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# **Achieving Holistic Sustainability in Chinese and New Zealand Business Partnerships: An Integrative Approach**

A thesis presented in partial  
fulfilment of the requirement for  
the degree of

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# Abstract

Tensions in sustainability are a relatively new area and largely unexplored empirically between firms in collaborative business partnerships, particularly drawing from paradox theory and organisational ambidexterity theory. If these tensions cannot be understood and addressed adequately, it will not only have negative impacts on individuals' interests, but also on the development of organisations and ultimately the prosperity of the society. Hence, this study examines empirically how tensions in addressing divergent sustainability issues arise, and are perceived and managed between Chinese and New Zealand firms in business partnerships. Guided by an interpretivist philosophy, this research adopts a qualitative and abductive approach as the preferred research method. In doing so, 33 in-depth individual interviews alongside one informal group discussion were carried out at 16 relatively large Chinese and NZ firms known for their commitment to sustainability that are in business partnerships.

This thesis includes three empirical chapters. The first findings chapter identifies tensions in sustainability between Chinese and New Zealand firms and discovers the reasons for them. The findings reveal that the Chinese and New Zealand firms in business partnership are faced with complex and multiple sustainability tensions which are thus more difficult and challenging for them to address simultaneously. This chapter also shows that the tensions are caused by an integration of multiple reasons from individual, organisational and national levels.

The second findings chapter explores how managers make sense of these tensions. The results delineate four kinds of managerial logic – paradoxical, contradictory, business and defensive –

which are applied to make sense of different kinds of tensions. In contrast to prior studies, the findings reveal that paradoxical logic is the most common logic adopted by the managers at Chinese and NZ companies in business partnerships; as the other types – contradictory, business and defensive logic – are not commonly used.

The third findings chapter investigates the strategies that Chinese and NZ firms adopted to manage the tensions in their business partnerships. The findings show two main approaches: trade-off and integrative. This research highlights that working through sustainability tensions using integrative approaches can bring proactive outcomes which will help these companies to advance their sustainability practice through inter-organisational learning, to enhance their mutual understanding and to strengthen their business partnerships over time, thus achieving holistic sustainability.

This research contributes to scholarly understanding of tensions in sustainability between firms in collaborative business partnerships in relation to the nature of the tensions, reasons for the tensions, managerial sensemaking of tensions and the strategies for managing the tensions. This also adds value to paradox theory and organisational ambidexterity theory including structural and contextual ambidexterity, and their theoretical and practical implications for tensions in sustainability research.

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Michelle Sitong Chen  
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# Research Outputs

## Journal Articles and Book Chapters

- Chen, M. S., & Eweje, G. (2019). Establishing ethical guanxi (interpersonal relationships) through Confucian virtues of xinyong (trust), lijie (empathy) and ren (humanity). *Corporate Governance: The International Journal of Business in Society*. <http://dx.doi.org/10.1108/CG-01-2019-0015>
- Chen, M. S., Eweje, G., & Kennedy, J. C. (2019). Managing tensions in sustainability in Chinese and New Zealand business partnerships: A conceptual perspective. In N. Capaldi, S. O. Idowu, R. Schmidpeter, & M. Brueckner (Eds.), *Responsible business in uncertain times and for a sustainable future* (pp. 145–168). Cham, Switzerland: Springer.<sup>1</sup>
- Kobayashi, K., Nath, S., Chen, M. S., & Malenga, J. (2019). Decent work and economic growth: Is NZ business progressing well? In G. Eweje & R. Bathurst (Eds.), *Clean, green and responsible? Soundings from down under* (pp. 11–27). Cham, Switzerland: Springer.
- Bathurst, R., & Chen, M. S. (2018). A smile and a sigh: Leadership insights from the East. In M. Dibben, S. Segal, & W. Vandekerckhove (Eds.), *Handbook of philosophy of management* (pp. 3–16). Cham, Switzerland: Springer.

## Conference Presentations and Symposiums

- Chen, M. S., Eweje, G., & Kennedy, J. C. (2019). *Identifying tensions in sustainability in Chinese and New Zealand business partnerships*. Paper presented at the Australasian Business Ethics Network (ABEN), Melbourne, Australia.
- Chen, M. S., Eweje, G., & Kennedy, J. C. (2018). *Discovering tensions in sustainability in Chinese and New Zealand business partnerships*. Paper presented at the Australasian Business Ethics Network (ABEN), Auckland, New Zealand.

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<sup>1</sup> In particular, this chapter was also mentioned in their book's Foreword by Nadia E. Nedzel

As she mentioned: Michelle (Sitong) Chen, Gabriel Eweje and Jeffrey Kennedy explore sustainability in a global perspective by studying potential tensions which sustainability presents in the context of Chinese and New Zealand partnerships, with the aim of not only providing methods for such business partnerships to better manage tensions but also to provide guidance to global firms looking to achieving holistic sustainability.

- Chen, M. S., Eweje, G., & Kennedy, J. C. (2017). *Achieving holistic sustainability in Chinese and New Zealand business partnerships: An integrative perspective*. Paper presented at the 4th International Conference on CSR, Sustainability, Ethics and Governance, Perth, Western Australia.
- Chen, M. S. (2017). *Achieving sustainability in Chinese and New Zealand business partnerships: An integrative approach*. Paper presented at the Japan Forum of Business and Society (JFBS) 7th Annual Conference "Sustainable Enterprise: Revisiting an Enterprise Concept", Tokyo, Japan.
- Chen, M. S. (2016). *Achieving sustainability in Chinese and New Zealand business partnerships*. Symposium conducted at Massey Business School PhD. Auckland, New Zealand.



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# Chapter 1: Introduction

This research investigates tensions in addressing sustainability issues between Chinese and New Zealand (NZ) firms in business partnerships by drawing on data from interviews with participants who are in management, senior management and executive positions, and directly managing their business partnerships at large Chinese and NZ firms known for their commitment to sustainability. The main purpose of this chapter is to introduce the research topic, to justify the reasons for conducting this research, and to provide a summary of the main contributions of this study. In order to achieve these goals, the background of this study is first described. Then, the main reasons for conducting this research are explained and justified. Next, the research objective, goals and questions are presented accordingly. This is followed by an overview of research philosophy and methods. The significance of this study is discussed afterwards. The last two sections of this chapter cover definitions of key terms and the structure of this thesis.

## 1.1 Background of the Study

By empirically investigating tensions in sustainability between Chinese and NZ firms in business partnerships through showing how tensions surface, and are perceived and managed, this research aims to deepen understandings of the tensions and their relationships that often emerge in sustainability issues, to advance the work of managerial sensemaking of tensions, and to explore strategies to manage the tensions, ultimately, helping these firms to achieve holistic sustainability that is beneficial for sustainable development of individuals, organisations and the whole society. In order to achieve these goals, it is pertinent for this

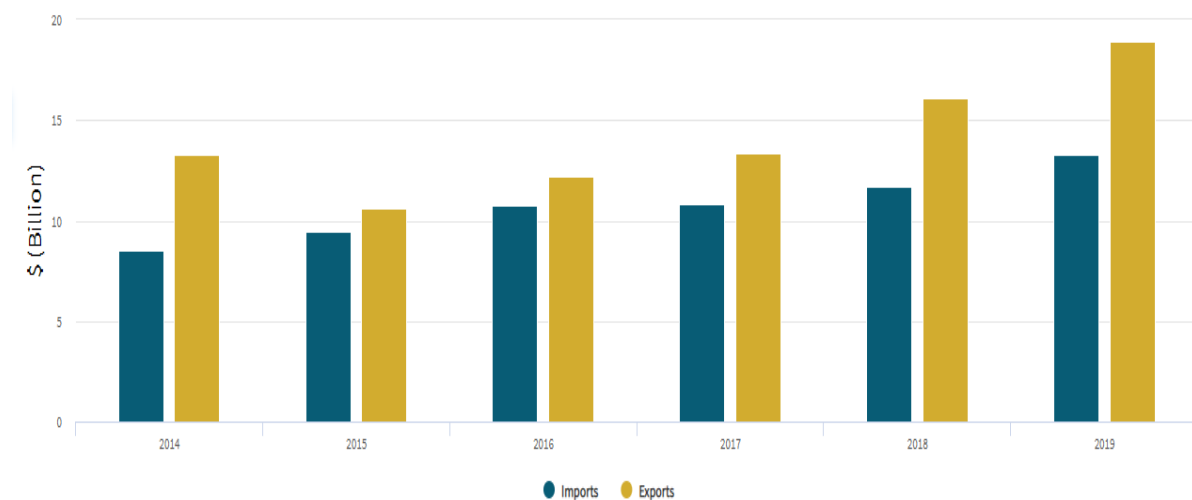
research to explore tensions in addressing divergent sustainability issues in the empirical context of Chinese and NZ firms in business partnerships. Hence, the main purpose of this section is to provide a background of why it is vital to examine tensions in sustainability in such a context, which is explained from two perspectives: the importance of the China–New Zealand Free Trade Agreement (FTA), and the necessity and challenges for Chinese and New Zealand companies in achieving holistic sustainability.

### **1.1.1 The Importance of the China–New Zealand Free Trade Agreement (FTA)**

Over a number of years China has been searching for natural resources in regions such as Australasia, Africa and Latin America. In order to achieve this goal, many Chinese companies were required to formulate business partnerships and joint ventures with foreign companies (Le Corre, 2018). A business partnership can be understood as comprising a company that has some degree of involvement with another entity’s business dealings, where the participants agree to share the relevant risks and rewards proportionately. These collaborations include alliances, co-production agreements, and joint ventures among leading firms (Oumlil, 2015). In particular, the New Zealand–China Free Trade Agreement (FTA) signed in 2008 was China’s first FTA with a developed country. China is one of the world’s fastest-growing economies; its vast population and growing middle class present huge potential for New Zealand. Indeed, the China–New Zealand Free Trade Agreement has opened up trade and economic opportunities for both countries and has played an essential role in helping Chinese and New Zealand companies to do business with each other in achieving financial prosperity (New Zealand Foreign Affairs & Trade, 2018).

According to Statistics New Zealand (2019a), New Zealand’s top three trade partners – China, Australia, and the European Union – accounted for almost half of the country’s total trade. New Zealand’s two-way trade with China increased dramatically in the past decade, climbing from \$21.85 billion in 2014 to \$32.22 billion in the June 2019 (see Figure 1.1). It was also reported by Statistics New Zealand (2019b) that in the June 2019, NZ’s imports from China were valued at \$13.27 billion. Top imports were electrical machinery, mechanical machinery, and textiles. The total NZ’s exports to China were valued at \$18.95 billion. In particular, the top exports to China were dairy reaching \$4.73 billion and accounting for one-quarter of New Zealand’s total exports to China.

**Figure 1.1 New Zealand’s Trade in Goods and Services with China, Rolling Annual 2014–2019: Source Based on Statistics New Zealand (2019b)**



Apart from the FTA, another important opportunity was the One Belt and One Road (OBOR) Forum which took place in Beijing in 2017. The purpose of this forum was to instigate an infrastructure building, fulfilling a vision of enhanced connectivity along both overland routes (‘the belt’) and maritime lanes (‘the road’) linking China, Africa, South East Asia, the



Pacific and on to Latin America, to boost trade and transport logistics (Martin, 2017; New Zealand China Council, 2018). In particular, New Zealand became the first Western country to register with this programme. This action is the latest on New Zealand's part to cooperate with Chinese President Xi Jinping's "global infrastructure spend to link China to Asia and beyond" (Greenfield, 2017). The New Zealand China Council (NZCC), together with a number of partners, has set out a range of options focused on "connectivity" for how New Zealand can engage with OBOR. In March 2017, New Zealand and China signed a Memorandum of Arrangement (MoA) under which the countries undertook to explore ways of working together in specified areas to expand trade and investment and to develop a pathway for cooperation and exchanges of goods (New Zealand China Council, 2018).

By taking these opportunities, a series of commercial partnerships and agreements were confirmed between Chinese and NZ companies (New Zealand China Council, 2015, 2019). For example, Super Organic Dairy Company Limited (SODC), established in 2014 by a group of Chinese investors in partnership with Māori businesses, aiming to establish a sheep dairy industry supply chain for the breeding, farming, milking, processing and exporting of premium sheep milk products to China. In 2014, SODC formed a joint venture, Maui Milk Co Ltd with local iwi from the Waituhi Kuratau Trust Farm. SODC holds 60% of Maui Milk while the Trust holds 40%. The reason why Maui Milk agreed to form this partnership is mainly because the Chinese investors have money and expertise to help them to develop assets, and their future business. In regard to SODC, the main reason this firm agreed to invest in Maui Milk is that the Chinese shareholders from Super Organic are aware of the growing middle-class Chinese customers' preferences for overseas food, for their health and safety's sake. In this regard, they have chosen Maui Milk for a joint venture business

partnership as it provides high standards and safe dairy products. In this way, their Chinese customers' requirements for sustainable food can be satisfied which can then help their business growth. As a result, the form of this partnership has brought much economic prosperity for both parties (New Zealand China Council, 2019). A further company, Vista Entertainment, is one of the largest software companies in New Zealand in cinema ticket sales and distribution. In September 2016, Vista Entertainment announced a joint venture partnership with Beijing Weiyang Technology (Weipiao) in order to take advantage of the expanding film market in China (Vista Group International Ltd, 2016). However, while these companies joined to achieve financial success, they are also faced with difficulties in addressing sustainability issues such as dealing with financial, social and environmental performance as illustrated in the next sub-section (Le Corre, 2018).

### **1.1.2 The Necessity and Challenges for Chinese and New Zealand Firms in Achieving Holistic Sustainability**

Sustainability, in this study, is conceptualised as a holistic concept that requires an integration of environmental integrity, economic prosperity, and social equity to be satisfied simultaneously in both the present and future in a dynamic equilibrium (Bansal, 2002; Bartunek, Gordon, & Weathersby, 1983; Elkington, 1994, 1997, 2004; Hahn & Figge, 2011; World Commission on Environment and Development, 1987). The core challenges for Chinese and NZ firms in business partnerships to achieve this can be elaborated from the following perspectives.

First, as consumers are becoming more aware of sustainability issues, they are more willing to pay for the products from sustainable companies (Schäufele & Hamm, 2017). On the one

hand, with increased living standards, more and more Chinese consumers are questioning the food quality and safety attributes of the products they buy (Wu, Wang, Zhu, Hu, & Wang, 2016). As Wang, Ge, and Ma (2018) pointed out, a series of food safety scandals in China such as contaminated baby formula and pork produced using clenbuterol, have received attention among the media and the public. Thus, more and more Chinese consumers are paying increasing attention to products they purchase, in terms of their health, the environment and food safety. As a result, Chinese consumers are more willing to purchase the products or food from companies with relatively high sustainability performance, whose products have received food safety certification, location-of-origin and “free from veterinary drug residues” labels (Wang et al., 2018, p. 603). In particular, Yang, Ramsaran, and Wibowo (2018) stated that, after a series of food safety issues that scandalised China in recent years such as poisoning, risky dyes and additives in food commodities, fraudulent products and sales of food beyond the expiration date, Chinese consumers are becoming less confident in the domestic food and products. Instead, the Chinese consumers have started to favour foreign healthy products in some particular developed countries and regions such as Australia, New Zealand and Europe. For example, Chinese consumers are actively seeking to buy New Zealand goods which are especially relevant to New Zealand’s wealth of premium brands and ‘clean, green’ image. The seafood, vitamin supplements, healthcare, skincare, mother/baby, and petfood sectors will be some of the biggest beneficiaries to this opportunity (NZ Business, 2018).

