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Decision making and paradox: Why study China?

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ABSTRACT

Decision making has been studied from various angles and perspectives. Despite much progress, the role of paradox and the ways it reveals itself in decision making has received little attention. Perhaps, part of the reason is that paradox has been studied in the West based on the analysis of Western managers' activities while neglecting the fact that in the East, and especially in China, paradox has always been integral to managerial decision making. This "viewpoint" article seeks to highlight China as an important research setting that could add impetus to the study of paradox and decision making. It sheds light on questions such as: What do we know about paradox today and how do Western scholars treat this notion? What does research say about decision making in China? Is there a potential to get a better understanding of the concepts of paradox if study it in decision making in China?.

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1. Introduction

Decision making is one of the fundamental elements of managerial activity: "The work of a manager includes making decisions (or participating in their making), communicating them to others, and monitoring how they are carried out" (Simon, 1987, p. 57). Decision making has attracted scholars' attention because of its complexity and its consequences (March, 1994). It is not always clear how people or organisations arrive at decisions and therefore decision making "can be mysterious" (Mintzberg & Westley, 2001, p. 89). Decision making represents a central concept in the field of management and organisation research (Chia, 1994).

However, with rare exceptions (e.g. Murphy & Pauleen, 2007; Smith, 2014), decision making has been examined independent of the role of paradox. By paradox we mean "elements that seem logical in isolation but absurd and irrational when appearing simultaneously" (Lewis, 2000, p. 760). It is often expressed in a statement that contradicts accepted opinion or something that is regarded as common sense (Angeles, 1981). And this can be seen from both Eastern and Western perspectives. The reason that discussions of various aspects of decision making underestimate the role of paradox is that decision making research has mainly focused on studying Western settings (Elbanna & Child, 2007). By contrast, Eastern contexts and especially China might be an ideal setting for studying paradox in decision making as paradox has been regarded as a specific feature of Chinese culture (Fang, 2012).

In a general philosophical sense paradox refers to apparent contradiction. In Western philosophy paradox can be understood as "a set of individually plausible but jointly inconsistent propositions" (Bagger, 2007, p. 2). Recently the idea of paradox has received attention from management and organisation scholars (Bloodgood & Chae, 2010; Fredberg, 2014; Smith & Lewis, 2011). These definitions correspond to *Yin Yang*, the main principle in Chinese traditional philosophy that refers to "entities that are opposed and yet also are connected in time and space as a whole" (Peng & Nisbett, 1999, p. 743). Scholars emphasise the importance of paradox in various aspects of managerial activities and organisational practices and analyse the ways managers and organisations respond to paradoxical tensions (Knight & Harvey, 2015; Murphy & Pauleen, 2007; Richardson, 1995; Thompson, 1998).

The aim of this viewpoint paper[1] is to discuss paradox in relation to decision making with a focus on a Chinese context. It argues that taking a paradox perspective would help to obtain a deeper understanding of decision making and provoke new ideas for future research. The focus on a Chinese context can provide a good basis for developing these ideas due to the special place of paradox in Chinese traditional culture that remains relevant nowadays.

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[1] This is not a classical theoretical paper but rather a "perspective" piece that is intended to provoke new research directions in management decision studies.

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Bringing attention to China will also help to enhance the understanding of paradox and its role in decision making in general.

2. Paradox and decision making

The decision making field has been largely preoccupied with contingency theory that emphasises the need to find a match between the situation and the decision problem in order to make a high quality decision. Whereas contingency theory prescribes resolving contradictions (Dibrell, Down, & Bull, 2007; Engau, Hoffman, & Busch, 2011), paradox theory has been introduced recently as an alternative to contingency theory (Smith & Lewis, 2011) which emphasizes the value of *embracing* opposing forces in order to achieve sustained development, particularly in complex and dynamic environments. Tensions are the main source of paradox, which foster “a tug-of-war between opposing forces” (Andriopoulos & Lewis, 2010, p. 106). This is an important perspective because the world is full of various contradictions and inconsistencies. Paradox – which reflects the common idea about a simultaneous coexistence of contradicting elements – is ubiquitous in organizational life. Clegg, da Cunha, and e Cunha (2002, p. 499) observe that the “simultaneous presence of opposites (i.e. paradoxes) is part of everyday practice”. Individuals, groups, and organisations are “*inherently* paradoxical” (Lewis, 2000, p. 760).

