally as less unethical than those in low uncertainty avoidance culture (Christie, et al., 2003). People in China

reflecting a higher uncertainty avoidance culture tend to focus more on legality than ethicality of their actions, compared with those in the United States.

Among these Western countries, the United States is frequently investigated in cross-cultural research, partly because of its economic power and its cultural representativeness. To a certain degree, the United States is considered representing the so-called "Western culture". Therefore, a comparison between USA and China seems to help clarify the cultural differences and related cross-cultural challenges between the West and China.

Despite the fact that the substantial changes that have occurred in China during recent years, China and USA differ greatly with regard to their economic systems, political systems, social values, and laws. Table 1 reveals the cultural dimension scores of USA and China (Data source: Hofstede, 1993). Some differences can be found. First of all, in terms of power distance, the scores of China are twice as those of USA, which indicates that China is centralized (though it has shown some tendency toward decentralized power) while USA is relatively decentralized. Secondly, USA ranks 1st in individualism (strong individualism) while China is low in individualism (strong collectivism). Thirdly, USA has higher value than China in masculinity, which indicates that USA is medium masculinity while China is medium femininity. Fourthly, China has higher values for uncertainty avoidance than USA, which shows that Chinese are relatively risk-avoiding while Americans are relatively

risk-taking. Last but not least, USA has a short-term orientation while China has a long-term orientation.

<b>Cultural Dimension Scores</b>					
<b>Country</b>	<b>Power Distance</b>	<b>Individualism</b>	<b>Masculinity</b>	<b>Uncertainly Avoidance</b>	<b>Long-term Orientation</b>
<b>USA</b>	40	91	62	46	29
<b>China</b>	80	20	50	60	118

**Table 1: Cultural Dimension Scores of United States and China**

#### **2.2.4.2. Types of Cultures**

There are different types of cultures based upon the nature of business, the amount of trust and cooperation, and the competitive environment. Typical types of cultures include national culture and organizational culture.

Employees' expectations, behaviors and performances may be different in various national cultures (Redding, 1990). The influence of national culture on individual behavior is

well established and the differences between eastern and western cultures are rather significant (Hofstede, 1980; Trompenaars and Hampden-Turner, 1998). The differences in national cultures are reflected in how organizations are structured and managed (Chen, 2001; Cheng, 1995; Hofstede, 1991; Trompenaars and Hampden-Turner, 1998). Firms in South Korea and Chinese firms in Taiwan, for example, tend to be owned by founders and families. They tend to be paternalistic, promote values of high power distance and collectivism, and have bureaucratic control and centralized decision making with little worker empowerment. Promotion is often associated with family ties and networks or “Guanxi” (Chen, 2001; El Kahal, 2002; Somers, 1995; Sommer et al, 1996). By contrast, Western firms tend to be owned by public shareholders and run by professional managers. They are flatter in structure, less bureaucratic, promote individualism, decentralized decision making and more empowering to their workers. Promotion is often linked with personal competencies and merits (Chen, 2001; El Kahal, 2002). With the trend towards globalization, organizations and managers need to have a greater understanding of the relative importance of organizational variables such as leadership styles and organizational cultures that determine levels of commitment and job satisfaction in different national contexts.

Every organization has its own unique culture, which is not quite the same as others. Consequently, members of an organization need to learn their own culture. These values can be changed when top management introduces new beliefs and attitudes. Organizational culture has a strong influence on the national culture. Where top management is able to build a strong and positive culture, which reflects the national culture, the behavior of employees



can be rendered more predictable. National culture is learned very early in life when the individual is still unaware of its influence. Organizational culture, on the other hand, is acquired much later in life at a conscious level. Hence, it can be deduced that national culture is more deeply entrenched in the individual than organizational culture. Hereby, it is tougher to change one's national culture than organizational culture.

The concept of changing one's organizational culture can be fraught with risks but may be inevitable in some cases, as for example, when the existing internal system has deteriorated or when environmental conditions have changed. Top management must initiate this change. It should also be highlighted that the development and survival of organizational change is not entirely dependent on individuals who make up the organization. This is evident in cases where people come and go within a company yet the organizational culture remains. The design of company's goals is therefore affected by organizational culture. As goals change, organizational culture also changes in tandem. The organizational culture of an existing company reflects the national culture in strong forms. It is logical for members of an organization to resist plans to impose a culture that does not reflect their national values. Hence, an understanding between top management and employees is critical to avoid unnecessary conflicts. Where organizational culture is weak and appears to have little influence, workplace values and behavior provide a clear reflection of national cultures and values. On the other hand, where an organizational culture is strong, the manager cannot take for granted that what he observes in the workplace is typical of a wider context. Cultural control can be achieved by using implicit norms that induce employees of different

nationalities to commit to a project. To fulfill the technical requirements, training can be provided to employees by explicitly writing all instructions in manuals. For the non-technical requirements, an emphasis should be placed on developing an awareness of organizational culture and by integrating any new- comer into the company.

### **2.2.5. What is “Guanxi”?**

In the previous paragraph, we divided the culture into national culture and organizational culture. “Guanxi” is a frequently used Chinese word familiar to both Chinese and non-Chinese. Many people think that “Guanxi” is an indispensable part of Chinese society and culture and that one cannot understand China without knowing about “Guanxi”. What does “Guanxi” mean? We can say that “Guanxi” is a kind of Chinese business culture; “Guanxi” is an important Chinese management element. “Guanxi” literally means "relationships", stands for any type of relationship. In the Chinese business environment, however, it is also understood as the network of relationships among various parties that cooperate together and support one another. The Chinese managers’ mentality is very much one of "You scratch my back, I’ll scratch yours." In essence, this boils down to exchanging favors, which are expected to be done regularly and voluntarily. Therefore, it is an important concept to understand if one is to function effectively in Chinese society.

#### **2.2.5.1. The importance of "Guanxi"**

Regardless of management experiences in one's home country, in China it is the right "Guanxi" that makes all the difference in ensuring that project will be successful. By getting the right "Guanxi", the organization minimizes the risks, frustrations, and disappointments when doing projects in China. Often it is acquiring the right "Guanxi" with the relevant authorities that will determine the competitive standing of an organization in the long run in China. Moreover, the inevitable risks, barriers, and set-ups you'll encounter in China will be minimized when you have the right "Guanxi" network working for you. That is why the correct "Guanxi" is so vital to any successful project strategy in China.

### **2.3. Cultural Influence to Project Management Style**

There are many factors that influence the project management styles. Culture is a very pivotal factor to project management styles. There is important relationship between culture and management.

#### **2.3.1. Culture and Management**

In today's global environment, success depends to a great extent upon the understanding of the dynamics and nuances of culture. Culture is here defined as the

“software of the mind”, a collective phenomena, shared with the people who live in the same social environment. It is collective programming of the mind, which distinguishes the members of one social group or category of people from another. It includes the society’s institutions, legal systems, government methods, family patterns, social conventions and all the interactions and transactions which define the particular flavor of a society (Hofstede, 1991). Andre Laurent (1983), also observed that national origin of managers significantly affected their views on how effective managers should manage. Iguisi (2001) noted that beliefs in the convergence hypothesis of management practices and creation of a global corporate village are strongly held among many managers and management scholars. He also noted that their core argument is that management is management, consisting of sets of principles and techniques that can be universally applied. He stressed that management is considered to be similar to engineering or science, and therefore transcends national boundaries and yet even in science and engineering this assumption may be misplaced. Jaegar et al (1990) stated that one assumption in most work in the area of comparative or cross-cultural management is that the organization is indeed an “open system”. Indeed, they stated that the practical impact of culture on management practices will therefore be twofold. Firstly, it will influence management behavior which might be said to be occurring “naturally”. Management behavior will reflect the values of the local culture. It will not include behavior which runs counter to culture. Secondly, culture will influence the perceptions which individuals in organizations have of the world around them. This will include their perceptions of both the internal and external organizational environments.

From the literature (Jaeger 1990), it is evident that cultures vary in distinct and significant ways. Our ways of reasoning, feeling, managing, and behaving are not mechanical, but are heavily influenced by our cultural heritage. Before the advent of cross-cultural research, it was generally believed that organizations were beyond the influence of culture and that organizational success was only determined by technology and job assignment. Due to cross-cultural research, we now know that culture influences organizational behavior at all levels, rather than attributing work to a simple mechanical outcome of technology or job assignment. This is in line with Jaeger et al (1990) observation that organizational function depends on the behavior and attitudes of people within a given society; organizational behavior is profoundly influenced by the socio-cultural environment within which the organization operates.

### **2.3.2. The Key Culture factor affecting the Project Management Style**

#### **2.3.2.1. Age**

Some authors (Jaeger 1988, Xiaohua Lin 2004, etc.) said that age is one of the factors to influence project management styles. This is because people in different age levels prefer different project management styles. Most of the young people are easy to accept new things and knowledge. So if the project management system contains too many people in the broadness of management, this project management style trend to modern styles. Oppositely,

if the broadness of project management contains too many elder people who are reluctant to accept new knowledge, this management styles trend to traditional styles. For example, information technology is a new industry growing fast. Normally, in this kind of company the age level is lower than the other companies. From the research in IT company, (Tuman, 1993; Remenyi, 1999) the average age level is about 33 years old. The project management styles depend on the age levels in the broadness of management.

#### **2.3.2.2. Race**

Because the race differences could lead to the culture differences, somebody will live in a special environment which is different from others after his birth. This environment has its own rules. So in this situation, people learn the knowledge and skills to live, and, of course, form their own live habits. The environment differences lead to different habits.. These habits influence directly the project management styles. For example, the obedience is so popular in the oriental countries that subordinates always esteem the managers. But most western employees like to work with their own plan and will defend their interests. The obedience showed from the subordinates to the superiors is partially explain by racial differences.

#### **2.3.2.3. Language**

According to the Benjamin Whorf theory (1996), the languages we speak largely determine our way of thinking. Because Chinese culture is high context culture, Chinese people always raise questions indirectly. It is determined that the Chinese people's way of thinking is indirect. Yet, for American people, English is their mother language. They are more in a low context culture environment. The way of their thinking is direct.

#### **2.3.2.4. Education**

Education level determined how much knowledge the people have (Zhu, 1999). If one country has a good education system, its people places high value on technology. The Human Development Index includes several factors such as longevity, education, and economic standard of living in its calculation. China ranks 87<sup>th</sup> placing it in the medium human development category. Prior to 1978, China's government emphasized general education, which lacked vocational and technical skills (Zhu, 1999, p333). Zhu states that higher education placed emphasis on traditional abstract theories, rather than practical or vocational training, resulting in graduates with limited training and lack of practical application.

During the Cultural Revolution time (1966-1976), China's training systems collapsed, halting education (Zhu, 1999, p352). This revolution resulted in a generation of Chinese deprived of proper education. As a result, in 1970 when economic reforms began, a generation of Chinese workers was poorly prepared for the demands of the market economy. Because of the history factors, there is a gap for Chinese people who have higher education.

The Chinese people with working ability can be divided into two parts. One is the age level above 50 years old; the other one is below 35 years old. During the Culture Revolution periods, China lost people with working capability. In America there is no cleavage in the working force.

#### **2.3.2.5. Conception of Value**

Traditional conception of value is the center of culture, so it can't be avoided in discussing cross-culture communication. One of the key points in understanding two valuable systems between the Chinese culture and the American culture is the differences between collectivism and individualism. Individualism is more popular in America. Individualism is the concept that stresses the rights and freedom of an individual. It is the emphasis on independence rather than dependence, whereby competition is encouraged over cooperation. Personal goals will take priority over the common goals of a group. (Samovar and Porter 2001). China is a collectivism country, so the concept of collectivism emphasizes the importance of group participation and goals rather than the achievement of the individual. Collectivist cultures share a sense of belongingness to the organization by showing their loyalty.

#### **2.3.2.6. Organizational Behaviors**



Different cultures require different behaviors, like what should be done and what shouldn't. Organizational Behavior (OB) is a systematic study of the actions and attitudes which people exhibit within organizations. The major psychological contributions to OB include values, attitudes, perceptions, personality and learning (Luthans, 1992). Motivation, an important component of OB, refers to the willingness to do something and is conditioned by the ability of the action to satisfy a physiological or psychological need for the individual. Contemporary motivation theories explain employee motivation by:

- recognizing individual differences; matching people to jobs;
- using goals and ensuring that goals are perceived as attainable;
- rewarding individuals;
- linking rewards to performance;
- checking equity in the system; and
- not ignoring the incentives driven by money (Moorhead and Griffin, 1995).

### **2.3.3. The Different Cultural Project Management Style**

Culture exerts a significant impact upon project management styles. Different countries have different cultures. Most of the project management literature and training is often treating projects as universal; assuming one set of techniques and tools applies to all situations. In reality, however, projects differ in many ways, and “one size does not fit all!”

Ask any project manager about their project, and they will tell you why their project is unique and how they must adapt their styles to their specific challenges and problems. Indeed, no two projects are alike. As any experienced manager will tell you, you must adapt yourself to the situation, the circumstances, the culture, and people - and you should not try adapting the environment to you.

#### **2.3.3.1. American Project Manager style**

American project managers have demonstrated a strong predilection towards networking with others who are outside the traditional vertical link between bosses and subordinates. Underlying networking activities are transactional contents which include the exchange of affect (liking and friendship) and power (influence, information, and favors) (Tichy, Tushman, & Fombrun, 1979). "Trade routes" are established between individuals which permit frequent exchanges of resources and favors (Kaplan, 1984). While some interactions serve only to affect purposes, many networking behaviors have power as an underlying transactional content (Michael, 1994). At least, various social behaviors help build personal relationships from which power, resources, and information may eventually be secured (Kotter, 1985). This is characteristic of American organizational behavior yet that is not widely seen in China.

American project managers' style is consistent with its cultural work values.

Americans' individualism and low power distance values encourage managers to take action and initiative on their own behalf and empower themselves to decide how the work is to be done (Hofstede, 1984). A work environment is created that encourages American managers to seek out relationships with those who can prove instrumental in getting work activities and objectives completed.

Another cultural characteristic of Americans is their propensity to behave in a monochronic fashion. Hall and Hall (1990) classify cultures as either monochronic or polychronic in nature. Polychronic people are committed to maintaining close interpersonal relationships, tend to do many things at once, and are likely to ignore time commitments. They are deeply involved with their employees and customers and feel that they cannot adequately serve them unless they know them well. Polychronic people do not maintain tight work schedules because of the disruptive effect it has on maintaining intimate interpersonal relationships (Hall, 1983). Monochronic people tend to think and behave in a linear fashion, take scheduled commitments seriously, and are accustomed to developing short-term interpersonal work relationships (Hall & Hall, 1990). The monochronic characteristic of American project managers results in the formation of many network relationships that are lacking in any emotional attachment or long-term personal commitment.

