

A Conflict Study in a Chinese Insurance Company Branch

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ABSTRACT

This is an analysis of conflict management at an insurance company branch in Xiangtan, China. The researcher went to China in 2013 to gather data and conduct interviews with employees at the company. Through research on previous studies, the researcher designed a framework to investigate conflict within the company, the style and management of the conflict, and identified additional resources that are relevant.

Keywords: conflict management, conflict systems, organization, insurance company

INTRODUCTION

Successful conflict management can help improve organizational effectiveness, productivity and competitiveness. However, conflict is a stubborn fact of organizational life (Kolb & Putnam, 1992), and often conflict is not fully understood or properly managed within organizations and, when not managed carefully, conflicts continue to rise and grow such that it decreases productivity and efficiency in companies.

As an international exchange student from Xiangtan University in China and being enrolled in the UMass Boston Conflict Resolution program, the researcher was interested in combining her international experience with the program's focus to develop a master project that can speak to both. In 2013, the researcher went to China to interview employees at an insurance company in the City of Xiangtan, Hunan. Current and former employees were instrumental to the research to understanding the organizational issues within the company. From these interviews and subsequent follow-up questions, the project began to take shape and raised questions on how do the Chinese perceive and manage conflicts? There has been much research on this topic and previous scholarship explored Chinese conflict management and resolution at interpersonal and political levels (Chen & Starosta, 1997) and on state-owned companies (Jehn & Weldon, 1997; Knutson, Hwang, & Deng, 2000; Peng et al., 2000; Tse, Francis, & Walls, 1994; Yu, 1995a, 1995b, 2000, 2002). Efforts devoted to the analysis of conflict management in Chinese private companies are still scarce and this project's research focused on one private company manages organizational conflict.

The insurance industry in China is one of the fastest growing industries since the implementation of the Deng-era *reform and opening-up* policy aimed at stimulating economic growth in 1979. Despite the rapid growth in insurance premium revenue, the insurance industry

has been known for low-employee satisfaction and high turnover (Yuan, 1968). This paper builds upon previous conflict studies and aims to contribute to a broader understanding of Chinese organizational conflict management by offering a conflict analysis in a private insurance company in China. This research proposes recommendations for developing proper conflict resolution system in the target company.

PROBLEM STATEMENT AND RESEARCH QUESTIONS

The research objectives are to identify what the conflicts are in a private insurance company in China and what conflict management methods are used. The research scope is intra-organizational conflict and focuses on conflict that occurs internally within the company. This research investigates the following questions:

- How do members of the company perceive conflict?
- What types of conflicts are present in the company and what are the sources of the conflicts?
- How does the company manage conflict and what are the outcomes of the applied conflict management approaches?
- What additional conflict management resources would be useful to the company?

LITERATURE REVIEW

This section surveys related literature on issues of organizational conflict. Themes identified from the literature review include an overview of organizational conflict, organizational conflict management studies as well as the scholarships on Chinese conflict management.

Organizational Conflict Overview: Yesterday and Today

There is a surge of interest in research on conflict in organizational settings since the rise of alternative dispute resolution. Among contemporary theorists, one of the generally accepted definitions of conflict is the perceived divergence of interest, a belief that the parties' current aspirations are incompatible (Pruitt & Kim 2004, p7). Conflict can happen in different arenas including international settings, organizational settings and at the individual level. In organizational settings, there are divergent interests or perceived incompatible aspirations between managers and employees, between workers, departments, and organizations (Katz & Flynn, 2013). Social and economic advances have resulted in adaptations to organizational conflict theories. These can be summarized as changing perceptions, changing faces, and changing sources.

Changing perceptions

Perceptions of workplace conflict have undergone significant transformation as for a long period of time conflict was associated mostly with disagreements that resulted in violence or the use of force (Lipsky & Avgar, 2010). Early twentieth-century social theorists Max Weber and Henri Fayol viewed group conflict as an inevitable outgrowth of social class and organization hierarchy and described conflict as unpleasant, hostile and senseless. Later, classical management and human relations scholars put emphasis on creating a harmonious and cooperative organizational environment (see Lewicki, Weiss and Lewin, this issue). Scholars gradually began to explore the positive impact of conflict in organizational life. Most contemporary theorists acknowledge the inevitability of conflict and no longer perceive conflict

only as completely dysfunctional. They instead argue that conflict is a natural occurrence in organizational life that can play a positive role (Katz & Flynn, 2013).

From a human resource management perspective, whether conflict can play a positive role or not depends on how it is handled. Previous studies have shown that effective conflict management helps promote productivity, release tensions and strengthen relationships within the organization (Ury, Brett, and Goldberg 1988, 170). With proper management, a moderate amount of conflict actually helps maintain an optimum level of organizational effectiveness (Afzalur 1992, 139).

Changing faces

In the past, only highly visible confrontations were viewed as conflicts. Today it is widely recognized that conflict exists in various forms. Kolb stated in her research *The Multiple Faces of Conflict in Organizations* (1992) as:

During the late 1980s and early 1990s, we are experiencing another significant turn in the development of conflict theory and practices... Organizational conflicts are not always – or even typically – dramatic confrontations that achieve high visibility and publicity, such as strikes, walkouts or firings. Nor is conflict usually bracketed into discrete public events and sequences, where parties formally negotiate or involve officially designated third parties in the resolution of their differences. Rather, disputes and their ongoing management are embedded in the interactions among organization members as they go about their daily activities. Even though some differences may be publicly aired, the vast majority occur informally and out of sight (Kolb, 1992).

This changing perspective expanded the scope of organizational conflict. According to Kolb, “conflict may be said to exist when there are real or perceived differences that arise in specific organizational circumstances and that engender emotion as a consequence.” The

perceived differences highlight the invisible part of conflict that is embedded in the everyday life of organizations. Despite traditional forms of conflict like grievances, disciplinary actions, complaints, lawsuits, strikes and threatened legal actions, conflict can also manifest itself in a variety of less-obvious ways including competition between colleagues or work units; sabotage; inefficiency or a lack of productivity; low morale and motivation, and withholding knowledge (Costantino & Merchant 1996, 5; Coates, Furlong & Downie, 1997).

