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Understanding labor conflicts in Chinese manufacturing: a Yin-Yang harmony perspective

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Abstract

Purpose – The purpose of this paper is to employ a Yin-Yang harmony perspective to propose a novel circled 5C model to understand the unique harmonizing process of how conflicts are resolved in China. Despite increasing research on labor conflicts in Chinese manufacturing, Western theories still can not explain how Chinese culture influences conflict management.

Design/methodology/approach – The authors investigate a large manufacturer where a severe labor strike happened in South China. A mixed-methods research design is adopted. The scale of Chinese harmony and analysis of variance are used to identify the underlying unharmonious factors triggering the labor strike. The grounding theory approach (a case study) was adopted to further examine the proposed 5C model.

Findings – "Harmony with corporate system", "Harmony between departments" and "Harmony with firm leader" were found to arouse employee grievances the most. Differences in age, gender, marital status, educational level, tenure and position were discovered to affect workers' perceptions of workplace harmony. The proposed 5C model was supported.

Practical implications – As a lesson in handling escalating labor conflicts, this study allows foreign investors to better understand how to cope with relevant labor strife issues in China. In addition, this project integrates research with consultancy service, which can be seen as an exciting step forward in bridging academics and practitioners.

Originality/value – Based on Yin-Yang harmony thinking, this study suggests an integrative, context-specific concern – concern for harmony for China to transcend the Western dual-concern model regarding the choice of coping with conflicts. The paper constructs a novel circled 5C model of the Chinese harmonizing process (conflict, clash, communication, comprise and consensus), which characterizes the dynamic, contingent and art-oriented nature of Chinese conflict management.

Keywords China, Conflict, Harmony, Culture, Manufacturing, Yin-Yang

Paper type Research paper

Introduction

China has taken advantage of its cheap labor and low-cost production to play the role of "the world's factory" for more than two decades. In recent years, the appreciation of RMB, shortages of migrant workers and a sharp increase in the minimum wage are among the factors leading to the rising sourcing costs (Fang *et al.*, 2010). Many large multinational manufacturers, especially those which are export-oriented original equipment manufacturers (OEMs), feel the pressure to shut down factories and/or reduce production in China, shifting their main manufacturing bases to other developing countries with lower wage rates, such as Vietnam, Indonesia, Mexico and India (Chin and Liu, 2014). In such a tough environment, the manufacturing employment in China has been deteriorating, further incurring the associated labor issues of high turnover rate and difficulty for recruitment of production employees.

In early 2014, many people were stunned when more than 30,000 workers engaged in a two-week strike from the world's largest footwear factory complex in Dongguan, China. As one of the biggest labor strikes in recent history, this incident was caused by disputes about low pay and migrant workers' lack of social insurance highlighted the rising conflicts between production employees and management in Chinese manufacturing[1]. In fact, a series of high-profile labor strikes have been occurring in China since the 2008 financial crisis hitting the OEM industry (Chan, 2012; Tang and Fitzsimons, 2013; Chin, 2015). The conflicts between production workers and management are now becoming a major concern for Chinese manufacturing.

However, the manner in which the foregoing labor unrest is typically tackled in China has not been fully addressed (Yang and Nguyen, 2012; Posthuma, 2011). Scholars have underscored the critical role of cultural context in managing conflicts, arguing that the differences in language systems and thought patterns between Chinese and Western societies lead the Chinese to have their own ways of resolving workplace conflicts (Tjosvold and Sun, 2010; Yang and Nguyen, 2012). For instance, unlike Western people treating confrontations of conflicts positively, Chinese workers tend to conduct passive resistance rather than to discuss disputes straightforwardly, and avoiding saying "No" directly to the other party, to maintain *interpersonal harmony* in the workplace (Fang, 2014; Chin 2014; Deng and Xu, 2014). In short, Western theories are found to be unable to adequately explain the unique conflict-coping behaviors in China. It is still unclear how Chinese culture influences the resolution process of labor conflicts, and very few researchers have investigated how labor-intensive OEMs, especially those multinational corporations effectively deal with the increasing employee–employer disputes in this context. Hence, the goal of this paper is to advance our understanding of the impact of Chinese culture on conflict management.

Some scholars have identified the unique value of the Yin-Yang thinking for indigenous research on Chinese management because it embodies the notion of Chinese harmony (Chin, 2015), offering a holistic, dynamic and Chinese culture-specific approach to interpersonal problem-solving (Li, 2014; Fang, 2014). Considering the discussion above, a cultural perspective of Yin-Yang harmony seems to be particularly suitable for grounding this research.

Hence, we propose a Yin-Yang harmony framework (5C model) for elucidating the conflict resolution process, which is distinctive from the predominant dual-concern model as per Western assumptions (Yan and Sorenson, 2004). Furthermore, built upon such a cultural perspective, our research team acting as a management consultant has

conducted an empirical study on a large Taiwan-invested OEM that just experienced a large labor protest in China. This research adopts a mixed-methods design (Creswell, 2014) by incorporating both quantitative and qualitative surveys, lasting from late May to early December 2014.

In sum, the main contribution of this paper is to respond to the recent appeal for context-specific research to analyze labor relations issues (Nguyen and Yang, 2012; Zarankin, 2008). More specifically, by investigating a large labor-intensive manufacturer where a severe labor strike just occurred, we propose an integrative, context-specific concern – *concern for harmony* in Chinese conflict management and illustrate the dynamic, contingent and art-oriented nature of the unique, circled "harmonizing process" (5C model) for resolving conflicts in China.

Theoretical foundation

Overview of the history of labor-management conflicts in China's manufacturing sector

China's spectacular industrialization and economic growth over the past three decades have been driven in effect by export-oriented low-cost manufacturing and undervalued currency (Chan, 2010; Pun, 2007). With its unique advantages in an immense supply of low-educated and low-wage workers from rural areas, China has been quickly integrated into the global value chain as a "world factory" since its market-oriented economic reform in the 1990s, and has become the largest foreign direct investment (FDI) recipient from 2002 to the present. Also, over 50 per cent of the FDI have been found to flow into the labor-intensive manufacturing/OEM industry, in which most foreign-invested OEMs were initially located in China's coastal areas (Chan, 2014, 2012). Following this economic development trend, millions of rural labors from the impoverished central and western provinces have moved to the coastal and urban regions such as Guangdong, Fujian and Shandong to earn better wages in foreign-invested, export-oriented factories (Chan, 2014; Pun, 2007).

The aforementioned massive waves of rural–urban migrants have formed a new working class of internal migrant laborers in contemporary China, namely, the so-called "peasant workers" (Chan, 2012) or *nong min gong* (农民工) in Chinese. However, unlike the Maoist working-class "*gongren*" ("worker" 工人 in Chinese) carrying the highest status, the peasant workers until most recently seemed to signify a "second-class citizen" with an inferior social status due to the Chinese government's distinctive, segregational "hukou" system ("the household registration system" in Chinese) (Zhu, 2004). This *hukou* system, as a very powerful and dominant socio-political instrument, enables the Chinese government to control the geographical mobility of the domestic population and labor, thus creating a two-tiered citizenship (rural and urban *hukou* residents) (Chan, 2012; Yang, 2015). It excludes rural workers from applying for local/urban *hukou* as well as some social insurance and welfare services provided by the state in the industrialized cities where they migrate and work (Chan, 2014, 2010). Moreover, firms employing urban residents are usually required to pay much more in pensions and medical coverage than those employing migrant workers. In this vein, labor-intensive OEMs typically rely on hiring migrant workers as their competitive advantages on cost saving (Pun, 2007). For instance, as the principal OEM for Apple, Taiwan-invested manufacturer Foxconn currently employs more than 1.2 million workers in China, of

which over 85 per cent of employees in its Shenzhen factories are rural migrant workers aged between 16 and 29 years old (Chan *et al.*, 2013).

Despite playing a vital role in sustaining the ultra-low labor costs for China's export-led OEM industry, the peasant workers appear to be extraordinary vulnerable to mistreatment and exploitation by management due to their weak workplace bargaining power (Chan, 2010). Evidence indicates that factory workers have only enjoyed a very small proportion of the fruit of China's economic development, given that their nominal income has lagged far behind the growth in GDP per capital (Chan, 2014). The contradiction of high economic growth and low pay of migrant workers has resulted in a growing number of labor protests since the early 2000s. Low wages, long working hours, unhealthy/dangerous working environments, abusive management and non-payment of social insurance are believed to be primary grievances among the peasant workers of labor-intensive OEMs in China (Yang, 2015; Pun, 2007; Zhu, 2004). Under such circumstances, a trend of mounting labor unrest in Chinese manufacturing has been reported.