In recent years paradox has attracted increasing interest in organisation and management research literature (Amason, 1996; Chen, 2008; Clegg et al., 2002; Eisenhardt, 1999; Jay, 2013; Smith & Lewis, 2011; Smith & Tushman, 2005). Paradox received attention initially in the late 1980s from Cameron and Quinn (1988) who emphasised contradictions that organisations have to deal with. March's (1991) analysis of two dimensions of organisational learning – exploration and exploitation – stimulated interest in opposing yet interrelated forces. The tension between exploration and exploitation remain one of the most studied paradoxes in management and organisation research. For example, in product design companies underlying tensions could be experiments with new technologies (exploration) and improvement existing of ones. In this context, the former stems from competing demands of designers who search for emerging markets and technological possibilities, and the latter from clients who accentuates existing manufacturing and capabilities, individual expression and collaboration (Andriopoulos & Lewis, 2010). Another common paradox organisations attend to is: “how does the freedom of individual subjectivity accommodate the structures of organization? How does the structure of organization envelop the freedom of individual subjectivity?” (Clegg et al., 2002, p. 483–484).

Organisational paradoxes may emerge in the process of *decision making* and scholars mention some sources for paradox. Since any organisation is, first of all, a group of people, its members' values and preferences may be contradictory, and organisations have to deal with them (Cameron, 1986). Amason (1996) highlights a dialectical style of decision making processes that enables contradicting opinions of group members to be synthesised in a single decision. These processes are dialectical enquiry and devil's advocacy in group decision making (Schweiger, Sandberg, & Rechner, 1989). As Cameron (1986, p. 541) notes, organisations simultaneously pursue contradictory preferences:

> It is not unusual for individuals in organizations to prefer both growth and stability, efficiency and flexibility, high capital investment and high returns to stockholders, autonomy and control, and so on. Organizations try to cope with these contradictions using strategies such as sequencing (Cyert & March, 1963), satisficing (Simon, 1948), or incrementalism (Lindblom, 1959).

Each model of decision making process – sequencing, satisficing, incrementalism – is represented as a response to conflicting tensions. Thus decision making can be viewed as a process of coping with contradictions and inconsistencies that emerge over time from different sources.

Paradox in decision making reveals itself in different ways. Some research streams focus on utility paradoxes (Robison, Shupp, & Myers, 2010) or paradoxes in game theory (Moore, 1994) usually associated with puzzles that have to be resolved. Human agency does not consist only of contradicting forces; opposite elements constantly transform from one to the other: “Every practice contains the seeds of its own destruction” (Clegg et al., 2002, p. 491). It is possible to make good quality decisions which are not perfect or optimal. It was also recognised by Simon (1997) who noted that the chosen alternative never guarantees a perfect achievement of goals, but is still relatively the best solution that is possible in the particular situation. Therefore, even seemingly optimal decisions that actors make inevitably will involve self-destructing elements, and put in the opposite way – the worst decision has a potential to be beneficial in a certain way. Therefore, as Clegg et al. (2002 p. 492) suggest, contradiction is an effect of the demands that market and stakeholders put on organisations and it is “an unintended outcome of managerial decisions”.

The paradoxical nature of decision making process also reveals itself in paradoxical situations, as briefly mentioned. These situations appear when decision makers get unexpected outcomes in seemingly ordinary circumstances that disrupt common wisdom. For example, a paradoxical situation may occur when a suboptimal decision leads to successful outcomes or when choosing the best alternative results in failed decision outcomes. Amason (1996, p. 123) identifies “the paradoxical effect of conflict on strategic decision making” whereby conflict within a top management team *improves*, not harms, the quality of decision making.

Another paradoxical situation is related to the number of alternatives and freedom of choice: the more the alternatives, the worse the decision. Paradoxically, choosing from a limited number of options results in better decisions than from extensive-choice sets which result in the decision making process “being simultaneously more enjoyable, more difficult, and more frustrating” (Iyengar & Lepper, 2000, p. 1003). Therefore, there is no element in decision making process that would ensure high-quality decisions; thus, each element should be balanced with its opposition. Indeed, a surplus of information and alternatives is as harmful as a lack of it. “Paradoxes can be fun” (Olin, 2003, p. 1). Thinking in paradoxes can be a pleasant mental exercise. Great minds associate paradox with wisdom, and sometimes, the ultimate source of truth. “Paradoxes are the only truths”, Bernard Show said (Gaither, 2008, p. 1166). Paradox can cause various effects, sometimes very paradoxical. In a broader sense, paradoxes can be instructive as they lead to increase of philosophical knowledge and comprehension, and they also can be disturbing since they imply “inadequacies, confusion or incoherence in some of our most deeply entrenched principles and beliefs” (Olin, 2003, p. 1). Being regarded as challenging and difficult to understand, paradox nevertheless is usually associated with positive effect as it stimulates intellectual development. In his ‘*The Quantum Dice*’ Niels Bohr mentions: “How wonderful that we have met with paradox. Now we have some hope of making progress” (Gaither, 2008, p. 1167).

Many organisation and management scholars present paradox as a beneficial and valuable tool, rather than a problem that has to be eliminated. Thus, paradox was associated with being an attribute of effective organisations (Cameron, 1986). Moreover, it constitutes effectiveness of a firm (Bourgeois and Eisenhardt, 1988), and ensures sustained performance (Smith, Binns, & Tushman,

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2010). Nevertheless, managers have to be careful when attending to paradoxes, as in some situations they can have a negative effect. Andriopoulos and Lewis (2010 p. 117) warn: "*paradoxes can fuel as well as frustrate innovation*".