Multiple Sources

The typical causes of conflict include distributional issues regarding tangible interests such as land, money, or jobs that can be traded; and compromised, intangible needs of identity, security, recognition, belongings, personal fulfillment and the capacity of self-determination. Arguing over rights, who is right or wrong according to socially recognized or formally established law or contract, or power struggles can lead to conflicts. Among all the theoretical approaches for analyzing sources of conflict, *Realistic Conflict Theory* (Sherif, 1966; Jackson, 1993; Pruitt & Kim, 2004), *Social Identity Theory* (Tajfel & Turner, 1985), and *Interdependence Theory* (Flippen, 1996, p.883) stand out. The three theories reveal the underlying sources of conflict in a complementary way and uncover the processes and dynamics of how conflict happens.

Realistic Conflict Theory (RCT) states that intergroup conflict occurs when parties are fighting over scarce resources. The resources can be either material like natural resources and money or intangible assets like power (Sherif, 1966; Jackson, 1993; Pruitt & Kim, 2004). Research has shown that conflict can also be exacerbated by perceived competition for resources even if the competition does not really exist. The real or perceived competition then creates

antagonistic intergroup relations and heightened identification with groups (Tajfel, 1985, p.8). Social Identity Theory (SIT) takes one step further to recognize grouping and social categories and argue that people automatically favor their own group members and discriminate against people from outside groups (Tajfel & Turner, 1985, p. 14). In order to investigate the psychological basis of intergroup discrimination in a more comprehensive way, Flippen's IDT (Interdependence Theory) accepts that social categories influences one's social identity. Different than Tajfel's social identity theory, IDT argues that grouping itself does not necessarily lead to in-group/out-group bias. Flippen states that, "categories do not become in- group/out- group until some kind of perceived interdependence creates the belief that members of different categories will act for or against self- interest (Flippen, 1996, p.883)." The bias occurs under certain circumstances when the group's common interests are under perceived threat.

In a workplace environment, workplace conflict can be placed into two broad categories: internal sources of conflict include the scarcity of resources and group bias. Conflict can arise when the involved parties are fighting over tangible or intangible resources; or when groups are faced with perceived or real threats, conflict may occur or escalate.

Organizational Conflict Management

Definition of Organizational Conflict Management

What is organizational conflict management and how do organizations manage or resolve such conflicts? In a workplace, conflict can be managed to be constructive or reduce impact. But organizational conflict can be hard to completely resolve. Conflict management may be a better

tool rather than conflict resolution when dealing with conflict in organizational settings. Conflict management in organizational settings can be defined as the implementation of a proactive approach to handling conflict by managers, supervisors and union representatives if in a unionized setting (Lipsky & Avgar, 2010).

Goals of Organizational Conflict Management

Although conflict is embedded in organizational processes and rarely and completely resolved (Kolb, 1992), the role of conflict management in organizational life should not be underestimated. There is ample evidence that effective conflict management can help create high-performance working environment. Kochan and Osterman defined high-performance working environment as:

Workplace that is usually featured with top management commitment, supporting business strategies, high employee involvement and stability, investment in training and development, contingent compensation, climate of cooperation and trust (Kochan & Osterman, 1995).

Scholars designed models to illustrate what role can conflict management play in organizational processing. For instance, Ventura and Harvey invented a model to demonstrate the role of conflict management in the process of building a high-performance workplace. The model argues that good conflict management can give organization life immediate, short-term and long-term benefits. Under a sound conflict management system, working relations, employee satisfactions, trust, cooperation, loyalty, commitment are expected to improve and eventually will lead to the improvement of the overall organizational performance and productivity (Coates, Furlong & Downie, 1997).

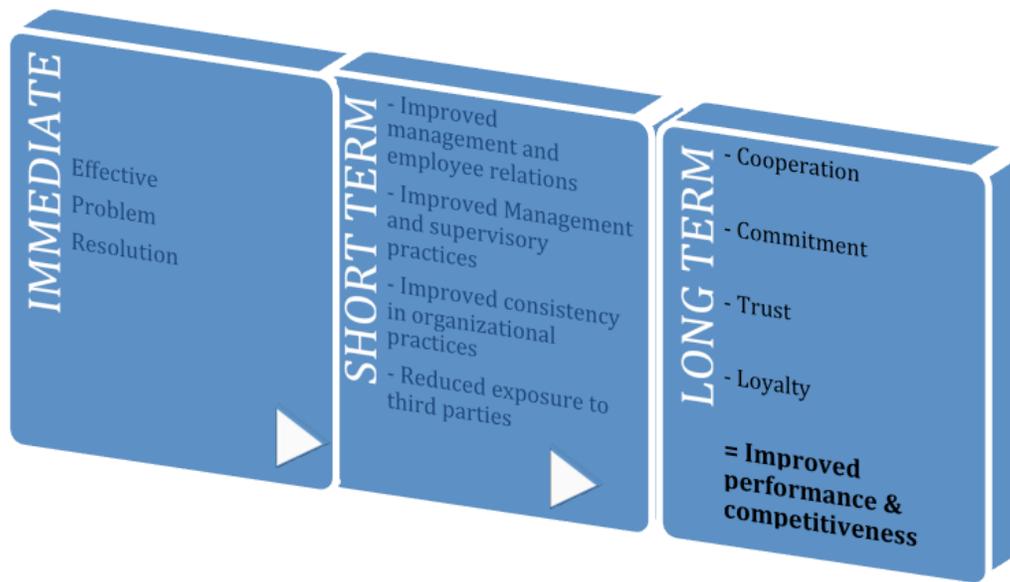


Table 1 – The Role of Organizational Conflict Management

Sources: Based on Ventura and Harvey (1988).

