

Determinant of conflict resolution strategy in international joint ventures: An
integrative theoretical framework

Abstract

As firms are more and more engaging in partnership with other firms abroad, due to the differences in motives, national and organizational cultures of partners, conflicts between them are often occurred. This paper examines the influence of ownership control and national cultural background of foreign parent firms on their conflict management strategy used in IJVs. Based on Killing (1983), ownership control is categorized into dominant control, equal control, and minor control. Related to national cultures, Hofstede's five cultural dimensions are adopted. As one step forward from previous studies, this study shows that ownership control position and national cultural background influence foreign parent firms to have different conflict management strategies.

Keywords: conflict resolution strategy, ownership, culture

1. Introduction

As firms are increasing their business activities abroad, they often involve in international joint ventures (IJVs) with local firms (Dunning, 1995; Dinh 1997; Li, 2003; Duan, 2007; Meschi & Riccio, 2008). However, research shows a high rate of IJV failure (Hennart, Kim & Zeng, 1998, Bamford, Ernst & Gubini, 2004; Yeheskel, Newburry & Xeira, 2004). Because firms have different goals, ways of operations, inter-partners conflicts often exist (Fey & Beamish, 1999). Thus, understanding conflict is crucial to organizations (Boonsathorn, 2007) since conflict resolution strategy of parent firms affects IJV performance (Fey & Bearmish, 1999; Lu, 2006; Yavas, et al., 1994). Researchers suggest that foreign parent firms differ in their choice of conflict resolution strategies (Wade-Benzoni, Hoffman, Thompson, Moore, Gillespie, & Bazerman, 2002).

Wang, Lin, Chang, and Shi (2005) notice that conflict handling styles have been received attention in IJV research. Researchers maintain that conflict resolution strategy is under-explored area in international business and management literature (White III, Joplin, Salama, 2007). Ma, Lee, and Yu (2008) and Doucet, Jehn, Weldon, Chen, Wang (2009) suggest that further study is needed to especially investigate the influence of cultural factors and conflict management style. This is because understanding the way in which people from different cultures resolve conflict is very important (Wang et al., 2005). Lin and Germain (1998) maintain that the relative power between partners is also a key determinant of partners' choice of conflict management strategy. Arino (1997) suggests that future studies need to investigate the affect of national culture on IJV partners' cooperative behaviors. Already more than fifteen years ago, Yavas et al. (1994) suggested that further study of conflict resolution strategies should take into account the influence of both parent cultures and control. Later on, Jehn and Weldon (1997) maintain that there has been lack of systematic study on relationship between culture and conflict management. Recently, Ma et al. (2008) still notice that conflict management literature has received little attention from researchers. They also propose that future conflict management studies should focus on cultural differences and conflict management style.

To provide new insights on this issue, this study investigates the influence of foreign partners' ownership control position (relative power) and their national cultural background on their conflict resolution strategy used in IJVs. More specifically, this study tries to answer to the research question: *"How ownership control position and foreign parent firms' national cultural background influence their choice of conflict resolution strategies?"*

Previous studies, when discussing about conflict resolution strategies, focus on only one factor either on culture or trust issue (e.g. Ding, 1996; Lin & Germain, 1998; Doucet, 2009), and at the general level. This is evidence that most previous studies just tried to find out if cultural differences or trust influence conflict resolution strategy but they failure to address why and how these factors really influence the choice of strategy in the attempt to solve conflicts between partners. This study aims to contribute to research tradition in both IJV research and conflict management theory by specifying how three different power positions (dominant ownership, equal ownership, and minor ownership control) and different national cultural backgrounds (based on five national cultural dimensions of Hofstede, 2001) of

foreign parent firms influence their choice of conflict resolution strategies. In addition, this study differs from previous studies in the way we integrate both power position and cultural background in conflict resolution strategy.

In the next section, first we will review the concept of conflict and different conflict management strategies. Then, we will discuss how ownership control positions relate to foreign parent firm's choice of different conflict management strategies. After that, we continue with the influence of national cultural background on the selection of conflict management strategies. In the fourth section we integrate ownership control factor and national cultural factors in the selection of the firms' conflict management strategy.