One the other hand, consumers from The Organisation for Economic Co-operation and Development (OECD) countries including Australia and New Zealand tend to be supportive of not just purchasing sustainably produced goods and services, but that they feel positively

towards companies that demonstrate sustainable social and environmental behaviour (The Organisation for Economic Co-operation and Development, 2008). In particular, New Zealand consumers are more likely to purchase the products from the companies which imbed corporate social responsibility in showing their ethical, philanthropical, legal beliefs and sustainability implementations (Abdeen, Rajah, & Gaur, 2016). It was reported by Nadkarni (2018) that New Zealand consumers had raised their expectations of business to address social and environmental issues. As conscious consumerism grows overtime, it is thus important for companies to understand how they can make more sustainable choices in relation to addressing social and environmental concerns to attract more NZ consumers. For example, Tan, Johnstone, and Yang (2016) argued that New Zealand consumers tended to purchase environmental-friendly household products from the companies which contribute to the recycling, protecting waterways, bringing personal shopping bags, and developing consumption of products. Moreover, despite of the price of some products made in countries such as China and India are cheaper, NZ consumers are still willing to pay a little more on the basis that they believe they purchase a product or service that has been ethically produced in terms of environmentally, socially, or both (Farrow, 2015). From the above illustrations, embedding sustainability practices into Chinese and NZ firms in business partnerships is important for them to develop long-term business success.

However, scholars have pointed out that it is difficult for firms to achieve holistic sustainability, because of inherent tensions. In other words, firms' ambition of achieving multiple sustainability objectives simultaneously results in tensions, because progressing on one sustainability issue might have detrimental effects on others (Epstein, Buhovac, & Yuthas, 2015; Hahn, Figge, Pinkse, & Preuss, 2018; Hahn, Pinkse, & Preuss, 2015; Slawinski

& Bansal, 2015). Further, prior research has found that most firms find it difficult to understand the nature of the tensions in sustainability, their complex relationships and how to systematically address their relationships (Chen, Eweje, & Kennedy, 2019; Hahn et al., 2015; Van der Byl & Slawinski, 2016). Companies' inability to address tensions in sustainability simultaneously thus has become one of the most important and worrying sustainability dilemmas in the business world (Bai & Chang, 2015; Epstein et al., 2015; Ralston et al., 2015).

As Chinese and New Zealand firms continue to develop partnerships, major challenges are anticipated around tensions in addressing sustainability issues, particularly in terms of different organisational sustainability regulations, different cultural backgrounds, and different kinds of logics in response to tensions. Researchers suggested that organisations have identities, such as the central, enduring, and distinct feature, and each may be different from those of other organisations (Albert & Whetten, 1985; Pratt & Rafaeli, 1997; Whetten, 2006). Accordingly, with the rise of organisations operating in global markets that explicitly address social and environmental problems (Margolis & Walsh, 2003; Smith, Gonin, & Besharov, 2013), they may have contradictory sustainability practices (Besharov, 2014; Li, 2016; Smith & Lewis, 2011). For example, in 2008, the joint venture business partnership between the largest NZ dairy company Fonterra and its now defunct Chinese food company partner Sanlu collapsed mainly because Sanlu supplied raw milk that had high levels of melamine contamination. As Li and Liu (2010) suggested, compared to Fonterra, Sanlu was largely driven by the aims of cost reduction and profitability improvement without considering the current and future generations' health and safety. However, it was also reported by Hembry (2009) that former Sanlu chairwoman said that a Fonterra-appointed

director gave her a document stating the European Union's permitted levels of the industrial chemical melamine which this chairwoman actually acted on the information supplied by Fonterra. From this perspective, it can be seen that tensions may exist in this defunct business partnership in addressing sustainability issues in relation to milk contamination.

Further, an increasing number of studies have pinpointed that tensions in sustainability may surface in firms when their decision-makers have divergent values regarding sustainability (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon, Lindgreen, & Swaen, 2008). In particular, Smith and Lewis (2011) identified 'belonging tensions' which occur when individuals' values and identities belong to their referent groups. To explain, when managers come from different groups influenced by diverse ontological positions, they may process the same information in a different way, which causes tensions. As influenced by different cultural roots, Westerners and Chinese may encounter tensions when they are approaching the same information (Peng & Nisbett, 1999). While Chinese tend to put more stress on interdependence, the middle way, and harmony, Westerners might put more stress on contradictions and conflicts (Keller & Loewenstein, 2011; Keller, Loewenstein, & Yan, 2017). Thus, if managers at Chinese and NZ firms' business partnerships have contradictory values and norms in relation to sustainability, it may make it more difficult for firms to achieve divergent sustainability objectives at the same time (Hahn & Aragón-Correa, 2015; Hahn, Preuss, Pinkse, & Figge, 2014; Sharma & Bansal, 2017; Sharma & Good, 2013; Zietsma & Vertinsky, 2002).

Moreover, if tensions cannot be understood and managed adequately by Chinese and NZ firms in business partnerships in addressing sustainability issues, then it will not only have a

negative impact on their mutual financial profits but could also put business partnerships in danger or even have a detrimental impact on the whole society (Schad, Lewis, Raisch, & Smith, 2016). Accordingly, Hahn and Aragón-Correa (2015) asserted that how managers in organisations make sense of sustainability issues has an important influence on the type of response they adopt, which may have widespread consequences that may far exceed those of many other corporate issues. For example, when managers use defensive mechanisms, they are more likely to view tensions in sustainability through a business frame which “establishes a primacy of financial outcomes at the firm level over concerns for environmental protection and social well-being at the societal level” (Hahn et al., 2018, p. 236). In this sense, decision-makers are trying to avoid or eliminate tensions in addressing environmental, economic and social outcomes, thus concentrating on searching for business cases. As a result, their irresponsible behaviour may lead to negative consequences such as sacrificing various stakeholder benefits (Eweje & Wu, 2010; Gebert, Boerner, & Kearney, 2010), which then generate a vicious cycle (Andriopoulos & Lewis, 2009, 2010; Smith & Lewis, 2011) of organisational decline over time (Sundaramurthy & Lewis, 2003).

Here, it is pertinent to illustrate two related cases. First, the Chinese company Sanlu collapsed because it provided contaminated and low quality products, threatening the health and lives of many consumers (Fonterra Co-operative Group Ltd, 2005). This not only affected various stakeholders’ interests, but also destroyed the business partnership with Fonterra, with a negative impact on the whole society. Second, it was reported by Trafford (2018) that Fonterra’s joint venture Chinese partner company Beingmate was accused of its infant formula containing additives that may not have come from licensed suppliers, resulting in Fonterra’s relationship with Beingmate getting worse. With regard to these detrimental

impacts, if tensions cannot be understood and managed appropriately by Chinese and NZ firms in business partnerships in addressing sustainability issues, then it will not only have a negative impact on their mutual financial profits but could also put business partnerships in danger or even have a wider impact.

Against the above background, it is timely and necessary to investigate tensions in addressing sustainability issues in the context of Chinese and NZ firms in business partnerships.

## **1.2 Justification for the Study**

The above discussion suggests the need for empirical research into tensions in sustainability between Chinese and NZ firms in business partnerships. However, the purpose of this section is to explore the knowledge gaps in the literature, which is helpful to formulate research questions for this study. In relation to prior research on tensions in the field of sustainability in the business world, there are four main areas which embody knowledge gaps that remain unexplored, ambiguous or vague, which are illuminated below.

The first area concerns identification of tensions in addressing sustainability issues. Tensions in sustainability is a relatively new area and is largely unexplored empirically in business contexts (Hahn et al., 2018; Hahn, Pinkse, Preuss, & Figge, 2016; Van der Byl & Slawinski, 2016). As suggested by Smith and Tracey (2016), it is imperative for future research to “develop more compelling insights by discovering tensions inductively and by seeking, as far as is possible, to view the world from the perspective of their informants, rather than assuming a set of tensions at the outset” (p. 461). Further, they also argued that prior researchers normally focus on one particular type of tensions, whereas organisations may



experience multiple tensions interwoven with one another in their daily business activities that require empirical investigation. In a similar vein, Joseph, Borland, Orlitzky, and Lindgreen (2018) asserted that empirical research on sustainability tensions is limited and thus requires future researchers to conduct more empirical studies in different industries and various contexts. Moreover, the majority of the prior literature has examined tensions in sustainability within firms, while the context of collaborative business partnerships between firms has received very little attention (Hahn et al., 2018; Li, 2016).

The second area entails examining reasons behind tensions in sustainability. Scholars in the field of sustainability have tended to identify reasons for tensions in sustainability within firms by mainly focusing on factors at the individual level (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008) and organisational level (Besharov, 2014; Li, 2016; Smith & Lewis, 2011). In addition, although related studies showed different organisations may have contradictory identities regarding sustainability and its practice (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011), so far, none of these studies has investigated the reasons causing tensions between firms in business partnerships. Further, in the many existing studies exploring tensions in addressing sustainability issues between China and Western countries which focused on national level investigations (Espa, 2018; Raine, 2009), most focused on the factor of cultural diversity (Vangen, 2017), as being influenced by different cultural roots, Westerners and Chinese decision-makers may have contradictory understandings of competing dimensions. While Chinese managers may tend to adopt “both/and” logic by seeing the connections between or among opposing aspects, Western managers may use “either/or” logic by prioritising one perspective over the other (Keller & Loewenstein, 2011;

Keller et al., 2017). However, it is difficult to find any empirical study investigating this perspective in the sustainability research field (Waldman, Putnam, Miron-Spektor, & Siegel, In press).

The third main stream of research focuses on how managers make sense of tensions in sustainability. Only a few recent studies explored managerial cognitive frames for making sense of tensions in sustainability, and their findings mainly focused on the business frame and the paradoxical frame (Hahn et al., 2014; Sharma & Jaiswal, 2018). The question of how managers make sense of tensions in sustainability has not been examined well (Hahn et al., 2014; Sharma & Jaiswal, 2018), and a detailed empirical analysis of managerial sensemaking of the tensions around in corporate sustainability is still lacking (Hahn et al., 2018; Xiao, Wilhelm, van der Vaart, & van Donk, 2019). In particular, “while cognitive frames and sensemaking help understand how individual decision makers perceive and interpret sustainability issues, there is no direct link between the interpretation of a sustainability issue and the strategic response taken at the organizational level” (Hahn & Aragón-Correa, 2015, p. 257). As Joseph et al. (2018) stated, “to date, Sharma and Jaiswal’s (2018) case study is the sole empirical study suggesting the relevance of the paradoxical frame in its connections with corporate sustainability and tension management behaviours” (p. 4).

The fourth main stream of research stresses organisational strategies in managing the tensions in sustainability. The vast majority of extant research, both conceptual and empirical, has found organisations adopted a trade-off and win-win approach by following instrumental logic to manage the tensions in sustainability (Epstein et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). Although an integrative approach has emerged, this strategy

downplayed the complex relationships of tensions in sustainability (Hahn et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). While a paradoxical approach has only recently emerged, research on its further investigation is still nascent (Ozanne et al., 2016; Van der Byl & Slawinski, 2016), and there is still little research on the specific forms of paradoxical responses to tensions in sustainability (Hahn et al., 2018). Moreover, the recent studies which examine the paradoxical approach in sustainability tensions' management mainly focused on conceptual development, while empirical work is still in its infancy (Hahn et al., 2015; Hahn et al., 2016), particularly lacking investigation in specific contexts (Smith & Tracey, 2016).

Hence, this research will help to address these knowledge gaps through investigating how sustainability tensions arise, are perceived and managed in context of Chinese and NZ companies in business partnerships.

### **1.3 Research Objective, Goals and Questions**

Given the importance of conducting this study as discussed in the last two sections, the main objective of this research is to empirically investigate tensions related to sustainability between Chinese and NZ firms in business partnerships. In order to achieve this objective, a number of research goals for this study have been formulated and a summary of these goals is presented in Table 1.1.

#### **Table 1.1 The Research Goals for This Study**

Goals	Chapters
To identify the core knowledge gaps in the literature of tensions in the field of sustainability	Chapter 2: Literature Review
To empirically identify tensions related to sustainability in Chinese and New Zealand business partnerships	Chapter 4: Identifying Tensions and Their Causes
To discover reasons causing these tensions	Chapter 4: Identifying Tensions and Their Causes
To examine how managers at Chinese and NZ companies in partnerships make sense of their sustainability tensions	Chapter 5: Discovering Managerial Sensemaking of Tensions
To examine strategies for managing the sustainability tensions and their relative connections to the multiple mental logics identified in chapter 5	Chapter 6: Discovering Strategies for Managing Tensions
To bring together the empirical findings and elucidate their interrelationships in light of prior literature by drawing from paradox theory and organisational ambidexterity theory	Chapter 7: Discussion
To generate propositions that are unique to this research by presenting a holistic framework	Chapter 7: Discussion

The first goal of this research is to extend the existing literature on tensions in sustainability and identify relevant knowledge gaps that are worthwhile to address for this study. The second goal is empirical analysis identifying tensions related to sustainability between Chinese and NZ firms in business partnerships. The third goal is discovering the reasons causing these tensions. The fourth goal is to generate empirical findings of how managers at Chinese and NZ firms make sense of the tensions in their business partnerships. The fifth goal is the exploration of how these firms manage the tensions and the connection to how managers make sense of the tensions. The seventh goal brings all the empirical findings together and discusses them in relation to prior literature, particularly producing reflections on paradox theory and organisational ambidexterity. The final goal is to generate propositions that are unique to this research by presenting a holistic framework.

Based on the empirical background, justification of this research and a review of literature in Chapter 2, the following four research questions are thus formulated:

RQ1: What are the most pressing tensions related to sustainability that arise between or within Chinese and NZ business partnerships?

RQ2: If tensions exist in sustainability between Chinese and NZ firms in business partnerships, then what reasons might be causing the tensions?

RQ3: How do managers make sense of tensions in sustainability in the context of Chinese and NZ firms in business partnerships?

RQ4: How do Chinese and NZ firms in business partnerships address tensions and their complex relationships within a holistic sustainability agenda?

## **1.4 Research Philosophy and Methods**

As delineated comprehensively in Chapter 3, guided by an interpretivist philosophy, this research adopts a qualitative and abductive approach in order to investigate the perceptions of tensions in sustainability between Chinese and NZ firms in business partnerships based on interviews as the preferred research method. Fundamentally, this research is philosophically grounded in interpretivism which assumes that the social world is constructed by people through their subjective interpretations and aims to develop a richer understanding of human behaviour of the world through eyes of people in an empathetic way (Bryman & Bell, 2003; Collis & Hussey, 2003).

This study is underpinned by the interpretivist paradigm, which is mainly because examining tensions in sustainability in Chinese and NZ firms in business partnerships involves the

interpretation and exploration of subjective managerial perceptions of reality. As the objective of this research is to investigate how sustainability tensions arise, are perceived and managed, the results are based on managers' subjective experience, their own interpretations and perceptions as representatives of their firms. In this sense, the researcher has attempted to take account of the subjective meaning of tensions to these managers. Hence, the context of this study is directly related to subjective reality, which is consistent with the interpretive paradigm (Bryman & Bell, 2003; Creswell, 2013).

As this study is fundamentally grounded in interpretivism, a qualitative research method is thus utilised to investigate the tensions. Qualitative researchers try to understand the social world in natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them by language. The core reason why a qualitative method is used in this study is that it aims to address "what, how and why?" questions in an exploratory way (Eisenhardt & Graebner, 2007). From this perspective, a qualitative research strategy is suitable to investigate research questions of how sustainability tensions arise, are perceived and managed. In order to develop novel insights into tensions, this study followed an abductive reasoning approach. Abduction involves a dynamic relationship between the pre-existing theory and empirical data through interpreting and exploring the research questions, which provides the revised theory (Peirce 1974; Folger and Stein 2017). Throughout constant movements back and forth between theory and empirical data (Weiss and Wodak 2004), the abduction approach develops continuous dialogue between observation and the interpreter's pre-existing understanding (Hatch and Yanow 2003), and thus is more likely to create a dynamic relationship between the existing theory of tensions and empirical data, ultimately providing more enriched perceptions of tensions in the sustainability research field. In

accordance with the abductive approach, the proposed theoretical framework is developed and extended in the Discussion chapter, which is based on the empirical findings of this study.

Drawing from the traditions of qualitative research, this study utilises interviewing as the preferred method for data collection. Before the main investigations, pilot interviews were carried out to test whether it was worthwhile to examine tensions in sustainability in Chinese and NZ firms in business partnerships and to see whether the research questions are appropriate and whether the sampling techniques and research design were suitable (Baker, 1994; Mann, 1985). Purposeful sampling and snowballing techniques were used to identify companies and potential participants (Mason, 2002; Miles & Huberman, 1994). Overall, data collection comprised 33 individual interviews and one informal group discussion at 16 relatively large Chinese and NZ firms known for their commitment to sustainability that are in business partnerships. These participants hold management, senior management and executive positions and are involved in their business partnerships. In terms of data analysis, this research adopted thematic analysis following the four steps suggested by Miles and Huberman (1994) and Braun and Clarke (2006) and used the coding technique advised by Corbin and Strauss (1990) to generate all the codes and categories, which are elaborated and discussed in detail in Chapters 4, 5 and 6. In order to enhance the rigour of this qualitative research, this study used a range of strategies to strengthen its credibility, transferability, dependability, and confirmability. The ethical considerations of this study are also mentioned accordingly.