Styles of Organizational Conflict Management

Conflict management style has been examined in many different ways. Deutsch's simple cooperation-competition dichotomy (1949) is considered as the very first conceptual model to explain conflict management style. Conflictive parties bring their orientations to the table when dealing with conflict. Deutsch holds that cooperation and competition are the basic orientations when parties confront with each other. A cooperation orientation often leads to interest-based or integrative bargaining whereas a competition orientation leads to distributive bargaining which results in zero-sum or win-lose situations. An individual's perception is far more complex than simply being cooperative or competitive. More dimensions of individual's conflict behavior need

to be considered (Ruble & Thomas, 1976; Smith, 19870). Therefore, the Blake Mouton Managerial Grid was introduced in the 1960s as a two-dimensional conflict style scheme (Black & Mouton, 1964). They identified five conflict styles based on the “concern for people” and “concern for production” dimensions. This two-dimensional conflict style grid has continued to develop and evolve. Among all the revised models, Rahim and Bonama’s (1979) theoretical framework stands out. This model identified five conflict management styles based on two basic dimensions:

- 1). A high or low concern for self
- 2). A high or low concern for other

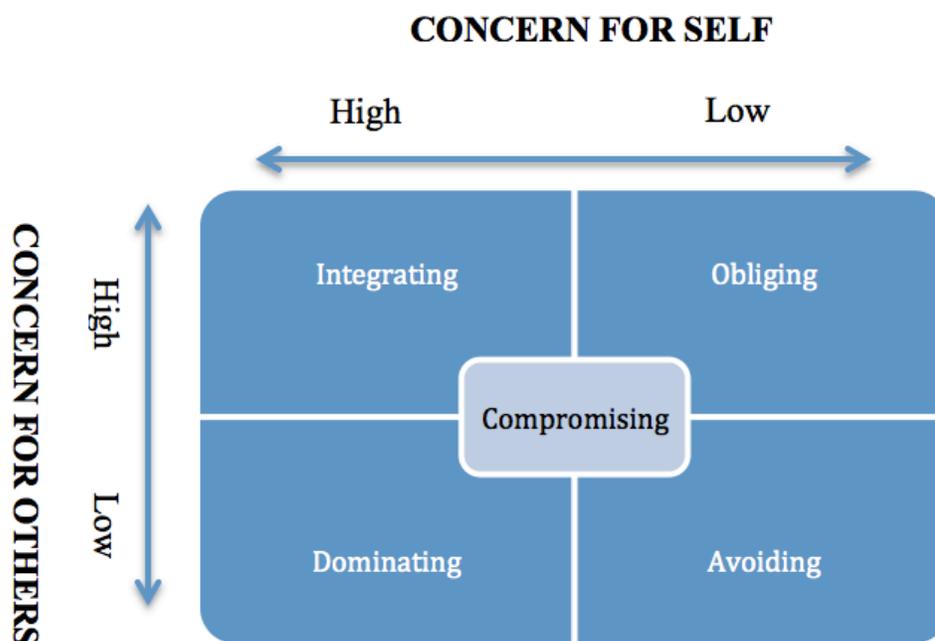


Table 2 - Five conflict management styles, Rahim and Bonama (1979)

As shown in the scheme above, based on “concern for self” and “concern for others” we can generate five conflict management styles: integrating, obliging, dominating, avoiding and compromising.

- High concern for both others and for oneself results in an integrating style. This conflict style involves openness, exchanging information, looking for alternatives, and examining differences to solve the problem in a manner that is acceptable to both parties. This style can be used when complex issues are involved and decisions are made by as a group; and the differences in skills, information, and experience between two parties plays a significant role in defining the problem and finding solutions. This style may not work when immediate actions are required, the issues involved are too simple, or parties involved are not concerned about the outcomes.
- Low concern for self but high concern for others results in an obliging style. This conflict style is associated with attempting to minimize the differences and highlight the commonalities to satisfy the concern of the other party. This style can be useful when the obliging party is not familiar with the issues involved in the conflict or keeping relationships outweighs the immediate outcomes. This style is inappropriate when the issues involved are important to one side or one side believes the other side is wrong or unethical.
- High concern for self but low concern for others results in a dominating style. This style is used when one party goes all out to win his or her objective and, as a result, often ignores the needs and expectations of the other party. This style is useful when immediate action is required or decision-making from the other side will affect this party in a negative way. In a workplace, the obliging style is also used when the

subordinate does not have the technical expertise to make decisions or the situation requires the supervisor to take immediate action, even if it is an unpopular one.

However, this style might not be useful when there is enough time to make a better decision by using problem solving skills.

- Low concern for both others and self results in an avoiding style. The avoiding party fails to satisfy personal concerns as well as the concern for the other party. The goal of this style is to delay the decision-making or simply withdraw from it. In a workplace, the avoiding style is appropriate only when the issues are not important to either party or the avoiding does not lead to negative effect on either party. It may not be appropriate when immediate action is needed or the issues involved are important to the parties.
- Lastly, compromising involves give-and-take whereby both parties give up something to make a mutually acceptable decision. The compromising style is useful when temporary settlement is required due to the complex and prolonged issues involved in the conflict or parties have tried other ways of dealing with conflict but none of them is effective. It may not be working when there is more time for problem solving and better resolution or value-based issues are involved.

Based on “Five Conflict Styles”, Rahim and Bonama’s (1979)

Tools and Systems of Organizational Conflict Management

Conflict management systems is a set of resources and resolution methods to help manage or resolve conflict. In an organizational setting, good management systems often share some commonalities. Firstly, they are carefully designed and tailored mechanisms which can fit into the existing and new resources or policies. They are not just a set of individual policies employees should follow, rather, they are intergrated, interconnected and are necessary to the development of an organization. Second, they usually include both interest-based methods like negotiation, facilitation and mediation as well as rights-based methods like peer review panel, management review panel and arbitration (Coates, Furlong & Downie, 1997). Third, good organizational conflict management systems are featured with fairness. Elements of fairness of workplace conflict systems are defined by several American national organizations including the Society of Professionals in Dispute Resolution (now the Association for Conflict Resolution). Those elements are “voluntariness, protection of privacy and confidentiality, impartiality of neutrals, trained and qualified neutrals, prohibition of retaliation, protection of collective bargaining rights, diversity and accessibility, preclusion of statutory rights” (Lipsky, Seeber, R. & Fincher, 2003).

Conflict management systems and employee voice mechanisms have been shown to improve employee involvement, commitment, and trust, as well as morale and productivity (Bohlander and White 1988; O’Brien and Drost 1984; Panken 1984). The following are typical conflict management systems in workplace. These are not one-fit-all systems, each company can develop their own conflict management systems based on the existing policies, resources, culture and needs.