2. Literature Review

Conflict is a common characteristic of every organization (De Dreu & Weingart, 2003). It is often regarded as a negative force, harmful element (Boonsathorn, 2007) leading to discomfort, misunderstanding, and disruption of relationships or even collapse of organizations (Robbins, 2005). Other researchers take more positive views on conflicts between partners such. They regard maintain that conflicts help to define relationship, to show concern and interest in preserving the relationship (Koza & Dant, 2007). Eisenhardt et al. (1997) argue that absence of conflicts is not harmony but it is apathy.

The issue of conflict between partners in IJVs has begun to receive attention from researchers in the early 80s (e.g. Killing, 1983; Harrigan, 1985; Renolds, 1989). In these early studies, the focus was to find out if conflicts between partners influence IJV performance. To develop research related to conflict management Habin (1987) discussed how IJV conflict should be operationalized and measured. Fey and Beamish (1999) focus on conflict management in the context of Russia. They propose nine key points for coping with conflicts between partners which emphasize on partners' communication, creating win-win solutions, tolerance and attitudes. Other researchers also tried to link conflict management strategies to local countries' contexts such Yavas et al. (1994) conflicts in Saudi-US IJVs, Ding (1997), Lin and Germain (1998) and Peng (2000) in Chinese-US IJVs. While other researchers attempted to find out the role of trust, commitment, and cultural differences on conflict management strategies (e.g. Lin & Wang, 2005), role of control on causing conflicts (e.g. Barden et al.

2005), and how foreign parent firms can use control to manage conflicts with local partners (Nguyen & Larimo, 2010)

Fey and Beamish (1999) notice that most researchers focus their research on avoiding conflict not how to solve the conflict. However, they argue that conflict must be dealt with because it is inherent in relationship. Thus, it is important to understand different conflict resolution strategies in partnership. Next we will explain different conflict resolution strategies.

There are different strategies that firms can apply to handle conflicts such as confronting, ignoring, avoiding, compromising, accommodating, and problem solving or going through a mediator (Thomas, 1976; Putnam & Wilson 1982; and Rahim, 1983). Fundamental for conflict management style is based on concern for the benefits of oneself and/or concern benefits for other. Based on two dimensions including assertiveness (to satisfy one's own concern) and cooperativeness (to satisfy the concern of the other), Thomas (1976) constructs five conflict handling strategies: competing, collaboration, compromising, accommodating, avoiding. According to Rahim and Bonoma (1979), conflict management strategies include dominating, obliging, avoiding, compromising, and integrating. Lin and Germain (1998) and Lu (2006) categorize conflict resolution strategy into four main strategies: problem solving, compromising, forcing, and legalistic strategy. This study adopts conflict resolution strategy by Lin and Germain (1998) and Lu (2006). This is because in their category, each strategy is clearly different from each other. In addition, they do not include avoiding strategy as other authors included in their classification. The "avoiding strategy" is actually not a strategy because the conflicted problem is still there and never goes away if partners decide not to do anything about it. As a result, conflict management strategy in this study includes: problem solving, compromising, forcing, and legalistic strategy.

With problem solving strategy partners aim to satisfy the need from all parties involved. Exercising this strategy partners attempt to provide new effective solutions that will increase stakes for all parties involved. *With compromising strategy* partners aim to achieve a common solution from both sides by offering some concessions from all involved parties. *Exercising forcing strategy*, partners aim to dominate decision making. *Legalistic strategy* is often exercised to solve conflict through the use of a written contract. This is a formal communication with partners in IJVs in order to get the desired target.