All-China Federation of Trade Unions
Research revealed that 2008 was the year marking a major turning point for labor relations issues in Chinese manufacturing (Chan, 2014). The implementation of the Labor Contract Law in this year was an important event that signaled the reform of China's labor relations by establishing a legal basis for worker activism (Chan, 2014; Chang and William, 2013). The execution of this law has strengthened and legitimized the role of All-China Federation of Trade Unions (ACFTU) in helping migrant workers to protect their legal rights through union organizing. Hence, since the 2008 financial crisis triggered an economic downturn, the number of labor dispute cases going to the court in the Chinese manufacturing has been rising sharply because of numerous OEMs being shut down and workers being laid off (Chin and Liu, 2014).

The ACFTU whose main functions are to mediate employee–employer conflicts represents the only labor union in China formally recognized by the Chinese Communist Party (CCP). The formal structure of ACFTU was originally established in 1925 in Guangzhou but its functions and structure were formalized after China's liberation in 1949, consisting of three interrelated elements: democratic centralism, top–down control and a dual local and industrial structure (Metcalf and Li, 2007). More specifically, Chinese unions comply with a hierarchical system in which the ACFTU stands at the top governing three sub-level unions (provincial, local/city, county and town and workplace-based/corporate levels). According to the Trade Union Law 2001 and the Trade Union Constitution 2003, all workers in China enjoy the freedom to join a union, but this union must be approved and supervised by the ACFTU, the only permitted official union organization (Wang, 2011; Metcalf and Li, 2007). Also, the union leaders of higher local levels (i.e. county, city and province) are directly appointed by the CCP rather than elected by individual workers.

In this vein, the ACFTU usually chooses to work with employers to mitigate labor conflicts rather than promote "confrontation" between labor and management. Therefore, it may not be considered as a potent defender of peasant workers sometimes. Evidence reports that many protesting factory workers view ACFTU as ineffectual in protecting their interests (Chang and William, 2013). No doubt, Chinese workers' legal

knowledge and consciousness about challenging workplace unfairness are being strengthened (Chan, 2014).

Even though ACFTU with its subordinate labor unions and their activities are seen as just another aspect of China's administrative structure, these institutions nevertheless provide a legal basis and a social foundation for trade union movement in China (Kai and Brown, 2013). As per the history of the international labor movement, the ACFTU indeed represents one of the most functional conceptions associated with the transition from a planned economy to a market economy, and plays a crucial role in the appearance and development of an embryonic, grass root labor movement in China.

Major differences on conflict management between Chinese and Westerners
A large body of research shows that differences in cultural context, language system and thought patterns among the Chinese and the West lead the Chinese to manage and resolve conflicts in their own unique ways, especially as reflected in their strong tendency to avoid direct/face-to-face conflicts and to value interpersonal relationships and harmony (e.g. Deng and Xu, 2014; Chin, 2015; Tang and Fitzsimons, 2013; Leung *et al.*, 2011; Ndubisi, 2011; Hofstede *et al.*, 2010). According to Friedman *et al.* (2006), Chinese people reported more conflict avoidance than Americans because they are inclined to interpret a direct or confrontational approach to conflicts as harmful to their relationships with others. Yuan (2010) discovered that in terms of handling conflicts in the workplace, Chinese employees are more likely to adopt avoidance, passive resistance and third-party approaches than their American counterparts in US-based multinational enterprises (MNEs) in China. In general, research suggests that the Chinese display overt conflict avoidance behavior, preferring to deal with conflicts in a non-confrontational, indirect and even implicit manner.

Several studies further argue that the Chinese are particularly susceptible to contextual factors involved in conflict incidents and thus may alter their conflict-coping strategies, depending upon distinctive situational cues regarding the conflict parties, such as differences in job positions, social hierarchies, work relations and individual personalities (Fu *et al.*, 2008). For example, although Chinese employees often use an avoidance strategy to handle conflicts with their supervisors, they may choose to adopt a direct confrontation strategy to resolve similar conflicts if their work relationships at stake with the other party are horizontal (e.g. between colleagues) (Nguyen and Yang, 2012). In this view, the Chinese people seem to be more likely to take a variety of circumstantial factors into consideration than Western people in terms of choosing conflict-handling strategies; Chinese employees may carry out multiple, complex and/or interactive conflict-solving strategies according to the varying roles they play in organizations. These arguments explicitly shed light on the dynamic and contingent nature of Chinese conflict management, and implicitly defy a simply "Chinese" typology of favored conflict-coping strategies/styles.

Beyond the Western dual-concern model: concern for harmony
Two major characteristics of Chinese conflict resolution are identified through literature review – the confrontation-avoidant and contingency-oriented propensities, both of which are attributable to the most palpable cultural idiosyncrasy of Chinese people, i.e. "the utmost concern and pursuit for harmony" (Chin, 2015, 2014; Ndubisi, 2011; Hofstede and Minkov, 2010). "Harmony" as the core values of the Chinese mental software

(Hofstede *et al.*, 2010) represents the desired means as well as the ideal goal/end in building and maintaining relationships in Chinese society (Chin, 2014; Fung, 1948). Chinese are very inclined to pursue a unique "harmonious" settlement that may ultimately offer no explicit solution to disputes rather than optimize the outcomes of the disputants.

Most existing research is still based upon the Western dual-concern model of conflict management, which posits that the choice of conflict-coping strategy is determined by rational decisions related to satisfying one's own concerns (assertiveness) and satisfying the other party's concerns (cooperativeness) (Thomas and Kenneth, 1976). However, it is recognized that conflict management conceptualizations developed in Western contexts should be adapted, or even revised for non-Western cultural contexts (Yan and Sorenson, 2004). Consistent with this, this dual-concern model may be inadequate to account for the strong proclivity of Chinese people toward *harmony* in conflict resolution. Hence, we argue that there is a dominant concern transcending the Western dual concerns in China, that is, concern for "harmony".

The core principle for the ACFTU to deal with labor conflicts also embodies this ultimate concern. As noted, unlike Western labor unions acting as the representative and spokesman of grass root workers, in China's socialist market economy, ACFTU as an organ of the CCP is not only mandated to represent the interests of the workers but also has clear goals on facilitating the government to ensure some degree of control and influence over private enterprises, particularly those foreign-invested companies, and enhancing incentives of investment and economic growth (Wang, 2011; Bai, 2011). Arguably, with such state-mandated nature, ACFTU may not be able to best serve and protect the interests of laborers, but rather the interests of the country (Wang, 2011). Metcalf and Li (2007) have indicated that when the conflicts show a conspicuous infringement of individual worker rights by management, Chinese unions are very willing to represent the interests of the employees. However, when management infringes collective worker's rights, unions may, conversely, become much more cautious in taking sites. This is because the ACFTU is also mandated to avoid arousing group dissatisfaction and social disturbance to maintain the productivity of enterprises in China (Bai, 2011). As a result, the guiding ideology "concern for harmony" leads the ACFTU to mostly perform mediation functions between labor and management, rather than negotiation functions on behalf of workers' interests.

It is worth noting how the Chinese conceptualization of "harmony" is different from the Western definition of harmony. The Chinese notion of harmony originated from *Yijing* is characterized by Yin-Yang dynamics. As noted earlier, the Yin-Yang frame has been recognized as a unique, superior approach to manage conflicting paradox in the Chinese context (Li, 2014, 2012; Fang, 2014). Accordingly, we use a Yin-Yang harmony perspective to ground our research.

The harmonizing process of Chinese conflict resolution: a Yin-Yang harmony view
As mentioned above, the concepts of harmony exhibit prominent East–West cultural differences (Li, 2012; Leung *et al.*, 2011). The Western ideal of harmony as derived from the classical Greek philosophy symbolizes a linear progressive model with a pre-set order, which is generally defined as "a perfect unity of many mixed (elements), a satisfactory agreement between disagreeing (elements)", or "a perfect accordance of the discordant", on the premise of solving conflicts of opposing forces in the world

(Chin, 2014). Given its a clear quantitative tendency significantly related to the scientific logic of integration, the Western concept of harmony is thus viewed as a science, beginning with the identification and recognition of conflicts and contradictions, and then moving on toward the final goal of pursuing a rational, satisfactory reconciliation, an absolute solution or a perfect resolution of conflicts and contradictions (Chin, 2014).