### **2.3.3.2. Chinese project manager style**

Chinese have arguably the most complex patterns found in any organizational setting. A distinguishable characteristic of Chinese relation behavior is the notion of “Guanxi”. Nothing in American managerial behavior resembles it. It refers to the continuous exchange of favors between individuals that facilitates the developing, cultivating, and maintaining of interpersonal relationships (Chen, 1995). While American project managers will pursue influencing strategies to reduce their dependencies on others (Pfeffer, 1992), Chinese project managers readily accept the notion of dependencies. The frequent exchange of gifts and favors is a way of maintaining face and showing off power (Hwang, 1987). Lower-level American managers may use favors, resources, and expert knowledge to gain power and influence over their bosses, resulting in a significant amount of dependency of bosses on their subordinates (Pfeffer, 1992). “Guanxi” relationships are initiated by higher-ranking managers that are designed to favor lower-level managers in Chinese organizations (Chen, 1995). In that regard, “Guanxi” resembles mentoring arrangements found in American organizations. Mentoring is a process by which inexperienced managers receive information and guidance on how to do their jobs and enhance their careers, while mentors acquire potential allies and loyal supporters (Luthans et al., 1988; Orth, Wilkinson & Benfari, 1987). The underlying transactional contents of mentoring have both affect and power components. “Guanxi” does not always involve friends but it does serve political purposes in the sense that it is used to get things done in an otherwise inefficient Chinese management system (Chen, 1995). “Guanxi” differs from mentoring in two ways. Firstly, it binds groups of people: "... if

you get involved with one person, you're suddenly involved with a whole network (of relations)... Complex personal relationships built of layer upon layer of interlocking connections formed a dense net" (Liu, 1983, quoted in Chen, 1995: 53). Thus, networks in Chinese organizations are much broader in scope than in American organizations. While "Guanxi" contains affection and power components, it also offers something that is uniquely Chinese - it increases one's face in the business community i.e., dignity, self-respect, and status (Chen, 1995).

Project manager styles between Chinese managers and subordinates are very much different from those of American. While empirical data are lacking on China's power distance score, which is a measure of status differences among people in organizations, Hofstede (1984) surmises that China has a moderate power distance score. He may understate the value since Chinese family businesses (CFBs) are reluctant to delegate authority to anyone outside the family (Chen, 1995; De Mente, 1989). Subordinates' dependency on bosses is likely to be high since they are dependent upon them for essential information and resources and approval of work activities (Chen, 1995). In addition, most Chinese businesses utilize a flat organizational structure and a high degree of centralization of authority, which creates a high degree of subordinate dependency on bosses (Kao, 1993).

## **2.4. Culture and International Projects**

Performance improvement for companies and governmental agencies involved in "international projects" is a major challenge of the new century. Business joint ventures, subsidiaries of multinational corporations, aid projects, and similar international projects have been multiplying in recent decades.

What we are calling "international projects" constitutes a major trend in the global environment of business, government, and voluntary sector organizations today. The most common examples are international business joint ventures, the foreign subsidiaries of multinational corporations, the development and humanitarian projects of governments, international organizations, nongovernmental organizations in the developing world, and intergovernmental cooperative programs (such as the international space program, police, and antiterrorism task forces, and even ongoing peacekeeping operations).

International projects, which could also be thought of as "intercultural" projects, share no small number of difficulties precisely because they are workplaces where local people and expatriates from different cultures must interact, produce and innovate together.

Despite different definitions of culture, there is a general consensus among organizational researchers that culture refers to patterns of beliefs and values that are

manifested in practices, behaviors, and various artifacts shared by members of an organization or a nation (Hofstede, 1980; Trice and Beyer, 1993).

Because organizations are, in many ways, embedded in the larger society in which they exist, research on culture differences of cross-national businesses should examine both national and organizational cultures. But with few exceptions (Hofstede et al., 1990; Newman and Nollen, 1996; Weber, Shenkar, and Raveh, 1996) past studies have not been concerned with culture difference at both levels. Hofstede et al. (1990) found that, whereas organizations from different nations differ in fundamental values, organizations from the same nation differ only in organizational practices. The authors therefore concluded that when both national and organizational cultures are examined, the former should be operationalized in terms of values, and the latter in terms of core organizational practices. Weber et al. (1996) also found that in international and domestic mergers and acquisitions, national and organizational cultures are separate constructs with variable attitudinal and behavioral correlates. As such, although national and organizational cultures have been regarded as separate constructs, it is also widely accepted that organizational culture is nested in national culture. Newman and Nollen (1996) reported that work units perform better when their management practices are compatible with the national culture. They advocate that management practices should be adapted to national culture for high performance.

In the context of both mergers and joint ventures, scholars have generally argued that alliances between culturally similar partners are more likely to be successful than alliances

between culturally dissimilar partners. Cartwright and Cooper (1993) define culture as "social glue," which serves to bind individuals and creates organizational cohesiveness. They state that in alliances "selections decisions are generally driven by financial and strategic considerations, yet many organizational alliances fail to meet expectations because the cultures of partners are incompatible" (Cartwright and Cooper, 1993, p. 57). Indeed, cultural incompatibility may cost more than strategic incompatibility in organizational alliances. Different culture types create different psychological environments for the joint ventures or the merged companies, and differences in practices have a negative influence on performance (Cartwright and Cooper, 1993). Thus, "the degree of culture fit that exists between combining organizations is likely to be directly correlated to the success of the combination" (Cartwright and Cooper, 1993, p. 60).

### **2.4.1 Joint Venture**

International joint ventures can be defined as independent organizations that federate the operations of two or more partners. Under such an organization, the partners remain distinct from the ventures, and from one another. Most of the problems encountered in international joint ventures can be traced back to cultural factors (i.e., mutually incompatible organization models). A number of studies actually attribute the feeble performance of the international joint ventures to cultural differences-"compatibility between partners is the most important factor in the endurance of a global alliance" (Lane & Beamish, 1990, p. 88).



The presence of major cultural differences (whether social or organizational) between the partners can lead international joint ventures to disaster if such differences are not rapidly assessed and controlled. It is also evident that certain international joint ventures will fail due to commercial, economic, or strategic difficulties, as is the case for any business venture. Yet such considerations do not explain the situation. It needs to be explored from different angles if I am to understand why most international joint ventures eventually fail. Given the large number of unexplained failures among international joint ventures, the focus has begun to shift toward the questions of cultural differences.

### **2.4.2 Joint Venture in China**

During the past two decades, the Chinese government promulgated a number of laws and regulations, including the joint venture law, to institutionalize a favorable environment for foreign investors. The Chinese government gives a uniform definition to joint venture companies. The definition is joining of two or more people to conduct a specific business enterprise. A joint venture is similar to a partnership in that it must be created by agreement between the parties to share in the losses and the profits of the venture. It is unlike a partnership in that the venture is for one specific project only, rather than for a continuing business relationship. As a result, the record of foreign investment inflow into China has been quite impressive. China has become the second largest foreign direct investment (FDI) recipient, after the US, since 1993. By the end of 2002, China approved an accumulation of

423,720 foreign investment projects, with a total utilized investment value of US\$ 446.3 billion. The leading sources of investment in China include Hong Kong, Japan, the US, Taiwan, Singapore and South Korea (Hong Kong Trade Development Council 2003). As a result of China's entry into the WTO, more foreign firms will enter into China's service industries, including insurance, telecommunications, distribution, and transportation sectors, which were traditionally not open to foreign enterprises. However, under the agreement between the WTO and China, foreign investment in these sectors is still greatly restricted. Approved foreign companies must take the form of joint ventures with local partners, and in many cases, foreign firms cannot control majority interests within joint ventures. Therefore, knowing how to cooperate with local partners, and especially knowing how to solve possible conflicts between foreign and local partners when they arise, will be the key to the success of foreign companies in China.

## **2.5. Conflict and Culture**

Conflicts emerge in joint ventures because of culture differences in perspectives between partners. The classic management definition of conflict is as follows: conflict is a condition in which the concerns of two or more parties appear incompatible. (Tinsley, C. H., 1998)

We list the patterns of dimension and conflict developed by Hofstede in table 2. From table 2, it is clear for what the cultural roots of possible incompatibility could be. There are significant differences in cultures, because certain values are emphasized more than others. Compare, for example, the categories of individual vs. collective. Individualistic cultures emphasize the individual's goals and people are supposed to look after themselves and their immediate families. They form specific relationships. They tend to be universalistic, and apply the same value standard to all.

<b>Individual</b>	<b>Collective</b>
Self goals	Group goals
Look after self	Belong to in group
Self interest	Loyalty to group
Temporary alliances	Stable relationships
Universalistic	Particular
Use same standards	Different standards for in groups
Individual judgment	Social norms
Competitive	Cooperation
	Parternal

<b>Manage uncertainty</b>	<b>Avoid uncertainly</b>
Informal	Formal

Conflictual-ambiguity-accepting	Compromising
Spontaneous	Rules
Flexible	Low tolerance
Risk-taking	Absolute

<b>Masculine</b>	<b>Feminine</b>
Assertive	Accepting
Success	Satisfaction
Achievement	Affiliation
Quantity	Quality
Performances	

<b>Large power distance</b>	<b>Small power distance</b>
Distance natural between superior and subordinate	Equality

<b>High context</b>	<b>Low context</b>
Social definition	Individual definition
Spiral logic	Linear logic
Indirect speech	Direct speech
Symbolic	Nonsymbolic

[Sources: Hofstede 1980]

**Table 2: Dimension of culture and conflict**

Collectivistic cultures emphasize goals, needs and views of the in-group over those of the individual; the social norms of the in-group, rather than individual pleasure; shared in-group beliefs rather than unique individual beliefs; and a value on cooperation with in-group members, rather than maximizing individual incomes.

In Asian cultures, the concept of 'face' (self image and social image) is also important; Face is a measure of social value without which a person cannot function in society. It is also indicative of how a person fits into that society, a demonstration of being civilized. Loss of face occurs when an individual, either through personal action or the action of people close to him, fails to meet essential requirements of the social position he occupies. Face becomes important in conflicts because it is a major indicator of whether conflicts are taking place. In a culture with strong face considerations, conflicts tend to be subdued, because everyone in that culture understands what needs to be done to maintain stable relationships. If conflicts do emerge, conflict management includes appropriate behaviors to smooth the conflicts and return the relationship to balance.

This concept is also related to the individualistic-collective dimension of culture. While individualistic cultures are concerned with self-face maintenance, collectivistic cultures are concerned with both self-face and other-face maintenance. Individualistic cultures value autonomy, choices and negative-face need, while collectivistic cultures value interdependence, reciprocal obligation and positive-face need.

Individualistic and low-context cultures tend to be confrontational and direct. Face becomes associated with an individual's success. This becomes a major problem when this type of culture interacts with a collective, high-context culture in which concern for others and accommodations are important.

### **2.5.1. Conflict Sources**

A number of researchers and practitioners in project management have reported that there is an increasing trend in the use of cross-functional project teams because of the dynamic nature of today's projects and their life cycles. (D.S. Kezsbom 1992, J. Ranney, M. Deck 1995). More and more, conflicts are being perceived and accepted as inevitable in such a stressful project-oriented environment. Project managers should therefore be able to identify the sources of conflicts and apply appropriate resolutions in today's project environment (D.S. Kezsbom 1992). Thamhain and Wilemon (1975) have categorized causes of conflicts over the life cycle of a project into 7 major sources, namely, project priorities,

administrative procedures, technical opinions and performance trade-offs, manpower resources, cost, schedules and personality. Recently, Kezsbom has presented a more comprehensive list of 13 major conflict sources. She included in this expanded list, 6 other sources: communication, reward structure/performance appraisal, politics, leadership, ambiguous roles/structure, and unresolved prior conflicts. From Kezsbom, we can describe these 13 conflict sources as follow:

1. Scheduling—disagreements that develop around the timing, sequencing, duration of projects and feasibility of schedule for project-related tasks or activities.
2. Managerial and administrative procedures—disagreements that develop over how the project will be managed; the definition of reporting relationships and responsibilities, interface relationships, project scope, work design, plans of execution, negotiated work agreements with other groups, and procedures for administrative support.
3. Communication—disagreements resulting in poor information flow among staff or between senior management and technical staff including, such topics as misunderstanding of project-related goals and the strategic mission of the organisation and the flow of communication from technical staff to senior management.
4. Goal or priority definition—disagreements arising from lack of goals or poorly defined project goals, including disagreements regarding the project mission and related tasks, differing views of project participants over the importance of activities and tasks, or the shifting of priorities by superiors/customers.

5. Resource allocation—disagreements resulting from the competition for resources (for example, personnel, materials, facilities and equipment) among projects members or across teams, or from lack of resources or downsizing of organizations.
6. Reward structure/performance appraisal or measurement—disagreements that originate from differences in reward structure and from the insufficient match between the project team approach and the performance appraisal system.
7. Personality and interpersonal relations—disagreements that focus on interpersonal differences rather than on 'technical' issues; includes conflicts that are ego-centred, personality differences or caused by prejudice or stereotyping.
8. Costs—disagreements that arise from the lack of cost control authority within either the project management or functional group, or from the allocation of funds.
9. Technical opinion—disagreements that arise, particularly in technology-oriented projects, over technical issues, performance specifications, technical trade-offs, and the means to achieve performance.
10. Politics—disagreements that center on issues of territorial power, personal influences or hidden agendas.
11. Leadership: poor input or direction—disagreements that arise from a need for clarification from upper management on project-related goals and strategic mission of the organization, or from a perception by specialists of a lack of decision-making regarding project goals.



12. Ambiguous roles/structure—disagreements, especially in matrix structures where two or more individuals or sections have related or overlapping assignments or roles.
13. Unresolved prior conflict—disagreements stemming from prior unresolved conflicts.

### **2.5.2. Types of the conflicts**

We have categorized causes of conflicts over the life cycle of a project into 13 major sources, but it is also possible to categorize by type of conflicts. We can say that there are two types of conflicts occurring in joint venture enterprises: intercultural and intracultural. Intracultural conflicts are differences that occur between members of the same culture (i.e. two Chinese) and intercultural conflicts are differences that occur between members of different cultures (i.e. between a Chinese and an American). Reports of intracultural and intercultural conflicts by members of one culture may vary in numerous reasons. These reasons include general differences in conflict norms for the two cultures involved, as well as more specific cultural differences regarding countries.