Thus, paradox literature briefly indicates the place of paradox in decision making process, and the time seems ripe to extend research in this domain, in particular paradox as an attribute of cognition — that is, as a specific skill to embrace contradicting tensions. The ability to think paradoxically is especially relevant for strategic decisions, rather than everyday routine choices. Alongside with the need to develop paradoxical cognition and transform it into a useful habit, it can also be a natural state of mind. Perhaps part of the reason why research on paradox and decision making is at a relatively nascent stage is that Western settings that dominate management research are chiefly embedded within contingency-oriented mindsets (Chen, 2008). More progress can be made, we argue, by broadening the range of settings in which decision making research is conducted to include those contexts and cultures in which paradoxical cognition becomes more explicit and even common (Peng & Nisbett, 1999; Smith & Lewis, 2011). As we discuss next, China represents such a setting.

3. Paradox and decision making in China

Historically China's development has been relatively independent of Western influences until the last few centuries. Today with the increasing role of China in international business, interest in studying China is quickly growing. Literature on decision making in China is diverse and heterogeneous in terms of methodology, chosen aspect of decision making, and approaches to traditional culture. Perhaps the most interesting fact revealed by these studies is the strength of the Chinese traditional values and their unique ability to integrate into modern Chinese society.

Research on decision making in China does not represent a solid well-defined independent area of knowledge. Rather, it is a diverse, multi-perspective collection of studies from different fields, including cross-cultural studies, marketing, strategic management and psychology. This fact demonstrates a growing interest of scholars from various disciplines towards China in general and decision making of Chinese individuals in particular. However, as a result the nature of knowledge about decision making in China in general and strategic decision making in particular is fragmented. Therefore, to create a whole picture of strategic decision making in a Chinese context, various fragments from different angles have to be collected together.

In general, different elements of the decision making process in China have been investigated by three types of literature: (1) cross-cultural research where Chinese decision makers are compared to actors of other nationalities, usually Westerners, in relation to some aspects (Chu & Spires, 2008; Peng & Nisbett, 1999); (2) management and organisation studies that aim to analyse the effect of Chinese culture on some elements in decision making process (Mitchell & Beach, 1990; Tse, Lee, Vertinsky, & Wehrung, 1988; Weber, Ames, & Blais, 2004); and (3) management and decision making studies that take China as an empirical setting and emphasise the influence of contextual factors, but rarely focus on the impact of culture (Li & Tang, 2010). This section begins with an overview of decision making research in a Chinese context and the main findings, and continues with the discussion of the specifics of strategic decision making in China.

Researchers have been interested by specific types of decisions, such as marketing decisions (Tse et al., 1988), venture creation decisions (Mitchell & Beach, 1990), and ethical decisions (Singh, Vitell, Al-Khatib, & Clark, 2007). A great number of studies have been made in investigating various aspects in decision making, for example, probability judgment (Yates et al., 1989), indecisiveness (Yates et al., 2010), or superstition (Tsang, 2004). In their investigations of decision making in China, scholars refer to such notions as "decision mode" (Quanyu, Leonard, & Tong, 1997; Weber et al., 2004), "decision style" (Chu & Spires, 2008), "thinking style" (Paik, Groves, Vance, & Li, 2008; Peng & Nisbett, 1999) and "decision strategy" (Cheng, Rhodes, & Lok, 2010).

The studies vary not just in the aspects of decision making they focus on but also in which region they refer to when talking about "Chinese". The term "China" does not automatically refer to People's Republic of China (PRC), but can include other societies of "Greater China", such as overseas Chinese from Southeast Asia, Hong Kong and Taiwan (Peng, Lu, Shenkar, & Wang, 2001). Thus, the studies under a common theme "decision making in China" in fact are dedicated to different Chinese societies, such as PRC (Quanyu et al., 1997) or Hong Kong (Gamble & Gibson, 1999). Although these Chinese societies may differ in their institutional environment, economic and political systems, they share the same culture and can be regarded as members of a big family.

The specific features of a phenomenon in a single context can be emphasised explicitly if research includes elements of comparison of one studied context with another (Child, 2009). Cross-cultural and comparative studies offer some interesting findings about decision making of Chinese individuals that are compared with Westerners. In these types of studies, researchers have to identify an appropriate basis for comparison.

Scholars' assumptions about the differences between Chinese and Western decision makers are often based on Hofstede's (1985) conceptualisation of cultural dimensions (Cheng et al., 2010; Martinsons & Davison, 2007; Mitchell, Smith, Seawright, & Morse, 2000; Singh et al., 2007; Tse et al., 1988). However, some scholars include several Chinese cultural constructs such as *Face* saving and *Harmony* in their comparison of Canadian, Hong Kong and Mainland Chinese decision makers (Tse et al., 1988). Usually, comparisons of decision making and its aspects are based on the models, developed in the West. For example, Singh et al. (2007) build their comparisons on Jones's (1991) concept of moral intensity. Chu and Spires (2008) apply a cost-benefit framework for comparison decision behaviour of Chinese and American students. Its main idea refers to actor's perceptions of the efficacy achievable by different decision strategies and of the effort required to implement them. The authors use seven strategies developed by previous research (Payne, Bettman, & Johnson, 1993) for the comparison.