## 1.5 The Significance of the Study

In recent years, there has been a growing amount of research exploring tensions in the field of sustainability. However, tensions in sustainability is a relatively new area and is largely unexplored empirically, particularly drawing from paradox theory and organisational ambidexterity theory (Hahn et al., 2015; Hahn et al., 2016). Based on the overall findings of this research, tensions in sustainability in Chinese and NZ business partnerships can be described as:

*multiple, knotted and nested sustainability tensions that are difficult to manage simultaneously. Despite their decision-makers using paradoxical logic to make sense of them, their companies tend to adopt trade-off approaches, thus failing to address them at the same time. Instead of ignoring the tensions, it is imperative for these companies to make use of them as a useful tool to sustain their business partnerships, enhance their organisational ambidexterity, and consequently achieve holistic sustainability.*

By developing a holistic framework of mastery of tensions in sustainability grounded in paradox theory and organisational ambidexterity, the significance of this study mainly lies in the following perspectives. First, recent studies examining tensions in sustainability in organisations and companies have largely focused on conceptual interpretations (Hahn et al., 2018; Hahn et al., 2016; Van der Byl & Slawinski, 2016), while empirical studies are limited in different industries and various contexts (Joseph et al., 2018). However, this study has become one of the few studies to empirically apply paradox theory and organisational ambidexterity theory through investigating tensions in addressing sustainability issues in the specific context of Chinese and NZ business partnerships.



Second, this research contributes to methodological implications of tensions in sustainability research. As Fairhurst and Putnam (2018) stated, new developments in qualitative research methods in relation to data analysis methods such as using coding processes in grounded theory and organisational discourse analysis offer a novel way for researchers to better examine tensions in organisations. Accordingly, this research advances this work by using the coding process of grounded theory suggested by Corbin and Strauss (1998), which helped to identify tensions by situating them in a specific context of Chinese and NZ business partnerships through developing sets of categories. In particular, this coding process advances the work of examining the knotted and nested relationships among multiple sustainability tensions (Sheep, Fairhurst, & Khazanchi, 2017) and identifying the strategies that companies adopt in managing them and their potential outcomes (Putnam, Fairhurst, & Banghart, 2016).

Third, this study advances paradox theory by empirically investigating multiple sustainability tensions and their complex relationships. Most recent studies tended to focus on one type of tension in addressing sustainability issues (Iivonen, 2018; Sharma & Bansal, 2017; Slawinski & Bansal, 2015). In contrast, the contribution of this study is identifying the existence of multiple tensions in four sustainability areas between Chinese and NZ business partnership firms. Further, an important finding of this research is that, despite identifying the existence of multiple sustainability tensions, these Chinese and NZ companies lack awareness of the importance of these tensions by mainly focussing on financial tensions, thus relegating sustainability tensions into an unimportant position. This sheds new light on why tensions in addressing financial and social goals of a firm are economically based (Waldman et al., In press). While prior research has used paradox theory to depict organisational tensions that can coexist in a dynamic system, most of these studies treat these tensions as static and fixed

(Schad et al., 2016) instead of focusing on how multiple tensions become intertwined and nested in one another (Sheep et al., 2017; Waldman et al., In press). However, this research suggests that the multiple sustainability tensions identified between Chinese and NZ companies in business partnerships are actually partially overlapped with each other across individual, organisational and societal levels, which reflects their coexistence and interrelatedness from a paradoxical perspective, as moving one will affect the whole system, thus highlighting their knotted and nested relationships.

In addition, this study further advances paradox theory in tensions in sustainability research by elaborating managerial sensemaking of sustainability tensions and its connection to the strategies their companies adopt in managing them. Prior research pointed out that there is no direct link between the interpretation of a sustainability issue and the strategic response taken at the organisational level (Hahn et al., 2015) particularly in the relevance of the paradoxical frame in its connections with corporate sustainability tension management (Joseph et al., 2018). Hahn and Aragón-Correa (2015) argued that how individuals in organisations make sense of sustainability issues has an important influence on the type of response their companies adopt on these issues. However, the present study found that that how individuals make sense of sustainability tensions may not have a direct impact on what kind of strategies their companies adopt to manage them as is evident in trade-off and integrative approaches.

Fourth, this research adds value to the knowledge gap in the tensions in sustainability literature by examining the reasons causing them in a detailed analysis. Most sustainability scholars tended to identify reasons causing tensions within firms by mainly focusing on the individual level (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al.,

2008) and organisational level (Besharov, 2014; Li, 2016; Smith & Lewis, 2011). However, this research extended these works by showing multiple reasons causing sustainability tensions from individual, organisational, and national levels. At individual level, some prior studies suggested that, being deeply influenced by different cultural roots, belonging tensions can be caused where Chinese managers tend to adopt “both/and” logic by seeing the connections between or among opposing aspects, while Western managers may use “either/or” logic by prioritising one perspective over the other (Keller & Loewenstein, 2011; Keller et al., 2017). However, this research questions this idea by revealing that the Chinese and NZ managers tend to have contradictory values and norms towards the opposing sustainability demands which can cause some sustainability tensions, which may not be influenced by Chinese and NZ cultural roots of ‘both/and’ and ‘either/or’ logic respectively.

In terms of organisational factors, prior research generally suggested that tensions can be caused by different organisations having contradictory identities regarding sustainability and its practice (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011). However, this research found that some sustainability tensions can be caused by different Chinese and NZ organisational sustainability regulations and standards where most Chinese companies do not have rigid sustainability policies and regulations compared to their NZ partner companies. With regard to national factors, the empirical analysis of this research showed that spatial tensions can be caused by different Chinese and NZ national sustainability regulations and government interference. These factors may prevent these companies from operating sustainability initiatives, thus hindering the achievement of holistic sustainability.

Fifth, this research extends the literature of tensions in sustainability by investigating how managers at firms make sense of multiple sustainability tensions. As Sharma and Jaiswal (2018) demonstrated, future research should focus on “exploring managerial sensemaking of tensions in other industries and countries” (p. 306). This research fills this gap by empirically investigating how managers make sense of sustainability tensions in the specific context of Chinese and NZ companies in business partnerships. In addition, existing literature pointed out that how managers make sense of tensions in sustainability has not been examined well (Hahn et al., 2014; Sharma & Jaiswal, 2018), and a detailed empirical analysis is lacking (Hahn et al., 2018; Xiao et al., 2019). Nevertheless, this research advances this field by illuminating four kinds of managerial logic – paradoxical, contradictory, business and defensive – with their detailed applications to different kinds of sustainability tensions. Further, prior studies argued that that decision-makers tend to have a business case frame (Hahn et al., 2014; Hockerts, 2015) and business frame (Sharma & Jaiswal, 2018) in making sense of sustainability tensions. However, this research questions this idea by revealing that paradoxical logic is the most common logic adopted by the managers at Chinese and NZ companies in business partnerships, while other types of logic – such as contradictory, business and defensive – are not commonly used.

Sixth, this research contributes to the literature of tensions in sustainability by examining what strategies the companies adopt in managing multiple sustainability tensions. The existing literature showed that most organisations tended to adopt trade-off and win-win approaches in response to tensions in sustainability (Epstein et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). However, this research found that most Chinese and NZ companies in business partnerships tended to adopt trade-off approaches and integrative

approaches in managing sustainability tensions. In terms of trade-off approaches, this research advances the knowledge of situational trade-off approaches (Beckmann, Hielscher, & Pies, 2014) by revealing that the Chinese and NZ companies do not typically prioritise financial/commercial initiatives over other sustainability dimensions until they are under financial constraints or business survival conditions. Moreover, little is known about how trade-offs are perceived by managers and how they are currently evaluated and utilised by companies in managing sustainability tensions (Haffar & Searcy, 2017; Hahn et al., 2014; Winn, Pinkse, & Illge, 2012). This research develops this work by exploring trade-off approaches and their connections to four types of mental logic in managerial sensemaking of tensions.

Further, this research contributes to structural and contextual organisational ambidexterity theory in relation to the paradoxical approach of acceptance and resolution strategies by empirically investigating them in the specific context of Chinese and NZ business partnerships. In particular, this research develops the work of Hahn et al. (2015) by presenting an integrative approach with opening, surfacing, collaborative and synergistic strategies. The empirical findings of surfacing, collaborative and synergistic strategies empirically confirm their work of acceptance and resolution strategies in paradoxical approaches. However, this research argued that in the companies which operate these strategies their managers do not necessarily use paradoxical logic in making sense of the tensions as vital groundwork. Rather, this study found that formulating open dialogue through transparency provides a preliminary step for Chinese and NZ companies to manage sustainability tensions in their business partnerships. In addition, this research highlighted that it is not only important for these companies to work collaboratively by making joint

efforts in managing each side of the competing sustainability demands, but they should also work with multiple stakeholders as they may have more professional knowledge of sustainability practices. Moreover, this research proposes that working through sustainability tensions through integrative approaches can bring proactive outcomes which will help these companies to advance their sustainability practice through inter-organisational learning, enhance their mutual understanding and strengthen their business partnerships over time, thus achieving holistic sustainability. This heeds the call from Hahn et al. (2018) who argued that future research should explore whether “working through tensions in sustainability have specific positive or negative outcomes in performance areas other than sustainability” (p. 240).

Finally, the concluding chapter provides practical implications for the Chinese and NZ companies in business partnerships for sustainability tension management. First, this research reminds practitioners that it is difficult and challenging for them to manage the sustainability tensions simultaneously, because addressing one competing demand may affect another one. Although Chinese companies have started to be aware of the importance of sustainability implementation, they need to learn from NZ companies how to achieve financial and non-financial sustainability through improving their organisational sustainability regulations and standards.

Second, this study informs practitioners that maybe it is time for Chinese practitioners to get trained and educated in the traditional Chinese philosophy of the ‘middle way’ thinking, which might help them to generate “both/and” logic that is beneficial to manage opposing sustainability demands at the same time. Moreover, this research advises practitioners to

work with national governments in order to develop better relationships with them through enhancing communication to make it easier for them to practise more sustainability initiatives. Third, this research suggests that practitioners, instead of ignoring or neglecting sustainability tensions, must make use of the sustainability tensions as a useful tool to sustain their business partnerships, enhance their organisational ambidexterity, and consequently, achieve holistic sustainability.

## **1.6 Definitions of Key Terms**

This section provides the definitions of frequently used terms and concepts in this research in order to ensure clarification, consistency and shared meaning of these key terms. As all the terms and concepts are defined clearly throughout this thesis when they are first used, here the researcher only provides some definitions of key terms.

### **Holistic Sustainability**

Sustainability is also called sustainable development which has proven to be a difficult concept to define, and there is no consensus yet on such a definition (Gladwin, Kennelly, & Krause, 1995). However, by reviewing the development of this concept, it is evident that there are two main streams of research which depict this term as discussed in detail in Chapter 2. On the one hand, some prior studies hold the view that sustainability is an integrated concept which requires three elements of environmental integrity, economic prosperity and social equity to be satisfied for both the present and future (Bansal, 2002; Barbier, 1987; Elkington, 1994; World Commission on Environment and Development, 1987). On the other hand, another stream of research has reached a consensus that

sustainability should be regarded as a dynamic concept which denotes the relationships among environmental, social and economic performance as managing one dimension well may transform another (Bansal, 2002; Bartunek et al., 1983; Epstein & Roy, 2003; Gladwin et al., 1995; Hahn & Figge, 2011; Hahn et al., 2015; Ozanne et al., 2016; Rondinelli & Berry, 2000; Schmidheiny, 1992; World Commission on Environment and Development, 1987). By integrating these two streams, sustainability, in this study, thus is conceptualised as a holistic concept that requires an integration of environmental integrity, economic prosperity, and social equity to be satisfied simultaneously in both the present and future in a dynamic equilibrium (Bansal, 2002; Bartunek et al., 1983; Elkington, 1994, 1997, 2004; Hahn & Figge, 2011; World Commission on Environment and Development, 1987).

## **Defining Tensions in Sustainability**

However, it is difficult for organisations to achieve holistic sustainability. This is mainly because the ambition of achieving multiple sustainability objectives simultaneously results in tensions as progress in one sustainability issue might have detrimental effects for other sustainability issues (Epstein et al., 2015; Hahn et al., 2018; Hahn et al., 2015; Slawinski & Bansal, 2015).

Traditionally, the concept of tension refers to a wide variety of conflicts, inconsistencies, and contradictory demands experienced by organisations in a particular setting that appear to represent different and opposing poles; this situation often forces firms to make a choice of one or the other (Poole & Van de Ven, 1989; Smith & Lewis, 2011). From this perspective, tensions are regarded as dilemmas (Karhu & Ritala, 2018), which stresses the contradictory



relationship of the competing demands. However, in order to advance the understanding of tensions in sustainability, recent studies have attempted to explore their complex relationships based on paradox theory (Epstein et al., 2015; Gao & Bansal, 2013; Hahn et al., 2018; Hahn et al., 2015; Lewis & Smith, 2014; Wu, Subramanian, Abdulrahman, Liu, & Pawar, 2017),

This study has adopted the definition of Hahn et al. (2018): drawing from paradox theory, they defined tensions in sustainability as trying to “simultaneously accommodate competing yet interrelated economic, environmental, and social concerns that reside at different levels and operate in different logics and time frames and in different spatial scales” (p. 236). This definition elaborates two perspectives of paradox theory, which are contradictions and interdependence. On the one hand, the competing environmental, economic and social dimensions are contradictory to each other; however, at the same time, they are also interdependent elements, which emphasises their interplay as one can transform into another. In this sense, viewing tensions in sustainability based on a paradoxical lens not only expresses contradictions of the competing sustainability elements, but also highlights their interdependent relationships (Epstein et al., 2015; Hahn et al., 2018; Hahn et al., 2015; Jay, 2013).

## **Managerial Sensemaking of Tensions**

In order to empirically examine how managers make sense of tensions in sustainability between Chinese and NZ firms in business partnerships, it is important to define the term sensemaking. This research has adopted the definition of sensemaking offered by Weick, Sutcliffe, and Obstfeld (2005):

Sensemaking is defined as “ongoing retrospective development of plausible images that rationalize what people are doing, and it involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action” (p. 409).

Managers who actively engage in sensemaking are trying to interpret and create an order for complex issues (Lüscher & Lewis, 2008) through cognitive frames (Hodgkinson & Healey, 2008; Porac & Rosa, 1996; Walsh 1995). A cognitive frame, in this study, refers to a “mental template that individuals impose on an information environment to give it form and meaning” (Walsh 1995, p. 281). Through cognitive frames, managers thus can make sense of organisational complexity with meaning, which leads them to create strategic responses to the problems.

## **Organisational Ambidexterity**

Apart from the definitions above, it is also necessary to clarify the term ‘organisational ambidexterity’, because it is related to this research on Chinese and NZ firms’ ability to manage the tensions in their business partnerships, thus representing their capacity for achieving holistic sustainability.

Scholars have attempted to define organisational ambidexterity. Gibson and Julian (2004) suggested that organisational ambidexterity represents “an organization’s ability to pursue two disparate things at the same time” (p. 210). Similarly, Simsek, Heavey, Veiga, and Souder (2009) defined organisational ambidexterity as “an organization’s ability to perform differing and often competing, strategic acts at the same time” (p. 865). Based on these definitions, in this research, organisational ambidexterity represents firms’ capacity to

manage diverse organisational tensions (Adler, Goldoftas, & Levine, 1991; Andriopoulos & Lewis, 2009; Cao, Gedajlovic, & Zhang, 2009; Duncan, 1976; Raisch, Birkinshaw, Probst, & Tushman, 2009; Simsek et al., 2009).