Study	Focus of study	Method of study	Results
Yavas et al. (1994)	To examine severity of various conflict in Saudi Arabi	Empirical study, Survey	Dynamic approach (close monitoring, frequent updating of goals and continuous cultivation of relationship) should be used to resolve conflicts in Saudi-US JVs rather than static approach
Ding (1996)	To examine Chinese management style in conflict resolution	Empirical study, Survey	Chinese managers tend adopt contingent, long term, contextual, and holistic approach to resolve conflict
Lin & Germain (1998)	To establish the link between IJV context and partner's conflict resolution strategy	Empirical study, Survey	Cultural similarity stimulates a problem-solving approach, The more power, the more partners use forcing strategy and less relevant of using compromising strategy. The longer IJV relationship exist, the more likely partners use problem solving strategy and less legalism
Fey & Beamish (1999)	To formulate strategy for managing conflict in Russian IJVs	Empirical study, Interviews	Align partner's objectives, ensure adequate communication, develop standard procedures for resolving conflict, consider gains for all parties, developing high tolerance and understanding for different cultures, discussing ways to avoid future conflict, ensuring all parties committing to the IJVs
Peng et al. (2000)	To examine conflict management style in Sino-US, Sino-French enterprises in China	Empirical study, Survey	Chinese tends to be more avoiding than Westerners, both Chinese and Westerners tend to adapt compromising style
Lin & Wang (2002)	To examine association between the preference for conflict resolution strategy and relationship trust and commitment and relative power	Empirical study, Survey	Trust encourages partners to use problem solving strategy. The more power partners have the more they use legalistic strategy
Barden et al. (2005)	To develop organizational justice based on more relating parent control to parent conflict	Empirical study, Survey	Level of conflicts in IJVs depends on the consistencies between control structure and parent's contribution of proprietary resources, and between control structure and partner's ability to monitor effectively operations
Wang et al (2005)	To compare cross cultural differences in preference of conflict handling style	Empirical study, Survey	Western managers tend to use forcing and problem solving more than Asia manager do. Asia managers tend to prefer compromising styles more than their Western partners. Western managers tend to use legalistic approach more than Chinese partners
Lu (2006)	To examine the impact of conflict resolution strategies in IJV performance	Empirical study, Survey	Compromising and legalistic strategies are positive related to IJV satisfaction in Sino-Japan IJV but not in Sino-Taiwan IJVs
Onishi & Bliss (2006)	To explore how managers from Japan, Hongkong, Thailand, Vietnam differ in conflict management	Empirical study, Survey	Managers from Japan, Hongkong, Thailand, Vietnam are all differ in their preferences of conflict resolution strategies
Boonsahorn (2007)	To analyze the preferences for conflict management styles of Thais and Americans in MNCs in Thailand	Empirical study, Survey	Thais preferred avoiding and obligating strategy. There is negative relationship between length of stay abroad for Thais and preference for a dominating conflict management style
Kim et al. (2007)	To exam how Chinese, Japanese, Koreans resolve interpersonal conflict with their supervisors and the influence of cultural factors on conflict management style	Empirical study, Survey	Koreans used more compromised strategy than the Chinese and Japanese did. The Japanese used less dominant strategy but more obligate to their supervisors
White III et al. (2007)	Using transaction cost to explain how firms should formulate contractual governance to better efficiency , lower cost, minimize conflict with partners	Conceptual framework	Perceived transaction cost influence firms' choice of contractual governance mechanisms and conflict resolution strategy in foreign ventures. Cultural distance, relative power, and interest alignment will play important roles in conflict resolution strategy
Komaraju et al. (2008)	To examine the role of horizontal and vertical individual-collectivism in explaining conflict management style	Empirical study Student example	Individualists prefer dominating styles, collectivisms prefer integrating styles.
Doucet et al. (2009)	To compare conflict management behavior of American and Chinese	Empirical study, structure interview	For Chinese, embarrassing the colleague, teaching moral lesson are important elements. For American hostility and vengefulness are important elements

Table 1. Key studies focusing on conflict resolutions strategy from 1994-2009

After carefully reviewing of articles published in leading journals in the field of international business and international management like Journal of International Business Studies, Journal of International Management, International Business Review, Management International Review, International Journal of Conflict Management, Journal of International Marketing, Academy of Management Review, we identified the key studies on conflict management strategies as presented in Table 1.