In contrast, as manifested by Chin (2015, 2014), the Chinese notion of harmony as originality from the most influential cultural canon *Yijing* is best understood as a holistic, dynamic but somewhat abstract expression of "harmonization process" deciphered by all the combinations and permutations of Yin and Yang components, an art by rather than a science in essence (Tung, 2006). Unlike the Western logic of harmony seeking an ultimate, absolute and perfect non-contradictory resolution to conflicts, Chinese ideal of harmony with its peculiar art-oriented nature suggests that people treat all conflicts and contradictions as a permanently coexistent yet continuously interactive form of two opposite elements, Yin and Yang, and thus embrace a unique paradoxical strategy questing for a "temporarily balanced yet constantly changing status of harmony" in managing conflicts. For a better understanding, we briefly introduce the origin of Yin Yang as follows.

Yijing (the Book of Changes) is commonly acknowledged as the source of all Chinese philosophical ideologies, especially for the two major mainstreams of Chinese philosophy, Confucianism and Taoism (Lai, 2008; Fung, 1948). The most ancient text of *Yijing* as the wellspring of Chinese characters is believed to be created by the mythical sage, Fuxi (c. 2,800 BCE), who based on his observation of changes in nature drawing eight trigrams constituted by a combination of three Yin (a broken line) or Yang (an unbroken line) elements each to portray eight primordial energies/sources in the universe (e.g. heaven, lake, fire, thunder, wind, water, mountain and earth, respectively) (Chin, 2014; Lai, 2008; Fung, 1948).

By combining any two of the eight trigrams into one set (hexagram), the central paradigm of *Yijing* including 64 hexagrams in total emerged. The 64 hexagram decoded by the Yin-Yang dynamics signify 64 types of transitional states instead of static conditions. Each hexagram, in addition to its core meaning, denotes an entire set of associated concepts. In short, the eight-trigram frame as the preliminary model of *Yijing*, with its extension (the 64-hexagram paradigm) characterizes the basic framework of Chinese mental programming, i.e. seeing whole rather than only parts/pieces; seeing interrelationships and interplay of things rather than merely things *per se*.

The forgoing arguments reflect the most conspicuous difference between Eastern and Western ways of thinking (Hofstede and Minkov, 2010); Western analytical thinking focusing on the "elements/components" of a conflict tends to break apart the conflict problems first for determining the best strategies to completely resolve conflicts, whereas Eastern/Chinese synthetic thinking focusing on the holistic picture of a conflict tends to rely on intrinsic sense instead of instrumental rationality handling conflicts for achieving a "tentatively balanced yet continuously dynamic harmonious settlement" (Chin, 2014). As a result, we argue that the Chinese way of conflict resolution is "dynamic, contingent and art-oriented in nature". It is best characterized as a distinctive, circled "harmonizing process" including five primary stages: "conflict, clash, communication, compromise and consensus" (5C model) as per the changing sequence of *Yijing*'s eight trigrams interpreted by their respective combinations of Yin and Yang.

We further illustrate the changing pattern and sequence of the eight trigrams in greater details as follows. As described above, the core attributes of eight trigrams could be characterized by eight essential nature forces, respectively. Based on the attributes of individual trigrams, King Wen, the founder of the Zhou dynasty (1099-1050 BCE) arranged the sequence of the eight trigrams (called *Later Heaven sequence* in Chinese literature) to demonstrate the development course of life as well as the cyclical, recurrent process of change for all living entities in the world with time-space limitations (Lai, 2008; Zhou, 2004; Miller, 1991).

The harmonizing process: 5C model (refer to Figure 1)
Considering the dynamic, contingent and art-oriented characteristics of the harmonizing process, we conducted the art-based method (Tung, 2006; Taylor and Ladkin, 2009) using imagination to distill the semiotic and symbolic implications from the images of the eight trigrams in the Later Heaven sequence first, and then applied them to decipher the five stages, as shown below.

For a better understanding, the Later Heaven sequence of the eight trigrams with our proposed circled 5C Model is shown as Figure 1 referring to the *Formal Interpretation of Yijing* by Yingda Kong in Tang dynasty (574-648 AD).

Stage 1: conflict. This Later Heaven sequence starts with the Zhen trigram (Image: Thunder-the arousing) given that this trigram symbolizes the Spring, the 6th hour and the East, indicating the beginning of provoking all kinds of latent energies or living
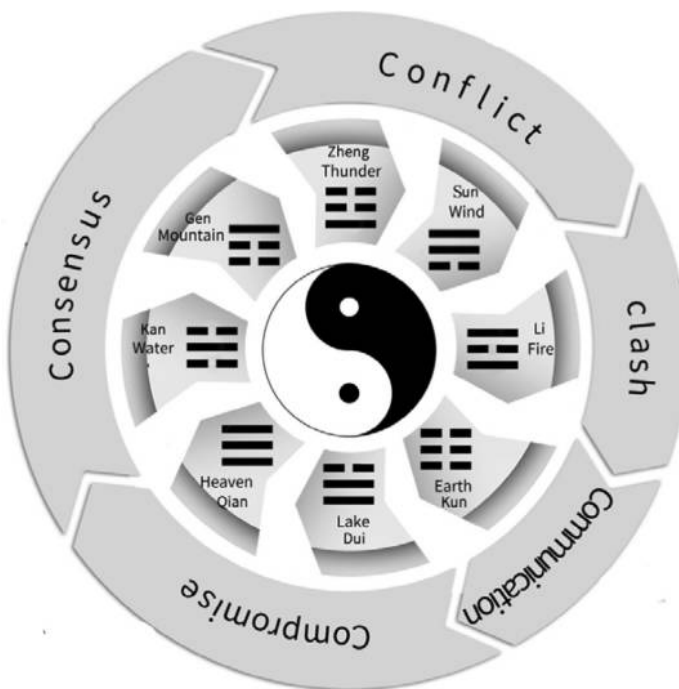
Source: Miller (1991)

Figure 1.
Later heaven
sequence of the eight
trigrams with the 5C
model

entities, and stimulating them into movement (Miller, 1991). The Sun trigram is the next (Image: Wind-the gentle) because the aroused energies are shaped and entrenched when gentle wind nurtures and guides (Lai, 2008; Zhou, 2004).

Hence, the first stage of the harmonizing process "conflict" is embodied by Zhen and Sun trigrams because the most important task of this step is to identify and confirm the potential opposition or incompatibility that may trigger actual conflicts.

Stage 2: clash. Being the third of the Later Heaven sequence, the Li trigram (Image: Fire-the clinging) symbolizes the Summer, the 12th hour and the South, expressing a strong tendency to cling together for attaining warmth, radiance, maturity or a variety of specific goals, just like igniting a fire/flame of life (Zhou, 2004; Miller, 1991; Fung, 1948).

Given the second stage of harmonizing process "clash" indicates the eruptions of actual conflicts or disputes, it can be best characterized by the Li trigram.

Stage 3: communication. The Kun trigram (Image: Earth-the receptive) as the fourth in the sequence represents the spirit of generosity, receptiveness and openness. That which is explored under the Li trigram is absorbed into the Kun trigram, thus being receptive to profound transitions from physical consciousness to spiritual consciousness, as well as from rational cognition to intuitive cognition (Zhou, 2004; Miller, 1991).

The third-stage "communication" refers to the crucial harmonizing phase in which the disputing parties finally break the Chinese habit/inertia of conflict avoidance, thus starting to honestly exchange information, receive different opinions and enhance mutual understanding. In this vein, this stage could be well-embodied by the Kun trigram.

Stage 4: compromise. That which is assimilated through the Kun trigram moves further into the fifth trigram, the Dui (Image: Lake-the joyous) symbolizing the Autumn, the 18th hour and the West, i.e. the joyful time of celebrating harvest or watching the sunset west down, and then proceeds to access the six trigram, the Qian (Image: Heaven-the creative), symbolizing the creative inner strength that inspires deeper contemplation and positive movement toward a greater interconnection and omnipotent resonance(Miller, 1991; Fung, 1948).

The fourth stage of the harmonizing process, "compromise", indicates the win–win resolution Chinese people often favor when handling conflicts, despite the fact that it may still contain a certain level of forbearance or dissatisfaction. Thus, it is adequately characterized by the Dui and Qian trigrams.

Stage 5: consensus. The creative inner forces lead all living entities to overcome obstacle as a brave torrent, flowing and permeating into the deepest, almost unmeasurable essence of the being, just like the seventh trigram-the Kan (Image: Water-the abysmal) that represents the Winter, the midnight hour and the North. Then the abysmal yet temporary stillness of the being boosts the steadfastness of inwardness incarnated by the Gen trigram (Image: Mountain-the resting).

As a result, given the fifth stage of harmonizing process "consensus" indicates reaching a kind of tentative agreement, closure or balance between conflicting parties, it is thus best embodied by Kan and Gen trigrams.