## **1.7 Structure of the Dissertation**

This section presents the structure of this dissertation, which is composed of 8 chapters.

Chapter 1 introduces the research topic, the inspiration for this research, and provides a summary of the main contributions of this study. In order to achieve these goals, the background of this study is first outlined. Then, the main reasons for conducting this research are explained and justified. Next, the research objective, goals and questions are presented. This is followed by an overview of the research philosophy and methods. The significance of this study is discussed afterwards. The last two sections of this chapter cover the definitions of key terms and the structure of this thesis.

Chapter 2 reviews the literature on two pertinent areas, holistic sustainability and tensions in sustainability. This chapter begins with an overview of holistic sustainability literature, discussing sustainability as an integrated concept, and as a dynamic concept. Particular attention is then given to tensions in sustainability in business contexts at organisational level, focusing on five types of tensions. Then there is a discussion of reasons causing the tensions in sustainability. Next, it focuses on managerial sensemaking of tensions in sustainability. Consideration is then given to exploring organisational strategies for managing the tension in sustainability.

Chapter 3 elaborates two pertinent aspects of this study: the proposed theoretical framework and research methodology. This chapter begins by introducing the proposed theoretical framework through drawing from paradox theory and organisational ambidexterity and their justification in relation to this study. Next, the focus moves to research methodology. In order to illustrate this part, the researcher's philosophical stance is first described. Then, the research methods and related approaches adopted for this study are explained and justified. This is followed by the research design, and detailed analysis of data collection and data management processes. The criteria used to evaluate research quality and the adopted strategies for this study are introduced afterwards. The remaining sections of this chapter cover ethical considerations.

Chapter 4 assesses tensions related to sustainability between Chinese and NZ firms in business partnerships and discovers the reasons causing these tensions. It begins by identifying tensions in four sustainability areas between Chinese and NZ firms in business partnerships. The subsequent section interprets multiple reasons causing the tensions arising from individual, organisational and national factors.

Chapter 5 investigates how managers at Chinese and NZ firms make sense of the tensions in their business partnerships. This chapter first discusses paradoxical logic. Then contradictory logic is delineated in detail. A discussion of business logic follows. Consideration is then given to defensive logic.

Chapter 6 examines strategies for managing the sustainability tensions and their relative connections to the multiple mental logics identified in Chapter 5. First this chapter focuses on

the connections of managerial sensemaking to trade-off approaches and their situational circumstances. Then this chapter assesses integrative approaches and their proactive outcomes.

Chapter 7 brings together core findings from Chapters 4, 5, and 6 and discusses their interrelationships in light of prior literature by drawing from paradox theory and organisational ambidexterity theory, ultimately presenting a holistic framework of mastery of tensions in sustainability for this research. It begins with an overview of multiple sustainability tensions which are identified between Chinese and NZ firms in business partnerships, discussing their application to paradox theory. Then it goes on to illuminate multiple reasons causing the tensions and their implications. This is followed by a presentation of managerial sensemaking of tensions and its linkage to paradox theory. Next, this chapter moves on to discussions on multiple strategies that the Chinese and NZ firms utilised to manage the tensions in their business partnerships and generates new thoughts on the paradoxical approach, which sheds new light on organisational ambidexterity and paradox theory. Throughout the chapter, wherever appropriate, relevant comments from informants are provided to support the argument by explicating and exemplifying the links between the data and discussion.

Chapter 8 concludes with the key findings of the present study. It begins with an overview of this research. Then the core findings and their related propositions are recapped. Next, it goes on to present theoretical contributions and practical implications of this research.

Consideration is then given to limitations of the study and suggestions for future research.

Finally, the researcher's reflections and conclusion remarks are outlined.

## **Chapter 2: Literature Review**

### **2.1 Introduction**

This chapter reviews the literature on two pertinent areas, holistic sustainability and tensions in sustainability. The main purpose of this chapter is to identify key research gaps in the literature and frame research questions for the current study. In doing so, the chapter begins with an overview of holistic sustainability literature, discussing sustainability as an integrated concept, and as a dynamic concept. Particular attention is then given to tensions in sustainability in business contexts at organisational level, focusing on five types of tensions. Then there is a discussion of reasons causing the tensions in sustainability. Next, it moves on to managerial sensemaking of tensions in sustainability. Consideration is finally given to exploring organisational strategies in managing the tensions in sustainability. Hence, this chapter has the following objectives:

- Introduce the concept of holistic sustainability;
- Provide an overview of tensions in sustainability in business contexts; and
- Identify the key knowledge gaps through systematically analysing the existing literature of tensions in sustainability.

### **2.2 Conceptualising Holistic Sustainability**

The purpose of this section is to introduce the concept of holistic sustainability. In order to achieve this, this section is divided into two sub-sections. The first sub-section introduces sustainability as an integrated concept through discussing the definition of sustainability and its conceptual development. Specifically, it deals with the origins of sustainability, short-term and long-term sustainable development, the sustainability Triple Bottom Line, sustainable

development goals (SDGs) and their requirements for organisations and business activities. Then, the second sub-section identifies sustainability as a dynamic concept by demonstrating the dynamic relationships among the three main sustainability demands.

Sustainability, as a holistic concept, requires an integration of environmental integrity, economic prosperity, and social equity to be satisfied simultaneously in both the present and future in a dynamic equilibrium (Bansal, 2002; Bartunek et al., 1983; Elkington, 1994, 1997, 2004; Hahn & Figge, 2011; World Commission on Environment and Development, 1987). This statement is built on the literature of sustainability as an integrated concept and as a dynamic concept as discussed in the following two sub-sections.

### **2.2.1 Sustainability as an Integrated Concept**

Sustainability is also called sustainable development which has proven to be a difficult concept to define, and there is no consensus yet on such a definition (Gladwin et al., 1995). Nevertheless, this study begins its review from the 1970s, as the last five decades have witnessed the conceptual development of sustainability with contributions from various scholars. The conceptual development of sustainability is briefly discussed in this sub-section and a summary is presented in Table 2.1.

**Table 2.1 A Summary of Conceptual Development of Sustainability**

Time	Focus	Main Contributors	Sampled Definitions/Contributions
1970s	The report of the Club of Rome	Meadows, Meadows, Randers, and Behrens (1972)	Many natural resources crucial to human survival would be exhausted within one or two generations (Meadows et al., 1972).
1980s	Short-term and long-term sustainable development;	World Commission on Environment and Development (1987); Barbier (1987)	Sustainable development is defined as “the development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 43).
	Environmental integrity, economic prosperity and social equity		
1990s	Sustainability Triple Bottom Line	Elkington (1994); Gladwin (1995); Elkington (1997); Agenda for Development (1997);	Three elements of the triple bottom line: ‘the profit’ (the economic bottom line); ‘the people’ (social responsibility); ‘the planet’ (environmental impacts) (Elkington, 1997).
2000s	Incorporating sustainability into organisations and their business activities	Bansal (2002); Bansal (2005); Dyllick and Hockerts (2002); Wilson (2003)	Beyond the business case for corporate sustainability (Dyllick & Hockerts, 2002).
2010s	An integrative view of sustainability	The United Nations (2015); Epstein, Buhovac, and Yuthas (2015); Van der Byl and Slawinski (2016)	17 Sustainable Development Goals (The United Nations, 2015); Managing social, environmental and financial performance simultaneously (Epstein et al., 2015); Bring together the three elements of sustainability holistically – economic, environmental and social – without favoring any one element” (Van der Byl & Slawinski, 2016, p. 58).

While the notion of sustainability is contested, the term sustainability (*Nachhaltigkeit* in German) was originally traced back to Hans Carl von Carlowitz in 1713, who was a German scientist working in the forestry industry (Wiersum, 1995; Wilderer, 2007). At that time, his main responsibility was to manage mining on behalf of the Saxon court in Freiberg. Despite the court’s forest regulations, the impact of timber shortages on Saxony’s silver mining and metallurgy industries was devastating. Therefore, Carlowitz generated the idea of sustainable use of the forest, and he argued that only so much wood should be cut as could be regrown through planned reforestation projects thus preserving natural resources for the future (von Carlowitz, 1713). The concept of “sustainable use of the forest” formulated by von Carlowitz later became the basis of Agenda 21, which was resolved by delegates attending a UN conference on environment and development in Rio de Janeiro, Brazil, in 1992. Agenda 21 stated that it is not enough to address resources such as materials and energy; it is also



necessary to deal with immaterial values such as beauty of landscapes and dignity of people, in a cautious and responsible way, respecting the needs of the current and future generations, and respecting the function of terrestrial and aquatic ecosystems.

Further, a milestone in capturing the attention of global public policy was the report of the Club of Rome (Meadows, Meadows, Randers, & Behrens 1972). This report predicted that many natural resources crucial to human survival would be exhausted within one or two generations. Based on this, by the end of the twentieth century, the United Nations (UN) World Commission on Environment and Development (WCED), also known as the Brundtland Commission, put forward the term “Sustainable Development” (World Commission on Environment and Development, 1987). In the commission meeting, the commission members kept asking themselves how the aspirations of the world’s nations for a better life can be reconciled with limited natural resources and the dangers of environmental degradation. The answer to this question is sustainable development, defined as:

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987, p. 43).

Even now, this remains the most often quoted definition of sustainability. This Brundtland definition expresses two concerns that should be noted: development and environment, and the short versus the long term or needs versus resources (Kuhlman & Farrington, 2010). Since the time of the Commission Report, scores of alternative definitions of sustainability have been proposed. Dyllick and Hockerts (2002) suggested that a two-dimensional perspective consisting of short-term survival and long-term sustainable development is integral to understanding the concept of sustainability. Alternatively, Elliott (2005)

demonstrated that the aim of sustainable development is to increase or at least stabilise per capita well-being or utility over time without leaving present or future generations worse off.

However, numerous academics realised that it is not sufficient to promote sustainability in public policy; organisations should also incorporate sustainability into their daily business activities. As such, Bansal (2002) posited that sustainability is a society-level concept which requires all firms to not only contribute to organisational prosperity in the short term but to the development of the whole society in the long run. Further, Schwartz and Carroll (2008) argued that it is necessary to link sustainability to organisational activities so that “business firms are expected to improve the general welfare of society” (p. 168). This view was also supported by Hörisch, Freeman, and Schaltegger (2014) who stated the necessity for the co-existence of both a short-term and a long-term perspective in a sustainable enterprise.

According to their arguments, a truly sustainable organisation can address short-term and long-term problems to offer companies short-term as well as long-term potential and opportunities.

Nevertheless, as sustainability was primarily related to environmental concerns from the 1970s to 1990s, corporations tend to view the sustainability issue mainly in relation to environmental problems, and they only implement sustainability when there is an environmental crisis (Berry & Rondinelli, 1998). In fact, the majority of companies emphasise the principle of profit maximisation (Friedman, 1970). According to Friedman, the ‘business of business is business’, arguing that sustainability matters should be managed by governments, NGOs, charities and other forms of social welfare organisations. In order to develop the concept of sustainability and enhance sustainability practice in business, the

United Nations in its Agenda for Development in 1997 asserted that sustainability should be viewed from three dimensions – environmental, economic and social:

Development is a multidimensional undertaking to achieve a higher quality of life for all people. Economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development (The United Nations, 1997).

In short, this definition demonstrates three principles of sustainability – environmental integrity, economic prosperity and social equity – emphasising that without each of the three areas in balance, a society cannot continue indefinitely. Since then, discussions around sustainability have been based around these three principles (Bansal, 2002). Among these discussions, Edward B. Barbier contributed one important piece of work regarding the three principles. According to his view, the purpose of sustainable development is to “maximize simultaneously the biological system goals (genetic diversity, resilience, biological productivity), economic system goals (satisfaction of basic needs, enhancement of equity, increasing useful goods and services), and social system goals (cultural diversity, institutional sustainability, social justice, participation)” (Barbier, 1987, p. 104). To clarify, the environmental integrity principle ensures that human activities do not erode the earth’s air, land and water resources. The growing population may result in excessive consumption, escalating pollution, and depletion of natural resources, which may threaten environmental integrity (Pearce, Barbier, Markandya, & Barbier, 1989). Human activities may have a significant negative impact on the natural environment, which later may result in worse consequences such as decreased biodiversity, deforestation, accumulation of greenhouse gases, ozone depletion and toxic spills (Doering et al., 2002). In other words, if the natural

environment is compromised, then the necessary resources such as air, water, and food for human beings would also be compromised.

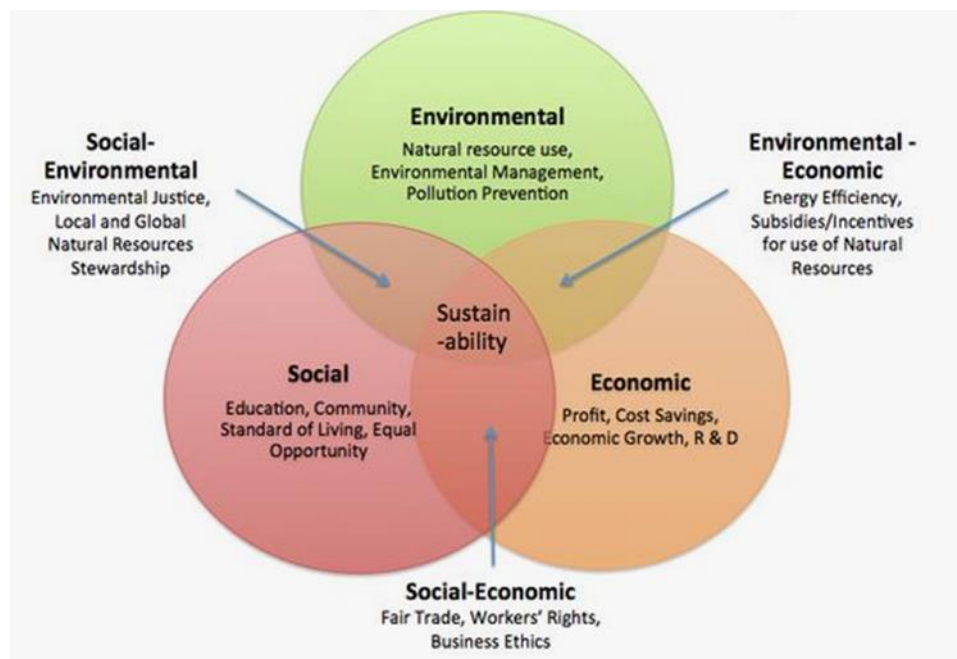
Another principle, economic prosperity, promotes a reasonable quality of life through the productive capacity of organisations and individuals in society, which is regarded as the foundation for sustainable development (Holliday, Schmidheiny, & Watts, 2002; World Business Council for Sustainable Development, 2002). The standard of living around the world can be raised by creation and distribution of goods and services. In order to achieve this goal, human beings are highly focused on satisfying their own immediate needs, which may be at the cost of the long-term health of the natural environment. For example, millions of hectares of forests are destroyed every year to provide fertile land for agriculture, to provide fuel for cooking and heating, and to provide wood for housing (World Commission on Environment and Development, 1987).

Finally, central to the definition of sustainable development as satisfying the needs of the current and future generations (World Commission on Environment and Development, 1987), the social equity principle states that all members of society should have equal access to resources and opportunities. This implies that sustainability is concerned with social equity between generations, a concern that must logically be extended to equity within each generation. The human needs not only include basic needs such as food, clothing, and shelter, but also include a good quality of life such as health care, education, and political freedom.

Nonetheless, the three principles of sustainability provide an ambiguous perspective regarding appropriate measures of sustainable business practices and initiatives (Epstein &

Buhovac, 2008). Companies are unsure as to how they may contribute to sustainable development (Paul, 2008). In order to enhance its operationalisation, Elkington (1994) put forward the sustainability Triple Bottom Line (TBL) as a measurement for organisational sustainability practice and recommended that business activities should take the three distinct bottom lines into consideration. In his 1997 book *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, he described the elements of the triple bottom line as the economic bottom line which considers ‘the profit’, ‘the people’s’ bottom line which contains social responsibility and ‘a planet’ bottom line which takes into consideration the environmental impacts of any given activity (see Figure 2.1).