As can be seen from table 1, most previous studies either focus on analyzing conflict management style of single country (e.g. Ding, 1996; Fey & Beamish, 1999) or comparing that of two countries (e.g. Doucet et al., 2009; Boonsathorn, 2007; Yavas et al., 1994) or some countries (e.g. Kim et al., 2007; Lu, 2007; Onishi & Bliss, 2006; Peng et al. 2000) or between Western style and Asian style (Wang et al, 2005; Peng, 2000) or using one single cultural dimension to analyze the preference for conflict management strategy (e.g. Komarraju et al., 2008). Besides, previous studies also focus on providing strategies to avoid conflict (e.g White III et al, 2007; Barden, 2005) or the effect of cultural similarity, age of relationship, and general relative power of partners (e.g. Lin & Beamish, 1999) on preference of conflict resolution strategies. This study focuses on most important factors that influence firms' preference on conflict resolution strategies including power and culture of firms. This study goes further from previous studies by analyzing three positions of power including dominant, equal, and dominated power (Killing, 1983). Regarding the influence of culture to the preference of conflict resolution strategies, this study provides an analysis of five cultural dimensions of national cultures rather than one dimension or one country or some countries as previous studies. Next, we discuss in more detail the influence of three ownership control positions and five cultural dimensional backgrounds of firms on the preference of conflict resolution strategies.

3. Proposition Development

3.1. Ownership Control and Conflict Management Strategy

There is much evidence that parent control and their strategies implemented in IJVs are closely related (Nguyen & Larimo, 2009). O'Donnell (2000) maintains that the fit between

subsidiary strategy and the subsidiary control mechanism. Nguyen and Larimo (2009) find a strong link between foreign control structure for their IJVs and the strategies that they carry out in the IJVs. This is because ownership position is the key power of foreign parent to be able to control their IJVs (Killing, 1983, Schaan, 1983; Makino, 1995; Ramaswamy, Gomes & Veliyath, 1998; Lu & Hebert, 2005; Brouther & Bamossy, 2006; Duan & Chuanmin, 2007). This section aims to elaborate how ownership control position will lead foreign parent firms to have different conflict management strategies in their IJVs. According to Killing (1983) and Schaan (1983) IJV ownership can be divided into three categories: dominant, equal, and minority ownership.

3.1.1. Dominant Ownership Control

Foreign parent firms, who have majority ownership control in IJVs, often have more negotiating power than that of the local parent firms. Thus foreign parent firms may have more alternative strategies in the way they deal with conflicts with local firms. Due to the fact that foreign parent firms are the dominant owners of IJVs, they are able to use all four available strategies like forcing strategy, integrating strategy, compromising strategy, and legal strategy.

Proposition 1: Foreign parent firms having dominant ownership position in IJVs have power to use four options of strategies to solve conflicts with local partners.

3.1.2. Equal Ownership Control

In cases where foreign firms and local firms have equal ownership in IJVs, foreign parent firms may not be able to use forcing strategy in solving conflicts with local firms. As the stake is shared equally in IJVs, partners may try to solve problem by either increasing stake for both parties involved (foreign firm and local firm). Or they may try to make a compromise with local firms so that the results of resolve conflicts will lead to smaller stakes for both parties. In cases, where partners cannot reach compromise on the dispute issue, and as partners have the same decision power, they may need to solve the conflicts with legal support.

Proposition 2: Foreign parent firms having equal ownership position in IJVs are likely to use problem solving, compromising or legalistic strategy to resolve conflicts with local partners.

3.1.3. *Minority Ownership Control*

In cases of minority ownership in IJVs, foreign parent firms will have the least power in negotiations with local firms on how to manage IJV activities, and how to solve problems related to IJV operations. Thus, strategies which are just available for dominant owner of IJVs like forcing, problem solving are difficult to apply by minority ownership position partners. Thus, the only available strategies for minority ownership position firms are trying to get a compromise with local firms. Or in the worst case they may need to take some legal actions to solve problems.

Proposition 3: Foreign parent firms having minority ownership position in IJVs may use compromising or legalistic strategy to solve conflicts with local partners.

Ownership Control Position	Problem Solving Strategy	Compromising Strategy	Forcing Strategy	Legalistic Strategy
Dominant Ownership	+	+	+	+
Equal Ownership	+	+	-	+
Minor Ownership	-	+	-	+

Table 2. Ownership Position of Firms and their Preference of Conflict Resolution Strategy

As we can see from table 2, availability of different strategies for resolving conflicts between partners is limited to their ownership position. The higher ownership position the firms have the more option on different strategies the firms can use. The firms with minority ownership position will have the least option and the firm with dominant ownership position will have the most choices.