Some other studies (Mitchell et al., 2000; Weber et al., 2004) base their comparisons on their own conceptual models. These models can be regarded as universal in a sense that they emphasise the mechanism of cultural influence on decision making process, and thus, can be used for comparisons of any national cultures depending on the cultural values chosen by the researcher. Those papers that focus on Chinese context specifically rely on Western models in the analysis of decision making process in China and emphasise its characteristics using constructs from Western research (Cheng et al., 2010; Huang, 2009; Olsen et al., 2007; Paik et al., 2008; Quanyu et al., 1997). For example, Huang (2009) refers to Fredrickson and Mitchell (1984) terminology and proposes that Chinese decision makers emphasise more 'procedural' rather than "substantial" rationality. Hsu and Chiu (2008) compare the contents of Western decision making models and *I-Ching*'s (*Yijing*) "early management decision-making model". The authors take five models of individual decision making in Western research: rational, bounded rationality, implicit favourite, intuitive and garbage-can, and identify the sequence of steps prescribed by each model, or the specific guidelines a decision maker follows. Hsu and Chiu (2008 p. 54) also illustrate the process of decision making

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reconstructed on the basis of *I-Ching*, according to which a decision maker has to match the problem and planned actions to *Kwa* – one of simple image that "represent the boundless things of the universe", and its interpretation. According to the authors, *I-Ching*'s model of decision making has much in common with each Western model's basic assumptions. For example, ancient Chinese and modern Western models share the belief about impossibility to achieve perfect rationality. However, in contrast to any of Western models, the *I-Ching* model implies less conscious involvement of a decision maker and allows more flexibility, as it makes a decision maker prepared psychologically to changes.

These studies clearly demonstrate distinctive features of Chinese individuals and contribute significantly to understanding the specifics of various aspects of decision making in China. For example, it was shown that Chinese make decisions less analytically, and they are "significantly less likely to use calculation-based decision-making than Americans" (Weber et al., 2004, p. 113). That implies that a Chinese decision maker when making a choice acts by analogy: following a pattern of behaviour associated with particular rules, or an appropriate social role, or a similar situation in the past. Xiao and Su (2004 p. 328) argue that in contrast to Westerners who focus on the analysis of personal preference in decision making, Asians "are more likely to search externally to others for socially sanctioned decision rules". Also scholars conclude that in comparison with Americans, Chinese decision makers are more relativistic, and "there can be little doubt that the Chinese think less about abstract, ethical principles than do Americans and more of concrete situations" (Singh et al., 2007, p. 105). For example, it was demonstrated that Chinese actors are more decisive than those from Hong Kong, Canada (Tse et al., 1988) and Japan (Yates et al., 2010), but less decisive than Americans (Yates et al., 2010).

Authoritative decision making style and respect for hierarchy are common features of Chinese organisations (Cheng et al., 2010; Pan, Rowney, & Peterson, 2011). Most studies share the opinion that the main decisions, if not all, in Chinese organisations are made by top managers and sometimes a few trusted advisors (Cheng et al., 2010; Huang, 2009; Li & Tang, 2010; Pan et al., 2011). Cheng et al. (2010) report that more than 60% of all strategic decisions included in their study were made by a group of three or fewer top managers.

Managers of higher organisational levels are the main decision makers in Chinese firms, and CEO-duality is a common feature of Chinese organisations. Chen, Li, and Matlay (2006) suggest that in Chinese private enterprises the power structures and decision making mechanisms are dominated by main investors and owners, as ownership is not separated from management. Consolidation of the board chair and CEO positions has been examined as a characteristic of state owned firms as well (Li & Tang, 2010). It has been found that CEO-duality strengthens the positive relationship between hubris and risk taking, as "board monitoring is weaker and the CEO has more discretion" (Li & Tang, 2010, p. 61).

The Chinese's tendency to make decisions collectively (Hofstede, 1985; Olson et al., 2007; Xiao & Su, 2004), and maintain harmony leads to a preference for compromise decisions (Pan et al., 2011; Peng & Nisbett, 1999) and discomfort with team cognitive diversity, as this may lead to disharmony (Olson et al., 2007).

Scholars often emphasise the influence of political institutions on strategic decision making in Chinese firms (Child & Lu, 1990) or include political appointment of CEOs in their analyses (Li & Tang, 2010). Child and Lu (1990 p. 326) characterise industrial decision making in China as "a dynamic system of interdependency relationships, especially between system levels". The authors argue that although the influence of the Party on managerial decision making diminished in early 1980s, the constraints imposed by administrative authorities had become even more substantial, compared to those placed by the Party. To overcome obstacles caused by governmental pressures and the lack of support, Chinese enterprises use their personal connections, called in the literature *guanxi* (Guo & Miller, 2010).