**Figure 2.1 The Triple Bottom Line of Sustainability: Adapted from Elkington (1997)**



According to Elkington (1997), “People” refers to social sustainability which is the ability of a social system, such as a country, to function at a defined level of social well-being

indefinitely. “Planet” refers to sustainable environmental practices, describing the capacity to benefit the natural order as much as possible or at least do no harm and minimise environmental impact. “Profit” refers to economic sustainability which is the ability to support a defined level of economic production indefinitely. The main measurements of these three dimensions are shown in Table 2.2.

**Table 2. 2 Measures of Sustainability Dimensions: Adapted from Elkington (1997)**

Environmental Sustainability	Economic Sustainability	Social Sustainability
<ul style="list-style-type: none"> <li>• SO2 concentration</li> <li>• Concentration of nitrogen oxides</li> <li>• Universally accepted priority pollutants</li> <li>• Power consumption</li> <li>• Fossil fuel utilisation</li> <li>• Waste management</li> <li>• Hazardous waste management</li> <li>• Alteration in land use or land cover</li> </ul>	<ul style="list-style-type: none"> <li>• Income</li> <li>• Cost of under- or unemployment</li> <li>• Size of establishment</li> <li>• Job growth in terms of monetary measures</li> <li>• Employment distribution based on sectors</li> <li>• Percentage of firms in each sector</li> <li>• Revenue of sector contribution to GDP</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of unemployment</li> <li>• Gender diversity i.e. female labour force utilisation</li> <li>• Median household income</li> <li>• Poverty rates</li> <li>• Percentage of population with education post-graduation</li> <li>• Life expectancy changes</li> </ul>

### **2.2.1.1 Traditional Cultural Perspectives of Sustainability in New Zealand and Chinese Contexts**

In particular, New Zealand has branded itself internationally as ‘clean and green’ country. It is geographically isolated in the South Pacific with a population of just over 4 million and an economy that relies on primary industries, such as farming and forestry (Collins, Roper, & Lawrence, 2010). New Zealand mainly contributes to three main sustainability dimensions which include environmental responsibility, economic efficiency and social cohesion (Watene & Yap, 2015). In fact, New Zealand sustainability practices are deeply influenced by Māori indigenous cultural values which have “an intricate, holistic and interconnected relationship with the natural world and its resources, with a rich knowledge base – mātauranga Māori – developed over thousands of years” (Harmsworth & Awatere, 2013, p. 274). Indigenous peoples refer to the population in practically every region of the world, living on ancestral homelands in major cities, rainforests, mountain regions, desert plains, the arctic and small Pacific Islands (The United Nations, 2009). According to traditional Māori perspective, humans should try to make contributions to ecosystems, social welfare and economic prosperity. This holistic thinking has impacted on New Zealand’s sustainability practices, planning and policy in the business world (Rout & Reid, 2020). As being influenced by Māori indigenous cultural values in sustainability, companies in New Zealand aspire to optimise financial, social and natural capital such as improving economic prosperity, develop people in workplaces, enhance the natural environment, and strengthen communities without compromising future generations (Watene & Yap, 2015). As the purpose of the present study is to explore tensions in sustainability between Chinese and NZ companies in business partnership, it is also important to look at sustainability practices in China and how the traditional Confucian culture impacts on sustainability practices for Chinese companies.

In terms of China, traditionally, Confucianism refers to cultural conventions rooted in Confucius's philosophical thinking which has guided Chinese social and economic life for more than 2000 years (Ip, 2011). The thought of harmony between humans and nature is the basic foundation of Confucianism's ecological view, which advocates ideas of cherishing life, being kind to all creatures, respecting the discipline of nature, and rationally utilising natural resources (Bai, Sarkis, & Dou, 2015). Since China created special economic zones among east coast cities during the early 1980s to enable international trade, it has placed its primary focus on achieving financial prosperity which has helped it become the second largest economy in the world. As a result, China's increased economic growth has been accompanied by high environmental and social costs such as environmental pollution, resource scarcities, smog, and social responsibility concerns. These negative environmental and social impacts have been recognised as major challenges for China's future and have attracted global attention (Bai et al., 2015). In order to realise long-term development and growth, China has implemented a series of sustainability policies which tries to improve its environmental, economic and social performance (Zhang & Wen, 2008). As a result, more and more companies in China have started to realise the importance of embedding sustainability practice in their business activities (Liao, Lin, & Zhang, 2018).

However, scholars argued that this triple bottom line did not provide detailed guidance for companies to achieve sustainable development, nor how businesses are involved in the process and what precise role they need to play (Isaksson, 2018). In order to produce a systematic guide to sustainability implementation for businesses, on 25 September 2015, the 194 countries of the UN General Assembly adopted the 2030 Development Agenda entitled "Transforming our world: the 2030 Agenda for Sustainable Development" including the UN



Sustainable Development Goals (SDGs). This opened the door for more development of a sustainable world, including 17 SDGs and 169 associated targets representing a global consensus (see Figure 2.2). According to Joseph et al. (2018), the governments of all UN member countries are required to adopt these goals to end poverty, protect the planet, and ensure prosperity for all as part of Agenda 2030. As Figge, Hahn, and Barkemeyer (2014) asserted, “the current UN-level efforts to formulate sustainable development goals (SDGs) can be expected to further consolidate the sustainability agenda and to help relevant actors address today’s key global sustainability challenges” (p. 32). However, how companies can contribute proactively to these goals in the sustainability agenda has not yet been studied sufficiently (Markman, Russo, Lumpkin, Jennings, & Mair, 2016).

**Figure 2.2 The UN Sustainable Development Goals (SDGs): Adopted from The United Nations (2015)**



Although there are 17 sustainable development goals, they can be categorised under three sustainability dimensions, i.e. environmental sustainability, economic sustainability and

social sustainability (Costanza, Fioramonti, & Kubiszewski, 2016). With these ideas in mind, it is argued that sustainability must develop synergistically three non-substitutable kinds of capital that are relevant for coevolution – economic, social and environmental – as an integrated concept (Bos-Brouwers, 2010; Gimenez, Sierra, & Rodon, 2012). As Van der Byl and Slawinski (2016) noted, an integrated view of sustainability “seeks to bring together the three elements of sustainability holistically – economic, environmental and social – without favoring any one element” (p. 58). However, with the development of sustainability literature, scholars have attempted to argue that it is insufficient to only view sustainability as an integrated concept; it is also imperative to discover the relationships among economic, social and environmental dimensions for better business practice as explained in the next subsection.

### **2.2.2 Sustainability as a Dynamic Concept**

Epstein and Roy (2003) suggested discovering the links from social and environmental actions to financial performance, which is helpful for organisations to achieve sustainability as a whole. Referring back to their relationships, the World Commission on Environment and Development (1987) and Schmidheiny (1992) pointed out that economic prosperity is tied intrinsically to the principles of social equity and environmental integrity. Further, Rondinelli and Berry (2000) found that many firms had accepted the argument that the three principles of sustainable development were internally consistent. In this vein, Bansal (2002) asserted that a multitude of different economic, environmental, and social objectives all appear desirable in isolation but are “inextricably connected and internally interdependent” (p. 123).

Since then, there has been an increasing amount of literature investigating relationships between the social and environmental performance and the financial performance of firms. In one well-known study, Margolis and Walsh (2003) reviewed a list of relationships between social and environmental performance and financial performance of firms in 127 studies. These studies showed that if social and environmental performance contribute to financial performance, then the firms are more likely to maximise their wealth. In spite of these studies showing causal relationships of sustainability, Gao and Bansal (2013) argued that these kinds of analyses may result in oversimplifying the complex relationships among diverse sustainability dimensions. Consequently, companies tend to search for a business case; that is, environmental or social issues can only be considered or addressed if they can bring firms financial gains (Schreck, 2011).

In order to develop the dynamism of sustainability, Hahn and Figge (2011) noted that sustainability highlights a dynamic relationship among sustainability dimensions, suggesting “the development of complex connections among the differentiated characteristics” (Bartunek et al., 1983, p. 274). This kind of dynamism can be understood as complexity and ambiguity in relation to sustainability. From firms’ perspective, it is much easier to implement activity that aims to prioritise financial goals over other sustainability demands than addressing them at the same time (Porter & Kramer, 2011). Likewise, Gao and Bansal (2013) held the view that research has focused on a sustainability paradigm at the firm level of analysis. The sustainability paradigm assumes interconnectedness, inclusiveness, and interdependence among the elements of a firm, which indicates that the three pillars of sustainability are interdependent and mutually reinforcing. This idea was also confirmed by several United Nations Summits such as the 1992 UN Conference on Environment and

Development in Rio de Janeiro and the 2002 World Summit on Sustainable Development in Johannesburg.

Although the dynamism of sustainability is broadly accepted, its interdependence has been downplayed for business practitioners. To advance this, Hahn et al. (2015) demonstrated that organisations are expected to address a set of systematically interconnected and interdependent economic, environmental and social concerns simultaneously in both the present and future. No individual element can be isolated, and a change in one of these elements will result in changes throughout the tightly woven interconnected system, which emphasises the function of interaction and interconnections in sustainability. Drawing from this view, the study by Ozanne et al. (2016) provided a good example of the dynamic relationships between environmental, economic and social performance. The company Relay Foods specialises in locally sourced and organic foods. It seeks to ensure that its social goals of delivering healthy, locally grown organic food are intertwined with its environmental goals as much as possible. Nevertheless, these goals are sometimes at odds. For instance, healthier (organic) food is often more expensive, making it less affordable for lower-income market segments. In addition, Relay also faces the challenge of promoting its environmental efforts, which often add to costs, while promoting its service and products to lower-income families. However, executives at Relay Foods believed that the low-income market can benefit from their locally sourced organic goods; yet they recognised that their offerings, while healthier, are higher priced than those of an average grocery store. This example highlights that the environmental, economic and social sustainability initiatives are interdependent elements, because managing environmental and social objectives well will eventually result in better financial returns.

In sum, the review presented above suggests that sustainability should be viewed as a holistic concept. While on the one hand, it is an integrated concept that requires an integration of three elements of environmental integrity, economic prosperity and social equity. on the other hand, it is regarded as a dynamic concept which depicts the dynamic relationships among environmental, social and economic performance as managing one dimension (whether badly or well) may affect another.

A number of existing studies have urged firms to embed holistic sustainability into their business practices. As indicated by Bansal (2002), firms play a key role in achieving sustainability holistically, because they represent the productive resources of the economy. This argument is also supported by Wilson (2003) who noted that “organisational growth and profitability are important, but it requires global firms to pursue societal goals, especially those relating to sustainable development – environmental protection, social justice and equality and economic development” (p. 1). Alternatively, organisations need to embrace “a more balanced set of social and environmental values” without focusing just on financial reality (Linnenluecke & Griffiths, 2010, p. 363). In other words, it requires all business activities to “seek the delivery of balanced and integrated performances in the three sustainability dimensions: social, economic and environmental to meet inter-generational equality” (Ahmed & Sundaram, 2012, p. 611). Therefore, it is required for firms to integrate interrelated and interconnected economic, environmental and social dimensions into their business activities without a predominance of any of these dimensions (Hahn et al., 2014).

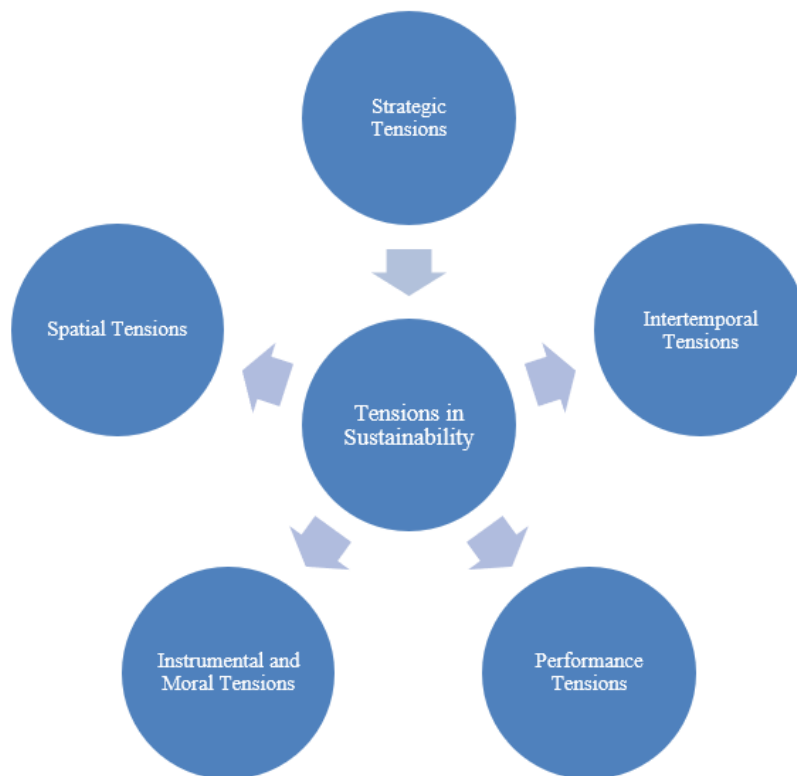
However, it is difficult for organisations to achieve holistic sustainability, because the ambition to achieve multiple sustainability objectives simultaneously results in tensions as

progressing on one sustainability issue might have detrimental effects for other sustainability issues (Epstein et al., 2015; Hahn et al., 2015; Ozanne et al., 2016). In particular, considerable alternative research has found that most firms find it difficult to understand the nature of the tensions in sustainability, their complex relationships and how to systematically address their relationships (Chen et al., 2019; Van der Byl & Slawinski, 2016). This issue has become one of the most important and worrying sustainability management dilemmas around the business world (Bai & Chang, 2015; Epstein et al., 2015; Ralston et al., 2015). Hence, in the next section, tensions in sustainability in the business context are discussed based on related literature.

## **2.3 Tensions in Sustainability in Business Contexts**

The objective of this research is to explore tensions in sustainability in the context of Chinese and NZ firms in collaborative business partnerships. Hence, this section lays out an overview of tensions in sustainability in business contexts: strategic, intertemporal, performance, instrumental and moral, and spatial tensions (see Figure 2.3). In addition, this section also looks at the necessity for exploring them and their relevance to the present study.

**Figure 2.3 Tensions in Sustainability in Business Contexts: Source Based on Smith and Lewis (2011), Hahn et al. (2015), Slawinski and Bansal (2015) and Hahn et al. (2016)**



In recent years, there has been an increasing amount of literature on tensions in sustainability in business contexts, which can be illustrated from the following five perspectives. First, Smith (2014) defined strategic tensions “as contradictory, yet interrelated, demands embedded in an organization’s goals” (p. 1592). However, only recently scholars in the sustainability research field adopted this definition and applied it to interpret tensions between financial goals and social/environmental initiatives (Hahn et al., 2015; Iivonen, 2018). As mentioned before, achieving holistic sustainability requires firms to address economic as well as environmental and social outcomes simultaneously, and there is a high

risk of unintended consequences, as a solution to one issue could be detrimental to another (Elkington, 1997; Gao & Bansal, 2013; Newton, 2002).

According to Hahn et al. (2015), most firms have experienced strategic tensions within organisations, because decision-makers often have contradictory strategies in addressing environmental, social and economic performance. Hahn et al. (2018) further asserted that these kinds of tensions touch the very heart of sustainability, because it concerns a diverse set of potentially competing sustainability issues, such as climate change, biodiversity conservation, poverty alleviation, public health, and education. For example, Epstein et al. (2015) noticed the tensions in his interviews with staff of Nike, Procter and Gamble, The Home Depot and Nissan North America. As they observed, when there is a significant financial cost in improving social and environmental performance, managers within firms tend to have divergent, sometimes conflicting, opinions on how to make the choices and which actions to take. More recently, Ferns, Amaeshi, and Lambert (2017) investigated how the European oil companies' CEO-speak obfuscates tensions between climate change and their core business of producing and selling fossil fuels. Further, Li (2016) proposed that tensions may exist in addressing environmental, economic and social objectives between firms. As he explained, while some companies may focus more on financial profits than social values, others may exclusively look at financial returns with no concern or relatively little concern for social performance. However, "the tensions and conflicts that are inherent in corporate sustainability have received relatively little attention in the literature" (Hahn et al., 2015, p. 299) and less attention has been devoted to examining them between firms (Hahn et al., 2018; Li, 2016).