Social scientists have identified general cultural differences by naming and describing the ways that shared patterns of thinking, acting, and feeling differ across groups of people. In a collectivist society like China, cooperation, shared responsibility, and social harmony

take precedence over individual goals such as personal growth (Waterman, 1984) and personal satisfaction (Triandis, 1988; Triandis, Bontempo, Villareal, Asai and Lucca, 1988). When dealing with conflict situations, collectivists will generally adopt a more pleasant demeanor (Wolfson and Norden, 1984) and will be more concerned with maintaining social harmony and saving face.

The American expatriate managers in the joint ventures come from an individualistic society where people value autonomy, assertiveness, control, competition, and individual achievement. In individualistic societies, people attempt to maximize personal outcomes (Triandis, 1988; Waterman, 1984) and are encouraged to be proactive and assertive. Individuals are rewarded for overt expression and communication, assertive interaction, direct handling of problem situation, and proactive behavior (Sillars and Weisberg, 1987). American expatriates' experience of conflicts with other American expatriates are affected by their shared individualistic conflict norms, and are proposed to be distinctly different from those experienced with the typically collectivistic Chinese.

The intercultural conflict predicts that cultural differences (or cultural distance), and is related to (1) interpersonal conflict, where interaction takes place between individuals, (2) intrapersonal conflict, where the individual struggles internally with conflict that may or not be caused or affected by others, and (3) intergroup conflict, where departments or other groups are at odds. Several theories claim, suggest or assume that these relationships exist. For example, based on evidence from his anthropological research in a biotechnological

firm, Dubinskas (1992) conceptualized organizational conflict as a coming together of different cultures, “It is like a native interpretation process, where two antagonistic groups painted pictures of each other, but each used only the limited colors of its own culture’s palette”.

A model of diversity developed by McGrath and his colleagues (McGrath, et al ... 1996) also suggests a link between cultural differences and conflicts. According to this model, differences in terms of values, beliefs and attitudes may decrease the level of attraction and the ease of communication, and may therefore increase the degree of conflict and the length of time needed to negotiate shared norms.

### **2.5.3. Conflict Management Theory**

As many one knows, culture creates conflicts in projects such as joint venture enterprises; once there are the conflicts, we must try to find the methods to solve them. Conceptualizations of conflict management have evolved from Blake and Mouton's (1964) managerial grid, which proposed a typology of five management styles, to the schemes developed by Hall (1969); Putnam and Wilson (1982); Ross and De Wine (1982); Thomas (1976); and Rahim (1983). Perhaps the most well known and widely accepted model is that of Thomas (1976) which uses two dimensions -- assertiveness and cooperativeness -- to identify five different conflict handling styles. Assertiveness refers to an attempt to satisfy

one's own concerns, while cooperativeness is an attempt to satisfy the concerns of the other. The five conflict handling approaches, which result from different levels and mixtures of assertiveness and cooperativeness, are:

1. Withdrawal (Denial/Avoidance)—to ignore or deny an actual or potential disagreement.
2. Smoothing (Suppression)—to emphasize the commonalities or strong points and to de-emphasize or even suppress any difference in viewpoints among conflicting parties.
3. Forcing (Power)—to exert one's point of view at the expense of another and often lead to a win/lose situation.
4. Compromising (Negotiation)—to determine “acceptable” solutions in which conflicting parties have some degree of satisfaction with a “give and take” attitude.
5. Confrontation (Integration/Collaboration/Problem Solving)—to face or confront conflicts directly with a problem-solving attitude and generate the ‘best’ solution even though the original views of either or both conflicting parties may need to be modified or discarded. Both parties set out to seek for a win–win situation.

More than two decades ago, a study done by Thamhain and Wilemon found that different modes of conflict resolution may lead to either positive or negative consequences. A ‘withdrawal’ approach may intensify the conflict in the future as it is neglected and left unresolved. A ‘smoothing’ approach may have similar consequences although the conflicting parties are less resentful as there is inherent emphasis on identifying some common ground in

resolving the conflict. A 'forcing' approach always leads to a win-lose situation, thereby generating feelings of resentment among conflicting parties regardless of whether they come out as winners or losers. Before using this approach, a project manager should always assess the probable effects on the team members and all the parties involved. Although the 'compromising' approach can generate resolutions which satisfy to some degree both the conflicting parties, they are most probably not the optimal ones. It would be too risky to use this approach to handle disagreements over quality or technical performance issues. Finally, the 'confrontation' approach was found to be the most effective solution in handling conflict. The conflicting parties set out with a positive frame of mind in search of what is the best course of action to take. The root causes of the conflict are identified and different alternatives and solutions are generated, debated and the best is selected. The problems are confronted and solved by means of a collaborative effort from all concerned.

#### **2.5.4. Cultural Differences on Conflict Management**

The Chinese and Americans tend to resolve conflicts in different ways. Since the Chinese come from a strong collectivism and medium feminine society in which harmony and personal relationship are emphasized, they will try to use indirect ways to avoid direct and open conflicts (Kozan 1997). When they face conflicts, they prefer to use authority to suppress them, or settle things in private. They prefer to resolve conflicts through negotiation and compromise. Individualistic and medium masculine American managers are used to

confronting problems directly and bringing things out in the open. To resolve differences, American managers will prefer to use tactics that involve directly confronting others with rational arguments, factual evidence, and suggested solutions (Ting-Toomey, 1985). It is also consistent with the pragmatic short-term orientation and moderately low power distance in USA. Chinese managers use those tactics less than American managers because using the tactics will provoke overt disagreement, which is considered highly undesirable.

In addition, American managers are not willing to invest the time and effort required to enlist the help of other people (Yukl, Falbe, and Youn, 1993), when they have conflicts or problems with another party. In contrast, the strong collective orientation and uncertainty avoidance values in China encourage Chinese managers to use indirect forms of influence that involve the assistance of a third party (Bond, 1991).

To deal with a difficult or controversial request, indirect forms of influence are preferred by Chinese managers to avoid losing face and damaging “Guanxi”. When their Western partners propose to use direct and open ways to deal with the conflicts, they may feel embarrassed. On the other hand, Western partners may get totally confused by the roundabout way the Chinese use to solve seemingly simple problems. The different ways that Chinese and American managers resolve conflicts seem to find support from Weaver's finding that feminine societies prefer to resolve conflicts through negotiation and compromise (Weaver, 2000).

### **2.5.5. Conflict Management in China**

Many conflict researchers assert that culture is vital in molding people's perceptions, attitudes and appraisals of conflict and their management (e.g., Jandt & Pedersen, 1996; Leung & Tjosvold, 1998; Ting-Toomey, 1985). According to Hofstede's (1980) influential research, East Asian societies are classified as collectivists, whereas those from the West are associated with individualism. The well-documented individualist-collectivist dimension (e.g., Hofstede, 1991; Hui, 1988; Triandis, 1995) describes those in individualist cultures as focusing more on individual goals, needs and rights than on community concerns. By contrast, those from collectivist cultures value in-group goals and concerns, with priority given to obligations and responsibilities to the group. Collectivistic societies in East Asia including people of Chinese ethnicity are usually characterized by a tendency to avoid conflicts (e.g., Chen, 2001; Chi-Ching, 1998; Gao, 1998; Hwang, 1997-98; Leung, 1997; Leung, Koch, & Lu, 2002). Conflict avoidance behavior is adopted in those Chinese societies where many traditional Chinese values such as thrift, respect for authority, building trust, and community harmony are still pervasive (Chen, 2001; Chi-Ching, 1998). Conflict avoidance leads to passivity and lack of skills in persuasion and communication (Chi-Ching, 1998), or to communication behavior that promotes inter-relations rather than conveying opposing opinion or information (Gao, 1998). For the Chinese, in situations where affective relationship and instrumental reciprocity (Guanxi) are salient (Hwang, 1997-98), and where the influence of face in social interactions leads to fear of shame or retaliation (Ho, 1976), the

value of harmony is emphasized over candid speech acts. More pragmatically, Leung, Koch, and Lu (2002) have proposed that people in collectivistic societies, including Chinese societies, are motivated by harmony that is more instrumentally inspired rather than as a moral or traditional value, in order to achieve their goals by avoiding the disintegration of a relationship that is crucial for their well-being.

### **2.5.6. Conflict management in America**

By stark contrast, research has shown that the Westerners, as own-needs focused individualists, are more assertive in their approach to conflicts. For example, Leung (1987) showed that North Americans were more adversarial and were less concerned about reducing animosity than Chinese; Morris et al. (1998) found that Americans preferred competing to avoiding due to the need for high achievement; and Tang and Kirkbride (1986) found that Western managers in China were more likely to favor competing and collaborating compared with their Chinese counterparts. This East-West distinction has more or less been supported by several empirical studies (e.g., Chiu & Kosinski, 1994; Chua & Gudykunst, 1987; Kirkbride, Tang, & Westwood, 1991; Lee & Rogan, 1991; Ting-Toomey et al, 1991; Trubisky, Ting-Toomey & Lin, 1991; Westwood, Tang, & Kirkbride, 1992) using one of the classical conflict management inventories such as the Thomas-Kilmann Conflict Mode Instrument (Thomas & Kilmann, 1974), or the Organizational Communication Conflict



Instrument (OCCI) (Putnam & Wilson, 1982), Rahim Organizational Conflict Inventory-II (Rahim 1983).

In line with an individualistic outlook correlated with direct conflict management, Olekalns (1998) has described Americans as individualists who care about honesty, truth and transparency. Olekalns asserts that these value-orientations are more likely to lead to direct, argumentative or confrontational behavior if the situation demands it and overtly competitive strategies in negotiation.

## **2.6. Summary of the Literature Review**

The authors who we have referenced agree on the fact that there are big differences in culture between China and the West countries. (Hofstede, 1980, Michael Bond 1989, Hofstede, 1991, Hofstede, 1993). Hofstede is one of the first to adopt a pragmatic problem-solving approach in the field and relates culture to management. He defines culture as a kind of "collective programming of the mind, which distinguishes the members of one category of people from another" (Hofstede, 1980). He explained that culturally-based values systems comprised four dimensions: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance. By comparing some Western countries with China in these four dimensions according to their cultural dimension scores (Data source: Hofstede, 1991), some tentative conclusions may be drawn. Firstly, Western

countries seem to be generally lower in power distance. Secondly, in terms of individualism, Western countries are generally much higher. Thirdly, Western countries seem to have short-term orientation while China is considered to be long-term oriented. Fourthly, China has higher values for uncertainty avoidance than USA, which shows that Chinese are relatively risk-avoiding while Americans are relatively risk-taking. Lastly, USA has higher value than China in masculinity, which indicates that USA is medium masculinity while China is medium femininity.

This agreement is recognized as having a direct impact in conflict management. Conceptualizations of conflict management have evolved from Blake and Mouton's (1964) managerial grid, which proposed a typology of five management styles, to the schemes developed by Hall (1969); Putnam and Wilson (1982); Ross and De Wine (1982); Thomas (1976); and Rahim (1983). Perhaps the most well known and widely accepted model is that of Thomas (1976) which uses two dimensions -- assertiveness and cooperativeness -- to identify five different conflict handling styles. Some authors are going as far as to describe the different conflict management styles between China and America. (e.g., Jandt & Pedersen, 1996; Leung & Tjosvold, 1998; Ting-Toomey, 1985, e.g., Chen, 2001; Chi-Ching, 1998; Gao, 1998; Hwang, 1997-98; Leung, 1997; Leung, Koch, & Lu, 2002, e.g., Chiu & Kosinski, 1994; Chua & Gudykunst, 1987; Kirkbride, Tang, & Westwood, 1991; Lee & Rogan, 1991; Ting-Toomey et al, 1991; Trubisky, Ting-Toomey & Lin, 1991; Westwood, Tang, & Kirkbride, 1992)

In this literature review, we have explain the fact that there exist a number of culture differences between China and Western countries. (Hofstede, 1980, Michael Bond 1989, Hofstede, 1991, Hofstede, 1993). The role of the project manager is equivalent in both cultures. However, the way that management is conducted can vary significantly. However, different cultural and social systems can have a significant impact on management systems and managerial behavior. The evidence available from research on project management styles and conflict handling styles across cultures in joint ventures is limited. And some tentative conclusions may be drawn.

The increase in market forces, the creation of joint ventures with overseas organizations and the increase of wholly foreign-owned subsidiaries have brought about a challenge to the traditional management values in China.

The distinctively different approaches to project management styles and conflict handling styles raise some interesting questions about the differences between the two countries and issues related to using managers overseas.

The following chapter outlines the methodology, sampling procedures, research questions, propositions and analysis for the collected data.

## **CHAPTER 3**

### **RESEARCH CONCEPTION AND METHOD**

#### **3.1. Problems of the Research Formulation**

Different countries possess different cultures. When people from different countries encounter each other, it means that different cultures meet together. Because the culture will by itself influence the people's behaviors, it will lead to the conflicts. Joint ventures usually have a blend of organizational structures; in other words, it can be said that the Sino-American joint ventures enterprises are neither the American incorporations nor the Chinese ones. Joint ventures develop their own cultures, not only with the contribution from the partners, but also with whatever cultural values other organizational members brings with them. It is this process of the culture in action, joint ventures, i.e. the development of a new culture for joint ventures that is a source of a good many of conflicts, and a principal contributor to the failure of loads of joint ventures.

Conflict handling styles have been paid considerable heed in research to international joint ventures (IJV) (Black/Mendenhall 1993, Fey/Beamish 1999, Koot 1988, Lin/Wang 2002). Research suggests that cultures differ in their preferred forms of handling conflicts (Chua/Gudykunst 1987, Elsayed-Ekhouly/Buda 1996, Leung 1987, Morris et al. 1998,

Ting-Toomey et al. 1991, Trubisky/TingToomey/Lin 1991, Chen/Ryan/Chen 2000, He/Zhu/Peng 2002).

In this part of the review, I will explore the distinct cultures and the various project management styles between China and America. When the project managers from diverse countries work together, it will possibly result in certain conflicts. The managerial staffs from different nations always have their own managing methods or styles to well cope with the existent conflicts. Therefore, it is highly significant to get to know the way in which people from differing cultures approach the conflicts.

Since a joint venture enterprise is a special organization, I can't simply put that it is a Chinese one or an American one. As far as I am concerned, the use of the unitary American or Chinese method or project management style to deal with the problems is not necessarily suitable for a joint venture enterprise. This research, as a result, offers a unique chance to examine the impact of cultures, given that the prevailing belief that culture exerts an influence on conflict resolution behavior. Moreover, by comparing project managers from China with joint venture partners from the Western countries, factors other than cultural variables that influence project managers' preferences for conflict styles in joint venture enterprises are also assessed.