System	Brief Description
Open-door Policy	Management encourages employees who have concerns or complaints to meet with and discuss any problems with immediate supervisors or any other management personnel; employees may or may not be required to try and solve the issue at the lowest level first before approaching the next level of management, including the most senior executives of the organization.
Senior management review	Variation on the open-door policy. Employees have the opportunity to discuss unresolved problems or complaints successively higher levels of management, up to and including the president or CEO of the organization. This process may include a board or committee of management personnel. Peer review. Unresolved issues go to a review committee or the board including employees and management personnel. Usually, the majority of committee or board members are from the employee ranks, and the remainders are from management levels.
Ombudsperson	The ombudsperson is designed to investigate and provide advice and assistance to employees who have concerns or complaints. The office is usually independent and paid for by the organization and reports to the president or CEO or top human resource management executive, but it acts as a liaison between management and employees or coworkers to resolve disputes.
Grievances	The grievance procedure is a formal multi-step process involving progressively higher levels of authority, which not culminate in mediation or arbitration, or both.
Mediation	In mediation, a third party assists in resolving the dispute by advising and providing information and options but leaves the final decision to the parties themselves. Mediation may be a step within a process that is used only when an issue occurs between the employee and higher management levels or a co-worker.
Arbitration	In arbitration, a third party assists in resolving the dispute, but the final and binding decision rests with the third party.

Frequently used conflict management systems (Coates, Furlong & Downie, 1997)

Overview of the Chinese Organizational Conflict Studies

There are famous Chinese sayings or idioms about conflict. For instance 自相矛盾 *zixiangmaodun* describes someone who is self-conflicted, 退避三舍 *tuibisanshe* refers to the avoiding style in conflict management, *hepinggongchu* 和平共处 and *hexiegongsheng* 和谐共生 emphasize on achieving a win-win outcome through peacemaking. In the academic field, the existing research on Chinese perceptions of conflict and conflict management can be classified into three categories. The first category is a set of comparative studies conducted mainly by North American scholars during 1980s to 1990s. They investigated the differences on conflict management between Chinese and people from other countries. Most studies recognized that culture played an important role in differentiating the conflict management styles conducted by Chinese people and people from western countries (G. M. Chen, Ryan, & Chen, 2000; Leung, 1988; Leung & Lind, 1986; Triandis, Brislin, & Hui, 1988; Ting-Toomey et al., 1991; Trubisky,

Ting-Toomey, & Lin, 1991, Yu, 1995a). Chinese, as members of collectivist culture, are more likely to adopt avoiding and obliging styles when dealing with conflict (Trubisky, Ting-Toomey & Lin, 1991).

The second type of study is a set of studies given by scholars with Chinese origin from 1990s to 2000. Most of the researchers were born in China, studied and researched in the United States. They offered their native perspective and argued that conflict styles amongst the Chinese were no different than western nations. Assuming that Chinese are non-confrontational in conflict management is a stereotype. The scholars introduced new frameworks to analyze Chinese conflict styles which including *face and favor* (Hwang, 1998), *harmony and relationship maintenance* (Hwang, 1998; Liu and Chen, 2000; Jia, 1998), *seniority, trust and authority* (Hwang, 1998). Studies were conducted either in the context of U.S-based organizations or China-based state-owned organizations.

The third category is a set of Chinese conflict management research conducted recently in the past decade. Against the background of Chinese economic development, most of those studies were conducted in private companies through large amount of empirical data collection and analysis by a team of western and Chinese scholars (Tjosvold & Sun, 2006). Findings from this group of research continue to support that collective cultural does not lead to the non-confrontational and conflict-avoiding style of Chinese people. The competing conflict style is widely used in Chinese organizations. However, if conflicts can be managed cooperatively and openly, team performance can be prompted even in a collectivist China (Hempel, Zhang & Tjosvold, 2009).

Finally, most studies in the literature focused on exploring conflict styles of Chinese people and the reasons behind each conflict management strategy. Thus, we need to cover more

information on which conflict management tools work well and what needs to be improved. Further, we need to understand how to establish conflict management systems tailored a specific organization. Given that most recent studies on Chinese organizational conflict were conducted through quantitative methods for generalized information, more qualitative data will be helpful for investigating conflict management in a specific organizational setting. Specifically, through qualitative method this study intends to explore the types of conflict in the company and the sources of these conflicts; to assess the current conflict management approaches and their effectiveness; to identify and propose potential conflict management systems that fit with the organizational culture.

HANDLING CONFLICT IN A CHINESE INSURANCE COMPANY BRANCH

Context of Study

The research was conducted in a branch office of a leading private insurance Company in Xiangtan City, Hunan Province, China. The parent company was established in the 1980s and has developed into an integrated financial services conglomerate with over 500,000 life insurance sales agents nationwide. In Xiangtan Branch company, a 10-people management team supervises over 600 sales agents. The sales agents are divided into nine sales departments and each sales department has a director who reports to the general manager. This branch company was an ideal setup for this study. Preliminary conversations with informants revealed that the sales department is known for low-retention rate and high competitiveness. This is a natural breeding ground for organizational conflict. Second, Chinese private insurance companies have

adopted similar organizational structures nationwide in the past three decades, particularly in the sales department, therefore a conflict study one department can help unfold some of the mysteries in this industry and shed light its challenges.

In 2013, access was provided from one of the sales departments where over eighty sales agents were employed at that time. The whole department was under direct supervision of the department director. The sales agents were divided into eight teams and each team has a coordinator who serves as the team leader. A total number of nine department directors from each sales department report to the general manager of this branch company.

Research Methods and Design

This research was conducted through qualitative methods and primary data was collected through semi-structured interviews and observations. By reviewing the organizational background information and company records, the researcher was able to collect some secondary data about the company.

