

Exploring the Integrated Conflict Management System in China

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Abstract: The perfection of labor law and enhanced legal awareness among employees have caused an increase in labor disputes in China. However, there are only a few studies that systematically analyzed conflict resolutions within organizations in China. In attempt to address this research gap, this study used the conflict management theory and classified the various mechanisms of the conflict management system using a quantitative research design approach, focusing on positing tools specific to the situation in China, as well as analyzed the effect of different conflict management mechanisms on employee outcomes, in hope that the findings would provide constructive suggestions for improving the management of Chinese organizations.

Keywords: Conflict management system; Employee performance; Work satisfaction

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1. Introduction

With the perfection of labor law and enhanced legal awareness among employees, China has seen an increase in labor disputes. According to the Statistical Bulletin for the Development of Human Resources and Social Security, in 2015, 1,721,000 labor disputes were handled by mediation organizations and arbitration agencies in China, rising by 33.72% from 2010. The demands of workers may be elaborated, including increasing wages and welfare, reducing working hours, improving dining conditions, signing labor contracts, and others ^[1]. Therefore, when labor conflicts in workplace arise, many researchers argue that it is preferable to resolve labor disputes by using management tools within organizations, such as the conflict management system, rather than relying on external legal labor dispute settlement systems ^[2-5].

Therefore, this study focuses on the conflict management system in China. In the face of labor conflicts in workplace, the government and the industry assume the governance role, while the management role is assumed by the organization. This study explores the management solutions to labor conflicts in organizations (which are collectively known as conflict management systems). We will classify and evaluate specific labor conflict solutions, including those with Chinese characteristics, such as the Party leadership and labor unions cooperation, providing significant theoretical and practical implications.

2. Literature

2.1. Conflict management system

According to literature, the conflict management system can be defined as all the solutions used to deal with labor conflicts in workplace ^[6]. There are two distinctive features in defining this system. The first is the emphasis on multiple access points. In principle, the executives, trade union representatives, human resources managers, employee relations representatives, conflict management coordinators, supervisors, and internal legal advisers should all be the access points of the conflict management system. The second is the emphasis on multiple options. The options of the conflict management system include the multiple internal management regulations and processes, although researchers often find that the connotations of these options overlap, and sometimes, they even contradict one another.

From the perspective of the composition of the scheme, the concept of the conflict management system refers to a diversified conflict resolution. It includes traditional trade unions and collective negotiation arrangements, alternative dispute resolution (ADR), as well as mediation and negotiation. The academic community has not agreed on what best practices should be included in the conflict management system. This study analyzed literatures on conflict management and summarized the most common conflict resolutions propounded in mainstream journals, including several conflict resolutions with typical Chinese characteristics, such as Worker Congress and Transparency in Factory Affairs. The conflict resolutions are shown in **Table 1**.

Table 1. Components of the conflict management system

Conflict resolutions	Connotation
Worker Congress	It is the primary form of the democratic management system of enterprises as established by the law in China, which is mainly implemented in state-owned enterprises ^[7] .
Transparency in Factory Affairs	It is a form of the democratic management system carried out in enterprises in China in recent years ^[7] .
Employee Director and Employee Supervisor	Employee directors and employee supervisors should be included on the company's board. The essence is that employee representatives can participate in the decision-making process at the company level ^[8] .
Employee and Employer Consultation	It can be carried out in the form of regular or irregular labor consultative meetings, such as labor and employer talkfest as well as regular meetings of the general manager of the company and the chairman of the trade union in the company ^[7] .
Collective Consultation (Collective Negotiation)	A system to determine the salary of employees and other working conditions after negotiations between the enterprise and the worker representatives ^[9] .
Employee Rationalization Proposal Activities	Employees in state-owned enterprises are the masters participating in plant management and decision-making, including submitting proposals ^[7] .
Joint Consultative Committee	Employees and managers join a management organization to participate in the enterprise's management decision ^[10] .
Self-Organization Group (Self-Management Team)	It is a management tool, emphasizing the authorization to small groups and the realization of their self-management ^[10] .
Quality Circle	Workers and managers meet to negotiate on improving the product quality or working methods. It is regarded as another form of the conflict management system ^[11] .
Job Rotation	Organizations carry out job rotation to have employees assume different positions in a systematic manner ^[12] .