In conclusion, as explained in the *Formal Interpretation of Yijing* by Yingda Kong in Tang dynasty (574-648 AD), life begins with the sign of Zhen and completes in the sign of Gen; the evolutionary nature and process of life will be recurring again and again.

From the Chinese perspective, this cyclical, recurrent circle delineating the principle of change in the universe, mirrors the "harmonizing process" (5C model) of conflict resolutions.

From a Yin-Yang harmony view to labor conflicts in China
Following the discussion above, this research focuses on exploring how to activate the harmonizing process in practice to help Chinese manufacturers resolve labor conflicts. To achieve this goal, we thus used the Harmony scale developed by Chin (2015, 2014) from a perspective of *Yijing* to investigate the world's biggest footwear OEM in China where a severe labor strike just happened recently. In summary, we intend to answer the research questions (*RQ*) below:

RQ1. What are the main/underlying unharmonious factors triggering the increasing labor disputes of labor-intensive factories in China?

RQ2. What and how individual/demographic characteristics of workers influence their perceptions of harmony in the workplace, which reveal critical clues about the potential areas of labor-management conflicts?

RQ3. Is the conflict-handling process the Chinese manufacturer conducted in line with the harmonizing process embodied by the proposed 5C model?

Method
Case overview
Our case firm is a large Taiwan-invested OEM (hereafter also called the company), which once had 175,000 employees and still employs more than 50,000 workers in China[2]. Among them, around 75 per cent are low-paid production line workers. Despite having continued to shut down their plants in China from 2009 to the present, the company currently has seven factories with about 40,000 workers in southern China.

This company experienced a serious labor strike that began in early May 2014 and lasted for more than 10 days. The local police force spent a lot of efforts in maintaining security. On 17 May, the provincial trade union under the leadership of the ACFTU assigned several representatives to facilitate the negotiation between the company and protesters. On 29 May, the strike finally ended.

Given that the general manager claimed that the company was still unsure of the actual motives of the recent strike, our research team was thus invited to serve as a professional consultant for this OEM factory complex at the end of May 2014. Under such a tense circumstance, the top management sought our help in discerning the root causes of the labor-management disputes so as to formulate possible remedies and coping strategies for re-boosting the morale among production workers.

An explanatory sequential mixed methods design
This research project, including one pilot interview and two at-length field survey, was conducted for seven months, from late May to early December 2014. The purpose of the pilot interview was to facilitate our understanding of the background knowledge of the whole situation, and based on which we could further modify the original questionnaire of Harmony scale designed by Chin (2015, 2014) for the next formal quantitative survey.

Following Creswell's (2014) explanatory sequential mixed methods design, our formal research consisted of two phases (i.e. Study 1 and Study 2). We collected

quantitative data and analyzed the results in the first phase, based on which we decided the types of participants to be purposefully selected and the types of questions for the successive qualitative interviews in the second phase. To answer *RQ3* for corroborating the proposed 5C model, we referred to Sonenshein (2014), using a grounded theory approach (Charmaz, 2006) to gather and analyze the qualitative data. The details are shown below.

Study 1
Data collection
We first carried out a 1.5-day pilot interview of 21 workers (2 production managers, 5 production superintendents, 2 human resource (HR) supervisors and 12 full-time production workers) specially selected by the company in early June. However, we were requested to talk with the respondents very cautiously to avoid stirring up negative feelings or resentment because the strike had just ended and many workers still felt agitated. As a result, we merely asked the respondents to talk freely about the most critical unharmonious factors affecting the organization from their points of view, and share their opinions about their working conditions and experience. We discovered that most of their major concerns had been contained in our formal questionnaire.

As per the feedback from the pilot interview, we carefully amended some word usages of the Harmony scale (Chin, 2015, 2014) and then conducted a quantitative study in July 2014. This study aimed to ascertain the dominant unharmonious factors resulting in the discontent of the factory workers, and examine the influence of respondents' individual characteristics (gender, age, education, etc.). Participants spent an average of about 40 minutes completing a questionnaire in a closed meeting room during their work hours on approval by the factory general manager. It is worth noting that given most of the production workers were junior high graduate and below, the questionnaire would be read directly to the respondents who were illiterate or encountered trouble understanding the items.

Participants
Referring to the demographic characteristics of the factory, we randomly selected 400 production workers from the company's staff name list. Assisted by the company's HR team, there were 363 of 400 responding to our questionnaire. The typical respondents were female (55.9 per cent), married (76.9 per cent), aged older than 35 years old (44.7 per cent), from Hunan province (47.6 per cent), junior high or polytechnic educated (64.7 per cent) and had worked in the factory for between 1 to 5 years (36.3 per cent). In total, 82.6 per cent of the respondents were full-time production workers at the grass root level.

Instrument
The harmony scale. This study attempts to use a Yin-Yang harmony perspective to disclose the underlying unharmonious factors that might trigger potential labor conflicts. Hence, the Harmony model developed by Chin (2015, 2014) from the view of *Yijing* appears to be particularly appropriate for detecting the key unharmonious elements here.

As noted, the original Harmony scale had been modified in adaption to the low-morale, post-strike workplace. This modified instrument was measured using a six-point scale ranging from 1 = "Strongly Disagree" to 6 = "Strongly Agree" to prevent response bias, given Chinese people seem to prefer choosing the mid-point of the scale

regardless of their true feelings (Chin, 2015). It comprised eight factors, including 32 items in total: 3 items for harmony with the highest leader, e.g. "Top management accommodates different opinions from us" (Cronbach's $\alpha = 0.767$), 3 items for harmony of employees, e.g. "Colleagues also maintain good relationships after work" (Cronbach's $\alpha = 0.767$), 3 for harmony with own team, e.g. "My team has a cooperative spirit" (Cronbach's $\alpha = 0.710$), 3 for self-harmony, e.g. "I cherish my work environment" (Cronbach's $\alpha = 0.770$), 3 for harmony with direct boss, e.g. "Direct boss does not steal contributions from me" (Cronbach's $\alpha = 0.741$), 3 for harmony of internal and external organizations, e.g. "My factory values communication with clients" (Cronbach's $\alpha = 0.713$), 3 for harmony of departments, e.g. "I often participate in cross-department meetings" (Cronbach's $\alpha = 0.800$) and 3 items for harmony with corporate system, e.g. "My factory has a sound employee benefits plan" (Cronbach's $\alpha = 0.705$).

Reliability and validity of the harmony scale
As described above, Cronbach's α for each dimension of the Harmony scale is above 0.70, indicating adequate reliability. Then, we used AMOS 21.0 to test the validity of the constructs. The results of confirmatory factor analysis provided an adequate model fit ($\chi^2_{n = 363} = 503.488$, df $= 182$, $\chi^2/\text{df} = 2.766 < 3$, $p < 0.001$, CFI $= 0.911 > 0.90$, IFI $= 0.914 > 0.90$, RMSEA $= 0.070 < 0.08$) (Hair *et al.*, 2005).

According to Hair *et al.* (2005), we then further compared the above hypothesized eight-factor model with two alternative, more parsimonious models in which we set the following items of different dimensions to load on a single factor:"harmony of internal and external organizations" and "harmony with own team" (a seven-factor construct) ($\chi^2_{n = 363} = 595.412$, df $= 196$, $\chi^2/\text{df} = 3.038 > 3$, $p < 0.001$, CFI $= 0.889 < 0.90$, IFI $= 0.892 < 0.90$, RMSEA $= 0.075 < 0.08$); "harmony of internal and external organizations", "harmony with the highest leader" and "harmony with own team" (a six-factor construct) ($\chi^2_{n = 363} = 766.969$, df $= 203$, $\chi^2/\text{df} = 3.778 > 3$, $p < 0.001$, CFI $= 0.844 < 0.90$, IFI $= 0.848 < 0.90$, RMSEA $= 0.088 > 0.08$). As a result, the assumed eight-factor structure displayed a better fit to the data, showing an acceptable level of construct validity. Moreover, except two items, all values of the factor loadings were higher than 0.5, indicating an acceptable convergent validity (Hair *et al.*, 2005). Hence, the reliability and the validity of the Harmony scale were examined.

Findings of study 1
The data were analyzed by SPSS 17. Table I displays the Person correlation matrix and the means of all measured variables in our study. The correlations among the eight factors of Harmony are positive and statistically significant, except the correlation between "self-harmony" and "harmony with own team". Obviously, despite all values are higher than 4, as shown in Table I, "harmony with corporate system", (4.094) "harmony of departments", (4.302) and "harmony with firm leader" (4.358) are the top three for the lowest scores. The results imply that the three factors might be the underlying unharmonious factors triggering the recent labor disputes of the company, which is in response to *RQ1*.