Participants

Their age ranged from early-twenties to early-fifties at the time when data was collected. The average age was thirty-six. The researcher interviewed a group of interviewees including the general sales manager, a director and a team leader, two current sales agents and two former sales agents. All interviewees were assigned fictitious family names in the reported results. More specific profiles of the seven informants are as follows:

- Interviewee-1 Mr. Liu is the general sales manager of the company who has been working in the insurance industry for ten-years;

- Interviewee-2 Ms. Wang is the manager of a sales department with more than ten-years of experience;
- Interviewee-3 Ms. Li is one of the team lead of a sales department with more than ten-years of experience;
- Interviewee-4 Mr. Chen and interviewee-5 Ms. Huang are current sales agents in the with five-years and eight-years of experience respectively;
- Interviewee-6 Ms. Gao and interviewee-7 Ms. Zhao are current sales agents in the two-years and one-year of experience respectively.

All interviewees voluntarily participated in this research. Prior to the interview, consent forms were provided to the informants.

Procedures

All informants were interviewed at least once between 2013 to 2014. All interviews were conducted by following a semi-structured guideline with open-ended questions (Appendix). Interviews averaged 45-minutes and lasted from 30-minutes to 100-minutes. Interviews took place at the interviewees' homes or via Skype. In order to keep "the voice" original and truthful, the researcher tried to let the interviewees speak for themselves as much as possible. Interviews were conducted and transcribed entirely in Mandarin Chinese. Essential data relevant to this project were translated into English. Every interview was tape-recorded and stored in computer files. Relevant literatures were checked simultaneously whenever needed during the process of collecting, coding and analyzing data.

Research Findings

This section presents a data analysis of the qualitative data collected through interviews.

The selected data can be organized into the following:

- Perceptions towards conflict and conflict management
- Types of conflict within the company and their sources
- Styles of current conflict management
- Current conflict systems and outcomes of conflict management
- Employees' voice/suggestions toward conflict management

Perceptions Towards Conflict and Conflict Management

Conflict is traditionally viewed as unpleasant, hostile and senseless to organizations. A contemporary point of view holds that conflict may play a positive role if the conflict is handled properly. Previous studies on conflict management recognize the inevitability of conflict in human life but there are also different opinions about whether Chinese are socially conflict-adverse. In this study, the informants' perceptions towards conflict reflect previous research findings.

At the beginning of each interview, every interviewee avoided talking about any disputes in the company or denied the existence of conflict in the company. Interviewees from the management level (interviewee-1, 2 and 3) directly rejected requests to explore conflict within the company; the rest of the interviewees (interviewee-4, 5, 6 and 7) were hesitant to talk about conflict or tried to avoid this topic as much as they could.

Instead of forcing informants to talk about conflict, the researcher focused more on understanding their concerns. The researcher reiterated that everything said during the interview

was recorded anonymously and only for research purposes. More importantly, this study was designed to help the company by assessing the current conflict management, and in order to achieve that we need to have the employee's voice heard and concerns addressed. After this the interviewees started to uncover their thoughts about conflict and conflict management within the company. It turned out interviewees from the management level were very concerned about the image of the company and their own face. They believed that revealing conflict would affect public attitudes towards the company and reveal weaknesses of the management team to their peers. For employees, they were afraid of retaliation from management team and co-workers. As interviewee-6 said:

On orientation day, the department director told the sales agents that suggestions and discontents are welcomed and appreciated. This is called the open-door policy. Later, when I got into a dispute with another sales agent fighting over the same customer, I reported the dispute and asked my director for help. I walked into the director's office and talked with the manager, hoping that she could give me some advice to resolve the issue. Much to my surprise, the second morning I was confronted by that sales agent I had dispute with in the hallway, she was yelling at me and accused me of being an evil person talking behind others. Our conflict escalated into a big fight, surrounded by crowds of other colleagues in the company. Without any doubt, our fighting became the headline of the day. What's worse, that colleague never talked to me anymore. Instead, she was always intentionally against me. What kind of open-door policy is this? It did more harm than good.

Two other interviewees shared similar experiences and were discontented about the company's open-door policies. One commented on the open-door policy as:

When you open the door, be careful of opening your heart. Watch out what you say, words may spread and you may get betrayed. I once made some suggestions to my team lead on how to enhance team morale, and she thanked me and told me she really appreciated my thoughts. However, she never really adopted any of my suggestions nor presented my ideas on

group meeting. Contrary, the way she treated me has change since then. She started to keep a distance with me. Maybe she thinks that I am a threat to her position?

Perceptions of conflict management were divided between management and employees. Management agrees that good conflict management system can more or less help improve efficiency and productivity for organizations. However, they doubted how significant a role conflict management can really play and whether it is worth investing resources to establish a formal conflict management mechanism in the company. As the general sales manager interviewee-1 noted:

As a franchised sales branch, our main goal is to increase sales volume. To me, maintaining good numbers is our priority. I do not think conflict management can directly give us more customers. Instead of spending money and time to set up conflict management mechanism, I would rather hire more sales agents who can bring me more business.

The general sales manager's point of view was supported by interviewee-2, a department director. She said that the sales department is a place to discuss about sales performance. We talk about numbers on our meeting and strategies to increase our sales. No one wants to hear about interpersonal conflicts on a daily basis. Interviewee-3, the team lead also added that some conflict out there are ones that can never be resolved, no matter how much work the management has done. "At some point, you can only let it be," said interviewee-3.

Interviewees-4, 5, 6, and 7 hoped that more effort could be devoted to managing conflicts within the company. Based on what they shared in the interview, employees within the company do not have enough channels to voice their discontent. The open-door policy is just a face-saving policy, it does not really encourage employees to express their opinions without worrying of

being retaliated. At the end of the day, the company's culture is still very closed. One interviewee summed up the situation as:

Avoiding talk about conflicts does not mean that there is no conflict at all. We do have many conflicts in the company, just like anywhere else. We have conflict between management and employees, conflict between each department, personal conflict, conflict between our company and other companies, conflict between company and customers... you name it. And often times, we do feel something needs to be done to manage those conflicts because they have already affected our daily performance. Right now, our company is still at the very beginning of realizing the importance of conflict management. We have some informal ways to manage conflict but nothing really specific and effective. If unhappy employees do not get help, eventually they will leave the company. That's why our company as well as many other insurance companies in china are facing the same problem of low-retention rates.

Types of Conflict

Based on the collected data, the researcher identified three major conflicts in this insurance branch company. In this section, the researcher presents each type of conflict by analyzing the sources of conflict, the style of conflict management, the current status of the conflict management, the outcomes and comments from the employees.