### 3.2. Analyze Recension

From the recension, Black/Mendenhall 1993, Fey/Beamish 1999, Koot 1988, Lin/Wang 2002 proved that conflict handling styles had been attached some attention in research on international joint ventures (IJV), however, from my standpoint, I consider that those are not enough. I have used the Hofstede's four cultural dimensions to clarify the differences between China and the Western countries. Hofstede explained that culturally-based values systems comprised four dimensions: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance. Conceptualization of conflict management has evolved from Blake and Mouton's (1964) managerial grid, which proposed a typology of five handling styles, to the schemes developed by Hall (1969).

Black/Shepard/Mouton 1964, Pruitt/Carnavale 1993, Rahim 1983, and Thomas/Kilmann 1974, made a good point that conflict handling styles were, to a much degree, founded upon the theoretical framework of variations of the two-dimension or dual-concern model. Hofstede 1980, Triandis et al. 1988, proved that most common explanatory theories of cross-cultural research on conflict handling strategies are the individualism-collectivism framework. Ting-Toomey (1988) proposed that people from collectivist cultures tend to be avoidance-oriented (i.e., preferring an avoiding and obliging style), whereas people from individualistic cultures are more solution-oriented (i.e., favoring a compromising and problem-solving style). Elasyed Ekhoully/Buda 1996, Rahim 1992,

Schneider/Barsoux 2003 suggested that people from individualistic cultures are more likely to push for their own ideas and thus prefer a distribution dimension (i.e., a forcing or obliging style), which frames the negotiation as a zero-sum game with a winner and a loser. However, people from collectivist cultures are often more concerned with sharing with their partners, and therefore prefer an integrative dimension (i.e., a problem-solving or avoiding style), which yields mutual gains or at least a situation in which no one loses out.

Due to the fact that China has entered into the WTO (World Trade Organization), more and more transnational corporations will flood into the China's marketplace. Understanding the ways in which people from different cultures approach conflicts is, correspondingly, of great importance. Although many researchers have addressed this problem, only a limited number of empirical studies have examined cultural or national differences in project managers' preferences for conflict resolution styles in joint venture settings (Habib 1987, Lin/Wang 2002). To make an investigation to this issue, there is need for conducting the research based upon Sino-American joint venture companies. If we can come to know how to cooperate with local partners, especially know how to solve potential conflicts between foreign and local partners when they arise, it will be the key to the success of foreign companies in China.

### **3.3. Research Question and Proposition**

#### **3.3.1. Research Questions**

After having analyzed the existent theories with respect to the different cultures between China and America, and the different project management styles owing to culture between the Chinese and the Western joint venture enterprises, I have found out that conflicts will emerge in joint ventures because of the cultural differences among partners. Therefore, in this research, what I would like to do is to figure out the major cultural differences and the different conflict handling styles in Sino-American joint venture enterprises.

This qualitative study will be relied upon the following research questions:

1. What is the biggest culture difference between China and America?
2. What are the different project management conflict handling styles between China and America?



### **3.3.2. Research Propositions:**

Proposition 1: There are culture differences between China and America.

As I have stated previously, different countries have different cultures. “Culture is the collective programming of the mind which distinguishes the members of one category of people from another.” (Hofstede, 1991) It is inevitable that the cultural differences have impact on business. There exist four cultural dimensions that were defined in Hofstede's research: Power distance, Uncertainty avoidance, Individualism Masculinity, and recently Hofstede has added one another dimension: long-term-short-term orientation. As I have explained in the previous section of this literature review, the Chinese people and the American people are quite distant from one other using Hofstede's four cultural dimensions.

Proposition 2: The different culture dimensions will influence the project management styles.

A lot of researchers assert that culture is very vital in molding people's perceptions, attitudes and appraisals of management styles, Jandt & Pedersen, 1996; Leung & Tjosvold, 1998; Ting-Toomey, 1985). In the joint venture companies, staffs from the distinct nations have the different cultures and backgrounds. Thanks to the culture differences, people'

behaviors are not alike. Also, these differences can give rise to the differences of project management styles. The reason lies in the fact that the project management styles depend upon the people who work in this management system. Consequently, what the people do may affect the management system directly and thus lead the management to the different styles. Nevertheless, it can be claimed that the management styles relies on cultures.

As opposed to the Western nations, Chinese collectivism, harmony, outer-directed and relationship culture may have implications for international joint venture project managers' ways of resolving conflicts. Consistent with the differences in conceptions of relationships identified in the above literature review, Chinese project managers are likely to attach much greater attention to group harmony, and maintain their "faces" and relationships with all staffs involved when resolving conflicts. They would try to avoid direct debate or confrontation and always try to get through conflicts in a quiet manner. By sharp contrast, the Western project managers would like to encourage open discussions on disagreements and conflicts in order to get problems solved as soon as possible.

Proposition 3: There are certain differences between the Chinese and the American project managers in conflict management styles because of the cultural differences.

Proposition 3A: The American project managers will have a greater preference for confrontation (problem-solving) than their counterparts in China.

The confrontational model usually involves openly acknowledging conflicts and resolving them either by problem solving or by strategies forcing. Problem-solving is an integrated style that is characterized by a willingness to exchange information openly, to address differences constructively, and to make every effort to seek a solution that will be mutually acceptable (Pruitt/ Carnevale 1993, Rahim 1992). Once it is recognized that a conflict really exists, individuals who are oriented towards collaboration will try to integrate the needs of both parties into a solution that will maximize the interests of both parties (Gabrielidis et al. 1997). With the intention to be in search of a reasonable solution that very well meets decision criteria of both parties, the participants are actively involved in discovering effective ways to increase the total benefits or profits among them.

In the Western cultures, it is widely accepted that an integrated approach is likely to appear among committed parties and that the real challenge to their success is that the parties are unable, or unwilling, to confront with each other to address emergent issues (Spekman et al. 1996). As it is most likely to yield win-win solutions, a greater preference for the problem-solving styles is commonly reported in US subjects (Rahim 1983, Tinsley 1998). Nonetheless, such an integrated style may not necessarily be the most desired by the Oriental project managers who repress conflicts rather than make them open to resolve them (Moran et al. 1994). Evidence reveals that Japanese managers make use of the problem-solving styles more infrequently than non-confrontation styles (Barnlund 1989, Ohbuch/Takahashi 1994). According to Ting-Toomey et al. (1991), when confronted in an open way, conflicts may

result in a loss of “face” and a disruption of harmony, both of which are undesirable in the Oriental cultures.

Proposition 3B: The Chinese project managers will have a greater preference for compromising than their counterparts in America.

Compromising refers to the conflict resolution strategy that searches for a middle ground between the initial positions of both sides (Froman/Cohen 1970). It tends to partially draw the line the interests of both sides in the process of making mutual concessions to reach an agreement. Compromising enables each party to be better off than if no agreement is reached, and to avoid win-lose situations (Swierczek 1994). In an attempt to come to an agreement that is mutually acceptable, both parties may yield gains that they sense to be legitimate. The compromising style is generally characterized as sharing resources in some equitable fashions without pursuing alternative solutions that may meet one party's interests more satisfactorily (Rubin/Pruitt/Kim 1994). Although compromising is more often than not viewed as a sub-optimal solution in which no one totally wins or loses, it is preferred by the Chinese or other Oriental managers (Kirkbride/Tang/Westwood 1991, Swierczek 1994) as an optimum solution, or an alternative to collaboration without confrontation. The East Asian managers' preference for the compromising styles can be explained by the Chinese concepts of “face” and favor. In the Chinese traditional culture, “face” is so important for a person that not giving “face” to the other party is viewed as denying the other part's pride and dignity (Brunner/ Wang 1988, Huang 2000, Hwang 1997). As such, compromising, or rather an

exchange of concessions through mediation, is a good means in order to work out an effective solution that saves “face” for oneself as well as for others (Leung 1987). In addition to that, in terms of the concept of favor, the giving of “face” to the other part is, in the most cases, expected to be returned by the other part (Kirkbride/Tang/Westwood 1991). By way of the compromising handling style, resolution of conflicts can be reached without loss on either side.

Proposition 3C: The American project managers will have a greater preference for forcing than their counterparts in China.

Forcing is a strategy when power is used to make the other parts comply (Blake/Shepard/Mouton 1964). In general, exhibited through non-concessionary behavior or forceful tactics, such a competitive strategy focuses on defeating the opponent and thus represents a win-lose orientation (March/Simon 1958). Due to divergent interests, power plays a big role in joint ventures’ ongoing processes when partners hold different perspectives over the design of joint actions (Harrigan/Newman 1990). Research has showcased that the Westerners are more likely to use the forcing handling strategy because of the relatively high value given to competition and individual achievement, whereas the Asians tend to use less competitive procedures such as bargaining and mediation (Leung 1987, Leung/Lind 1986, Morris et al. 1998, Swierczek 1994).

Proposition 3D: The Chinese project managers will have a greater preference for smoothing than their counterparts in America.

A smoothing approach may have similar consequences although the conflicting parts are less resentful as there is inherent emphasis on identifying some common grounds in resolving the conflicts. Let me give an idea that, in a hospital workshop, for instance, some artisans were not satisfied with the new job assignments in a remote hospital at the beginning; however, nobody was willing to take the new jobs. The supervisor managed to persuade them to change their minds and accept the new assignments by emphasizing on the benefits over and over again, the common benefits it was going to bring to the companies as well as the artisans. Deep-down, the affected artisans were still very unhappy about the longer traveling time and higher cost incurred and other inconveniences caused as a result of the move.

The Western managers' lacking of more preference for the smoothing style by comparison with the Chinese managers can be revealed by the Western individualism dimension. Most Western employees are willing to do their jobs by their own plans for defending their interests. That is a high degree of individualism. Because of the different attitudes to employment, 'the incubator culture' (Trompenaars, 1997:175) arises when cross-cultural individuals work together as a group. Trompenaars (1993: 158) reports that "the incubator is both personal and egalitarian." People do not cooperate at all. They just simply work in their own ways, follow their own rules, and achieve their own objectives.

And that they are reluctant to be interfered by other people. It is truly instrumental to a company in gathering as many ideas as they can turn out when starting up a new program.

Proposition 3E: The Chinese project managers will have a greater preference for the avoiding (withdrawal) style than their counterparts in America.

Avoiding (withdrawal) is a strategy whereby individuals allow conflicts to go unresolved or permit others to take responsibility for solving the problems (Gabrielids et al. 1997). The person engaged in a conflict may hope that, if left alone, the conflict will somehow go away (Pruitt/Rubin 1986), or at least be less visible to outsiders (Black/Mendenhall 1993).

In the Western cultures, the avoiding (withdrawal) handling style is looked upon in a negative way as it sidesteps the issue (Kozan 1997). In the East Asian cultures, however, project managers tend to work in order to prevent conflicts or fail to acknowledge them (Bond/Wang 1983, Moran et al. 1994). It is widely acknowledged that the East Asian forms of collectivism place pressure on individuals to avoid disagreements of any kind (Barnlund 1989, Chua/Gudykunst 1987, Trubisky/Ting-Toomey/Lin 1991, Wheeler/Reis/Bond 1989). Research through comparing conflict styles of the Asians, including Hong Kong Chinese (Kirkbride/Tang/Westwood 1991, Tang/Kirkbride 1986), Taiwanese (Trubisky/Ting-Toomey/Lin 1991), and Japanese (Ohbuchi/Takahashi 1994), with their Western

counterparts (i.e., British and Americans) consistently points out that the former have a greater preference for indirect avoiding styles in conflicts handling.

### **3.4. Reference Frame (Operational Frame)**

Owing to the differing cultures between China and America, they gave rise to the different project management styles and different project conflict handling styles as well. As can be seen from Figure 4, it uses a diagram to expound the relationship among different cultures, project management styles and project conflict handling styles. The diagram presents an overall picture of steps of the research.



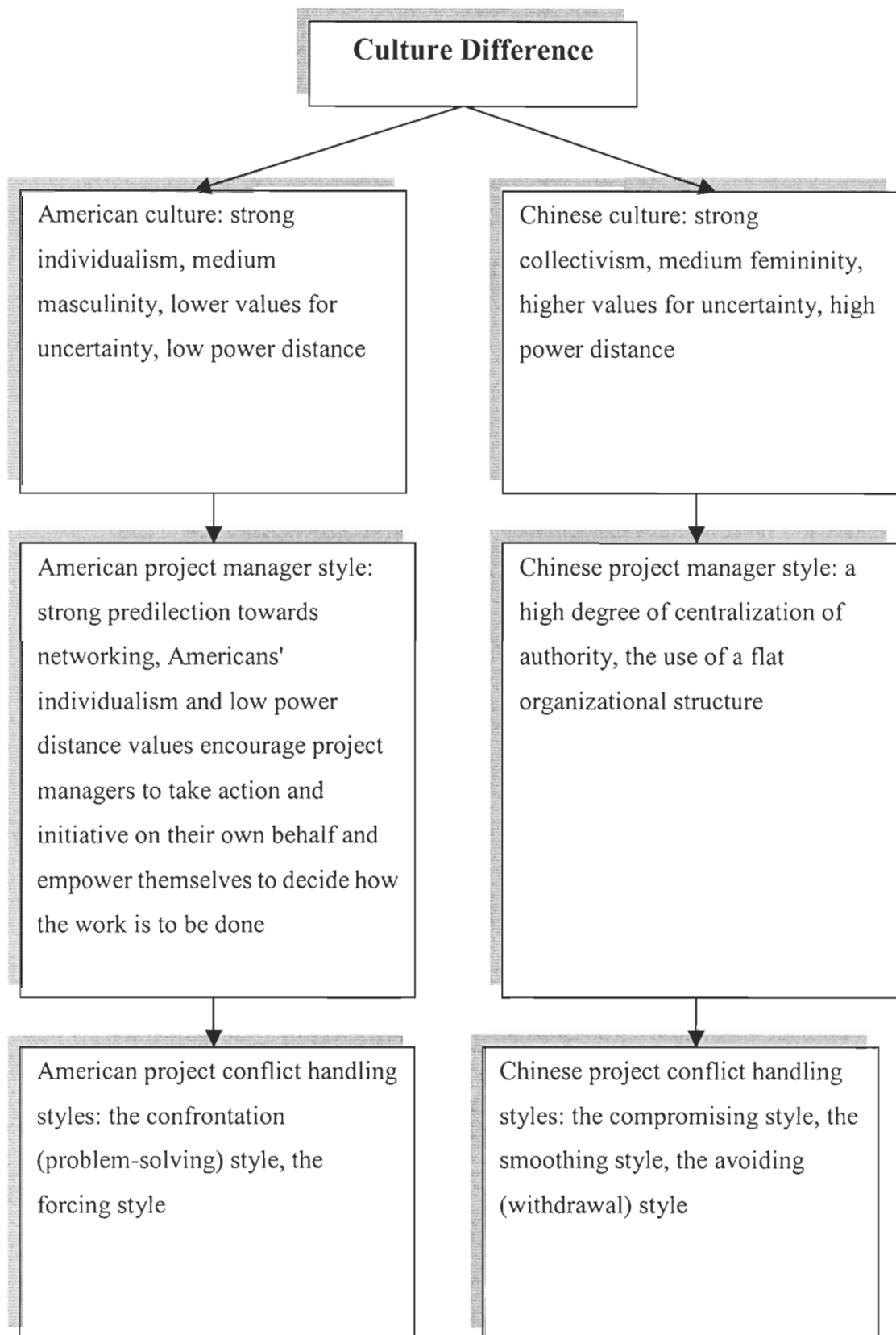


FIGURE 4: SCHEMATIC ARTICULATION OF THE CONCEPTS

## **Methodological Phase**

In the methodological phase, it provides an occasion to choose a method of the research, define the population and the samples, and select a method of collection and analysis of data.