The concept of *guanxi* is rooted in Confucianism philosophy and plays a crucial role in Chinese traditional culture (Guo & Miller, 2010), which will be discussed further in the next section of this chapter. The role of *guanxi* has been studied in relation to strategic management and decision making in a Chinese context (Cheng et al., 2010; Park & Luo, 2001; Quanyu et al., 1997). *Guanxi* have a positive effect on firm growth and market expansion, but do not affect directly on improving a firm's net profit (Park & Luo, 2001). Building and maintaining *guanxi* is extremely important for making strategic decisions, as it help to get access to information about government regulations and competitors' actions, and therefore, *guanxi* can be regarded as a substitution for formal analysis (Cheng et al., 2010, p. 1379). As Cheng et al. (2010) suggest, *guanxi* may also manifest itself through creating coalitions among managers that contribute to political processes in strategic decision making. In addition, their study reports a positive effect of political behaviour on organisational performance. Political CEO appointments also affect the relationship between CEO hubris and their risk-taking behaviour (Li & Tang, 2010).

To summarise, research on decision making in a Chinese context is represented by various studies that aim to compare and contrast some aspects of decision making in China and other countries or focus on a Chinese context specifically. Scholars do not find significant differences in the process of decision making in a Chinese context compared to Western countries, however they point at some specific features of Chinese executives at each stage of the process (Quanyu et al., 1997; Tse et al., 1988). According to the studies, Chinese decision makers prefer an authoritative decision style and strategies "that would reduce their personal exposure to failure" (Tse et al., 1988, p. 91). In contrast to people of Western culture, Chinese actors make choices before collecting and analysing information (Quanyu et al., 1997), and make decisions fast with involvement of a few advisors (Cheng et al., 2010). However, some findings seem to be contradictory to the others, even within the same study. For example, Quanyu et al. (1997) include predictability and unpredictability, flexibility and simplicity as characteristics of decision making in China. Authoritative decision style and ultimate power of executives are complemented with collectivist orientation (Cheng et al., 2010), which perhaps can be more associated with participative decision style and involvement of middle managers, while action-driven decision making (Haley, Haley, & Tan, 2004) exists with indecisiveness (Yates et al., 2010). Finally, some studies demonstrate the impact of traditional culture on decision making of modern Chinese managers (Cheng et al., 2010; Olson et al., 2007), and others provide evidence that the impact of cultural values tends to diminish (Mitchell & Beach, 1990; Tse et al., 1988). Inconsistencies, contradictory findings and paradoxes became a common phenomenon for social research in general, and for decision making in particular, considering its multidimensional nature. However, perhaps paradox is a key characteristic of Chinese traditional culture and it reveals itself in different ways.

4. Studying paradox and decision making in China: A call to action

With the growing interest in studying business behaviour and management in China in recent decades, the question of whether Western knowledge is universally applicable is becoming more and more acute. Many authors agree that due to the cultural influence

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and an ability of Chinese traditional values to remain relevant through the ages (Faure & Fang, 2008; Hwang, 1997; Yang, 2006), management practices in China have their own specifics that can be difficult to grasp by Western minds. On the other hand, empirical studies support the idea of globalization of Chinese firms that makes them less specific (Alon, Child, Li, & McIntyre, 2011).

This section aims to emphasise the importance of studying paradox in decision making in China. It also summarises the main methodological challenges and provides some suggestions researchers can employ in studying paradox and decision making in China.

4.1. Why it is worth studying paradox in China

Paradox has different facets and reveals itself differently. As been demonstrated earlier, paradox can be hidden in organisational practices and it can be disclosed only through a deep analysis of organisational processes. In other cases, however, paradox can be easily seen on the surface of social phenomena and human agency. China demonstrates numerous such cases. *Yin Yang* philosophy is not just a core characteristic of its traditional culture; it is also the essence of different practices and processes, including strategic decision making.

Indeed, in China paradox is everywhere. Perhaps the most obvious example is political slogans that combine words with contradictory meanings and make illogically constructed phrases sound real, that reflect puzzling nature of many Chinese concepts and practices, such as “socialist market economy” or “stability and development” (Faure & Fang, 2008). Chen (2002) mentions “fast-slow” action – balancing between short and long terms – as a key element of successful strategy widely employed by Chinese firms. Faure and Fang (2008) take long-term and short-term orientation as an example of paradoxical values – seemingly contradictory orientations both of which are true within the same community. Traditionally, China has been characterised as a long-term oriented society (Hofstede, 1985). Some authors describe long-term orientation as a key characteristic of strategic decision making in China (Haley et al., 2004). However, foreign investors notice the lack of strategic planning of Chinese individuals, which seems contradictory to common assumptions about their long-term orientation (Faure & Fang, 2008). Faure and Fang (2008) argue that in fact Chinese people are both long-term and short-term oriented, and this feature becomes even more obvious in globalised markets. Modern Chinese individuals also demonstrate traditional *Face* saving assertive and moderate behaviour together with self-expression and the ability to stand out (Fang, 2012; Faure & Fang, 2008). Professionalism and the strong desire to achieve career success, do not contradict the continuing importance of *guanxi* that has been considered as an ultimate tool to success (Faure & Fang, 2008).