Type I – Conflict between Subordinate and Supervisor

Conflict at a glance

Subordinate – supervisor conflict is one of the most common and stressful conflicts in the workplace (citation). Previous scholarship on workplace conflict identified two essential types of conflicts between subordinate and supervisor – task conflict and relationship conflict (citation).

Task conflict occurs when two parties dispute over a specific task due to different viewpoints or needs. Manifestation of task conflict includes disagreements with certain company policies, approaches to accomplish a task or distribution of resources (Flanagan & Ruden, 2008).

Relationship conflicts, on the other hand, result from value-based disagreements like personal values, attitudes or emotional frictions. Examples include “rude attitudes, cynical comments, intentional ignoring, and backstabbing (Jehn, 1994 & 1995). We can put in a simple way that task conflict refers to work problems, and relationship conflict refers to people problems (Choi, 2010).

According to the interviewees, the first subordinate – supervisor conflict manifests in the form of a task conflict – the disagreement on company’s policies. In this insurance branch company, similarly to other insurance companies in China, all sales specialists must strictly abide by the so called *basic law* which regulates incomes, promotion system, sales goals and benefits. The framework of the basic law is established by the insurance headquarter, but individual branches have rights to interpret and implement based on their own situation. In this branch company, each sales agent has two income streams: commission based on the number of the insurance products sold, and the allowance based on the performance of the agents you recruited. When you recruit and retain enough people, then you have the chance to be promoted to team leader or even higher position. This quasi-pyramid incentive payment structure has created a huge gap between the supervisors and subordinates in the company. Employees at managerial level can make multiple times of what a normal employee can make without necessarily selling any insurance products. However, normal employees are constantly under pressure in order to reach monthly goals set by the management.

The second subordinate – supervisor conflict can be observed in the form of relationship conflict. In the target company, the management and employees have different role expectations for each other. The management expects that employees to be submissive and respectful at any time, no matter it is working time or off time. Whereas the employees expect the management to be more caring and humanitarian and do not just view them as working machines. During the interviews, one director was accused many times by multiple interviewees of her bad personality. She was described as abrupt and rude to her subordinates. One of the interviewee described her as:

She is a hypocrite, selfish woman who tries to be close to you and nice to you at the very beginning. Once she gets the information she wants, she will use the information to be against you. She also yells at subordinates on meetings and criticizes other people of being slow and stupid. She is so hard on other people except herself. She shows up late and leaves earlier than most employees. You want to report her? No way! She blocks complaints before they reach the higher management level. Even if by any chance it gets to her supervisor, nothing can be changed due to her solid “guanxi” (relationship) with the board members. There are so many complaints about her among us, but she just ignores all that and pretends nothing ever happened.

Sources of Conflict

At least three different sources of conflict can be identified in this case. Firstly, the hierarchical-top-down organizational structure is a natural ground for subordinate – supervisor conflict. In this company, employee’s participation in decision-making is not welcomed, if not banned. The management is responsible for interpreting the “basic law” and then uses the policy as a tool to justify their authority. Secondly, poor communication between employees and management leads to misunderstanding. The management team

hasn't been able to listen to different voices and think in the shoes of their employees. In terms of the employee, most of them have been developed a zero-sum attitude towards the management and think that they are under exploitation of the management. Thirdly, negative personality traits can also trigger the conflict. A supervisor with too many negative personality traits but no intention to make a change is most likely to offend the subordinates.

Styles of Conflict Management

As the management has high concern for self but low concerns for the employees, a dominating conflict style has been adopted in dealing with subordinate – supervisor conflict. The management focuses on having the employee be submissive and ignores the needs and expectations of the employees. When the researcher asked about how to handle employee's suggestions and how to change the *basic law* one of them said the following:

The quasi-pyramid incentive structure has been the nature of the whole insurance industry in China, as least in the past and for now. You can ask other insurance companies and I promise that you would get the same answer. Just like you are a student at UMass Boston, you need to follow the university policies. The university will not change its policy just because you made a complaint. Reform can be a long process and will not happen just in one day. We need the current operating system to help us achieve our priorities. Therefore, you can either agree with the company's basic law, work hard and enjoy the rewards from your work or you can just walk away. No worries, very soon there will be other sales agents who can replace.

Current Status of Conflict Management

On the one hand, the management is trying to suppress the conflict by forcing employees to accept the current policies. On the other hand, unhappy employees have developed a hostile attitude towards the management team. Despite the fact that subordinates can hardly their voices

heard, discontents are continuing to increase among themselves.

Outcome of the Adopted Conflict Management

On the surface no one wanted to discuss about conflicts in the company. When conflicts between management and employees continue to escalate, one common scenario is that employees leave the company. According to interviews, in 2012 the retention rate of one-year employees was only 27%, indicating that almost two out of every three new sales agent leaves the company within the first year.

Employee voice/suggestions

According to the interviewed employees, first and foremost, communication and understanding between management and employees should be enhanced. In order to achieve that, independent and efficient voice channels should be set up and implemented. Both managers and employees should work together to change the closed company culture. Employees should be encouraged to make suggestions or express discontent without retaliation.

Type II – Peer-to peer Conflict

Conflict at a Glance

In this study, “peer” refers to any sales agent that does not belong to the managerial personnel. Conflicts among peers are manifested at both interpersonal level and intergroup level. At the interpersonal level, there are real and perceived competition between peers. In each sales department, every sales agent’s monthly performance is calibrated and ranked against other sales agents. The director updates and posts the following data on the blackboard in the office – the

number of the insurance products that each sales agent has sold, the amount of premium and the performance-based rewards. The director has been doing this for years and is a way to encourage competition and promote individual performance. Despite the benefits that competition has brought, there are side effects from this competition. Almost all the interviewees agreed that their office is a “battlefield” and they can immediately “smell the gunpowder” when they step into the office. This kind of competition dynamic persists way beyond the office.

“When you are always thinking about how to get ahead, it affects your way of treating other people”, said interviewee-5. Interviewee-6 and 7 and admitted that sometimes they even feel competitive toward people who are on the same team. They were friends and teammates when they first came in, however, competitiveness has changed their relationship. They perceive each other as competitors, and they even take down each other’s contribution for promotion opportunities.