### **3.5 Research Method**

In this research, we have used a concurrent nested method which favors a more qualitative approach. The concurrent nested method can be identified by its use of one data collection phase, during which both the quantitative and the qualitative data are collected in the manner of simultaneity (see Figure 5). It is one of the most important strategies of the mixed methods. And the mixed methods can be defined as collecting and analyzing both the quantitative and the qualitative data in a single study. (Creswell 2003)

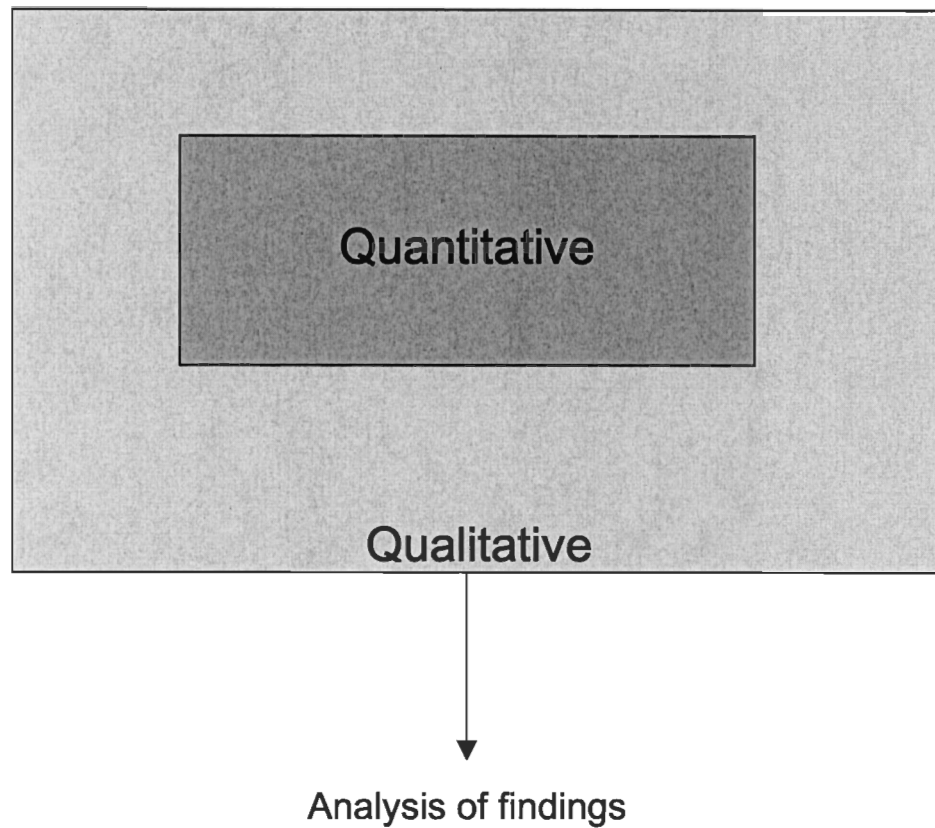


FIGURE 5 CONCURRENT NESTED STRATEGY

Source: Creswell, John w. 2003. Research design: the qualitative, quantitative, and mixed methods approach. (P214.)

The mixed methods have loads of strong points. A researcher is able to collect the two types of data simultaneously during a single data collection phase. It provides a study with the advantages of both the quantitative and the qualitative data. In addition, by using the two

different methods in this fashion, a researcher can gain perspectives from the different types of data or from the different levels within the study (Creswell 2003). There are also limitations to take into account when picking this approach. The data need to be transformed in some way so that they can be integrated within the analysis phase of the research. There is little written at this time to direct us through this process. Furthermore, there is little effective advice to be found with respect to how I should deal with discrepancies that occur between the two types of data. Because the two methods (quantitative and qualitative) are unequal in their priority, this approach also results in unequal evidence within a study, which may be a disadvantage when interpreting the final results.

In the concurrent method, a researcher collects the quantitative and the qualitative data in order to provide a comprehensive analysis of the research problems. In this design, the investigator collects both forms of data at the same time during the study, and then integrates the information in the interpretation of the overall results. (Creswell 2003)

The concurrent nested method is one type of the concurrent methods. Unlike the traditional triangulation models, a nested approach has a predominant method that guides the projects. Due to less priority, the method (quantitative or qualitative) is embedded, or nested, within the predominant method (quantitative or qualitative) (Creswell 2003). This nesting may mean that the embedded method addresses a different question than the dominant method or seeks information from different levels (Creswell 2003).

The concurrent nested method may be used for serving a variety of purposes. Under the most situations, this method is used so that a researcher can gain broader perspectives as a consequence of using the different methods instead of using the predominant method alone. In this analysis, the qualitative method is selected as the primary methodology. As I use the concurrent nested method, the qualitative design could embed some quantitative data to enrich the description of the sample participants, and thus to provide the support for the analysis of results.

### **3.6. Research Setting and Sampling Selection**

In this study, Sino-American joint venture companies were chosen as typical samples mainly for two reasons. For one thing, it lies in the increasing interaction between the American and the Chinese businesses. As a leading recipient of foreign direct investment (FDI) across the world, China has benefited from Joint Venture companies far more than any other nation during the past decade (Beamish, 1993). The American business, one of the largest foreign investors in China, has used joint ventures frequently when investing into China (Sino-U.S. Business Council, 1990). Also a systematic investigation of Sino-American Joint Venture companies is now extremely promising for the reason that these joint ventures are believed to have passed the initial experimental phase (Shaw and Meier, 1993).

After we have determined the aim of the survey, we should look for the suitable approaches secure the necessary information. In the research, I have chosen the American Dow Chemistry Corporation Ltd (China) because it is one of the biggest joint venture in China, part of the Multinational Group Dow Chemistry. In this joint venture company, the general manager is an American person, the finance director is a Chinese person, and in other departments such as marketing, human resource and technical departments, most of the employees are from China and the United States. As a consequence, it is easier to study and analyze the culture difference between China and America, the differences of project management handling styles due to culture, the way that culture affects conflicts, and different project management conflict handling styles caused by cultural differences. Thirty-one (31) answers were received from 45 questionnaires that were sent to American Dow Chemistry Corporation Ltd (China). The percentage of return was 68.89%. There are 13 useful and meaningful responses in them. And among these 13 answers, 5 responders are high level managers who are involved in project management, and 8 responders are middle-level project managers. These people all have at least 2-years project management experience.

No.	Nationality	Sex	Age	Position	Education	Work experience (year)	Joint venture experience (year)
1	Chinese	M	33	Vice President	Master	12	8
2	Chinese	M	34	Manager	Master	8	3
3	Chinese	F	32	Manager	Bachelor	6	2
4	Chinese	M	28	Finance director	Bachelor	6	5
5	Chinese	M	34	Vice Manager	Bachelor	11	5
6	Chinese	M	50	Vice President	Master	28	7
7	Chinese	F	29	Vice Manager	Bachelor	3	3
8	Chinese	M	36	Vice Manager	Bachelor	7	2
9	American	M	56	President	Master	33	15
10	American	M	34	Marketing Director	Master	6	3
11	American	M	48	Vice President	Master	23	11
12	American	M	27	Vice Manager	Bachelor	4	2
13	American	M	38	General Manager	Master	13	5

Note: No. 1- No. 8 are the Chinese samples; No. 9- No. 13 are the American samples

F: Female M: Male

**Table 3: List of sample demographics**

In Table 3, I have listed the several American and the Chinese samples according to gender, age, position, education, and work experience, joint venture experience, and so on. From this table, we can notice that American employees are older in terms of work experience than their counterparts in China. They have more abundant work experience in project management, in particular in the joint venture project experiences, and have higher positions in their companies because of their work experience. Most of the American employees have at least one master degree. We can also see from Table 3 that the majority of the Chinese employees are 25-35 years old, and that they don't have much work experience like their counterparts in the U.S., yet they also have fairly good education backgrounds.

### **3.7. Data Collection**

As I have mention in the previous part both the quantitative and qualitative data was collected. At the American Dow Chemistry Corporation Ltd (China) within a time span of a one month. Because in live Canada, the face-to-face interview was not feasible, so I adopt the method of interview by way of E-mails, which of course was much cheaper than of personal interview. In an E-mail survey, the participants can take more time to collect information, communicate with others, or reply more considerably than a personal interview. Ultimately, the E-mail surveys are typically perceived as being more impersonal, in other words, they can provide more anonymity than other ways of communication.



To assemble the data, I send out a questionnaire by way of E-mails. This questionnaire was divided into three parts. The first part is the fundamental information about the employees themselves, such as religion, age and education, etc. The second part involves some opinions concerning culture. In this section, I asked the employees some questions based on the culture so as to find that how many differences they can discover between the Chinese and the Western culture. The third part was used to measure with the scales from Lin and Germain (1998) the five conflict resolution strategies (i.e., avoiding, compromising, problem-solving, forcing, and smoothing). I use a scale measure to obtain the preference of these five conflict handling styles between the Chinese and the American project managers. All the measures were evaluated on 5-point Likert scales anchored by "very unlikely" and "very likely." These scales were adapted from previous studies such as Rahim (1983) and Boyle et al. (1992), and have been used with Joint Venture project manager samples in China (Lin/Wang 2002). The questionnaire was given to the employees who work in the American Dow Chemistry Corporation Ltd (China). The questionnaires were sent to various departments. In this case, I got different information from different departments. Once the replies on hand, I analyze the answers. This research is mainly to find out the different opinions of project management conflict handling styles between China and the U.S.. After I have collected the information from the questionnaires, I analyzed the information by two sections: the Chinese and the Americans. From these three parts of the questionnaire, I find out the different cultures, the different project management styles owing to culture, the way in which culture affects conflicts, and different project managing conflict handling styles in joint venture companies between China and America.

### **3.8. Data Analysis**

Both qualitative data and the quantitative data were collected in my research. In the qualitative data analysis, once I received all the questionnaires back, I read and classify all the information to obtain a general sense of the information and to reflect on its overall meaning. And then I made a list of all topics, cluster similar topics together, abbreviate the topic as codes and write the codes next to the appropriate sections of the text, assemble the useful data material belonging to each category in the paper, and then perform a preliminary analysis.

To become familiar with the data and acquire a general grasp of the similarities and differences between the Chinese and the American project management conflict handling styles, data were selected by using a comparative method based upon the E-mail interview notes. The data were compared according to the perspective of nationality, age, education background, work experience, religion, and language, etc. I have used these data to make a comparison of their different opinions in culture between China and the U.S..

In the quantitative data analysis, tables with numbers and percentages are useful and effective tools to present the information of my research. And the statistical analysis will be also used during the research. Among the measures in use, I use mostly the arithmetic

“mean”, the most common concept of average. This is found by summing the size of each object and dividing by the total number of objects measured. By way of analyzing the quantitative data, I offer the pie charts and the diagrams to make a comparison of the results between China and America.

In the third part of the questionnaire, I made a contrast of the different project management conflict handling styles between China and America; I adopt the arithmetic “mean” to calculate the average in the five conflict handling styles: withdrawal (avoidance), smoothing (suppression), forcing (power), compromising (negotiation) and confrontation (problem solving). By comparing the average in the five conflict handling styles between China and America, and using the first two parts of the questionnaire, I can support some conclusion relying on previous studies. (i.e. review of literature)

During the process of the study, I have used qualitative data analysis with the quantitative data analysis, and by this approach supply some powerful and persuasive evidence to support my proposition.

## **CHAPTER 4**

### **PRESENTATION AND ANALYSIS OF THE RESULTS**

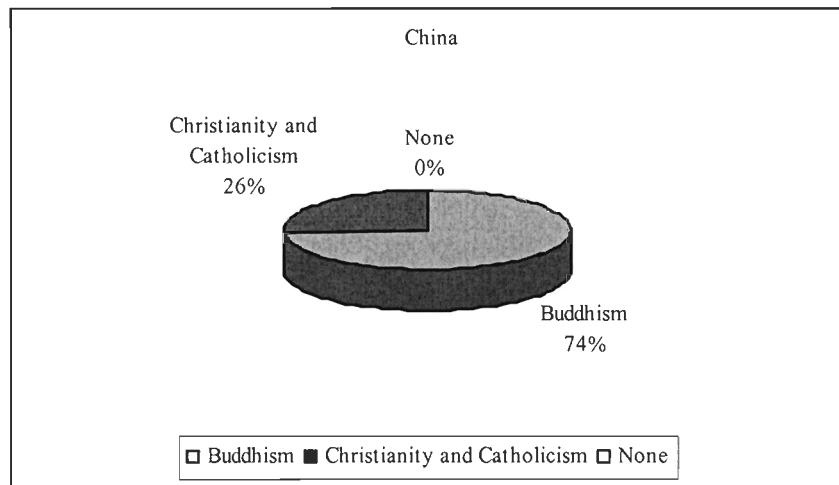
In this chapter, I will provide the results and the analysis of the thesis. The first part is the culture differences between China and America, such as nation, religion, and language, etc. The second part is the distinct project management styles between China and America. The third part is the various conflict handling styles between China and America (i.e., confrontation, compromising, smoothing, forcing, and withdrawal), the measuring scales and comparison between China and America.

The samples given by this study were selected from the American Dow Chemistry Corporation Ltd (China). In order to highlight the cultural influences on conflict handling styles in a project management conception, the Chinese and the American samples were matched in terms of their work experience as far as possible, the ages and the positions in the company. The samples of this in-depth, interpretive study involved 8 Chinese project managers and 5 American project managers, and are selected by using a theoretical sampling process from 45 questionnaires. Demographic information on the samples is listed in Table 3.