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Conflict resolutions	Connotation
Voice	Employees assume the responsibility to offer suggestions or grievances about the organization [13].
Work-Life Balance	The organization assists employees in accurately understanding the relationship between family and work and reconciling the conflicts between the two [14].
Overall Quality Management	An organization should assume quality as its core value, encourage all employees to participate, ensure customers' satisfaction, and benefit all stakeholders [12].

2.2. Impact of conflict management system

As for employers, the conflict management system may enhance the morale and loyalty of employees by reducing conflict costs, which refers to improving organizational performance by promoting employment relationship [15]. Moreover, the conflict management system is associated with lower absenteeism and active turnover rate, which are all beneficial to employers [6,15].

As for employees, the output of the conflict management system includes the perception of procedural justice, the satisfaction with the resolution results and procedures, the capability to deal with destructive conflicts, higher job satisfaction, higher organizational identification and acceptance, better productivity, confidence to solve conflicts, the tendency to work on multiple conflict resolution activities, and low conflict-avoidance behavior [4,5].

Based on previous research, this study attempts to sort all kinds of conflict management mechanisms in workplace in the Chinese context and conduct a classification study on different conflict management mechanisms, in order to determine which mechanism among the various conflict management mechanisms would engender more effective outcomes.

3. Method

3.1. Sample

The data from two hospitals in China were collected. The participants included doctors, nurses, medical technicians, and managers. A total of 400 questionnaires were distributed, and 346 questionnaires were collected; the return rate was 86.5%. Among the collected questionnaires, 26 invalid questionnaires were excluded, resulting in a final sample of 320 questionnaires.

3.2. Variables

(1) Dependent variable

The dependent variable of this study is the output of the labor conflict management system, including employee performance and work satisfaction.

(2) Independent variable

The independent variable of the study is the labor conflict management system, which is comprised of 15 common conflict management mechanisms, including Party Organization, Trade Union, Worker Congress, and others.

(3) Control variable

There are five control variables, which include gender, age, education, tenure, and working time per week.

3.3. Statistical analysis

Stata 12 was used in this study for data analysis. First, a descriptive statistical analysis of the sample was carried out. Second, a factor analysis was performed to explore the structure of different mechanisms of the

conflict management system. Then, a regression analysis was conducted to determine the effect of different conflict management mechanisms on employee performance and work satisfaction.

4. Results

4.1. Descriptive statistical analysis

The descriptive statistical analysis of gender, age, education, tenure, and average working time of the last month is shown in **Table 2**.

Table 2. Descriptive statistical analysis results

		Sample size	Percentage (%)	Mean value	Standard deviation
Gender	Male	67	20.94	–	–
	Female	253	79.06	–	–
Age	18–25	41	12.81	–	–
	26–35	140	43.75	–	–
	36–45	100	31.25	–	–
	46–55	37	11.56	–	–
	Over 55	2	0.63	–	–
Education	High school, secondary school, or technical school	7	2.19	–	–
	Junior college	56	17.50	–	–
	Undergraduate	140	43.75	–	–
	Postgraduate and above	117	36.56	–	–
Tenure	1–2 years	60	18.75	–	–
	3–4 years	29	9.06	–	–
	5–6 years	31	9.69	–	–
	7–8 years	22	6.88	–	–
	9–10 years	24	7.50	–	–
	10 years and above	154	48.13	–	–
Average working time of the last month		220	–	45.71	7.76

As shown in **Table 2**, 79.06% of the participants were female. Most participants received a high level of education (undergraduate and above accounted for more than 80%). Nearly half of the participants' tenure reached 10 years. According to the national standard working hours, the working hours should be 40 hours a week, and no more than 44 hours. However, the average working time of the sample was 45 hours, indicating that working overtime may be a common phenomenon.