Second, as required by WCED (p. 43), firms should address short-term business targets and long-term societal goals at the same time. This indicates that the long-term nature of the benefits that a business provides to the society may be in conflict with short-term business benefits for organisations (Carollo & Guerci, 2017; Slawinski & Bansal, 2012, 2015). The short-term vs. long-term tensions were named by Slawinski and Bansal (2015) as “intertemporal tensions” (p. 531); when “the demands of today differ from the needs for tomorrow” (Smith & Lewis, 2011, p. 389). Alternatively, these tensions were also understood as tensions between business and society. That is, business tends to be dominated by short-term financial markets, whereas society tends to embody longer-term challenges (Graves & Waddock, 2002). In fact, the pressure for short-term returns is so high that organisations are forced to focus primarily on business efficiency while taking the risk of being unprepared for the future.

Here, it is worthwhile to mention a highly cited study exploring the short-term and long-term tensions by Slawinski and Bansal (2015). They discussed the case of the Alberta oil sands in Canada. The heavy oil contained within Alberta’s oil sands has the consistency of thick, sticky tar. In 2009, the oil sands accounted for 6.5% of Canada’s greenhouse gas (GHG) emissions, and the emissions were expected to double from 2010 to 2020 (Department of Natural Resources Canada, 2012). Companies operating in the Alberta oil sands thus face tensions. They can either mitigate climate change ahead of regulations by investing in technologies that reduce GHG emissions with high costs and uncertain benefits or reap short-term profit by extracting the oil while waiting for the government regulations to change (Keith, 2000). They compared five firms operating in Alberta’s oil sands, and found that some companies have chosen to focus on immediate profits and to delay investments in GHG

emissions reductions, while others have chosen to forgo some short-term profits to mitigate climate change in anticipation of future regulations and shifts in market demand. This case emphasises that the long-term nature of the benefits that businesses provide to the society (Schwartz & Carroll, 2008) might be in conflict with the short-term focus on the benefits for organisations (Held, 2001; Slawinski & Bansal, 2012). However, most prior studies tended to focus on exploring either short-term or long-term sustainability performance instead of taking both into consideration (Slawinski & Bansal, 2015). As Wu et al. (2017) pointed out, “to the best of our knowledge, no study has taken both aspects into consideration, and the time dimension is totally missing” (p. 27).

Third, as sustainability involves the simultaneous recognition of varying, but often conflicting, demands of a wide set of stakeholders (Clarkson, 1995; Maon et al., 2008) who tend to apply different individual types of logic from firms (Hahn, 2012), performance tensions thus surface as organisations seek to address inconsistent demands across multiple stakeholders (Smith & Lewis, 2011). According to Eweje (2006), firms must address the demands of major stakeholders (such as employees, shareholders, customers and suppliers) who have the potential to damage organisational reputation in the marketplace. In parallel, stakeholder theory holds that effective management requires the balanced consideration of and attention to the legitimate interests of all stakeholders (Hörisch et al., 2014). To explain, while some stakeholders might have the motivation to address a social or environmental issue and see their organisation as a means to do so, others will not see sustainability as an issue their organisation should address (Hahn et al., 2015). Organisations are, therefore, as Jay (2013) put it: “influenced by a diverse range of internal and external stakeholders. They are rife with episodes of tension when latent paradoxes surface and demand navigation – within

the organisation, among immediate partners, and with outside exchange partners” (p. 157).

This issue becomes particularly complex when success in one sustainability domain is considered failure in another.

There is a growing amount of research reporting these tensions. Yuan, Bao, and Verbeke (2011) highlighted that firms need to strike a balance between external stakeholders’ requirements for social outcomes and the demands to satisfy internal stakeholders’ interests on an organisational level. Similarly, Smith et al. (2013) noticed tensions surface when firms are required to satisfy stakeholders’ inconsistent needs, in particular when various stakeholders and decision-makers have distinct ideas for addressing economic and social performance in relation to sustainable development issues. More recently, Cheon (2017) illustrated the tensions with the statement “if organisations’ responses to stakeholders’ claims depend on managers’ perceptions of the business environment, efficiency-driven organisations may have a weak incentive to absorb secondary stakeholders’ social demands” (p. 54). Therefore, it can be seen that firms have to face the challenge of how to balance the conflicting demands of a wide set of stakeholders.

Fourth, citing Margolis and Walsh (2003), Hahn et al. (2016) proposed that firms are faced with tensions in addressing instrumental and moral initiatives. They argued that firms focussed on instrumental initiatives are essentially driven by organisational benefits, so social issues are only considered if they can bring organisations some economic benefits (McWilliams & Siegel, 2011). In contrast, firms which are driven by moral initiatives ensure that their organisational activities are based on the moral aim to ‘do the right thing’. Firms thus “rest upon fundamentally different and contradicting foundations – i.e. the business case

and the moral case, respectively – which gives rise to considerable tensions” (Hahn et al., 2016, p. 214). Similarly, Ashforth and Reingen (2014) investigated the ideal and pragmatic tensions in a natural food corporation. They found tensions between two major informal groups whom they labelled “idealists” and “pragmatists” (p. 479). They found that “idealists endorsed social idealism such as cooperative and environmental values more strongly than did pragmatists, whereas pragmatists endorsed financial viability more strongly than did idealists” (p. 479). In other words, idealists who are motivated by moral goals are more likely to take action on environmental and social practice, while those who are driven by pragmatism tend to emphasise organisational financial prosperity. However, tensions between instrumental and moral imperatives were mainly identified conceptually, which calls for more empirical work to be done (Hahn et al., 2016).

Fifth, Hahn et al. (2015) identified that spatial tensions occur when multinational firms do business with each other. As he noted, when firms operate sites in developed and developing countries with different sustainability standards, these multinational firms are faced with the challenge of either obeying host country or their own home country standards in sustainability (Okereke, 2006). As one example, China is the largest developing country and the largest carbon emitter in the world. Although China has made some regulations to reduce greenhouse gases, it still faces challenge in formulating a carbon allowance allocation policy. In order to improve the system’s complexity and provide comprehensive information, in 2012 the Chinese government launched a regional ETS (Emission Trading System) to investigate an efficient way to achieve national CO<sub>2</sub> reduction by focusing on carbon emission intensity (Ye, Jiang, Miao, Li, & Peng, 2016). As a result, Shenzhen has the first regional ETS in China. Compared to China, New Zealand already has an advanced national ETS which

covers the sectors of industrial processing, transport fuel, agriculture and electricity production for reducing greenhouse gas volume (New Zealand Ministry for the Environment, 2015). China still needs to establish its own ETS for CO<sub>2</sub> reduction by exploring and testing the results of the regional ETS, while New Zealand's ETS is developing at a highly-advanced stage. Chinese CO<sub>2</sub> policies mainly focus on how to reduce the intensity while New Zealand's emphasis is on reducing the total volume of CO<sub>2</sub>. From this case, it can be seen that China and New Zealand have different regulations reducing greenhouse gas emissions. It is thus proposed that tensions may arise when Chinese and NZ firms do business in deciding either to follow low host country or higher home country standards in regulating greenhouse gas emissions. However, spatial tensions were mainly identified conceptually, which calls for more empirical work to be conducted (Hahn et al., 2015).

Overall, based on the above literature, it can be said that firms are faced with tensions in addressing divergent sustainability issues in their business activities. However, these studies have largely focused on conceptual interpretations (Hahn et al., 2018; Hahn et al., 2016; Van der Byl & Slawinski, 2016), while empirical work is still lagging behind, particularly lacking investigation in the specific context between companies (Hahn et al., 2018; Li, 2016). These rationales suggest future research to explore tensions in sustainability in the context of Chinese and NZ firms in business partnerships. Accordingly, the first research question is generated:

RQ1: What are the pressing tensions related to sustainability that arise between, or within, Chinese and NZ business partnerships?

## 2.4 Reasons Causing the Tensions in Sustainability

The purpose of this section is to present an overview of literature on reasons causing the tensions in sustainability on an organisational level as well as demonstrating the necessity of exploring the second research question for this study.

Prior research suggested that when members have different opinions on what is central, enduring, and distinct about their organisations, conflict and tension proliferate (Fauchart & Gruber, 2011; Gioia, Schultz, & Corley, 2000; Golden-Biddle & Rao, 1997). In other words, tensions in organisations may surface when members disagree about which attributes characterise their organisations (Glynn, 2000; Pratt & Rafaeli, 1997). Drawing from this view, an increasing number of studies have pinpointed that tensions in sustainability may appear in firms when their decision-makers have divergent values and views regarding sustainability (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008). As Bansal (2003) pointed out, individuals such as managers' concern for sustainability can explain why some organisations practise sustainability while others do not, because they often have contradictory explanations of sustainability. For example, Qiu (2005) argued that tensions between Chinese and foreign firms in joint venture business partnerships in Shanxi province such as staff recruitment and training, dismissal, energy supply and a development agenda resulted from differences between foreign and Chinese top executives. Similarly, Ashforth and Reingen (2014) found that tensions exist in a natural food corporation between two major informal groups whom they labelled "idealists" and "pragmatists" (p. 479). The reason causing this tension is that these two groups of managers have contradictory values around sustainability. To explain, the idealists endorsed social idealism such as

environmental and social values more strongly than pragmatists, whereas pragmatists endorsed financial viability much stronger than idealists.

Likewise, Besharov (2014) reported that while some managers at a retail company thought the company should focus on how to improve financial performance, some others tended to promote societal values of environmental sustainability, health, and community initiatives for the firm. These contradictory values towards sustainability sometimes cause tensions as behaviours that one person believed to be important may be interpreted by another person as unimportant, counterproductive, or even morally wrong. Additionally, Hahn et al. (2015) conceptually asserted that tensions between individuals within and across organisations can be caused by divergent opinions and values towards sustainability. To explain, while some managers might have the motivation to address a social or environmental issue and see their organisation as a good means to do so, others will not see sustainability as an issue their organisation should address.

In particular, Smith and Lewis (2011) identified belonging tensions which occur when individuals' values and identities belong to their referent groups. Similarly, Sharma and Bansal (2017) observed that "actors' ontological positions, therefore, invoked actions that reinforced their position to tensions" (p. 361). In other words, when actors come from different groups influenced by diverse ontological positions, they may process the same information in a different way, which causes tensions. In particular, Peng and Nisbett (1999) believed that fundamental cultural differences in ontology and epistemology at a philosophical level lead to substantial cognitive differences in approaching opposing elements. In their study of divergent cultural approaches to contradictions, they found that the

Chinese tended to take a dialectical, or compromise, approach that retains basic elements of opposing perspectives through a 'middle way'. In contrast, the Westerners tended to view tensions more as contradictions. Here 'the Chinese' refers to East Asians who are traditionally influenced by the ancient Chinese civilisation (Li, 2012, p. 850), while the Westerners are from the western world, where countries such as the United States, Canada, those in the European Union (and the European Free Trade Association countries), Australia and New Zealand are traditionally influenced by ancient Greek civilisation (Hayford, 2009, p. 893).

Likewise, Chen (2002) suggested that "in many respects, Chinese and Western worldviews are philosophically opposed" (p. 183). To explain, there are two core epistemological systems in the West, namely Aristotle's "either/or" formal logic and Hegel's dialectical logic of the "both/or" system (Li, 2012, p. 854). Characterised by this analytical view, Westerners tend to regard tensions as independent objects, thus denoting a "loosening" or "breaking apart" by polarising contradictory perspectives to determine which fact or position is deemed to be correct (Chen, 2002, p. 183).

In contrast, "Chinese philosophical origins are deeply rooted in the 'middle way' teachings of such influential philosophers as Confucius and Lao Tzu (the founder of Taoism)" (Chen, 2002, p. 183). Confucian philosophy recommends *zhong he*, a concept based on middle way thinking. Literally the "middle way," *zhong*, and "harmony," *he*, is the key to achieving prosperity: "If *zhong he* is reached, writes Confucius in *The Book of Means*, heaven and earth will be in place, and all things will grow" (Chen, 2002, p. 183). Even today, Chinese culture continues to place a high value on the middle way. At the deepest level the "middle



way” is a “both/and” dialectical epistemology, which is distinct from the formal logic paradigm dominating Western traditions (Liu, 1974; Lloyd, 1990). The Chinese “both/and” thinking may enable tolerance for contradictions or even appreciation of tensions, consequently maintaining an integrative view by synthesising the link between the opposites (Li, 2008).

Based on the above rationale, it can be proposed that due to being influenced by different cultural roots, Western and Chinese decision-makers may have contradictory understanding of competing dimensions. Specifically, Chinese managers may tend to adopt “both/and” logic by seeing the connections between or among opposing aspects, while Western managers may use “either/or” logic by prioritising one perspective over the other (Keller & Loewenstein, 2011; Keller et al., 2017). However, Schad et al. (2016) criticised that this distinction might be oversimplified and suggested future research could move beyond such stereotypical descriptions. Further, it is difficult to find any empirical study to investigate this perspective in other fields such as sustainability (Waldman et al., In press).

Moreover, researchers suggested that organisations have identities such that the central, enduring, and distinct features of an organisation may be different from other organisations (Albert & Whetten, 1985; Pratt & Rafaeli, 1997; Whetten, 2006). Accordingly, with the rise of organisations operating in global markets that explicitly address social and environmental problems (Margolis & Walsh, 2003; Smith et al., 2013), they may have multiple and potentially contradictory values in sustainability practice (Bansal, 2003; Besharov, 2014). Empirical examples of such organisations abound. For example, Slawinski and Bansal (2012) asserted that firms with a long-term orientation consider a much broader set of approaches to

reduce GHG emissions and include many different stakeholders' opinions in their decision-making, such as NGOs, governments and other firms. In contrast, firms with a short-term orientation focus more on how to gain financial returns through turning sustainability into a concrete business issue. Similarly, Howard and Jaffee (2013) revealed that two firms of Green Mountain Coffee Roasters and Starbucks account for the highest proportion of fair trade coffee purchase in the U.S, but they have different ideas for in managing sustainability. Starbucks put many efforts into generating financial profits on sales. In contrast, GMCR invested many resources in promoting fair trade to consumers to generate a better social impact for the organisation.

Built on the above illustrations, it seems most research examining reasons causing tensions in sustainability focused within firms. Although related studies showed different organisations may have contradictory ideas about sustainability and its practice, so far, there are hardly any empirical studies that have investigated these factors causing tensions between firms in business partnerships. However, there have been many studies exploring tensions in addressing sustainability issues between China and Western countries which focused on national-level investigation (Espa, 2018; Raine, 2009). Although there has been an extensive literature examining tensions in Sino-Western business partnerships, their main focus is on cultural diversity (Vangen, 2017). Whether different cultural backgrounds can give rise to tensions in addressing sustainability issues has hardly been empirically examined (Waldman et al., In press). In order to fill this knowledge gap, the second research question for this study thus is:

RQ2: If tensions exist in sustainability between Chinese and NZ firms in business partnerships, then what reasons might be causing the tensions?

## **2.5 Managerial Sensemaking of Tensions in Sustainability**

This section focuses on an overview of managerial sensemaking of tensions in sustainability. In order to achieve this, this section begins by outlining the definition of managerial sensemaking, followed by literature on cognitive frames that managers use in such sensemaking. Finally, the research gaps in this area are illustrated, which also confirms the necessity of exploring the second research question of this study.

Existing literature has confirmed that decision-makers in organisations are faced with complex and ambiguous issues to manage. Before any decision can be made, managers first interpret the complex situation through their mind, which involves a process of sensemaking (Daft & Weick, 1984; Mervis & Rosch, 1981; Rosch, 1975). Sensemaking is defined as “ongoing retrospective development of plausible images that rationalize what people are doing, and it involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action” (Weick, Sutcliffe, & Obstfeld, 2005, p. 409). Managers who actively engage in sensemaking are trying to interpret and create order in complex issues (Lüscher & Lewis, 2008). Correspondingly, previous studies have suggested that managers normally interpret and make sense of ambiguous and complex signals through cognitive frames (Hodgkinson & Healey, 2008; Porac & Rosa, 1996; Walsh 1995). A cognitive frame refers to a “mental template that individuals impose on an information environment to give it form and meaning” (Walsh 1995, p. 281). As human rationality is bounded, managers do not achieve a complete understanding of strategic

situations. Rather, they use cognitive frames to “develop subjective representations of the environment that, in turn, drive their strategic decisions and subsequent firm action” (Nadkarni & Barr, 2008, p. 1395). Through cognitive frames, managers thus can make sense of organisational complexity with meaning, which leads them to create strategic responses to the problems.