These examples lead to the assumption that paradoxical actions might be caused by paradoxical elements in decision making, as decision making is a process that underlines the action. This tendency looks more distinct when talking about big and important decisions – strategic decisions. Research literature discusses the importance of *Yin Yang* philosophy and its relevance in a modern Chinese society and demonstrates how *Yin Yang* approach reveals in different practices. However, it does not explain how the ability to embrace conflicting tensions realises in the process of strategic decision making. Peng and Nisbett (1999) empirically demonstrated that Chinese students have a greater tendency towards acceptance of contradicting solutions, and call this dialectical thinking style that can be contrasted to a Western analytical thinking. Perhaps, given the centrality of *Yin Yang* principle in traditional culture, Chinese people demonstrate the ability to think paradoxically more often then Westerners. Scholars argue that Chinese people do not just demonstrate an ability to manage paradoxes (Faure & Fang, 2008), but even search for paradoxes (Li, 1998, p. 839).

This, however, should not be understood as a unique feature of Chinese people and their special thinking style that is not possible to observe among people of other nationalities. Li (2014) argues that Westerners also can think dialectically. Fang (2012) uses the case of IKEA in China as an example of successful integration of conflicting philosophies and attitudes toward furniture practices. IKEA did not give up on its “do-it-yourself” principle – unknown and weird to Chinese customers who complained a lot about complications caused by the need to assemble furniture by themselves. Rather, it made the store more attractive for Chinese customers by additional services more suitable for their traditional furniture industry practice, such as assembling service for a nominal fee, incorporation of Chinese cultural symbols into the IKEA products' design, offering both Chinese and Swedish food. Fang (2012) gives this example to illustrate *Yin Yang* approach to culture in a globalised world. However, since the idea to complement global standards with traditional Chinese practices has been developed by Swedish managers of IKEA, this case can also be regarded as an example of paradoxical cognition demonstrated by Westerners.

To summarise, research literature has been examining various aspects of strategic decision making in a Chinese context. Scholars emphasise the importance of traditional culture and contextual variables, as well the tendency toward modernisation among Chinese individuals, and provide diverse and sometimes conflicting findings. *Yin Yang* principle that captures the idea of opposing yet interrelated forces, is regarded as a core component of Chinese traditional culture. Its paradoxical nature still plays a significant role in behaviours of Chinese individuals. Surprisingly, the role and place of paradox has not been studied in relation to strategic decision making in China. Although paradoxical cognition has not been discussed as an exclusive feature of Chinese managers and has been regarded as universal concept (Smith & Tushman, 2005), it can be stimulated by cultural and contextual variables (Smith & Lewis, 2011). Therefore, due to a special role of *Yin Yang* philosophy in Chinese society, China represents an interesting case for examining the impact of paradoxical cognition on strategic decision outcomes.

4.2. How to study paradox and decision making in China

In general, there could be defined two major approaches in studying Chinese context in management research: “etic perspective” (Morris, Leung, Ames, & Lickel, 1999) that tries to explain Chinese phenomena employing Western theoretical principles, and “emic perspective” (Morris et al., 1999) that puts emphasis on the specifics of Chinese phenomena and requires developing new, uniquely Chinese theory.

The adoption of an etic approach in research in China does not contradict the Western research paradigm and has demonstrated clearly demonstrable cultural differences between China and Western countries. At the same time, adopting a “theory of Chinese decision making” may cause some difficulties. The first problem is that of choosing a singular theory amongst the many that have been developed in the area of decision making. The second problem relates to the risk of purporting an inadequate or oversimplified understanding of Chinese culture which occurs when conducting cross-cultural research, and leads to mechanical comparisons of different elements of cultures in decision making. However, applying a Western theory in a Chinese context does not necessarily make research results unreliable. Perhaps, normative

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theories of decision making that do not imply the impact of culture can be tested in Chinese context as well as in other contexts. This approach may also be relevant in research which focuses on refining existed theories (Von Glinow & Teagarden, 2009): testing a theory in Chinese context could provide new insights into research and can assist in improving theory.