4.2. Factor analysis

The Kaiser-Meyer-Olkin (KMO) test was performed to assess the suitability of the data for factor analysis. The KMO value was 0.94, which is higher than 0.7. Following that, the principal component analysis method was used. Two factors whose characteristic roots were greater than 1 were found, and the cumulative variance contribution rate was 64.65%.

According to the factor loadings, 15 conflict management mechanisms were divided into two categories (Conflict Management System I and Conflict Management System II), as shown in **Table 3**.

Conflict Management System I consists of the power-based conflict management mechanisms in China, while Conflict Management System II consists of the interest-based conflict management mechanisms.

Table 3. Two conflict management systems

Factor	Components
Conflict Management System I	Party Organization Trade Union Worker Congress
Conflict Management System II	Collective Negotiation Transparency in Factory Affairs Employee Director and Supervisor System Labor Dispute Mediation Committee Regular Communication Mechanism Between the Employee and Employer Employee Suggestion Program Grievance to the Human Resource Department “Open the Door” Reception Mechanism Audition/Supervision Mechanism Hotline/Mailbox Management Consultant for Labor Conflict Management Procedures for Handling Organizational Conflicts

4.3. Regression analysis

After classifying the mechanisms of the conflict management system into two categories, the effects of different categories on employee performance and work satisfaction were further analyzed through regression analysis. The regression results are shown in **Table 4**.

Table 4. Regression results

	Employee performance	Work satisfaction
Conflict Management System I	0.27+	0.26*
Conflict Management System II	0.06	0.58**
Gender	0.04	-0.06
Age	-0.09*	-0.03
Working hours	-0.005	-0.006+
Education	-0.01	-0.02
Tenure	0.04*	-0.04*
Constant	4.33**	4.18**
R ²	0.06	0.24

Note: + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$

In terms of employee performance, Conflict Management System I has a significant positive effect on employee performance, while Conflict Management System II has no significant effect on employee performance. In terms of employees' work satisfaction, both systems have a significant impact on work satisfaction, but Conflict Management System II has a greater impact. The two conflict management systems have different effects. Conflict Management System I has a greater impact on employee

performance, while Conflict Management System II has a greater impact on work satisfaction.

5. Discussion

This research found that there are two types of labor conflict management systems in the Chinese context, in which Conflict Management System I and Conflict Management System II are different in their connotation and impact.

Firstly, in terms of connotation, Conflict Management System I is embodied in the management of labor conflict in China, which includes the Party Organization, Trade Union, and Worker Congress, reflecting distinctive Chinese characteristics. It can be referred to as a power-based labor conflict management system, which embodies and guarantees the power of workers in their workplace. The labor relations governance system in China emphasizes on “harmony.” On the one hand, the “Regulations on Enterprise Democracy Management,” promulgated in February 2012, clearly stipulates that the Worker Congress is an organization for employees to exercise the power of democratic management and also the primary form of the democratic management system, which has been established by the law. On the other hand, the construction of the Party Organization is closely associated with the Trade Union. The Party Organization should maximize its role in guiding core values, coordinating and publicizing various interests, as well as implementing the Party’s policies, while the Trade Union should play the role of “ties” and “bridges.” In comparison, Conflict Management System II includes Collective Negotiation, Transparency in Factory Affairs, Employee Director and Supervisor System, as well as other mechanisms. These are all common mechanisms used to solve labor conflicts abroad and are mainly interest-based.

Secondly, in terms of their impact, Conflict Management System I have a more significant effect on employee performance. In comparison, Conflict Management System II has a greater impact on work satisfaction. Therefore, for organizations focusing on improving performance, Conflict Management System I is recommended, while for organizations that are focused on employees’ well-being, Conflict Management System II is recommended.

Disclosure statement

The authors declare no conflict of interest.

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