Overtime coalitions formed and the most typical coalitions are new employees vs. senior employees and top sales agents vs. other sales agents. According to the interviewees, it is not unusual that mocking and/or bullying existed between different coalitions. For instance, when interviewee-7 first came into the company, she did not know that there had been certain expectations for new employees including taking out senior colleagues for dinner or giving gifts to them. “ I was wondering why nobody really wanted to help me and sometimes some senior colleagues even gave me a hard time... Until one day my friend from the other department asked me whether I had showed my “courtesy” to my colleagues. After that I started to realize that in this company there is a line between new employees and senior employees and new employees should follow certain rules to meet the expectations set by the senior employees.”

There are also conflict between top sales agents and other sales agents. Each month, well-performed sales agents are praised and rewarded on the staff meeting. Usually, they are given special mention by the management and rewarded with incentive trips or other gifts. This resulted in mockery by those who have not been praised especially those senior sales agents with mediocre or even poor performance. Oftentimes mocking takes forms of jokes, ironies or cold-shouldering. In the long term, mocking affects the unity and morale of the sales department.

Sources of Peer-to-Peer Conflict

Previous scholarships on conflict resolution distinguished several main sources of peer-to-peer conflict. Based on RCT (Realistic Conflict Theory), conflict stems from parties fighting over scarce resources. The resources can be material like money, intangible assets like power or incompatible values (Daniel Katz 1965; Sherif, 1966; Jackson, 1993; Pruitt & Kim, 2004). In this company, sources of the peer-to peer conflict include competing for both tangible resources (commission, incentive trips, gifts etc.) and intangible resources (verbal praise and honors). In addition, according to SIT (Social Identity Theory), group bias can automatically occur between different groups and lead to conflict. Therefore, it is not surprising that there is automatic bias between different coalitions leading to the mocking or bullying against each group.

Style of Conflict Management

The management has been encouraging the competing style among sales agents, hoping that this will lead to the improvement on the sales performance. Therefore, a dominating style has been adopted to manage the conflict at the individual level. At group level, the avoiding style has been adopted by the management. Even though the management has been aware of the

bullying or mocking within the company, most of the time the management doesn't intervene as a third party. From the management's perspective, new employees should meet certain expectations so as to survive in the competing environment. Moreover, the management thinks that even though top sales agents are blamed of making too much, the rewarding can motivate the top sales agents to move further and inspire other sales agents to improve their performance at the same time. "We need to keep this competing incentive system, it serves as an engine that drives us moving forward," said the general manager. As for new employees, most of the time they are willing to adopt the obliging style when dealing with the conflict between the senior employees. "Spending some money to show our respect to seniors is something we can accept and live up with", said interviewee 6 and 7.

Current Status of Conflict Management

Compared to dealing with subordinate-supervisor conflicts, the management has not even thought about the necessity of managing peer-to-peer conflicts and even encourages these conflicts. They believe that the competing tension between peers can elevate motivation and improve work performance. "Conflict is not always bad," said interviewee-1, the general manager of this insurance branch company. Since the management has not spent efforts to manage peer-to-peer conflict, there are no structured resources in place for employees to resolve their interpersonal conflicts with other peers.

Outcomes of the Adopted Conflict Management

The direct outcome due to the unresolved peer-to-peer conflicts is low morale in the company. Without a supportive conflict management system, whenever there is a peer-to-peer

conflict the employees have to address the conflict by themselves or leave it alone. It usually takes longer to manage the conflict that could be easily addressed by intervention from the management. If we leave the conflict alone without attention, it may escalate to a bigger and more prolonged antagonism between involved parties. In the long run, those outstanding conflicts will affect work performance and eventually lead to low employee retention.

Voices and Suggestions from Employees

Four interviewees agreed that some form of third-party intervention helps manage peer-to-peer conflict. The intervention can be as formal as mediation from the management team or a knowledgeable outside facilitator. It can also be as informal as organizing group activities to sooth and strengthen peer-to-peer relationship. “No matter formal or informal, little or big, something needs to be done by the management”, said interviewee-4.

Type III – Change Related Conflicts

Conflict at a Glance

The subordinate-supervisor conflict and peer-to-peer conflict are both traditional conflicts that have existed since the inception of the company. In today’s information era, there are more change-related conflicts in modern enterprises due to the technological advancement. In this study, both interviewees from the management and sales team reported conflicts related to technology change. Since 2000, the parent insurance company required all branch companies to use a standard online information system to manage insurance products and customer information. New features were added to the online system and updates were required periodically. This change has posed challenges to both management and sales agents in branch

companies who were not familiar with computers. As online usage became more popular, customers had more access to competing insurance products from rival companies. The general manager said, “The internet is a double-edged sword. It helped to digitalize information and advertise us but it also encouraged competition in the whole industry. Now we are losing more customers every year more than ever.”

Sources of Conflict

Those change-related conflicts result from the wrestling between technology development and traditional operation of the insurance company. As the director of a sales department noted:

I do agree that changing to online operating system can benefit us in the long run. However, it is definitely a huge challenge to us in the short term. On the one hand, most of my sales agents are not good with computers. Even though I organized several training sessions and majority of the employees are willing to learn, from time to time I still hear complaints of the difficulties to navigate the online system. Also, some senior sales agents either continue using paper application or ask junior sales agents to fill the information online. This not only puts pressure to the junior employees but also poses potential threats to data security. On the other hand, we need more time to train a new sales agent to be familiar with the working basics as well as the online insurance system. To the company, longer employee training time means less sales numbers. It is not uncommon that after we finish training, the new employee decides to leave the job. All of these put the management team into a difficult situation.

Style of Conflict Management

The compromising-style has been used to deal with change-related conflicts. The management recognized the irrevocable trend of using online information system in the insurance industry and offered opportunities for employees to learn. Despite of a few complaints

about the complexity of using online information system, the majority of the employees are trying to keep up with the pace.