Table II presents the results of one-way analysis of variance with the least studentized difference (LSD) approach, illustrating whether the following demographic characteristics of workers affect the levels of their perceived harmony in organizations.

300

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Gender	0.44	0.49	1														
2. Marital status	0.22	0.41	0.26**	1													
3. Age	2.21	0.79	−0.15**	−0.61**	1												
4. Province	1.87	0.90	0.01	0.19**	−0.13*	1											
5. Education level	1.30	0.52	0.13**	0.04	0.01	−0.10	1										
6. Tenure	2.02	0.79	0.02	−0.35**	0.50**	−0.09	0.20	1									
7. Job position	0.82	0.37	−0.07	0.21**	−0.34**	0.09	−0.49	−0.53**	1								
8. With firm leader	4.35	0.93	−0.06	−0.09	0.10*	0.03	0.14	0.14**	−0.19**	1							
9. Of employees	4.69	0.83	−0.03	0.07	−0.05	0.06	−0.15	−0.17**	0.31**	0.41**	1						
10. With own team	4.69	0.87	−0.04	−0.16**	0.20**	0.00	0.21	0.21**	−0.37**	0.50**	0.28**	1					
11. Self-harmony	4.70	0.79	−0.09	0.08	−0.08	0.05	−0.17	−0.25**	0.43**	0.21**	0.59**	0.10	1				
12. With direct boss	4.40	1.02	0.00	−0.01	0.04	0.03	0.17	0.09	−0.20**	0.47**	0.26**	0.55**	0.12*	1			
13. Internal and external organizations	4.53	0.91	0.00	−0.02	0.07	−0.01	0.03	0.05	−0.04	0.41**	0.29**	0.44**	0.31**	0.31**	1		
14. Of departments	4.30	0.99	0.02	−0.04	0.12*	0.05	0.12	0.04	−0.11*	0.41**	0.28**	0.40**	0.27**	0.49**	0.39**	1	
15. With system	4.09	0.97	−0.10	−0.02	0.03	0.07	−0.14	−0.13**	0.33**	0.46**	0.52**	0.30**	0.47**	0.31**	0.46**	0.38**	1

Notes: **Correlation is significant at the 0.01 level (two-tailed); *correlation is significant at the 0.05 level (two-tailed)

Table I.
Pearson correlations
matrix

Harmony scale	Demographic characteristic	F-value	Significance	LSD post hoc test
Harmony with firm leader	Gender	1.35	0.24	
	Age	2.99	0.05*	Older and equal to 36-year-old (4.49) > Younger and equal to 25-year-old (4.27) Older and equal to 36-year-old (4.49) > Between 26 to 35 (4.23)
	Marital status	3.56	0.06*	Married (4.40) > Single (4.18)
	Province	0.26	0.76	
	Education level	4.28	0.01**	High school (4.59) > Junior high and below (4.27)
	Years worked	4.85	0.00***	Greater and equal to 5 years (4.57) > Greater and equal to 1 year to less than 5 years (4.26) Greater and equal to 5 years (4.57) > Less than 1 year (4.24)
	Group	13.91	0.00***	Managers (4.76) > Employees (4.27)
Harmony of employees	Gender	0.39	0.52	
	Age	0.68	0.50	
	Marital status	2.23	0.13	
	Province	1.05	0.34	
	Education level	4.46	0.01**	Junior high and below (4.76) > High school (4.52) Junior high and below (4.76) > College (4.24)
	Years worked	6.25	0.00***	Less than 1 year (4.85) > Greater and equal to 5 years (4.48) Greater and equal to 1 to less than 5 years (4.75) > Greater and equal to 5 years (4.48)
	Group	38.59	0.00***	Employees (4.81) > Managers (4.13)
Harmony with own team	Gender	0.61	0.43	
	Age	8.00	0.00***	Older and equal to 36-year-old (4.87) > Between 26 to 35 (4.62) Older and equal to 36-year-old (4.49) > Younger and equal to 25-year-old (4.43)
	Marital status	10.47	0.00***	Married (4.77) > Single (4.42)
	Province	0.10	0.90	
	Education level	8.79	0.00***	College (5.39) > Junior high and below (4.58) High school (4.92) > Junior high and below (4.58)
	Years worked	13.24	0.00***	Greater and equal to 5 years (5.02) > Less than 1 year (4.56) Greater and equal to 5 years (5.02) > Greater and equal to 1 year to less than 5 years (4.50)
	Group	57.75	0.00***	Managers (5.41) > Employees (4.54)
Self-harmony	Gender	3.55	0.06*	Female (4.77) > Male (4.61)
	Age	3.19	0.04**	26~35 (4.84) > Older and equal to 36-year-old (4.59)

(*continued*)

Table II.
One-way ANOVA results

Harmony scale	Demographic characteristic	F-value	Significance	LSD post hoc test
	Marital status	2.51	0.11	
	Province	0.591	0.55	
	Education level	6.95	0.00***	Junior high and below (4.79) > High school (4.44)
	Years worked	12.55	0.00***	Less than 1 year (4.92) > Greater and equal to 5 years (4.42)
				Greater and equal to 1 year to less than 5 years (4.77) > Greater and equal to 5 years (4.42)
	Group	81.14	0.00***	Employees (4.86) > Managers (3.96)
Harmony with direct boss	Gender	0.00	0.94	
	Age	0.33	0.71	
	Marital status	0.12	0.72	
	Province	0.31	0.73	
	Education level	5.62	0.00***	College (5.03) > Junior high and below (4.30)
				High school (4.64) > Junior high and below (4.30)
	Years worked	4.15	0.01**	Greater and equal to 5 years (4.61) > Greater and equal to 1 year to less than 5 years (4.23)
	Group	15.12	0.00***	Managers (4.87) > Employees (4.31)
Of internal and external organizations	Gender	0.00	0.95	
	Age	1.69	0.18	
	Marital status	0.15	0.69	
	Province	0.08	0.92	
	Education level	0.46	0.63	
	Years worked	0.61	0.53	
	Group	0.81	0.36	
Of departments	Gender	0.13	0.71	
	Age	2.95	0.05*	Older and equal to 36-year-old (4.44) > Between 26 to 35 (4.21)
				Older and equal to 36-year-old (4.44) > Younger and equal to 25-year-old (4.16)
	Marital status	0.77	0.37	
	Province	0.59	0.55	
	Education level	2.91	0.05*	College (4.81) > Junior high and below (4.23)
	Years worked	1.20	0.30	
	Group	4.97	0.02**	Managers (4.57) > Employees (4.25)
With system	Gender	3.82	0.05*	Female (4.18) > Male (3.98)
	Age	0.22	0.80	
	Marital status	0.15	0.69	
	Province	1.87	0.15	
	Education level	4.50	0.01**	Junior high and below (4.18) > High school (3.83)
	Years worked	3.55	0.03**	Less than 1 year (4.26) > Greater and equal to 5 years (3.92)
	Group	46.46	0.00***	Employees (4.24) > Managers (3.37)

Notes: ***Significant at the 0.01 level (2-tailed); ** significant at the 0.05 level (2-tailed); * significant at the 0.10 level (2-tailed)

Table II.

Gender
Gender was found to influence employee perceptions of "self-harmony" and "harmony with corporate system", whereas females scored higher than males in both dimensions at significant level.

Age
Age was identified to affect employee perceptions of harmony in the four dimensions at significant level. Respondents aged equal to or above 36 years old scored the highest, while respondents aged between 26 to 35 years old scored the lowest in terms of "harmony with firm leader", "harmony with own team" and "harmony of departments". With respect to "self-harmony", respondents aged between 26 to 35 years old scored higher.

Marital status
Married individuals gained higher scores than singles in both dimensions: "harmony with firm leader" and "with own team" at a significant level.

Job positions
Grass roots workers were found to score lower than employees with managerial positions in four dimensions: "harmony with firm leader", "with own team", "with direct boss" and "harmony of departments", while grass root workers scored higher in three dimensions: "harmony with corporate system", "of employees" and "self-harmony", with differences at a significant level.

Educational level
Educational level was found to influence seven dimensions at a significant level. Junior high/polytechnic graduates scored the lowest in terms of "harmony with firm leader", "harmony with own team", "harmony of departments", "harmony with direct boss" and "with corporate system" but scored the highest in "harmony of employees" and "self-harmony".

Tenure
Tenure affected employee perceptions of harmony in six dimensions at a significant level. As far as "harmony with own team" and "harmony with direct boss", respondents with one to five working years scored the lowest. The respondents with equal to or more than five working years scored the lowest in terms of "harmony with corporate system", "harmony of employees" and "self-harmony"; however, they scored the highest in "harmony with own team", "harmony with firm leader" and "harmony with direct boss". In contrast, the respondents with less than 1 working year scored the highest in "harmony with corporate system", "harmony of employees" and "self-harmony".