Emic studies already exist in management research literature (for example, Fang, 2012). A "Chinese theory of decision making" could provide a broad description of the specific features of Chinese context, and thus, can help readers to understand why China is so different in a way that is relatively independent from Western biases. At the same time, detailed descriptions of Chinese philosophical concepts and their meanings somewhat transform management research into research on culturology and philosophy. Moreover, it would be difficult to demonstrate how the ancient teachings of Confucius or Lao-zi directly impact on decision making of modern managers. It does not mean that ancient knowledge no longer exists in any form in minds of modern managers in Mainland China, whose main ideology is communism and who often go abroad for management training. However, it might be not the same knowledge as thousands years ago. Finally, such an extreme focus on the specifics of China and even suggestions to make Chinese approach universally applicable (Fang, 2012; Leung, 2009) may lead to a sort of "Chinese bias" in research literature.

Scholars agree in opinion that in order to construct objective unbiased research it is necessary to take into account both developments of Western theoretical tradition and findings of indigenous research (Barney & Zhang, 2009; Leung, 2009; Von Glinow & Teagarden, 2009; Whetten, 2009). However, they differ in suggestions of how successful combination can be achieved.

In studying decision making, there might not be a universal solution due to the cross-disciplinary nature of decision making, and the proportion of "Chinese" and "Western" approaches in each study should be made on a case-by-case basis, depending on at least two factors. First is the approach to decision making in general (whether it is descriptive or normative theory, what is the definition of decision making, what is the area of decision making). Second is the approach to China (whether it is "Greater China" or just Mainland China, or a particular region in Mainland China).

An adequate understanding of the process of decision making in China cannot be achieved without taking into consideration indigenous research. However, it should not be limited to the discussion of philosophic texts of ancient China or some aspects of ideational systems, but also include an analysis of other contextual components that belong to material systems and institutional outcomes (Child, 2009, p. 62). Discovering all components of the context and defining its specific features provide a basis for constructing a model of decision making in China. After a new model is represented, research can move to "etic" phase which implies finding an appropriate or similar Western models.

Research on Chinese culture, as well as decision making theory, is full of debates and questions. The problem is not just the various challenges related to the understanding and evaluating the meanings of philosophical concepts in Chinese culture, but also the risk of an inevitable bias that scholars can bring with Western theoretical approaches and research tools if applied to Chinese culture.

Wheeler, Reis, and Bond (1989) give empirical evidence to show that behaviour of Chinese in-group and out-group differs significantly. In-group usually includes closest friends and relatives. "Harmonious relationships with members of the in-group are essential, but the out-groups can be damned" (Wheeler et al., 1989, p. 84). Therefore, the basic cultural values, such as *Harmony* and *Face*, might be relevant only in the situations when behaving in-groups. It might be argued that if Chinese make a sharp distinction in choosing a pattern of behaviour with in-groups and the out-groups, there might be by far greater differences in their behaviour as individuals. As Lau (1992) suggests, the degree of collectivistic or individualistic in Chinese behaviour depends on the particular situation. Chinese are flexible and adaptive in choosing the manner of behaviour.

Moreover, some scholars (Fang, 2003; Leung, Koch, & Lu, 2002) stress out the problem of inaccurate interpretations of basic Confucian notions by some Western researchers. This problem may be caused by taking a mistaken approach to understanding the main principles of Chinese philosophy which followed a completely different way, compared to that of ancient Greece, from the very beginning of its development (Ji, Lee, & Guo, 2010). The analysis of Chinese philosophical concepts requires a level of accuracy from non-Chinese researchers as a superficial adaptation will not always work. Generalizations based on rules of formal logic may not be appropriate when evaluating Chinese philosophical concepts (Bodde, 1939; Fan, 1995; Nisbet et al., 2001).

As Bardi and Schwartz (2003, p. 1207) claim, usually scholars define values as the "deeply rooted, abstract motivations that guide, justify or explain attitudes, norms, opinions and actions". Attempts to assess Chinese cultural values and to list most important ones, cause many debates as well (Chan, 2005; Kulich & Zhang, 2010). Hofstede and Bond (1984) include up to forty different values in their research. Fang (2003) questions the accuracy and objectivity of Bond and Hofstede's selection, since some fundamental concepts such as *Yin Yang*, *Wu Wei* and *Guanxi* are not included in their list. Value assessments presented by Western researchers are bound to bring a Western bias from the approaches and methods they employ (Fan, 1995; Fang, 2003; Yin, 2003).

Indeed, Hofstede's theory clearly demonstrates how cultures differ from each other, and cultural dimensions provide a good basis for cross-cultural comparisons. However, culture and decision making both are highly complex phenomena. Principles of as it was mentioned earlier in this paper, generalisations based on Hofstede's works sometimes lack objectivity and depth, especially when studying such a sophisticated phenomenon as decision making.