## 4.1. Culture Differences between China and America

### 4.1.1. The Differences in Nations and Religions

In the research, I assembled the information from the people of the two different countries. Different nations have different minds and spirits. In differing countries, there will have specifically self-reference, which follows the specifically customs and culture rules. If you merely follow your own rules to explain and judge other nation's behaviors, misunderstanding will probably take place. It will be the results of the culture conflicts.



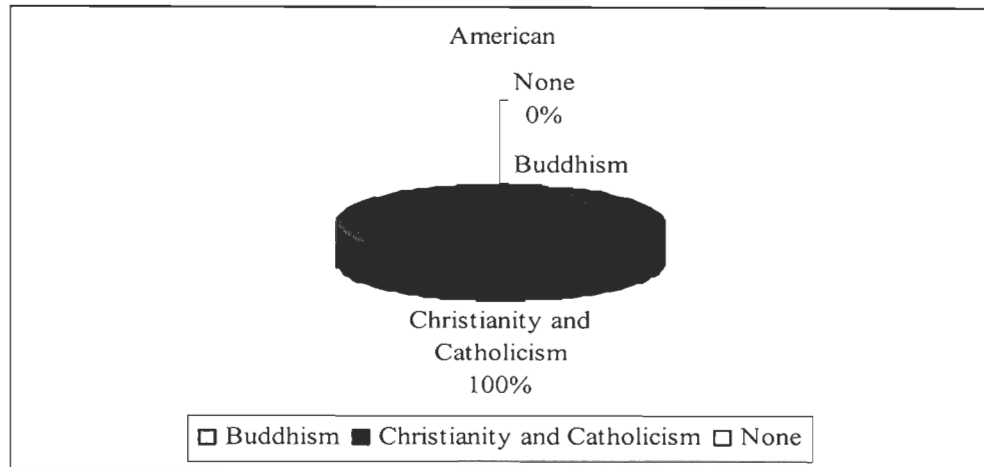


FIGURE 6: FAITH IN THE PEOPLE BETWEEN CHINA AND AMERICA

The pie charts above regarding the faith of the people in China and America reveal that there are 74 percent of the Chinese people who believe in Buddhism, however, 26 percent of the Chinese people and 100 percent of the American people believe in Christianity and Catholicism. It expresses that most of the Asian countries are influenced by Buddhism. The religion is one of the sources of the cultures. The people's behaviors are very much influenced by the cultures. It can be inferred that most of the Chinese and the American people are not alike. To teamwork with the American people is like to work with the Westerners for the Chinese people. So as long as the people from these two countries work together, it will in all probability cause some problems. They may hold different opinions on the same thing because of the different religions. For this reason, nowadays it is quite essential to understand the working habits of your foreign colleagues.

#### 4.1.2. The Differences in the Languages and Ways of Communication

Different nations, different languages, and different backgrounds will generate different understandings for the same message. Communication is the process of transforming messages in a community. Different cultures have different ways of communication. If people come from different countries, there will be a barrier in their communication.

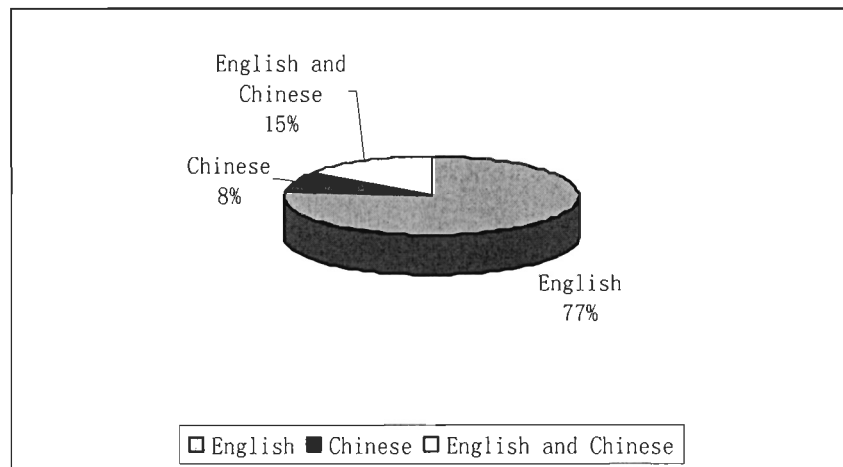


FIGURE 7: LANGUAGES USED IN COMMUNICATION

According to Figure 7, 77 per cent of the people will choose English as their communication tool, 15 per cent of the people will choose both Mandarin Chinese and English, and 8 per cent of the people will merely speak Mandarin Chinese. In these two groups, it can be referred that most of people choose English as their first communication

tool. Through the study, I find that 6 people can speak both Mandarin Chinese and English. There are more than two different languages used in one company. As many one knows, in China people can speak English, but they always have the difficulty to speak with the foreign people. They do not have too many occasions to practice it. It is easy to render people confuse. On the other hand, it is easy to give rise to clashes. China is a high-context culture nation, so it is fairly tough for an interpreter to translate certain sentences to the Western ones. Consequently, it becomes more necessary for the project managers to solve the language problems.



### 4.1.3. The Different Opinions of ‘Guanxi’ (Relation)

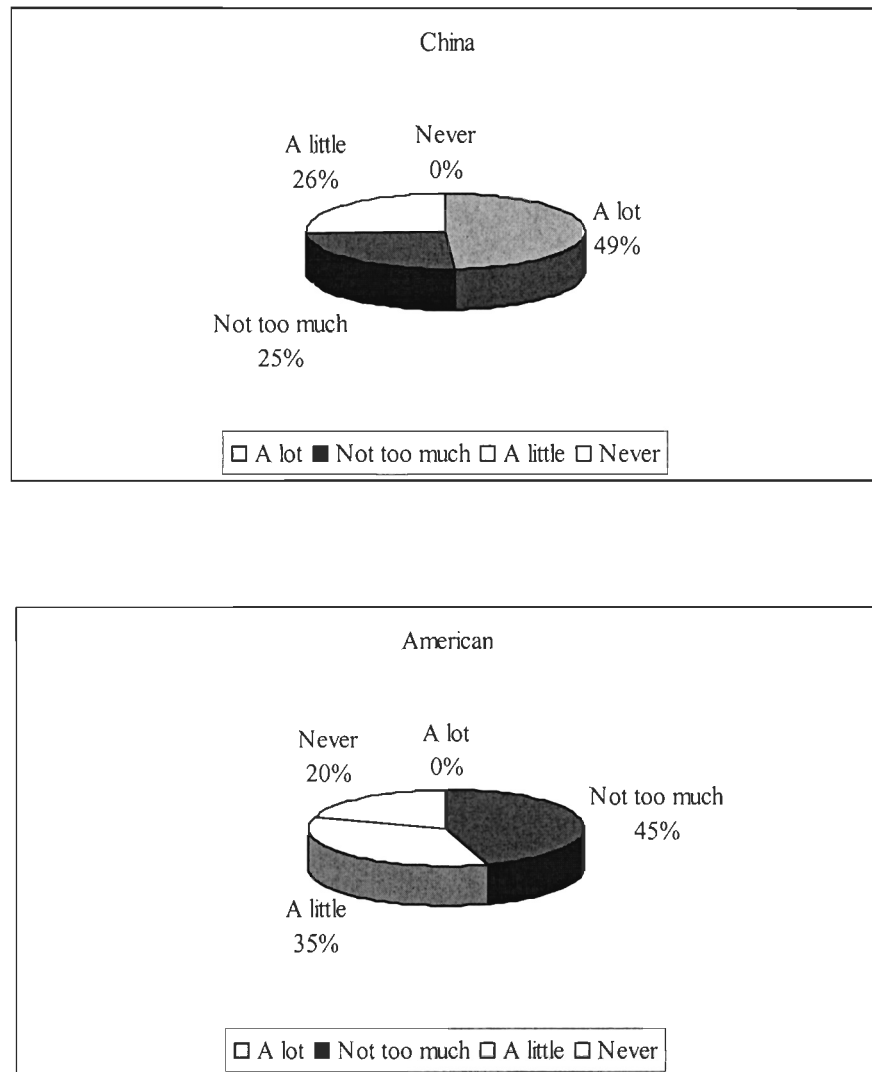


FIGURE 8: ‘GUANXI ’ (RELATION) ATTITUDE BETWEEN CHINA AND AMERICA

From the pie charts above (Figure 8), we can realize that 49 per cent of the Chinese employees said they would take a lot of time and money to do ‘Guanxi’ well, yet none of

these employees said that they never do 'Guanxi' in their jobs. Obviously 'Guanxi' is such a crucial ingredient in China. Twenty per cent of the American employees never did 'Guanxi' in their employment, and even didn't understand the reason that the Chinese people think much of 'Guanxi'. In China, if you do not possess very good interpersonal relationship (a kind of 'Guanxi'), it is rather difficult to accomplish your jobs well, nevertheless, in the Western Countries, the coordination is also truly imperative in the teamwork, but is not as complex as in China.

'Guanxi' is a sort of the Chinese business cultures. It has a great impact upon the Chinese people. In China, it is the right 'Guanxi' that makes all the differences in ensuring that projects will be successful. By securing the right 'Guanxi', an organization can minimize the risks, frustrations, and disappointments when conducting projects in China. As a consequence, the American staffs need to learn more about the Chinese culture, try to transform a little of their project management styles. By doing this it will become less difficult to achieve some success in Chinese commercial activities.

#### **4.1.4. The Greatest Differences between the Chinese and the Western Cultures**

Basically speaking, all the responders consider that there exist big differences between the Chinese and the Western culture.

*[...] China and the U.S. differ to much a degree with regard to the aspects of their economic systems, political systems, social values, and laws etc. [...] (Responder No.10)*

*[...] I hold the opinion that the biggest distinction between China and America lies in the way of thinking and the way of the information exchange. The Americans' thinking mode is more direct and they are willing to say whatever they think. On the other hand, the Chinese' thinking mode is more indirect, and in most cases, the Chinese people would not like to disclose their own notions. [...] (Responder No.5)*

According to my research, some responders believe that the biggest culture differences between China and America are the mode of thinking and the way of the information exchange. As we all may know, China is a country with a very long history, and China and America have the different cultures. The Chinese people always select the method of indirect communication; however, the American people take advantage of a more direct method of communication. The Chinese people do not frequently explain their own ideas, and it is not easy for them to appraise the others, but the American people constantly choose to persist in their own ideas and standpoints. In addition, the Western people are truly warmhearted; however, the Chinese people are extremely implicit. Therefore, it is the mode of different thoughts and the way of the information exchange that might contribute to some conflicts during the process of their work.

*[...] The different styles of thinking, the different ways of communication, the differences in laws and policies. [...] (Responder No.5)*

The styles of thought are rather differing between the Occidental and the Oriental culture. Let us suppose that, normal Occidental's styles of thinking are like the chase logic, which means that they consider something as it stands. But the Oriental's styles of thinking are like I-go logic, which means that the Oriental people prefer taking the whole thing into consideration. Moreover, the Occidental people favor teamwork, and emphasize on the things in particular. But the Oriental people will take into account more about the rank, and emphasize particular the human being.

Various nations have the different laws and policies. One case in point is that a number of developed countries have complete laws in business areas; the managers of the multinational corporations have more power in their positions. But in some developing countries, the situation is very much different. The managers are controlled by their upper departments and the government policies.

These culture differences appear inside and outside of the joint venture companies, therefore, when the staffs from varied nations work together, it is inevitable that the conflict will emerge.

#### 4.1.5. The level of understanding each other's culture

From the questionnaire, we can tell that both of the two countries employees don't know much of the culture of the other group.

*[...] Understand not too much of the Western culture, learn it mainly from the mass media, such as the Internet, radio, television, advertisement, magazines, and newspapers or and their friends. [...] (Responder No.3)*

*[...] Before I came to China, I am almost aware of nothing about the Chinese culture, and am afraid about how to do my business and how to get along with the people in China. [...] (Responder No.11)*

In this research, I found that almost all the people don't know the host country's culture before their arrival. Most of them learn it mainly from the Internet, television, radio, advertisement, magazines, and newspapers or their friends, and the like. To some extent, it can be said that culture is the basic of a country, and different countries have different cultures. So if you like to survive in a foreign country, you must manage to get to know his culture, or rather, the culture that exerts influence upon the host country people. The actions of people are mainly dependent on the culture. So if the employees fail to understand the host country's culture, it will become more troublesome to get along with other employees. If the employees do not understand the host country's culture, it will become harder to work with

the others, and therefore will give rise to a good many of the conflicts during the course of the work.

## **4.2. Difference of Project Management Styles between China and American**

Most of the responders consider that the American and the Chinese people boast the different project management styles acknowledging that project management is not a kind of creed, but rather a kind of art. Based upon the different cultural backgrounds, different people from different nations will have different styles of project management.

*[...] As far as we may know, the American and the Chinese people boast the different cultures, so they might have the different ways of working and thinking. The most important element to influence the project management styles I think is the culture. [...] (Responder 2)*

*[...] The Americans have a strong predilection towards networking and the Chinese have a high degree of centralization of authority. I assert that this is the biggest difference between China and America from the perspective of project management styles. [...]*  
*(Responder 8)*

Different cultures and backgrounds will bring out different project management styles. For instance, the Occidental enterprisers are brave in adventure; they are not afraid to explore new products, new technology, new resources, and new markets, nonetheless, as far as the Chinese enterprisers are concerned, they are devoid of this kind of spirit. For the employees of the Occidental companies, they have more freedom than those of the Chinese companies. The employees of the Occidental companies have the rights to advise and oppugn their superiors, however, the Chinese companies are short of this kind of system. On the side of working attitudes, the employees of the Occidental companies often deem that working hours is working hours. They will not do their personal affairs during their working time. But the employees of the Chinese companies are lacking the go-aheadism approach. In their working hours, they will take their working hours to chat sometimes. These are unacceptable for foreign managers. On the working method side, the employees of the Occidental companies follow the rules of their work. But the employees of the Chinese companies will consider more about the ideas of superiors to be the direction of their jobs.

The ways of doing jobs principally relies on the employees. The employees' habits always influence their behaviors. But the employees' habits relies upon their own cultures. The ways of doing work, as a result, rest on the culture. The culture greatly affects on the employees' habits. So the different ways of work between two countries result from the different cultures of two countries. Due to the cultural variations, the behaviors of people are different. These differences can lead to different project management styles. It is because the project management styles depend upon the people who work in this management system. So

what the people do can affect the project management styles directly. Different people can have different impact on the project management styles. This effort could lead the project management to the different styles. On the other hand, it can be said that the project management styles is directly related to culture.