The foregoing findings reveal how differences in key demographic characteristics of workers (i.e. age, gender, marital status, job position, educational level and tenure) influence their levels of perceived harmony at workplace, which indicates the critical clues for the emergence of employee grievance and the potential areas of labor-management conflicts, thus responding to *RQ2*. More specifically, integrating the quantitative results, we discovered that the lower-educated grass root workers aged between 26 to 35 years old or with one-five working years appeared to be an important

source of grievance and resentment. Therefore, we chose the subjects for the follow-up qualitative survey based on the foregoing criteria.

Study 2

We reported the results of Phase 1 to the company in late October 2014. After intensive discussion with the company's chief HR director, we were finally allowed to conduct 11 in-depth, comprehensive interviews with four critical groups of employees who were directly involved in the previous labor strike (i.e. two HR and two production managers representing the company to deal with the protestors, three production foreman as the strike advocates/leaders and four production grass root workers as the strike participants).

Then, we spent two days interviewing each of the participants, which typically lasted 40 minutes on average, in a closed meeting room of the company. We recorded most of them and had those professionally transcribed. Interviews questions broadly focused on discussing the following topics:

- their dissatisfaction and grievance against the company;
- their opinions of the use of strike as a means to voice out discontent;
- their perceptions of how and why the strike happened and ended;
- their views on how and why the conflict resolved; and
- their prediction about the possibility of the occurrence of labor protests in the future.

However, the questions somewhat changed as our informants guided our inquiries though the stories they told (Sonenshein, 2014; Charmaz, 2006). We were also interested in their demographic information, position and tenure of the job. Table III contains an overview of our interview data.

Apart from the interviews, we also tried to gather additional data through Internet and other public sources, including a variety of archival materials such as newspapers, journal articles and internal reports. Unfortunately, due to strict control over all media outlets in China, we merely got limited evidence about relevant labor unrest. Hence, we

No.	Name/province	Gender	Age	Tenure	Department	Position	Monthly wage (excluding social insurance) (RMB/USD)
1	David (Taiwan)	M	40	15	HR	Top management	Over 20,000/3,256
2	Eric (Fujian)	M	31	10	HR	Team director	About 5,000/814
3	Lisa (Hubei)	F	37	18	Production	Worker	About 2,400/391
4	Jack (Hunan)	M	30	5	Production	Worker	About 2,500/407
5	Peter (Hunan)	M	34	9	Production	Worker	About 2,500/407
6	John (Sichuan)	M	32	5	Production	Worker	About 2,500/407
7	Mary (Hunan)	F	41	20	Production	Line supervisor	About 5,000/814
8	Steve (Hubei)	M	29	4	Production	Foreman	About 3,300/537
9	Mark (Hunan)	M	29	5	Production	Foreman	About 3,500/570
10	Helen (Hubei)	F	43	25	Production	Manager	About 13,000/2,117
11	Sherry (Hunan)	F	44	25	Production	Manager	About 13,000/2,117

Table III.
Overview of interview data for study 2

relied on an important personal contact from the third party who introduced our research team to the company to serve as one of our key informants. He frequently provided us in-depth, informative updates throughout the study.

Data analysis of Study 2 (refer to Figure 2)
As mentioned earlier, we used a grounded theory approach (Charmaz, 2006; Sonenshein, 2014) to code data that involved three primary steps. First, we used initial coding to sort data from the interview transcripts and field notes, classifying repeated and similar codes into first-order categories. In this phase, we continued reading and re-reading data until there was no new insights yielded from them. Then, we used second-order or axial coding searching for relationships within and between the initial codes, converting them into second-order categories. With a deeper understanding of second-order themes, we eventually matched them with five aggregate theoretical dimensions, namely, the proposed five dimensions of our 5C model, as noted above. We went back and forth between the developed model and the data, making several refinements along the way. Figure 2 illustrates the relationships between first-order categories, second-order themes and aggregate five dimensions.

To ensure the credibility of our data, we tested our interpretations by reviewing all of the data again and again, looking for both confirming and disconfirming evidence (Sonenshein, 2014). Moreover, we used member checking with key informants, asking for feedback about whether our interpretations and theoretical account were convincing. Finally, we depended on peer debriefing by discussing the identified model with colleagues and experts not involved in this research project.

Findings of Study 2
Referring to Figure 2, we further unpacked our findings in greater details following the pattern of the proposed 5C model that structures the harmonizing process in China.

Stage 1: conflict
The dispute was aroused by an incident in the news. A production superintendent who had worked in the company for more than 20 years retired in 2013 but could just get a pension of RMB 650 (about USD106) per month. This news spread quickly in the factory complex, causing various rumors and anxieties among production workers. A lot of veteran workers felt that the company did not pay their social insurance premiums in full amount, and began to complain about their low wages and worry about their pensions. As indicated by our informant Peter (5):

> I have worked here for 9 years with 10-12 working hours a day; however, my average monthly take-home pay is only RMB 2,500 (about USD 407), which is too low to support my family. All top managers are enjoying good houses, great cars and dining in good restaurants, but never listened to our voice […]. I deserved a higher wage!

Hence, some workers went to check on their social security accounts but found that the balance of their accounts was "zero". Many workers thus became very agitated. To ease the discontent of workers, the company immediately hosted a face-to-face confrontation meeting in late April 2014, explaining that the discrepancy was due to an official system's error. David (1), on behalf the company, responded that:

> We have started to invest in the factory complex in China since 1990 and the social insurance law was just enacted at that time. However, the government didn't actually executed that law
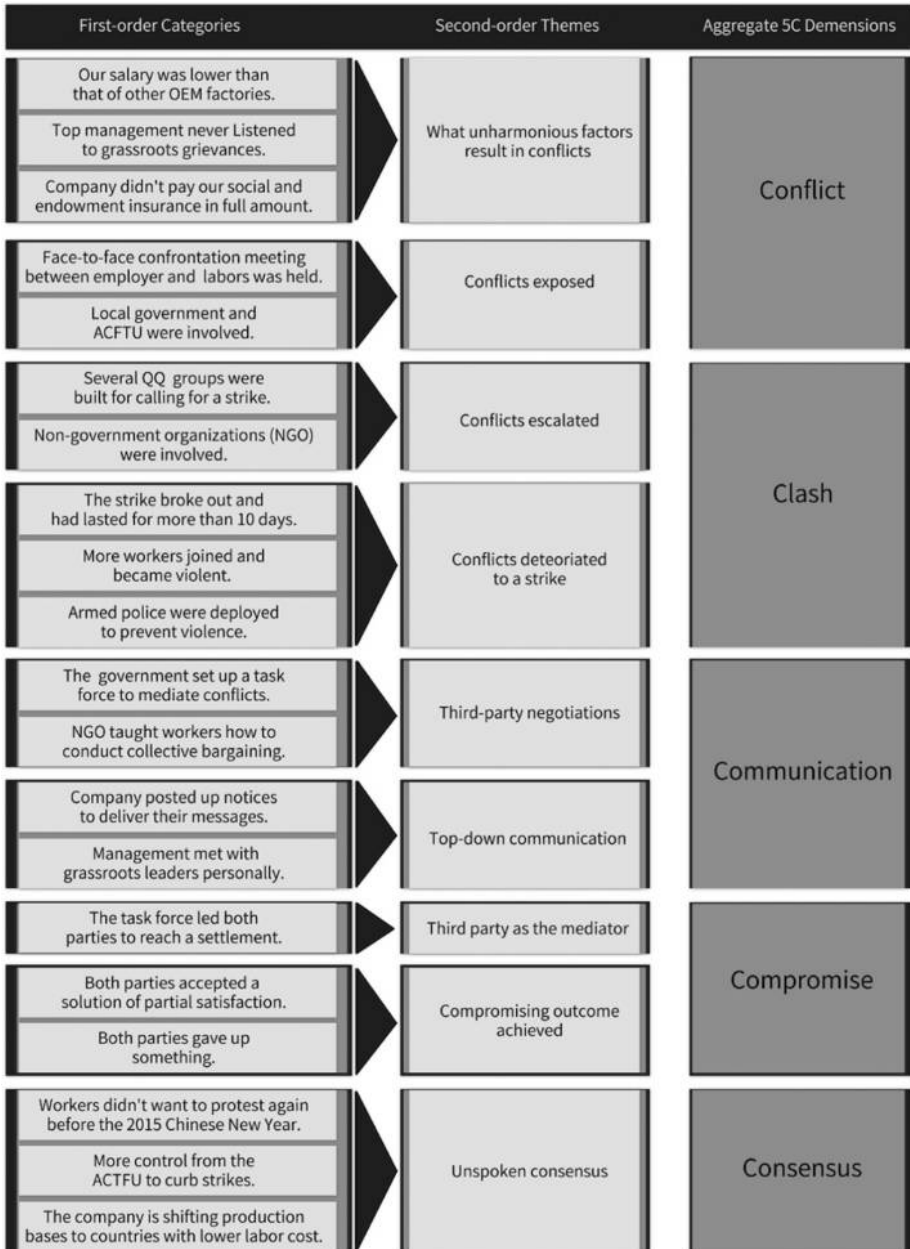
First-order Categories	Second-order Themes	Aggregate 5C Demensions
Our salary was lower than that of other OEM factories. / Top management never Listened to grassroots grievances. / Company didn't pay our social and endowment insurance in full amount.	What unharmonious factors result in conflicts	Conflict
Face-to-face confrontation meeting between employer and labors was held. / Local government and ACFTU were involved.	Conflicts exposed	
Several QQ groups were built for calling for a strike. / Non-government organizations (NGO) were involved.	Conflicts escalated	Clash
The strike broke out and had lasted for more than 10 days. / More workers joined and became violent. / Armed police were deployed to prevent violence.	Conflicts deteoriated to a strike	
The government set up a task force to mediate conflicts. / NGO taught workers how to conduct collective bargaining.	Third-party negotiations	Communication
Company posted up notices to deliver their messages. / Management met with grassroots leaders personally.	Top-down communication	
The task force led both parties to reach a settlement.	Third party as the mediator	Compromise
Both parties accepted a solution of partial satisfaction. / Both parties gave up something.	Compromising outcome achieved	
Workers didn't want to protest again before the 2015 Chinese New Year. / More control from the ACFTU to curb strikes. / The company is shifting production bases to countries with lower labor cost.	Unspoken consensus	Consensus