Accordingly, some scholars in the field of corporate sustainability argued that cognitive frames guide decision-makers to make sense of the tensions in sustainability and then formulate strategic responses (Hahn et al., 2014; Sharma & Good, 2013). However, only a few studies have explored managerial cognitive frames of sensemaking of tensions in sustainability, and these studies mainly focused on two cognitive frames – the business case frame and the paradoxical frame – whose main differences lie in their content, structure and the implications for sustainability (Hahn et al., 2014; Sharma & Jaiswal, 2018). In particular, previous studies tend to hold the view that the business case frame has become the dominant logic with which managers interpret tensions in sustainability (Hahn et al., 2014; Hockerts, 2015).

To explain, Hahn et al. (2014) theoretically proposed the business case frame and paradoxical frame of how managers in firms make sense of tensions in sustainability (see Table 2.3).

They argued that managers with a business case frame are seeking to align environmental and social aspects with financial performance, which is based on “belief in a unitary truth [which] means inconsistencies cannot fundamentally coexist” (Smith & Tushman, 2005, p. 525). This frame is dominated by business thinking which only addresses environmental and social issues to contribute to profit maximisation (Hahn et al., 2015). Therefore, managers guided

by the business case frame tend to view financial objectives as more important than environmental and social initiatives (Hahn & Figge, 2011).

In contrast, managers with a paradoxical frame regard tensions as acceptable elements and are able to “accommodate interrelated yet conflicting economic, environmental and social concerns with the objective of achieving superior business contributions to sustainable development” (Hahn et al., 2018, p. 237). This frame is based on paradoxical thinking which depicts tensions as competing demands which look contradictory yet are interdependent (Farjoun, 2010; Jarzabkowski, Lê, & Van de Ven, 2013; Miron-Spektor & Erez, 2017).

**Table 2.3 Characteristics of the Business Case Frame and the Paradoxical Frame: Based on Hahn et al. (2014, p. 58)**

Characteristics	Business Case Frame	Paradoxical Frame
Underlying Rationale	Business thinking (Carroll & Shabana, 2010)	Paradoxical thinking (Smith & Lewis, 2011)
Underlying Logic	Alignment of environmental and social concerns with economic objectives	Juxtaposition of economic, environmental and social concerns even if contradictory
Treatment of Tensions	Elimination	Acceptance

However, Hahn et al. (2014) only provided a conceptual perspective. In order to develop their work, Sharma and Jaiswal (2018) empirically conducted a 5-year study of a Bottom of the Pyramid (BOP) project of a global pharmaceutical company in India to examine how managers make sense of tensions in sustainability. As a result, they found three managerial cognitive frames: paradoxical, business case, and business frames. Specifically, managers using the paradoxical frame tended to accept tensions between the commercial and social goals. In contrast, managers guided by business case frames normally articulated a clear link between the social and profit goals, such as stating the exact increase in revenue over a

specific time by achieving the social objective of enhancing rural doctors' knowledge. In addition, managers dominated by business frames tended to ignore tensions between social and business goals by just focusing on business goals. Among these three frames, they argued that the business frame is the most common frame adopted by the organisation managers. Nevertheless, so far, not many researchers have explicitly explored the business frame in making sense of tensions in relation to sustainability issues. Moreover, "we know less about how the decision makers' cognitive frames change and the implications that has for the success or failure of sustainability projects" (p. 305).

Furthermore, some Freudian psychologists posit that actors normally feel anxious and endanger their ego when they are faced with tensions which then spark some defences in their minds that want to reduce this kind of stress and discomfort (Schneider, 1990). A defence mechanism is "any policy or action that prevents someone (or some system) from experiencing embarrassment or threat, and simultaneously prevents anyone from correcting the causes of the embarrassment or threat" (Argyris, 1993, p. 40). Actors who exhibit a defence mechanism produce defensive reactions to tensions by avoiding their acknowledgement in their cognition (Harris, 1996). For example, Festinger (1957) found that individuals strive for consistency in their cognitions. Since inconsistencies cause discomfort, actors attempt to avoid them. Frankl (1975) posited "paradoxical intention" as a therapeutic means to escape vicious cycles of anxiety and defensiveness, encouraging actors "to do, or wish to happen, the very things [they] fear" (p. 227).

Drawing on these psychological insights, some studies in management have explored decision-makers' defence cognition in interpretation of tensions. Lewis (2000) designated six

defensive reactions to tensions: 1. *Splitting* the competitive demands by emphasising their distinctions. 2. *Projection* signifies the transfer of conflicting feelings into bad feelings. 3. *Repression* or denial denotes the blocking of awareness of disturbing experiences or memories. 4. *Regression* involves resorting to understandings or actions that have provided security in the past. 5. *Reaction formation* entails excessively manifesting the feeling or practice opposite to the threatening one. 6. *Ambivalence* involves compromising to engage both alternatives with “lukewarm’ reactions that lose the vitality of extremes” (p. 763). Lewis argued that when individuals are faced with tensions in organisations, they often apply defence mechanisms in making sense of them in order to avoid the inconsistencies in their minds (Smith & Berg, 1987; Vince & Broussine, 1996).

This work helped some scholars to investigate individual-level reactions such as managers and staff in relation to organisational tensions and their management such as in the field of sustainability. For example, Ashforth and Reingen (2014) examined the instrumental and moral tensions between two groups of managers in a natural food company. While idealists who are motivated by moral imperatives are more likely to take action on environmental and social practice, those who are driven by pragmatism tend to emphasise organisational financial prosperity. In relation to this tension, some managers applied splitting and projection defences to cope with the discomfort in their minds. Another good example was illustrated in a recent study done by Ferns et al. (2017) which showed that although the CEOs at the major European oil companies like BP, Shell and Total are able to acknowledge the tensions between economic growth and environmental protection, they are unwilling to discuss them, demonstrating their inability and unwillingness to deal with climate change. Similarly, Iivonen (2018) argued that when individuals or organisations are faced with

tensions, they tend to use defensive reactions that “seek to deflect a perceived threat or an unwanted demand or blame offer ways for individuals and organizations to manage situations that threaten their ego” (p. 311), which helped them to reduce individual anxiety and stress. As illustrated in their empirical findings, when faced with the tensions between economic goals and the social issue of obesity, decision-makers in the Coca-Cola Company tended to use projection as a defence mechanism in making sense of the tensions, which showed the importance of individual cognition’s impact on organisational decision-making. However, Schad et al. (2016) suggested that since defensive mechanisms have received less research attention, future research should focus on defence mechanisms in relation to organisational tensions and their management; for example, future research can focus on whether individual defence mechanisms have an impact on organisational strategies in response to the tensions. Further, few studies in the sustainability literature have explicitly explored defensive mechanisms in response to the tensions (Ferns et al., 2017; Iivonen, 2018).

Overall, the question of how managers make sense of tensions in sustainability has not been examined well (Hahn et al., 2014; Sharma & Jaiswal, 2018), and a detailed analysis is still lacking (Angus-Leppan, Benn, & Young, 2010; Hahn et al., 2018). Future research should focus on “exploring managerial sensemaking of tensions in other industries and countries” (Sharma & Jaiswal, 2018, p. 306). Further, “While cognitive frames and sensemaking help understand how individual decision makers perceive and interpret sustainability issues, there is no direct link between the interpretation of a sustainability issue and the strategic response taken at the organizational level” (Hahn 2015, p. 257). Moreover, as business and paradoxical frames are based on opposing logic in making sense of tensions (Hahn & Aragón-Correa, 2015; Hahn et al., 2014; Sharma & Jaiswal, 2018), if managers at Chinese and NZ firms’



business partnerships use contradictory logic in sensemaking, that may create more difficulty for them to obtain holistic sustainability. Against these backgrounds, the researcher thus was determined to explore the third research question of this study:

RQ3: How do managers make sense of tensions in sustainability in the context of Chinese and NZ firms in business partnerships?

## **2.6 Organisational Strategies for Managing Tensions in Sustainability**

The purpose of this section is to give an overview of strategies that organisations use to manage tensions in sustainability and demonstrates the necessity for their development. From a systematic review of the literature from 2003 to 2018, the majority of ways of managing tensions in sustainability involve trade-off, win-win, and integration approaches (see Table 2.4, based on the works cited in the title). In the remainder of this section, trade-off and win-win approaches are discussed and delineated from an instrumental perspective. Then, the integrative approach and its limits are outlined. Finally, relevant research gaps are described which support the importance of investigating the fourth research question for this study.

**Table 2.4 Approaches to Tensions in Sustainability from 2003 to 2018: Source Based on Ozanne et al. (2016), Van der Byl and Slawinski (2016), Ivory and Brook (2018), Sharma and Jaiswal (2018), and Hahn et al. (2018)**

Approach	How Tensions are Managed	View	Selective Studies
<b>Trade-off</b>	Tension eliminated as one sustainability element chosen over another	Instrumental (economic focus on shareholders and profit maximisation)	Berens, van Riel and van Rekom (2007)
			Becchetti and Costanino (2010)
			Galbreath (2014)
			Ferns, Amaeshi and Yuthas (2017)
			Sharma and Jaiswal (2018)
<b>Win-win</b>	Tension avoided through alignment or optimisation of sustainability elements	Instrumental (economic focus on shareholders and profit maximisation).	McWilliams and Siegel (2011)
			Albertini (2013)
			Zimmermann, Gomez, Probst and Raisch (2014)
			Cheng, Ioannou and Serafeim (2014)
			Glaveli and Geormas (2017)
<b>Integrative</b>	Tension managed by shifting focus from economic to social and/or environmental	Integrative (rebalance from instrumental to equal weighting of sustainability elements)	Hoffman (2011)
			Lin (2012)
			Slawinski and Bansal (2012)
			Whiteman, Walker and Perego (2013)
			Edgeman and Eskildsen (2014)

### 2.6.1 Trade-off Approaches

A trade-off is defined as “an exchange of one thing in return for another: especially relinquishment of one benefit or advantage for another regarded as more desirable” (Angus-Leppan et al., 2010, p. 231). When this definition is applied to managing tensions in sustainability, a trade-off approach has been assumed to mean compromises, between improving either financial or non-financial sustainability performance (Haffar & Searcy, 2017), for instance, a compromise between economy and ecology (Elkington, 1997). Following Byggeth and Hochschorner (2006), Haffar and Searcy defined trade-offs as being “situations when a sacrifice is made in one area to obtain benefits in another ... [whereby] it is usually impossible to optimize them, all at once” (p. 1420).

At its core, a trade-off approach represents a choice or proposition among choices (Orsato, 2006) by addressing the particular question of “under what conditions would I choose A over B?” (Smith, Erez, & Jarvenpaa, 2017, p. 304). In this sense, the trade-off approach thus implies that when three dimensions of sustainability are in conflict, the situation can be managed only if a firm trades off one sustainability dimension in favour of another (Ozanne et al., 2016). There has been some literature examining the trade-off approach in managing the tensions of sustainability in firms (Van der Byl & Slawinski, 2016). To name a few, Becchetti and Costantino (2010) observed the tensions between social objectives and economic goals by analysing the development of fair trade in Italy in terms of its sustainability performance and potential solutions. As a result, they found that the managers utilised trade-offs in response to the tension. Berens, van Riel, and van Rekom (2007) noted that compared to financial performance, many of the investigated participants did not sufficiently care about environmental and social aspects. Galbreath (2014) empirically found that some wine firms operating around Margaret River tended to use a trade-off approach in managing financial returns and climate change. Ferns et al. (2017) argued that many firms in the fossil fuel industry are not willing to put resources into reducing carbon emissions to address the climate change issue. Instead, they would rather invest in projects which can bring immediate profits. In fact, company decision-makers who adopted a trade-off approach in managing sustainability tensions tended to follow instrumental logic through perceiving financial performance as more important than other sustainability imperatives such as social and environmental performance (Epstein et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016).

Although research interest in trade-off approaches is growing, important gaps still remain. More work needs to be done on the circumstances in which trade-off approaches are utilised by companies in managing sustainability tensions (Beckmann et al., 2014) and how to better navigate them through the decision-making process (Hahn et al., 2014; Winn et al., 2012). For example, little is yet known about how trade-offs are perceived by managers and how they are currently evaluated and utilised by companies in managing sustainability tensions (Haffar & Searcy, 2017).

Further, researchers have critiqued trade-off approaches mainly from two perspectives. First, it seems that when firms are pressed to choose one sustainability objective, they will typically favour financial goals, which results in other sustainability goals becoming secondary (Epstein et al., 2015; Slawinski & Bansal, 2015). For example, as Bansal and DesJardine (2014) argued, applying a trade-off strategy to manage intertemporal tensions is too “myopic” (p. 73), because it is restricted to sustainability projects that bring financial returns in the short term instead of contributing to environmental or social goals for the long term (Hahn, Figge, & Liesen, 2012). Second, the tensions between contradictory goals are eliminated when firms choose one goal over another/others (Smith & Lewis, 2011). Consequently, it may lead to a situation where tensions are reinforced if firms trade one goal for another as a solution to one problem may cause other dilemmas (Gao & Bansal, 2013; Hahn, Figge, Pinkse, & Preuss, 2010). In this way, “a win-lose proposition is thus formed where the net sum gain to sustainability is positive but the impact on any of the sustainable dimensions is negative” (Van der Byl & Slawinski, 2016, p. 58).

## 2.6.2 Win-win Approaches

With consideration of the downside of the trade-off approaches, research has further attempted to explore win-win/business case approaches in managing the tensions in sustainability (de los Reyes & Scholz, 2019; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). The win-win approaches look for alignment between social, environmental and economic goals. To explain, any improvement in one dimension of sustainability should improve the other dimensions, or at least should not diminish performance in another area (Bonacchi & Rinaldi, 2007). This statement has been supported by numerous studies through testing the relationships between economic and social or environmental performance in firms. Over the years, a number of related studies have identified that positive corporate social and environmental performance generates positive financial performance (Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003; Zimmermann, Gomez, Probst, & Raisch, 2014).

From this perspective, firms have attempted to realise financial gains by improving aspects of their sustainability performance such as social and environmental performance (Karnma, Richter, & Riesenkampff, 2016; McWilliams & Siegel, 2011). In one case, Steiman (2013) reported that the SABMiller company engaged in environmental initiatives as one of the company's priorities. For example, in Bogota, Colombia, water prices were going up because the water utility had to deal with soil that had been washed into the river due to farming practices. In order to manage the tensions between reducing the company's water costs and deforestation, this company partnered with The Nature Conservancy to develop a programme where farmers are incentivised to manage their farms differently. That programme costs \$1.5 million per year, but it helped them save \$4.5 million per year in water costs. At its heart, the purpose is to find ways to save company costs. In a similar scenario, Posner, Kiron, Toffel,

and Unruh (2013) revealed that the company Caesars Entertainment's business practices of reducing energy consumption, recycling waste and rebuilding the local community attracted more customers, thus enhancing their financial performance. Based on the above illustrations, it can be seen that firms utilising a win-win approach are looking for the business case between economic and social and/or environmental goals, which highlights that business strategies "consider sustainability objectives only if, and only to the extent that, they premise business benefits" (Hahn et al., 2018, p. 239).

Despite the importance of the win-win approaches, some critics argued that they are too simplistic, ignoring complexity and dismissing tensions by viewing sustainability through the lens of profit maximisation (Hahn et al., 2010; Van der Byl & Slawinski, 2016). Nijhof and Jeurissen (2010) demonstrated that the "business case approach results in opportunism, leaves institutional blockades intact and drives out the intrinsic motivation for engaging in [sustainability]" (p. 618). Similarly, Gao and Bansal (2013) pointed out that similarities exist between trade-off and win-win approaches: that is, both of them follow instrumental logic in sustainability. According to their argument:

The instrumental approach speaks only part of the sustainability paradigm because social and environmental issues are not integrated in the firm's operations and strategies. Second, it also makes tensions of business and society seemingly irreconcilable when financial returns cannot be expected in a regular managerial time horizon, which discourages social and environmental investment in certain conditions (p. 244).