3.2. *National Culture and Conflict Management Strategy*

Related to the study of national cultural background of firms, five dimensions of national culture by Hofstede (2001) are perhaps the most well known and have been widely adopted in international business research. Therefore, in this study we also adopt these five dimensions in the discussion of the influence of national cultural background of firms to their preference for conflict resolution strategy with their local partners.

Hofstede's National Cultural Dimensions

National culture of the firm has a strong impact on different aspects of its organizational behavior (Sirmon & Lane, 2004; Chong, 2008), the strategies used in its subsidiaries (Hennart & Larimo, 1998) and the way how conflicts are solved (Saorin-Iborra, 2009). Partners coming from very distant cultures to each other may have different purposes in entering IJVs as well as different ways to manage conflicts in their IJVs (Ding, 1996; Komarraju, M. Dollinger, & Lovell, 2008; Doucet, Jehn, Weldon, Chen, & Wang, 2009). Hofstede (1980) identifies four dimensions of culture: power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity. Later on, he adds fifth culture dimension: long term orientation (Hofstede, 2001). As national cultural background has strongly influenced negotiator's orientation (Ghauri, 2003) as well as organizational behaviors (Hofstede 2001, Sirmon & Lane, 2004), we expect that these five cultural dimensions also affect foreign parent firms to prefer some specific type of conflict management strategy over the others.

In individualistic cultures, people think more for themselves rather than for others when they are dealing with benefits (Hofstede, 2001). Barkema and Vermeulen (1997) insist that individualism has strong influence on organization's choice of control. Thus, in case of conflict resolution strategy, firms from individual cultures may choose forcing or legality strategy. On the other hand, according to both Hofstede (2001) and Gong, Shenkar, Luo and Nyaw (2005), in collective cultures, decisions made by managers are often to avoid threat to harmony, and losing face between members. In addition, in collective cultures, people care more for each other and take more responsibility for other's interest (Hofstede, 2001). Therefore, firms from collective cultures are expected to choose avoiding strategy or compromising strategy to deal with conflicts with partners in IJVs.

Arrindell (1998) maintains that in *masculine culture*, organizational values emphasize material success and assertiveness. According to Hofstede (2001) in high masculine cultural countries people are expected to be tough, to be assertive and to be strong. As such firms in this type of culture, managers often prefer to use force strategy to solve conflicts with their counter parts in IJVs. In contrast, in the femininity culture, people accentuate other types of quality of life rather than a performance society (Arrindell, 1998). In femininity culture, people emphasize more on equality and do not promote non-even-distribution of wealth

among members. As a result, managers in this type of culture may prefer to use compromise or problem solving strategy in order to solve conflict with their counter parts in IJVs.

In high *uncertainty avoidance* culture, people are intolerance of ambiguity, rigidity, and intolerance of different opinion (Hostede, 2001). In this cultures, people are governed by law and legislation, and business conduct with lots of rules and policies (Hostede, 2001). Thus, when conflicts arise managers are likely to use forcing strategy to eliminate different opinion or they tend to turn to legal systems to solve problem.

Power distance dimension refers to the distribution of power among members of organizations and institutions (Hofstede, 2001). According to Hofstede high power distant indicates that society accepts an unequal distribution of power and people are aware of their positions in the system. Thus, in conflict situation managers from high power distant culture will apply conflict management strategy based on the power that they have (e.g. position of ownership, possess of technology etc.), and are willing to implement strategy such as forcing and legality as they expect other partners understand their position in the ventures. On the other hand, low power distance means that power is shared and members of organizations view themselves as equals. Therefore, in case of conflicts arise; managers from low power distant tend to use compromise or problem solving strategy to solve the problem.