Thus, both types of papers mentioned in this review (cross-cultural or focused on a Chinese context only) are based on universal conceptualizations. Although, many studies exemplify clearly the impact of culture on decision making, not all, however, clarify the "underlying processes that explain differences" (Weber & Hsee, 2000, p. 33). Perhaps, to grasp the specifics of decision making in China it is necessary to take a deeper and more comprehensive analysis of Chinese culture, rather than arbitrarily compare some cultural values with others. Some papers provide this kind of analysis. We should mention a type of comparative research that analyses psychological (Nisbett, Peng, Choi, & Norenzayan, 2001; Peng & Nisbett, 1999), cognitive (Redding, 1980) or behavioural (Xiao & Su, 2004) aspects of decision making. These studies usually embrace more general speculations about differences between East and West and refer to the specifics China and the US as two polar cultures.

One of the latest value assessment systems is the Chinese Personality Assessment Inventory (CPAI), developed by group of scholars from PRC and Hong Kong (Cheung et al., 1996). The authors use personality assessment tools that originated in the Western theory, and by adopting an emic-etic approach they suggest "an instrument that is relevant to the Chinese people" (Cheung et al., 1996, p. 182). The results of their research reveal some differences on personality scales between Hong Kong and Mainland China (People's Republic of China) (Cheung et al. 1996).

Other empirical studies (Ralston, Kai-Cheng, Wang, Terpstra, & Wei, 1996; Tse et al., 1988) also state significant differences among Chinese societies in PRC, Hong Kong, Taiwan, and Singapore, that

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may be caused by different levels of modernization and westernization among these countries. These findings lead to the idea that Chinese culture can also is heterogeneous among its representatives in different countries. For that reason, it becomes more difficult to make generalizations and conclusions about Chinese culture, since it spreads across several Asian countries, and value preferences among their residents may differ significantly.

Perhaps the most controversial topic in research on Chinese culture is to define the status of the traditional values that are rooted in ancient Chinese philosophy, in modern China. The effect of modernization on traditional values and the cultural change draws the attention of many scholars beginning from Karl Marx (Inglehart & Baker, 2000). Regarding the significant changes that China has undergone in the last century and that are still observable every day, the relevance of traditional values in modern Chinese society is becoming questionable. The Chinese modernization, its active involvement in the global economy, the growing number of international contacts, and adopting Western knowledge and experience in various areas may cause a change of perception to some elements of traditional culture. Several studies attempt to assess the changes of traditional values and preferences in the modern Chinese society (Chan, 2005; Garrott, 1995; Faure & Fang, 2008; Ralston et al., 1996; Yin, 2003).

According to Lau (1992), due to significant changes in Chinese economic and social areas, the assumptions about regarding China as a collectivistic society, which are supported by many scholars (Hofstede & Bond, 1984; Hsu, 1953), are becoming doubtful. Lau (1992, p. 365) mentions several empirical studies that agree in the opinion that modern Chinese tend to share the values that are usually associated with individualism, and thus "Chinese groups, especially the Mainland Chinese, are not less individualistic than Americans, who are typically regarded as more individualistic". However, Lau does not state that China is not a collectivistic society. The author's standpoint is that Chinese are collectivistic under certain circumstances. Lau concludes: "Chinese are individualistic and collectivistic. They have individualistic wishes, and collectivism is a means to fulfil those wishes in a collective society" (Lau, 1992, p. 366). Thus, China still can be regarded as a more collectivistic society rather than an individualistic one.

Scholars employ different methods and approaches in their attempts to define, understand and accurately assess Chinese cultural concepts. Research on Chinese traditional values causes many methodological issues. Studying Chinese culture requires accuracy from Western scholars due to the complexity of Chinese values' specific meanings. In order to make a comprehensive and objective analysis, it is crucial to regard Chinese culture as a complex of various philosophical ideas. Additional challenges refer to taking into account differences in Chinese societies across Asian countries. It might be suggested that studying paradox in decision making in China requires integrating opposite approaches and employing paradoxical solutions in developing research methodology.

5. Conclusion

This paper discussed the role of paradox in decision making in China. It suggested that future research should pay attention to studying these two subjects in a Chinese context at least for two reasons. First, looking at decision making through paradox lens would help to refresh and reconceive existing knowledge about it and focusing on a Chinese context can benefit this process. Considering that in investigating various aspects of decision making the common choice of scholars often referred to Western countries, China with its unique ancient cultural heritage represents a new and unusual setting. Nevertheless its distinctive features should not be seen as a challenge for Western researchers. Instead, China represents a great potential for decision making scholars. In general, taking a new setting for empirical investigation allows researchers to look at ordinary things from a different angle. However, China represents a greater interest due to its special attitude to paradox captured by philosophy of *Yin Yang*. Second, discovering how paradox reveals itself in decision making in China would help learn more about paradox and its implications. Despite the growing number of studies paradox as a phenomenon is not understood well and the questions how it occurs, evolves and expresses itself in various aspects of managerial activity are waiting to be addressed. China, however, can offer scholars its "expert knowledge" about contradicting and interrelated elements as its historical evolution and current development has been marked with the symbol of *Yin Yang*. Therefore, understanding paradox and its role in decision making in China can offer new sources of inspiration and developing new ideas for future research.

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