Figure 2.
Data structure

until 2005 […]. In fact, to attract more foreign direct investment, the local government officials even orally promised us to enjoy the social insurance fee waiver until 2005 […]. Unfortunately, the new official overthrew the previous oral agreement […] this is why that retired superintendent's pension was so little because the payment years were less than his actual working years.

The local labor bureau and local trade union also attended the meeting and confirmed the company's statement by issuing a formal red-head document. Nevertheless, most of workers did not buy it. Jack (4) described it emphatically:

The collusion between government officials and employers were very common in China. The representative of our corporate labor union was also appointed by the government. Hence, the local government and trade union definitely defended the employer's interests, helping the company to make fools of us. The company should return us our money to our insurance accounts *immediately*!

Obviously, at the first *harmonizing* stage of *conflict*, the critical unharmonious factors that may trigger the strike action were identified.

Stage 2: clash
Since the end of April 2014, several non-governmental organizations (NGO) including Hong Kong-based, New York-based and domestic labor NGOs, have been very concerned about this matter and have even provided advisory opinions provoking workers to take stronger action in bargaining with the employer. In the meantime, at least seven QQ groups were built for networking and organizing disgruntled workers. As noted by David (1):

[…] some workers took the informal leading role of all discontented employees, planning to carry out a strike via QQ groups. Workers supporting the company's side were not allowed to join their QQ groups and the labor-management conflict had escalated.

On May 5, China News Service abruptly reported that there would be a wildcat strike by the company's workers in the vicinity of the main plant. Although the news was dismissed as mere rumor and the QQ group lord disseminating this rumor was soon arrested and interrogated by the police, many workers seemed to feel more provoked and were indeed planning to stage a massive strike. As illustrated by Helen (10):

After the incident on May 5, we perceived that many production workers were very low in morale and some people were preparing big banners and amplifiers- a sign for conducting a street demonstration!

On May 14, the strike broke out. In the beginning, only thousands of workers stopped working to participate in the protest, some of whom held banners demanding their due benefits. The protest leaders kept using QQ groups to call for workers from all plants of the company in southern China to support. Then more and more workers joined, and finally more than 25,000 workers were plunged into the strike. They demanded the company to give a wage rise of 30 per cent, catch up on all overdue social benefits that should have been paid to workers since 1998 and allow workers have the right to pick their own union. Hundreds of police officers were sent to the scene to help keep order.

Given the company still failed to agree on their demands on May 16, the protesting workers became very agitated and violent since then. On the morning of 17 May, some workers rushed into the residential area of Taiwanese cadres, threatening to beat the

people who had humiliated and tortured China workers. David (1) described it with a bit of agony:

> Those workers just broke into the dormitory area of Taiwanese cadres and shouted. They claimed to "kill the chickens to frighten the monkeys!" (In Chinese, it means to punish someone as a warning to others not accept their demands). In this vein, most of Taiwanese workers did not dare to leave their apartments. As a result, the company was forced to ask for the government's protection and evacuated part of female Taiwanese workers and relatives back to Taiwan.

On the afternoon of May 17, the whole situation was deteriorating. The protesting workers even fiercely beat up the workers who did not want to continue with the strike. The majority of the local police force (60 per cent) was therefore deployed to guard against further violence.

The eruption of the strike that allowed a long-lasing feeling of anger among production workers to be pushed to the surface is consistent with the second *harmonizing* stage of *clash*.

Stage 3: communication

After experiencing the severe unrest between 14 to 17 May, a special task force consisting of more than 80 labor bureau official, trade union executives, lawyers, police officers and labor experts were urgently set up by the government to mediate this labor conflict. Since then, the members of the task force frequently met worker representatives, listening to their request and organized negotiations between labor and capital. It was worth noting that during the strike, several international and local NGOs had had close contact with the workers' representatives and offered them guidance to bargain with the company. Eric (2) recalled:

> The NGOs were helpful. They taught us how to carefully avoid any activity that might be viewed as illegal or a political challenge to the government. The ACFTU was unable to give us such assistance.

However, as far as this case is concerned, too much NGO intervention might complicate the negotiation situation because the task force had been officially designated to conciliate both conflicting parties. As David (1) described: "Some NGOs had intended to speak on behalf of workers and even spread untruthful rumors about the company […] Fortunately, the government immediately stopped them".

Given that the riot had just happened and the workers' QQ groups still forbade access from people supporting the employer, the company's management chose to post up notices on the plant walls to deliver their messages. Apart from face-to-face talking with production foremen and superintendents, through the help of the aforementioned task force, the management held several multilateral meetings with the representatives of protesting workers, local and corporate trade unions. The action of top-down communication to a certain extent pacified tension between labor and employer. As mentioned by Steve (8):

> I have worked here for four years but this was the first time our Taiwanese Deputy General Manager talked to me in person. He was very friendly and nice.

At the third *harmonizing* stage of *communication*, the involvement of the third party created a foundation of mutual understanding and a platform for further progress.

Stage 4: compromise
After the official task force became deeply involved in this issue, the provincial trade union played a particularly important role in driving both parties to reach an agreement. The protesting workers were persuaded to give up their former demand about a 30 per cent wage rise, while the company was requested to catch up on the full amount of the unpaid social benefits from 1999 to present. The chairman of local ACFTU acted as a key mediator in this negotiation, rejecting any proposal in favor of one side and demanded that both sides used maximum respect to devise a settlement.

On 21 May, the company agreed that they would increase a grass root worker's monthly wage by about RMB 230 (USD37) and compensate for the unpaid social insurance premiums as long as an employee applies, while the corporate trade union led some protestors to write an initiative, encouraging all protesting workers to resume work. On 25 May, most of protesting workers had returned to work.

Facilitated by the mediator, namely, the official task force, the protesting workers and management ultimately accepted a solution that actually provided incomplete satisfaction of both parties' concerns, which embodies the distinguishing characteristic of the fourth harmonizing stage "compromise".

Stage 5: consensus
On 29 May, the company's production had been largely back to normal, despite the fact that the morale among grass root workers was still low. In early June, the company claimed they suffered losses of USD27 million during the strike and future payments for offsetting the workers' social security debt from 1999 to the present. Additionally, the company was facing crucial order declines from global brands to their China's factories due to the looming risks of future labor strike and the accompanying production shut down. David (1) described it seriously:

> Due to the increasing labor cost, our parent company in Taiwan has decided to close most of our China factories and quicken the pace to move our production basis to South East Asia where the labor lost is lower.