Current Status and Outcome of Conflict Management

By offering training sessions and workshops, the management was able to engage most of the employees to learn how to use the online information system. However, according to interview-4 and 5, training sessions on the information systems are only conducted twice a year by trainer from the headquarter company. Other than offering training session, the management has not expanded other learning channels for employees.

Voices and Suggestions from Employees

In order to fully embrace the challenge posed by technology advancement, the management is expected to improve their work in the following regards: first, select some employees with computer skills and train them into future trainers so that we don't have to rely on the limited training sessions conducted by the headquarter trainers. Second, provide studying materials to facilitate learning. Third, assign personal assistant to those senior sales agents who are not able to type or navigate computers.

DISCUSSION

Research findings support that conflict is embedded in organizational settings. Interviewees from both management team and sales team agreed that conflict exists on a daily basis with various forms. Conflict not only takes traditional forms like supervisor-subordinate conflict and peer-to-peer conflict, but also can be posed by technological and informational changes in the modern society. Four major conflict styles out of the Five Conflict Styles Model (Rahim and

Bonama, 1979) were identified in the researched company including dominating, avoiding, obliging and compromising styles. This seems contrary to some researchers who believe that the Chinese conflict-averse. Based on the data, there were conflict management systems like “open-door policies” in the target company but are not necessarily effective. Also, training sessions and workshops were conducted in order to manage change-related conflicts.

This study adds to the literature on analyzing Chinese organizational conflict through qualitative research methods. This study also provides a framework to assess the conflict management in organizational settings by investigating perceptions on conflict, types of conflict, styles of conflict management, effectiveness of the current approaches as well as employee voice. The researcher believes that conflict management in this company is still at the very early stages based on two reasons. First, there is an ineffective conflict management system in the company. A more comprehensive and flexible mechanism is needed. Second, based on the employee voices, employees were concerned about retaliation whenever they wanted to voice their concerns.

Based on the data collected from the study, a more systematic and comprehensive perspective is needed in order to help the management and employees better understand organization conflict and its management. Current management does not believe in conflict management and instead encourage conflicts among employees as a motivational tool. Building effective conflict systems in the company cannot be done by the efforts from one side. It should be a combined effort from the company, the employees as well as the whole industry.

At the individual level, employees should develop a positive attitude towards conflict and having their voices heard. If employees do not recognize the importance of conflict management, the company will also put less effort or even ignore to build effective conflict

systems. Employees should develop positive beliefs that conflict is inevitable, constructive and can be mutually beneficial when handled appropriately (Tjosvold, 1991).

At the organizational level, the company should spend more effort in understanding their own employees and building more effective conflict systems with improvement on both its content and formality. Particularly, special attention should be given on protecting employee identities when they report problems to supervisors. The company should also provide trainings and workshops to both employees and the management team. If necessary, the company should set up an ombudsman position or specialist with conflict management skills to help manage organizational conflict. As for employees, the company should organize workshops to help employees understand what is the conflict system, how many conflict systems are available within the company and how to use those channels. The company should provide timely evaluation to the existing conflict management systems and new conflict systems should be added if necessary.

The insurance industry can gather insights employee voices in the insurance companies. In recent years, Chinese insurance industry has spent an increasing amount of effort to resolve customer complaints but little attention has been paid to the sales agents. Having their voices heard may help improve the quality of service in the industry.

CONCLUSION

It is the purpose of this study to investigate the current status of conflict and conflict management in the researched insurance company. Based on the data collected through interviews, the researcher identified different types of conflict within the company and the

current status of the conflict management. Recommendations were provided with the intention to help design a comprehensive conflict management mechanism. The results from this study will be used to broaden the literature in relation to conflict management in a Chinese organization and particularly in a Chinese insurance company.

However, the study is limited due to sample composition considerations and time concerns. The findings reported here can only be regarded as a reference to assist the understanding of the insurance industry in a specific company. Another limitation is the language barrier. The researcher conducted all the interviews in Chinese and transcribed entirely into Chinese first and then translated the transcripts into English. Due to the differences between the two languages and its nuances, personal limitations and other variables in understanding some information might have been lost in the translation process.

Results from this study suggests at least five areas to be addressed in future research on this topic:

- 1) An overview of the existing policies and regulations in the Chinese insurance industry should be integrated into the literature review in order to better understand the large picture of the insurance industry in China;
- 2) In order to better assist readers in understanding the context, the entire transcription of the interviews should be attached;
- 3) A more comprehensive data collection should be conducted in future research. More agents who are currently working for the insurance company should be interviewed;
- 4) Continue to examine whether my recommendations will be implementable or helpful to the target company;

- 5) Although China has its own national conditions, it will still be worthwhile to look at the history and development of the insurance industry in other developed countries. Special attention should be paid to examining how those countries design conflict management systems in the insurance industry.

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APPENDIX

SEMI-STRUCTURED INTERVIEW GUIDELINE

Demographics

- Gender:
- Age :
- Name (optional):
- Educational Background (optional):

Employment

1. Why did you choose to be a member of your insurance company? How long have you been a sales agent in this company?
2. How has your experience been so far? How does your experience compare to your experiences before coming to this company?
3. What are the things that you like most at this company? What are the things you like least?
4. Are you satisfied with your current job? Why or why not?
5. How do you see the low retention of sales agents in the insurance industry?
6. Do you agree with that “in China, insurance are sold not bought”? Why or why not?
7. What’s the most difficult part when interacting with customers?
8. What kind of support do you need in your work and from who?
9. How would you rate your services to your customers?
10. What’s your overall experience as a sales agent in this company?

Conflict System

1. Are you aware of any policies and procedures manual to help employees make suggestions/complaints to the company?
2. What types of information would you like to see in a policies and procedures manual made available to sales agents?
3. Would you like to share with us some of your positive experiences in this company?
4. Would you like to share with us some of your negative experiences in this company?
5. Have you faced any problems or difficulties in your daily working life in this company? What are the sources of the problems or difficulties?
6. Have you experienced any conflicts (either with colleagues, superiors, subordinates) during your work in this company? Could you describe briefly this conflict? Why do you believe the conflict occurred? How was the conflict handled?

7. Is there any person within your company that you would like to talk with or turn to for help when you encounter difficulties? If yes, why?
8. Is there anything else that you would like to share with us?