In the discussion of *long term orientation* dimension (LTO), Hofstede (2001) mentions that in low LTO cultures, people are expected to live by the same standards and rules and they are not hesitating to make necessary actions to maximize their profit. In addition, Hofstede (2001) mentions that in low LTO cultures, firms expect to have quick results from operation of firms. Therefore, when conflicts occur, they may prefer to use strategy that can solve problem quickly. On the other hand, in high long term oriented culture, partners seek to continuous relationship (Chong, 2008) and avoid doing anything that will lead to "lose face" of others. In addition, firms develop their strategy to maximize long run profits and not to achieve short term gain. Thus, managers in this kind of cultures are able to take time to develop the strategy that could increase benefit for both partners. As a result, in conflict situation, managers from low long term orientation tend to use forcing strategies or legality strategy to solve the conflicts. In contrast, managers from high long term orientation may use compromise or problem solving strategy to solve conflict with partners.

As a result of above discussion, we suggest that:

Proposition 4a: Foreign parent firms from individualistic cultures prefer forcing, or problem solving, or legalistic strategy to solve conflicts with local partners.

Proposition 4b: Foreign parent firms from collective cultures prefer compromising or problem solving strategy to solve conflicts with local partners.

Proposition 5a: Foreign parent from masculine culture prefer *forcing strategy* or problem solving strategy to resolve conflicts with local partners

Proposition 5b: Foreign parent firms from femininity culture prefer *compromise strategy* or problem solving strategy to solve conflicts with local partners

Proposition 6a: Foreign parent firms from high uncertainty avoidance culture prefer forcing or legalistic strategy to solve conflicts with local partners.

Proposition 6b: Foreign parent firms from low uncertainty avoidance culture prefer problem-solving strategy or compromising to solve conflicts with local partners.

Proposition 7a: Foreign parent firms from high power distant culture prefer forcing strategy or legalistic strategy to solve conflicts with local partners.

Proposition 7b: Foreign parent firms from low power distant culture prefer problem solving or compromising strategy to solve conflict with local partners.

Proposition 8a: Foreign parent firms from low long term oriented culture prefer forcing strategy or legalistic strategy to solve conflicts with their local partners

Proposition 8b: Foreign parent firms from high long term oriented culture prefer problem solving or compromising strategy to solve conflicts with local partners

Table 3. Cultural Background of Firms and Their Preference Conflict Resolution Strategy

National Cultural Background	Problem Solving Strategy	Compromising Strategy	Forcing Strategy	Legalistic Strategy
Individualism	+	-	+	+
Collectivism	+	+	-	-
Masculine	+	-	+	+
Femininity	+	+	-	-
High Uncertainty Avoidance	-	+	-	+
Low Uncertainty Avoidance	+	-	+	-
High Power Distance	-	-	+	+
Low Power Distance	+	+	-	-
High Long Term Orientation	+	+	-	-
Low Long Tern Orientation	-	-	+	+

3.3. Ownership position, cultural background and conflict resolution strategy

Table 4: Ownership position, cultural background and conflict resolution strategy

Ownership Position	Strategies Cultural Background	Strategies
Dominant Ownership (F, P, C, L) \cap IND (P, F, L)		= P, F, L
Dominant Ownership (F, P, C, L) \cap COL (P, C)		= P, C
Dominant Ownership (F, P, C, L) \cap MAS (P, F, L)		= P, F, L
Dominant Ownership (F, P, C, L) \cap FEM (P, C)		= P, C
Dominant Ownership (F, P, C, L) \cap HUC (C, L)		= C, L
Dominant Ownership (F, P, C, L) \cap LUC (P, F)		= P, F
Dominant Ownership (F, P, C, L) \cap HPD (F, L)		= F, L
Dominant Ownership (F, P, C, L) \cap LPD (P, C)		= P, C
Dominant Ownership (F, P, C, L) \cap HLT (P, C)		= P, C
Dominant Ownership (F, P, C, L) \cap LLT (F, L)		= F, L
Equal Ownership (P, C, L) \cap IND (P, F, L)		= P, L
Equal Ownership (P, C, L) \cap COL (P, C)		= P, C
Equal Ownership (P, C, L) \cap MAS (P, F, L)		= P, L
Equal Ownership (P, C, L) \cap FEM (P, C)		= P, C
Equal Ownership (P, C, L) \cap HUC (C, L)		= C, L
Equal Ownership (P, C, L) \cap LUC (P, F)		= P
Equal Ownership (P, C, L) \cap HPD (F, L)		= L
Equal Ownership (P, C, L) \cap LPD (P, C)		= P, C
Equal Ownership (P, C, L) \cap HLT (P, C)		= P, C
Equal Ownership (P, C, L) \cap LLT (F, L)		= L
Minor Ownership (C, L) \cap IND (P, F, L)		= L
Minor Ownership (C, L) \cap COL (P, C)		= C
Minor Ownership (C, L) \cap MAS (P, F, L)		= L
Minor Ownership (C, L) \cap FEM (P, C)		= C
Minor Ownership (C, L) \cap HUC (C, L)		= C, L
Minor Ownership (C, L) \cap LUC (P, F)		= P, F
Minor Ownership (C, L) \cap HPD (F, L)		= L
Minor Ownership (C, L) \cap LPD (P, C)		= C
Minor Ownership (C, L) \cap HLT (P, C)		= C
Minor Ownership (C, L) \cap LLT (F, L)		= L