Some workers were also aware of the negative impact induced by the strike on the company and thus inclined to avoid such aggressive confrontation in the future. Lisa (3) noted:

> My three family members and I have worked here for more than 18 years and this seems to be the worst situation. Our factory has been receiving falling orders and struggling with the crunch of reducing profit margins. I will not support a strike because I don't want them to close down this factory!

However, some workers seemed to feel that strike is the most effective way to improve their conditions. As John stated (5):

> Our employer had earned a lot of money but we were the toiling mass with poor income. I think there will be no protest again until the Chinese New Year, but some workers may plan to do it again for raising wages after the vocation.

The provincial labor union led by the ACFTU was very concerned with the above-mentioned situation. To curb further labor unrest, the provincial union has been elevated to act more expediently as the "transmission belt" of the party. Since June 2014 to present, the officials of the provincial labor union have instructed the company to

rebuild their corporate trade union, forming a new type of "joint corporate trade union" where six independent, grass roots trade unions with their own sub-organizations were set up to monitor the six plants of the company, respectively, helping to enhance the workplace management and maintain the harmonious relationships between labor and capital.

In sum, it is apparent that consensus was reached among the labor, management and government as follows:

- no strike until the 2015 Chinese New Year (about the workers);
- more control from the ACTFU (about the government); and
- the reallocation of the production basis (about the company).

Nevertheless, consistent with the proposed circled 5C model, the consensus may just mean an "ephemeral harmonious status" given the actual labor-management relationship of this organization is still highly uncertain, tense and contingent, constantly changing according to the changes of the external economic environment.

According to the foregoing findings, our proposed 5C model is well examined.

Discussion

Leung *et al*. (2011) have claimed that conflict and harmony are really two side of the same coin and harmony maintenance should be considered as a response to conflict, from a Chinese point of view. Chin (2014) further underscores the importance of understanding Chinese notion of harmony to resolving conflicts/contradictions in China from a perspective of *Yijing*. Following their viewpoints, this study, therefore, explored the fundamental and hidden causes of the increasing labor-management conflicts in Chinese manufacturing with a unique harmony approach, providing evidence on what and how demographic variables of factory employees affect their perceptions of harmony in the workplace. Our major findings are discussed in depth in the following summary.

Given that "harmony with corporate system", "harmony of departments" and "harmony with firm leader" were found to be the top three lowest scores in the eight dimensions of harmony, it is plausible to view them as the three vital factors that could arouse serious labor grievance and trigger aggressive employee disputes such as labor strikes in China's labor-intensive OEMs. Consistent with our findings and as reported in the news, the factory workers participating in the strike indeed expressed strong discontent at the corporate system and the top echelon; they thought the corporate compensation and benefit systems were very unfair and unsatisfactory, and that the top management did not listen to the voices of grass root employees. However, as shown in our case, it is surprising that under such a post-strike, low-morale and uncertain working environment, the scores of the three factors given by production workers were still higher than 4, indicating that Chinese employees indeed tend to avoid direct criticism and confrontation publicly when answering questionnaires (Nguyen and Yang, 2012; Leung *et al.*, 2011).

Characteristics of employees such as age, gender, marital status, education level, tenure and position significantly were identified to influence employee perceptions on the level of harmony in the workplace. For example, females mainly scored higher than males, while married mostly scored higher than unmarried, in accordance with the common recognition that males or unmarried employees are often more

aggressive, but that females or married ones with family burdens are prone to hold relatively conservative attitudes. Employees with a lower educational level seemed to emphasize more on self-harmony whereas those with higher educational qualifications were more concerned with their teams and direct supervisors/boss. Employees with managerial positions agreed more on the leader and their own team, whereas grass root workers agreed more on self-harmony and colleagues. This may be because managers generally have a better understanding of the importance of teamwork as well as the responsibilities and duties held by managerial staff. Employees aged older than 35 years old generally scored higher, indicating a higher tolerance of disharmony and disagreement in the workplace. It is worth noting that in terms of "harmony with corporate system", the dimension with the lowest score is concerned, males (3.981), high school graduates (3.839), employees with more than five working years (3.922) and managerial positions (3.376) gave a relatively low evaluation.

The results of the case study corroborate the explaining power of the proposed 5C model on elaborating the unique harmonizing way that the Chinese people tend to handle labor conflicts. According the findings, the company's misconduct on social insurance as the root cause of the labor strike can, to a certain extent, be attributed to the institutional void at the embryo stage of China's fast economic growth in 1990s. At that time, the Chinese government loosened the implementation of labor laws to attract foreign investments. Despite the Chinese government having decided to move toward a more market-oriented economy, the strong intervention of the ACFTU in this case confirmed the critical role of the Chinese government in facilitating business operations in China. Taking a deeper look at the behavior of the provincial trade union in our case, we discovered that their strategic actions to a certain extent mirror the core spirit of Yin-Yang harmony and the 5C model. Despite supporting the workers to effectively voice their worries and grievances, the union was not able to completely represent the interests of the workers because its eventual goal was to maintain a harmonious labor relation and stable productivity for the factory due to its political role in safeguarding the interests of the country (Chan, 2014; Wang, 2011).

Scholars suggest that the growing labor unrest in China's manufacturing sector is actually a product of China's transition in its economic and regulative system. While China is at a critical time of developing a unique socialistic marketing economical system with the coexistence of socialist and market-based capitalist characteristics, it is undoubtedly logical that labor protection with associated labor relation issues will draw increasing attention (Liu and Li, 2014; Chang and William, 2013). However, research demonstrates that many of today's factory employees are migrant/peasant workers who are still brutally exploited as they are subject to long working hours, low pay, monotonous job and are often denied even basic individual rights (Liu and Li, 2014; Tang and Fitzsimons, 2013; Chan, 2010). If so, the number of labor strikes in China's manufacturing may escalate in the future. Our findings, therefore, can be considered as a feasible cue or guidance for other OEMs in China to prevent the occurrence of labor strikes and protests given that serious labor conflict can sometimes be destructive. Additionally, this study is particularly useful for non-Chinese managers to better comprehend the unique "harmonizing process" of

Chinese conflict resolution that is distinctive from the way of solving conflicts in Western societies.

In short, this paper yields several important contributions. First, this paper advances our understanding of how labor-intensive OEMs in the context of China's economic reform cope with increasing employee–employer conflicts, in answer to the call for exploring the roles of specific contexts in managing conflicts (Nguyen and Yang, 2012; Zarankin, 2008). Second, in terms of theoretical implications, given that "harmony" is considered as the core value of the humanistic spirit in China (Chin, 2015, 2014), we extend the Western dual-concern model, proposing a dominant, context-specific concern – *concern for harmony* in this context. Most importantly, based on the perspective of Yin-Yang harmony, we elucidate the dynamic, contingent and art-based nature of Chinese conflict management, and put forward a circled 5C model delineating the unique "harmonizing process" for resolving conflicts in China. Third, combining research with consultancy services, this current study applying conflict management theories into business practices can be seen as an exciting step forward in bridging academics and practitioners.

Limitations and future research

Although this paper contributes to an initial understanding of applying the cultural perspective of Yin-Yang harmony to Chinese conflict management, its limitations and constraints should be noted. First and foremost, the sample only involved one Taiwan-based manufacturing giant; however, given that China has the world's largest population with more than 130 million migrant workers in manufacturing, our sample size is relatively small. Future studies should collect more comprehensive data in more diversified regions of China. Second, despite new potential research avenues that can be drawn from this study, it is still exploratory in essence, and has only offered implicit suggestions on possible directions rather than explicit solutions to dissolve labor-management contradictions in China's manufacturing. Hence, future research could focus on further analyzing how the 5C model of harmonizing process can be actually applied to lay out conflict-coping strategies in China.

Overall, the same episode of conflict may denote distinctive meanings or be perceived differently across diversified cultures, and the ongoing social and economic transformation in China makes Chinese people's conflict management styles even less predictable (Oetzel *et al.*, 2008; Yan and Sorenson, 2004). Considering that the continuous appreciation of Chinese currency, the worsening shortages of skilled labors and the constant increase of minimum wage levels have slowed down the export growth of China's OEM industry, the Chinese government has claimed that China will be moving from production-based to innovation-oriented economy. The export-led OEM business is expected to be even less competitive and profitable in China, and the relocation of labor-intensive OEMs from China to other developing countries with cheaper labor is becoming a prevalent phenomenon (Chin and Liu, 2014; Fang *et al.*, 2010). Hence, the manufacturing employment could be further exacerbated, and labor conflicts may be raising more and more concerns in the Chinese market. It is imperative to collect more first-hand data by probing into relevant labor relations issues in depth in this context.

Notes

1. www.bbc.com/news/business-27059434

2. The authors have disguised the company's name and other identifying information to protect confidentiality.

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