### **4.3. Difference of Conflict Handling Styles between China and America**

The five types of conflict resolution strategies (i.e., avoiding, compromising, problem-solving, forcing, and legalism) were measured using Lin and Germain (1998) scale. The respondents were presented a list of typical joint venture conflicts and then were asked to rate the likelihood of resorting to each resolution. All the measures were assessed on 5-point Likert scales anchored by "very unlikely" and "very likely." Then the average data was calculated for every multi-item and in each group. (See Table 4)



<b>Operational Measures: Multi-Item Scales From America and China</b>		
<b>1.Cultural similarity mean of 2 items anchored by strongly disagree=1 and strongly agree=5</b>	<b>American</b>	<b>China</b>
a. Chinese (American) project managers perceive things like us	2.1	2.3
b. Chinese (American) project managers behave like us	2.3	2.2
<b>2. Confrontation mean of 4 items anchored by very unlikely=1 very likely=5</b>		
a. We will enter into a direct discussion of the problem with our partner	4.2	3.1
b. We will attempt to get all our concerns and issues into the open	4.0	2.7
c. We will tell our partner our ideas and ask them for their ideas	4.5	3.1
d. We will show our partner the logic and benefits of our position	4.1	3.0
<b>3. Compromising mean of 4 items anchored by very unlikely=1 very likely=5</b>		
a. We will propose a middle ground	2.0	3.8
b. We will use “give and take” so that a compromise can be made	2.3	3.6
c. We will try to find a position that is intermediate between their position and our position	2.8	4.2
d. We will try to find a fair combination of gains and losses for both parties	3.0	3.7
<b>4. Forcing mean of 3 items anchored by very unlikely=1 very likely=5</b>		
a. We will use our management authority to select our proposal	3.8	3.0
b. We will use our expertise to make a decision based on our proposal	4.5	2.8

c. We will use our power to win a competitive situation	3.9	2.6
<b>5. Smoothing mean of 3 items anchored by very unlikely=1 very likely=5</b>		
a. We are satisfied with our personal relationship with the partner	3.2	3.9
b. The joint venture's financial performance is satisfactory	2.8	3.7
c. We are satisfied with our overall relationship with the partner	2.6	4.4
<b>6. Withdrawal mean of 2 items anchored by very unlikely=1 very likely=5</b>		
a. We does not pay attention to the conflict	2.8	2.7
b. We ignore the disagreement between each other	3.1	3.1

**Table 4: Analysis of the multi-item conflict resolution scales From China and America**

In this section, I look forward to analyzing the conflict handling approaches in the joint venture companies between China and America. Compared with the comprehension of the five conflict handling approaches in China and America, I have used the 'mean' method to compare the data that I have collected. All the data collected are shown in Table 4.

In the first place, I made a comparison of the opinions in the cultural similarity between China and America. Cultural similarity refers to observation by one party of a similar degree of behavioral patterns in another party (Lin and Germain, 1998). Cultural similarity and nationality are correlated yet distinct (Buckley and Casson, 1988). For the part of cultural similarity, these data reflect that Chinese and the Americans don't agree on the fact that the

people from two countries have the same behavior and perceive things in a similar way. As many one knows, the people who come from different countries have different cultures. The culture influences the people's behaviors all the time. Indeed, the sources of the culture are religion, family, education, and the like. People come from distinct nations and their sources are differing at all. Hence, their habits are also distinct. In the midst of work and life, some conflicts will turn out among the people who have different cultural backgrounds.

In the second place, I compare the opinions concerning the confrontation handling style (Lin, X./Wang, C 2002).

*[...] We have a greater preference on confrontation. We will enter into a direct discussion of the problem with our partner. [...] (Responder No.10)*

*[...] We have a lower preference on confrontation. We will tell our partner our ideas and ask them for their ideas. [...] (Responder No.4)*

From the data in Table 4, I get a result similar to does of most of the American project managers. The American project managers are willing to discuss the problems with partners in a more direct manner. As opposed to that, the Chinese project mangers are reluctant to get all their concerns and issues into the open. The American project managers would like to tell their own ideas to the partners and ask them for their ideas. On the other side Chinese project managers are not very open-minded, or rather, they would not rather embody the partners the

logic and benefits of their positions. Confrontation refers to the involvement of the frank exchange of information in order to achieve an effective solution acceptable to both parties. In other words, this strategy tends to build up a satisfactory relationship between both joint venture partners in order to achieve their goals (Campbell et al., 1988). People who make use of this handling style tend to face conflicts and try to find a proper way to address problems by focusing on both sides in order to achieve balance. China and America are quite a part on the perspective of culture. China is a high-context culture country, and the Chinese people prefer an implicit mode of communication. Chinese project managers tend to maintain harmony and avoid direct and open discussion of problems with their partners which is often viewed as an unwise strategy. This is in big contrast to the American project managers who appear to discuss problems more openly and directly and encourage a straight exchange of ideas. America, on the other hand, is a low-context culture country, and the mode of communication is usually extremely explicit. The American project managers seem to be more assertive by asking more questions and debating and they perceive the Asia as people you avoid arguments (Kim and Paulk, 1994). Our findings as suggested by our Proposition 3A is that American project managers will have a greater preference for confrontation (problem-solving) than the Chinese project managers.

In the third place, I made a comparison of the opinions in the compromising handling style.

*[...] We have a lower preference on compromising. We fight for our own right and benefits. [...] (Responder No.12)*

*[...] We have a greater preference on compromising. We will propose a middle ground. [...] (Responder No.2)*

In this research we found that the American project managers have a lower preference on the compromising style; on the contrary, the Chinese project managers have a greater preference on compromising style. As far as we are concerned, individualism is perceived as a major dimension in the observation of culture. Hofstede (1984) found that economically advanced countries have tendency to place greater emphasis on individualism than do poorer countries. In an individualistic culture like America, what people underline is to what they can do. By contrast, in a collectivistic culture like China, meeting social responsibilities are more pivotal than personal interests (Triandis, 1995). Compromising represents an intermediate position in terms of both assertiveness and co-operation. The Chinese project managers' preference for the compromising handling style can be explained by the Chinese concepts of 'Guanxi' (Relation). In the Chinese culture, 'Guanxi' is so important for a person that the right 'Guanxi' (Relationship) can make all the differences in ensuring that the business will be successful. As such, the Chinese project managers always have aspiration to propose a middle ground when they have argued with the partners, because they feel like establishing a good 'Guanxi' (Relationship) with other partners is important. Chinese project manager will make an attempt to find a position that is intermediate between their positions and partners' positions. But the American project managers don't favor the compromise handling style; they will fight for their own rights and benefits. Again and as

suggested by our Proposition 3B, Chinese project managers will have a greater preference for the compromising style than the American project managers.

In the fourth place, I compare the opinions in the forcing handling style between America and China. The American project managers have a high score on forcing. As Hofstede (1984) found individualism is a major dimension of culture. China is a low individualism country, yet America is a high individualism country. The priority of self-concern or group-concern varies from one culture to another. American project managers like to use their expertise to make the decision based on their proposals. They will take advantage of their power to win a competitive situation. Most of the American project managers are willing to work with their own plans that will defend their interests. The Chinese project managers acquire a low score on the forcing style, meaning that they do not like the force strategy, but like to be coordinated with other partners. In addition, in a joint venture company, one of the partners has the potential to use power such as an ownership advantage in the decision-making process if disagreements between partners occur. Hence, and pertaining to Proposition 3C, we can conclude that American project managers will have a greater preference for the forcing handling skills than the Chinese project managers.

In fifth place, I compare the opinions in the smoothing handling style. The American project managers have a lower preference for the smoothing style than the Chinese project managers. The Chinese project managers are always satisfied with their personal and overall relationship with partners. And they are satisfied with joint venture's financial performances.

But the American project managers don't prefer the smoothing style explained by the Western individualism dimension. Most of the American employees love to work with their own plans. And in a collectivist nation like China, the personal interests and the goals of employees are subordinate to the interests and the goals of their organizations. This findings speaks in favor of proposition 3D that is, Chinese project manager will have a greater preference for the smoothing style than an American project manager.

Last but not least, I compare the opinions in the avoiding (withdrawal) handling style between the two countries.

*[...] We have a greater preference for the withdrawal. We pay more attention to the conflict. We try our best to cooperate with Chinese partner. [...] (Responder No.13)*

*[...] We have a greater preference for the withdrawal. We think much of the disagreement between each other. We avoid the friction as far as possible. [...] (Responder No.4)*

From Table 4, we can perceive that the mean value is almost the same. Both the American project managers and the Chinese project managers have a greater preference for the avoiding (withdrawal) handling style. They will concentrate more attention to the conflicts. They will focus on this disagreement, and try their best to well cooperate with each other. The Chinese project managers and the American project managers are likely to pay

greater heed to group harmony and relationships when they are involved in a conflict resolution approach. They will try to avoid direct debates or confrontations and always try to get through conflicts quietly. Thereby, the proposition 3E: the Chinese project managers will have a greater preference for the avoiding (withdrawal) handling style than the American project managers. These finding are not congruent with previews joint venture studies.

#### **4.4. Discussion**

Through the analysis of the three parts of questions, I find out some potential problems existing in the American-Chinese joint venture companies. These problems are mainly brought about by the differences of culture. Culture takes a great effort on people's behaviors. However, cultures vary from country to country. So the people's behaviors are different, too. If people who have different culture backgrounds work in a team, it perhaps leads to certain problems.

For example, they have different points of view on the same question or have different working habits. In the project management system, the people play the most important role. The project management styles depend on how the people do. On the other hand, people's behaviors are affected by the culture and of course the project management styles are affected by culture in the same way people are affected by culture. If the people look forward



to get a good understanding of the differences of project management styles, they must firstly acknowledge differences in cultural approach.

In the foregoing analysis, I should be able to offer some general conclusions. By way of dividing the people into two groups, one Chinese group, one American group, I was able to gather information from two different cultural groups. To analyze the different opinions, the readers can perceived the big differences between these two cultures as show in the first part of chapter 4. Based upon a survey with the American-Chinese joint venture project managers in China, this study extends my empirical understanding of the conflict handing styles preferred by joint venture partners of different cultural, national, or regional backgrounds. As a matter of fact, by confirming my proposition, the results indicates that the Chinese project managers, have a greater preference for the compromising style and the smoothing style, and a lesser preference for the confrontation (problem-solving) handling style and the forcing handling style than their American counterparts. These findings were consistent with the existing literature that demonstrates collectivist cultures favoring the harmony-enhancing model and individualistic cultures preferring the confrontation model (Barnlund 1989, Berman/Berman/Singh 1985, Leung/Lind 1986, Leung 1987, Morris et al. 1998, Kozan 1997). The outcomes of my analysis have shown American project manager performance mightiness on the confrontation (problem-solving) style and the forcing style than did their Chinese counterparts. From the perspective of the confrontation style, to better understand cultural differences in preference for the confrontation (problem-solving) handling style, my argument is that, for the Westerners, this style is preferred for the reason that it usually leads

to a better method of meeting fundamental interests of both parties; for the Chinese, however, this style is less preferred because it necessarily involves the open confrontation, which is often considered to be annoying and challenging by individuals from the Asian cultures. Thus, with a deepened sense of in-group membership, the Chinese counterparts are less likely to turn to the confrontation (problem-solving) approach, but instead are likely to increase their use of the compromising style, which usually does not require intensive and confrontational exchanges (Leung 1987).

We can recognize from Table 4 that no significant difference was observed in preference for the avoiding (withdrawal) handling style among project managers across the two groups (the Chinese and the Americans). This result is inconsistent with the existing literature. One possibility is that, as aforementioned, in a Chinese setting, all joint venture partners tend to avoid conflicts to some extent as way to adapt to the Chinese culture, for example Guanxi (Relationship). China is known as a collectivist culture that values relationships that stress harmony, cooperation, face-saving and the procedure that nurtures them (Leung 1987). These cultural dimensions have been shown to be important to successful business interaction with China (Adler/Graham 1989, Hofstede 1980, Hofstede/Bond 1988, Ralston et al. 1993). My research was conducted in a Chinese-American joint venture company which is established in China. In addition, there are a lot of Western project managers in the company, they work with the Chinese employees together, pass the usual information exchanges they certainly will understand the Chinese culture, and may assimilate the Chinese culture on different degrees. The American project manager will

absorb the Chinese culture and they will try their best to adapt Chinese culture. In order to better cooperate with the Chinese partners, the American project managers are aware that they need to be considerate of each other, cooperate mutually, pay more attention to conflicts, remove those antinomies, and thus better attain business objectives.

My research render full support from previous research showing that members of individualistic cultures would be more likely to use solution-oriented conflict styles (problem-solving, forcing) than would members of the collectivist cultures (Ting-Toomey 1988, Trubisky/Ting-Toomey/Lin 1991). These findings are by way that collectivist culture favors the harmony-enhancing model and individualistic cultures favors the confrontation model (Barnlund 1989, Berman/Berman/Singh 1985. The analysis of the case of the American-Chinese joint venture company revealed that the Chinese project managers or executives prefer the ‘compromising’ handling style and the ‘smoothing’ handling style. Furthermore, both the Chinese and American project managers attach importance to the ‘withdrawal’ approach.

## **CHAPTER 5**

### **CONCLUSION**

In this research, I made use of a concurrent nested method, using a more qualitative approach with the use of some quantitative data.

The purpose of my research was to explore the cultural differences, the different project management styles and the different conflict handling styles between China and America. The questions of the research were as follows:

1. What is the biggest culture difference between China and America?
2. What are the differences in project management conflict handling styles between China and America?

In this study, one American-Chinese joint venture company was chosen as a sample. I have sent out 45 questionnaires got 31 answers feedback and use 13 reliable questionnaires. In the midst of these 13 answers, 5 responders were high level managers who are involved in project management, and 8 responders were middle-level project managers who are involved in project management. These people all have at least 2-year project management

experiences. Because of nature of this research I have confidence that the samples I have selected are highly representative and meaningful for my study.

Taking into consideration the subjects and propose of my research, I have put forward three propositions. In Proposition 3, it includes five outspread propositions, such as Proposition 1: There are culture differences between China and America; Proposition 2: The culture difference dimensions will influence the project management styles; Proposition 3: There are differences between the Chinese and the American project managers in conflict management styles due to the cultural differences. From the above proposition 3A: The American project managers will boast a greater preference for the confrontation (problem-solving) handling style than the Chinese project managers; Proposition 3B: The Chinese project managers will have a greater preference for the compromising handling style than the American project managers; Proposition 3C: The American project managers will have a greater preference for the forcing handling style than the Chinese project managers; Proposition 3D: A Chinese project manager will have a greater preference for the smoothing handling style than an American project manager.; Proposition 3E: The Chinese project managers will have a vaster preference for the avoiding (withdrawal) handling style than the American project managers.