As we can see that conflict resolution strategy that firms used to manage problems with their local partners are first determine by their ownership position (relative power) in their IJVs (their right to veto and make decision), then their national cultural background. Availability of different strategies for resolving conflicts between partners is limited to their ownership position. The higher ownership position the firms have in their IJVs, the more option on different strategies the firms can exercise. The firms having minor ownership position in IJVs have the least option in their strategies to deal with conflicts with local partners. In contrast, firms having dominant ownership position will have the most choices. Combing with cultural background ground, firms having dominant ownership position in IJVs will have from two to

three available strategies that they are likely to use in their attempt to resolve conflicts with partners. Firms having equal ownership position in their IJVs will have from one to two strategies that they are likely to exercise in case of conflicts. Firms having minor ownership position in their IJVs will have mostly only one available strategy (that matches with their cultural background and their relative power) that they are likely to use.

4. Conclusions

Regarding to conflicts in IJVs, most previous studies focus on answering the question why conflicts do occur in IJVs and what are the relationships between partners' conflicts and IJV performance (e.g. Peng et al., 2000; Lu, 2006). There have been just a few studies that tried to find out what strategies that firms use to solve conflicts with their partners in IJVs. This study is to fill this gap. In trying to find out the link between ownership control position and cultural background of firms and their strategies to solve conflicts with local partners, ownership control position is divided into dominant control, equal control and minor control position. Cultural background of foreign firms is based on five cultural dimensions including individualism vs. collectivism, masculinity vs. femininity, high uncertainty avoidance vs. low uncertainty avoidance, high power distance vs. low power distance, and high long term orientation vs. low long term orientation.

The conclusions of this study are presented in table 4. This study extends previous studies by Wang, Lin, Chan and Shi (2005) and Komarraju et al. (2007). In their study, the authors focus on the influence of only one dimension of culture: individualistic vs. collectivist. In our study, all five dimensions of culture were discussed. In addition, previous studies on partners' choice of conflict management strategy in IJVs (e.g. Wang, Lin, Chan & Shi, 2005; Ding, 1996; Lin & Germain, 1998) have ignored the influence of either different cultural dimensions or ownership position of partners. This study also extends Lin and Germain (1998) and White et al. (2007). As Lin and Germain (1998) and White et al. (2007) suggest that relative power of firms in IJVs influence their choice of strategy to solve conflict. This study discusses further one of the most important element of relative power between partners: ownership control position.

Limitations and future research

The study here is based on literature review and is not empirically tested. Thus future research could use the model of this study with empirical data to confirm whether the model will work. Secondly, when we discuss about national cultural background of firms, we have focused on cultural dimensions by Hofstede which have been commonly applied in IJV research earlier (e.g. Larimo & Hennart, 1998; Lin & Germain, 1998), however, there are other different viewpoints related national cultures should also be considered (e.g. national cultural dimensions by Globe, 2000). Finally, in discussion of conflict resolution, role of local partners are excluded in this paper. Future research could use case method to investigate how local partners' role and their reaction can affect foreign firms choice of conflict resolution strategy.

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