In the present research, I did find big differences in culture between China and America, pertaining from differences between nations and religions, differences in the languages and the way of communication and the different opinions in ‘Guanxi’ (Relation).

These finding can well explain the great difference culture between China and America and the level of understanding each other's culture. I also find out that different project management styles between China and America are mainly based on different culture backgrounds, and different people from different countries have different handling styles of project management.

Last but barely least, I analyze the different conflict handling styles between China and America, and the five types of conflict resolution strategies (i.e., avoiding, compromising, confrontation, forcing, and smoothing). What is more, I claim that the Chinese project managers have a larger preference in the compromising strategy and the smoothing strategy; however, the American project managers favor the confrontation style and the forcing style. Both of them think highly of the avoiding (withdrawal) handling strategy.

China is known as a collectivist culture that values relationships that stress harmony, cooperation, face-saving and the procedure that nurtures them (Leung 1987). These cultural dimensions have been shown to be significant to successful project interaction with China (Adler/Graham 1989, Hofstede 1980, Hofstede/ Bond 1988, Ralston et al. 1993). The findings of this study may be instrumental in explaining the causes of the frequently reported difficulties of setting up joint ventures in China. Understanding differences in conflict handling styles and underlying culture distinctions can be of assistance to joint venture project managers who must interact and resolve conflicts with project managers from other cultures, nations or regions, and the like.

## 5.1. Forces and Limits of Study

As we may know for all the research, they all have forces and limits. In this section, I will present the forces and limits of my study.

One force of this research is the use of two types of research methodology. In this research, I have adopted a concurrent nested method as the type of my research method. By doing such, both the quantitative and qualitative data are picked up simultaneously. By using the concurrent nested method in my research, I gain perspectives from the different types of data or from different levels within the study. So this research has the advantage of the use of both types of methods to collect the data. In this research, I also establish the correlations between the qualitative data and the quantitative data. As far as we might know, the qualitative data and the quantitative data are the two different sorts of the data. The establishment of a relationship between these two data can offer a comprehensive and integrated analysis.

The limit of the research is related to use of a case study mainly the American Dow Chemistry Corporation Ltd (China) and a small group of people that I have reached. The responders work solely in one joint venture company, so these results can't use in other sections. The responders of my research are Chinese and Americans, so the results are not

significant for other countries. The findings of this study are, of course, based upon a limited sample of the project managers from a single industry, and the research can't be applied in other industries, in other words, this thesis and its analysis, supplies limited conclusion. There is continuing need to update knowledge about cultural differences between China and America including differences of project management styles are up to culture between the Chinese and the American joint-ventures enterprises, the way in which culture affects conflicts, and the way different management styles are used to manage conflicts especially in joint venture enterprises.

## **5.2. Recommendation**

Research on conflict resolution styles is largely based upon the theoretical framework of variations of the two-dimension or dual-concern model (Black/Shepard/ Mouton 1964, Pruitt/Carnavale 1993, Rahim 1983, Thomas/Kilmann 1974). This model suggests that individuals' styles of conflict resolution are determined by their concern for their own outcomes (assertiveness) and for the outcomes of others (cooperativeness). As a result, the previously described five styles have been identified: avoiding, compromising, confrontation, forcing, and smoothing. Studies reveal that cultures differ in their preferred forms of handling conflict (Chua/Gudykunst 1987, Elsayed-Ekhouly/Buda 1996, Leung 1987, Morris et al. 1998, Ting-Toomey et al. 1991, Trubisky/TingToomey/Lin 1991, Chen/Ryan/Chen 2000, He/Zhu/Peng 2002).



Understanding the ways in which people from different cultures approach conflicts is, therefore, of great significance. In one joint venture company, a project manager is the leader of a project management system. He will be take responsibility for all the things concerned, and is also a project decision maker. As a project manager, he must get a good understanding of the significance of culture, if he works with others who come from distinct countries, cultures or regions. Because of factors like the culture, people probably have different attitudes towards the same problem. The project manager should manage to find the most suitable ways to address the existing problems. Here I want to raise some suggestions to the project managers in order to avoid or reduce the conflicts.

### **5.2.1. Culture training course**

Being aware of the problems caused by the culture differences and the lack in acknowledge of other cultures, I strongly recommend that project managers ought to receive culture-training course.

Receiving trans-culture training course is one of the most efficient ways to solve and avoid the culture clashes. In most of the joint venture companies, most people think that the technical training is necessary. However, they ignore the importance of the culture training.

The culture training is the best way to address culture clashes. Normally speaking, the culture-training course involves the following aspects:

- (1) Understand other country cultures
- (2) Adaptability training
- (3) Language training
- (4) The ability to solve the problems across the culture

### **5.2.2. Employ Local People**

Employing local people is one effective way to reduce or avoid the culture conflicts between two countries for the reason that the local people always hold a better knowledge of the host country's project management culture. Hiring more local people in one company can not only decrease the project management clashes, but also is easy to achieve the company's goals. Because the local employees are aware of the management cultures of the local companies, it is not difficult to cooperate with local companies and thus reduce the impact of culture in the management of project.

### **5.2.3. Create a New Collaborative Style**

Because culture differences will possibly cause conflicts, I believe that the traditional five conflict resolutions are not very fit for the special model of the joint venture companies. In this case, the broadness of project management may create a new cooperate style which has the advantages of the two countries' cultures. This cooperative handling style is the amalgamation of the two countries' cultures. If the employees share the same culture in one company, it will be tough to bring about culture clashes and rather easy for the managers to control. Thanks to the same culture, the people will cooperate with each other in an efficient and harmonious way.

Owing to the collaborative handling style, conflicts are recognized openly and evaluated by all the things concerned. Sharing, examining, and assessing the reasons for the conflicts will give rise to more thorough developments or alternatives that effectively resolve the conflicts and are fully acceptable to all parties. I hold that this conflict resolution style is more beneficial to the joint venture companies.

### **5.3. Directions of Future Research**

I deem that the results of this study will prove to be useful, and there will be a number of avenues for further researches in conflict handling styles. In addition to the cultural perspective, the present study further explores the conflict strategy differences between the Chinese and the Western project managers. Such an intra-cultural comparison explores factors that go beyond Hofstede (1980) five culture dimension explanations as traditionally used in the previous research. These ingredients encompass the degree of intercultural exposure, the legal environment of a nation or a region, ownership advantages versus location advantages, and the bargaining power associated with these advantages possessed by joint venture partners. A case in point is that American project managers are more likely than the Chinese project managers to utilize the forcing handling strategy. This is because managers from American investor companies typically have higher exposure to the Western values and possess higher bargaining ability than do their Chinese counterparts from local companies. As far as I am concerned, this is the first study of its kind that explores international joint venture partners' different preferences for conflict resolution styles in terms of both cultural and non-cultural factors in the joint ventures' setting. Further research should be undertaken to empirically test on a larger scale the typology of the Chinese and the Western conflict project management approaches. This may provide us with a more complete and comprehensive understanding of the Chinese and the American conflict management behaviors.

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## APPENDICES

### Questionnaire

**Name:**

#### **Part1:**

1. What is your nationality?
2. How old are you?
3. What is your sex?
4. What is your religion?
5. What is your position in company?
6. What is your education?
7. How long is your work experience?

8. How many years have you work in a joint venture company?

**Part2:**

1. When you communicate with the foreign employee in this company which language you use?

2. How much do you know about the Chinese culture before you come to this company?

3. Which do you think is the most different between Chinese and Western culture?

4. Do you think the American and the Chinese have the different project management style? And what do you think is the most important element to influence the project management style?

5. Will you spend a lot of time and money to do well the Guanxi (relations) with other people?

**Part3:**

Operational Measures: Multi-Item Scales From English Version Questionnaire

1.Cultural similarity mean of 2 items anchored by strongly disagree=1 and strongly agree=5

a. Chinese project managers perceive things like us

1 2 3 4 5

b. Chinese project managers behave like us

1 2 3 4 5

2. Confrontation mean of 4 items anchored by very unlikely=1 very likely=5

a. We will enter into a direct discussion of the problem with our partner

1 2 3 4 5

b. We will attempt to get all our concerns and issues into the open

1 2 3 4 5

c. We will tell our partner our ideas and ask them for their ideas

1 2 3 4 5

d. We will show our partner the logic and benefits of our position

1 2 3 4 5

3. Compromising mean of 4 items anchored by very unlikely=1 very likely=5

a. We will propose a middle ground

1 2 3 4 5

b. We will use “give and take” so that a compromise can be made

1 2 3 4 5

c. We will try to find a position that is intermediate between their position and our position

1 2 3 4 5

- d. We will try to find a fair combination of gains and losses for both parties

1 2 3 4 5

4. Forcing mean of 3 items anchored by very unlikely=1 very likely=5

- a. We will use our management authority to select our proposal

1 2 3 4 5

- b. We will use our expertise to make a decision based on our proposal

1 2 3 4 5

- c. We will use our power to win a competitive situation

1 2 3 4 5

5. Smoothing mean of 3 items anchored by very unlikely=1 very likely=5

- a. We are satisfied with our personal relationship with Chinese partner

1 2 3 4 5

- b. The joint venture's financial performance is satisfactory

1 2 3 4 5

- c. We are satisfied with our overall relationship with the partner

1 2 3 4 5

6. Withdrawal mean of 2 items anchored by very unlikely=1 very likely=5

- a. We does not pay attention to the conflict

1 2 3 4 5

b. We ignore the disagreement between each other

1 2 3 4 5

**Explain :**

1. Withdrawal (Denial/Avoidance)—to ignore or deny an actual or potential disagreement.
2. Smoothing (Suppression)—to emphasise the commonalities or strong points and to de-emphasise or even suppress any differences in viewpoints among conflicting parties.
3. Forcing (Power)—to exert one's point of view at the expense of another and often lead to a win/lose situation.
4. Compromising (Negotiation)—to determine 'acceptable' solutions in which conflicting parties have some degree of satisfaction with a 'give and take' attitude.
5. Confrontation (Integration/Collaboration/Problem Solving)—to face or confront conflict directly with a problem-solving attitude and generate the 'best' solution even though the original views of either or both conflicting parties may need to be modified or discarded. Both parties set out to seek for a win-win situation.

## Questionnaire in Chinese

□□□

### 第一部分：

1. 国籍

2. 年龄

3. 性别

4. 宗教信仰

5. 职位

6. 学历

7. 参加工作时间（年数）



8. 外资企业工作时间（年数）

## 第二部分：

1. 在这家公司里你用何种语言和外籍员工交流？

2. 在你进入这家公司之前你对西方文化的了解有多少？

3. 你认为中西方文化的最大差异在哪里？

4. 你认为什么是影响你项目管理风格的最重要文化因素？

5.

你会利用大量的时间和金钱去和别人搞好关系？（关系：中国所特有的一种人与人之间的交流方式，例如上司和下属的关系，公司和客户的关系）

## 第三部分：

1. 文化的相似性定义为以下2点，非常同意=5，极不同意=1

A: 外籍项目管理者对事物的看法和我们相似 1 2 3 4 5

B: 外籍项目管理者的行为举止和我们相似 1 2 3 4  
5

2. 对质定义为以下 4 点，可能 = 5，不可能 = 1

A: 我们和合作者进行很直接的问题讨论 1 2 3 4  
5

B: 我们试图将我们所关心的焦点和问题公开化 1 2 3 4  
5

C: 我们和合作者相互交换意见 1 2 3 4  
5

D: 我们将告诉合作者符合我们立场的逻辑和利益 1 2 3 4  
5

3. 妥协定义为以下 4 点，可能 = 5，不可能 = 1

A: 我们将处于中立 1 2 3 4  
5

B: 我们将采取“亦取亦舍”以维护中立 1 2 3 4  
5

C：我们将试图找一个中间的在他们和我们的位置之间的位置 1 2 3 4

5

D：我们设法找出一个获取和损失公平的组合 1 2 3 4

5

4．强制定义为以下 3 点，可能 = 5，不可能 = 1

A：我们将利用我们的管理者来选择我们的提案 1 2 3 4

5

B：基于我们的提案听取专家的意见来做最后决定 1 2 3 4

5

C：我们将拿出最大的力量来赢取竞争 1 2 3 4

5

5．抑制定义为以下 3 点，可能 = 5，不可能 = 1

A：我们对和西方合作伙伴的私人关系感到非常满意 1 2 3 4

5

B：合资企业的财政表现是令人满意的 1 2 3 4

5

C：我们对与合作者的整体关系感到非常满意 1 2 3 4

5

6. 避免（躲避）定义为以下 2 点，可能 = 5，不可能 = 1

A：我们不注意冲突

1	2	3	4
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5

B：我忽略彼此间存在的分歧

1	2	3	4
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5

解释：

1. 对质(Integration/Collaboration/Problem Solving)

面对面或直接地以套解决问题的态度来面对冲突，双方面寻找一种双 - 赢的情形。

2. 妥协(Negotiation)

在冲突双方有一定程度上的满意来讨论双方都可接受的情况。

3. 强制(Power)尽力发挥一方的观点而牺牲另外一方，将形式引向输，赢的抉择。

4. 抑制(Suppression)强调共同性，甚至压制在观点上的所有区别以获取共同性。

5. 避免(Denial/Avoidance)忽略或否认实际或潜在的分歧。

## GLOSSARY

1. **Collectivism:** dimension of culture that refers to interdependence, group ness, and social cohesion.
2. **Corporate culture:** Thinking of an organization as a culture; the values, goals, and priorities that guide policies and procedures of an organization.
3. **Cross-cultural:** Comparison of cultural phenomena in different cultures.
4. **Culture:** A system of values and norms that are shared among a group of people and that when taken together constitute a design for living.
5. **Face:** Respect that one has in the eyes of one's reference group.
6. **High context:** Dimension of culture holding that much of the meaning of messages is determined by the context or environment.
7. **Low context:** Dimension of culture holding that little of the meaning of messages is determined by the context or environment.
8. **Power distance:** Dimension of culture that refers to the degree to which power, prestige, and wealth are distributed in a culture.
9. **Guanxi:** We can say that Guanxi is a kind of Chinese business culture; Guanxi is an important Chinese management element. "Guanxi" literally means "relationships", stands for any type of relationship.