As they further explained, it is simple to understand why firms tend to follow instrumental logic as a way to resolve tensions such as between business and society. This is because, compared to accepting the ambiguity and complexity of sustainability, it is simpler for

organisations to make a single change or make an alignment between them for profit maximisation. Further, Hahn et al. (2018) asserted that “purely instrumental alignment of sustainability aspects with business outcomes and established business routines limits the scope and scale of corporate contributions to sustainable development” (p. 239). From this point of view, it thus can be proposed that firms either adopting trade-off or win-win approaches cannot address tensions in sustainability at the same time, because a win-win approach leads to an avoidance of the tension by focusing on those areas where alignment exists, and a trade-off approach eliminates the tension by forcing a choice among the tensions. In essence, trade-off and win-win approaches indicate that environmental and social aspects are considered through a profit maximisation lens with a focus on the financial benefit to firms (Hahn et al., 2014).

Due to the weakness of trade-off and win-win approaches with dominance of financial goals in an instrumental view, researchers have called for an integrative approach by firms in managing tensions in sustainability (Gao & Bansal, 2013; Hahn & Figge, 2011) as explained in the next subsection.

### **2.6.3 Integrative Approaches**

An integrative approach seeks to “bring together the three elements of sustainability holistically—economic, social, and environmental—without favouring any one element” (Van der Byl & Slawinski, 2016, p. 58). From this view, the integrative approaches manage tensions in sustainability by counterbalancing the heavy focus on economics with an approach that places more weight on environmental and social considerations, and thus does not give greater weighting or importance to the economic or financial element of

sustainability (Hahn et al., 2015; Ozanne et al., 2016). Accordingly, it is important that a firm “readjusts profitability to address all different forms of capital—economic, environmental, and social— without any systematic a priori predominance of any of the capital forms” (Hahn & Figge, 2011, p. 338).

Studies of the integrative approaches assume that tensions among divergent sustainability goals can be balanced (Anastasiadi, 2014; Helms, Oliver, & Webb, 2012; Lin, 2012). Such studies acknowledged the tensions between the dimensions of the sustainability triple bottom line in order to produce positive and concurrent performance with respect to each dimension (Edgeman & Eskildsen, 2014; Kleine & von Hauff, 2009). In other words, researchers examining an integrative approach advocated a shift from the business mind-set to the other elements of sustainability. In this way, the balance could be tipped toward a more equal weighting of the sustainability dimensions and better integration, thus ensuring all aspects of sustainability can be addressed. Whiteman, Walker, and Perego (2013) developed a Planetary Boundaries framework and suggested an integration of sociological, institutional, ecological and economic knowledge to achieve corporate sustainability. Edgeman and Eskildsen (2014) designed an innovative model for firms to achieve an equitable sustainability triple bottom line for people, planet and profit performance.

However, these studies simply posited an approach of integrating sustainability elements equitably, so there still exists a lack of systematic understanding of the nature of the relationships among tensions in sustainability (Hahn et al., 2015). In addition, many of these studies focused on theory development, while research has offered relatively little practical guidance on how to address the complex relationships of tensions in sustainability for firms



(Ozanne et al., 2016; Van der Byl & Slawinski, 2016). Hence, the fourth research question for this study is:

RQ4: How do Chinese and NZ firms in business partnerships address tensions, and their complex relationships, within a holistic sustainability agenda?

## **2.7 Conclusion**

This chapter reviewed the extant literature on two pertinent research areas, holistic sustainability and tensions in sustainability in a business context. These two areas are theoretically and empirically connected, because companies' ambitions to meet divergent sustainability demands simultaneously raise tensions that require appropriate management. Given the increasing significance of tensions in the sustainability research field, this chapter first reviewed five types of tensions in sustainability in the business context. This was followed by introducing the reasons causing the tensions in sustainability. Afterwards, how managers make sense of tensions in sustainability was discussed. Before concluding this section, the researcher reviewed a series of organisational strategies for managing the tensions in sustainability.

Based on reviewing the literature, key research gaps were identified which helped to frame four research questions for this study. First, the existing literature on tensions in sustainability has largely focused on conceptual interpretations, while empirical work is still lagging behind. In particular, the majority of these studies have explored the tensions within firms, while research examining them in the context of collaborative business partnerships between firms is scarce. Second, scholars in the field of sustainability have identified reasons causing

tensions in sustainability within firms. Although related studies showed different organisations may have contradictory opinions towards sustainability and its practice, so far, none of these studies have investigated the reasons causing tensions between firms in business partnerships.

Third, the question of how managers make sense of tensions in sustainability is a new research area and has not been examined well, and it still lacks a detailed analysis. Future research should focus on empirical investigation across various industries in different countries. In particular, if managers in Chinese and NZ firms' business partnerships have contradictory logic in sensemaking, it may create more difficulty for them to obtain holistic sustainability. Fourth, the majority of extant research has adopted trade-off and win-win approaches by following instrumental logic to manage the tensions in sustainability. However, these two approaches are not helpful for firms to address tensions effectively because of the dominance of financial goals. Although an integrative approach has emerged, this strategy downplayed the complex relationships of tensions in sustainability by simply integrating sustainability elements equitably. Hence, the objective of this study is to fill these gaps in the literature and make empirical and theoretical contributions to tensions in sustainability by providing new insights from the Chinese and NZ business context.

Having explored the conceptual background of the research problem, the next chapter will discuss the proposed theoretical framework grounded in the existing literature and the methodology adopted for this study.

## **Chapter 3: Research Methodology**

### **3.1 Introduction**

This chapter elaborates two pertinent aspects of this study: the proposed theoretical framework and research methodology. This chapter begins by introducing the proposed theoretical framework through drawing from paradox theory and organisational ambidexterity and their justification in relation to this study. Next, the focus moves to research methodology. In order to illustrate this part, the researcher's philosophical stance is first described. Then, the research methods and related approaches adopted for this study are explained and justified. This is followed by the research design, and a detailed analysis of data collection and data management processes. The criteria used to evaluate the research quality and the strategies adopted for this study are introduced afterwards. The remaining section of this chapter covers ethical considerations. An overview of these sections is presented in Figure 3.1.

**Figure 3.1 An Overview of Research Methodology for This Study**



As the objective of this research is to explore tensions in sustainability between Chinese and NZ firms in business partnerships, the experiences and interpretations of managers who are involved in the partnerships need to be explored. In regard to the context of this research and the researcher's philosophical stance, this study is exploratory in nature which positions it in an interpretivist paradigm. Fundamentally governed by interpretivism, this chapter thus argues qualitative research methodology is the appropriate method to interpret tensions in

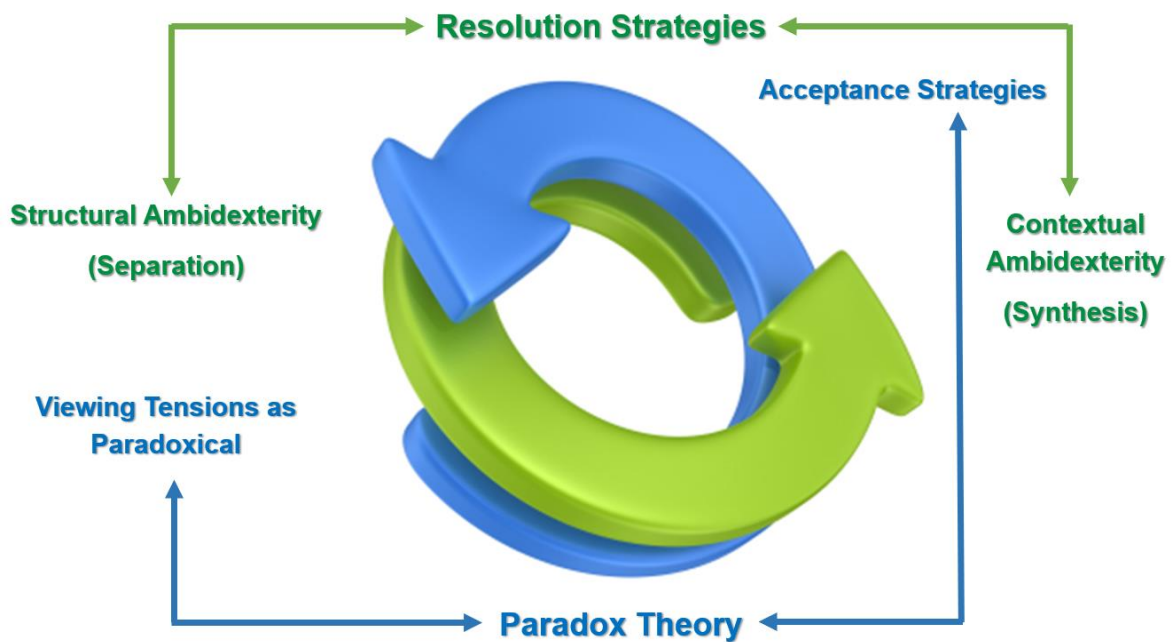
sustainability in Chinese and NZ firms in business partnerships. The objectives of this chapter are to:

- present a proposed theoretical framework
- introduce and justify the research philosophy
- explain and justify qualitative research methods
- discuss the adoption of an abductive research approach
- illustrate the method of data collection and process of data analysis
- evaluate the criteria and strategies to enhance the quality of the study
- demonstrate resolution of important ethical concerns

### **3.2 Proposed Theoretical Framework**

In this section, a proposed theoretical framework is displayed by drawing from two theories: paradox theory and organisational ambidexterity, which are related to the nature of sustainability tensions, their managerial sensemaking and strategies in better managing them (see Figure 3.2). In particular, these theories were applied to interpret the empirical findings of this study and to see how well the results fit with the assumptions and arguments proposed by these theories. As a result, this framework will be confirmed, expanded or developed in the discussion chapter, thus shedding new light on tensions in sustainability research.

**Figure 3.2 A Dynamic Integration Framework for Managing Tensions in Sustainability: Source Based on Hahn et al. (2015) and Hahn et al. (2016)**



According to Miles and Huberman (1994), “any researcher, no matter how unstructured or inductive, comes to fieldwork with some orienting ideas” (p. 19). As Grant and Osanloo (2016) stated:

The theoretical framework is one of the most important aspects in the research process, because its theory-driven thinking and acting is emphasized in relation to the selection of a topic, the development of research questions, the conceptualization of the literature review, the design approach, and the analysis plan for the dissertation study (p. 12).

In fact, prior knowledge of the literature and theoretical framework allows a researcher to have some direction in investigating the research problem, which leads to refining, justifying, and developing the research questions and choosing methodology. Against this background, it is imperative to illustrate the theoretical framework of this study and discuss the key

assumptions used to guide the research process, empirical findings and discussion of the research.

Based on the review of the previous literature, it is difficult for organisations to achieve holistic sustainability, because they are faced with tensions in addressing divergent sustainability issues (Epstein et al., 2015; Hahn et al., 2015; Ozanne et al., 2016). In particular, most firms find it difficult to understand the nature of the tensions, their complex relationships and how to systematically address their relationships in sustainability (Chen et al., 2019; Van der Byl & Slawinski, 2016). Therefore, this thesis proposes that by drawing from paradox theory and organisational ambidexterity, acceptance and resolution strategies are helpful for firms to better understand and manage tensions in sustainability.

This proposed theoretical framework consists of circles. By drawing from paradox theory, the framework starts with the blue arrow that implies firms need to acknowledge tensions and understand them as paradoxical, i.e. accommodating interrelated yet conflicting economic, environmental, and social concerns with the objective of achieving superior business contributions to sustainable development, which provides vital groundwork. Then it turns to acceptance strategies with which firms are able to accept and embrace the tensions and acknowledge the need to combine different desirable but seemingly incompatible sustainability aspects without emphasising one aspect over others. This allows firms with divergent agendas to keep the paradox open and live with the tensions, facilitating an atmosphere of creativity and innovation.

Next, based on a blend of structural and contextual ambidexterity theory, it turns to resolution strategies. On the one hand, it is imperative for firms to implement a separation strategy which seeks valued differences between competing forces and can address the two poles of the tensions at different locations or at different points in time. On the other hand, firms should operate a synthesis strategy which identifies potential synergies and enables the discovery of new elements that link or accommodate both poles. In this way, tensions will be more acceptable to firms, enabling transference into a more managerial situation without necessarily eliminating the underlying tensions. Over time, firms can ensure environmental integrity, economic prosperity, and social equity are satisfied simultaneously in both the present and future in a dynamic equilibrium, thus achieving holistic sustainability.

However, the weakness of this framework is that the work of Hahn et al. (2015) and Hahn et al. (2016) only provides a conceptual perspective, which requires empirical work to be done. In addition, their work did not take situation and space into consideration; for example, they did not mention in what situation or when it can be used by firms, which thus requires future research to be done in specific contexts. Although paradox theory provides a better understanding of interpreting complex relationships of tensions in sustainability, it requires more empirical studies to see whether there is even stronger empirical evidence supporting the new paradoxical perspective on tensions in sustainability (Epstein et al., 2015). Moreover, organisational ambidexterity has only been recently promoted to address tensions in sustainability, and there are hardly any practical implications, in particular for structural and contextual ambidexterity theories on tensions management (Hahn et al., 2015; Hahn et al., 2016). A summary of motivations and justifications for selecting these theories for this



framework is presented in Table 3.1; these are discussed in detail in the next two sub-sections.

**Table 3.1 A Summary of Justifications of Selecting Theories for the Proposed Theoretical Framework**

Selected Theories	Paradox Theory	Organisational Ambidexterity Theory	
		Structural Ambidexterity	Contextual Ambidexterity
<b>Definition</b>	Paradox theory demonstrates “contradictory yet interrelated elements – elements that seem logical in isolation but absurd and irrational when appearing simultaneously” (Lewis, 2000, p. 760).	Structural ambidexterity refers to creating separate structures for different types of activities, which stresses using structure and strategy to enable differentiation (Tushman & O'Reilly, 1996).	Contextual ambidexterity is “firms’ behavioural capacity to simultaneously demonstrate alignment and adaptability across an entire business unit” (Gibson & Julian, 2004, p. 209).
<b>Application to Tensions in Sustainability</b>	A paradox perspective on tensions in sustainability depicts different sustainability objectives simultaneously, even if they are conflicting (Hahn, Figge, Pinkse, & Preuss, 2018; Ivory & Brook, 2018).	Managing tensions in sustainability such as tensions between short-term and long-term sustainable development goals and tensions between instrumental and moral initiatives (Hahn et al., 2015; Hahn et al., 2016).	Managing tensions in sustainability such as tensions between short-term and long-term sustainable development goals and tensions between commercial and moral initiatives (Hahn et al., 2015; Hahn et al., 2016).
<b>Research Gaps</b>	Widely used to explore organisational tensions; however, this theory has just been recently promoted in the sustainability discipline to understand the complex relationships of tensions inherent in sustainability.	Widely used as an effective approach to manage organisational tensions; however, this theory has only recently emerged conceptually, so there are hardly any practical implications provided for tensions management in the sustainability discipline (Hahn et al., 2015; Hahn et al., 2016).	Widely used as an effective approach to manage organisational tensions; however, this theory has only recently emerged conceptually, so there are hardly any practical implications provided for tensions management in the sustainability discipline (Hahn et al., 2015; Hahn et al., 2016).
<b>Relevance to the Present Study</b>	Paradox theory provides a better understanding of tensions in sustainability and their complex relationships, which helps the researcher to empirically examine how managers make sense of tensions in sustainability at Chinese and NZ firms in business partnerships. Paradox theory paves the way for managing tensions into a balanced situation, which is helpful for this study to explore how Chinese and NZ firm in business partnerships manage tensions.	Structural ambidexterity provides an effective way for firms to manage tensions in addressing divergent sustainability issues. This provides guidance for this study to explore how Chinese and NZ firms in business partnerships address tensions, and their complex relationships within a holistic sustainability agenda.	Contextual ambidexterity provides an effective way for firms to manage tensions in addressing divergent sustainability issues. This provides guidance for this study to explore how Chinese and NZ firms in business partnerships address tensions, and their complex relationships within a holistic sustainability agenda.

### 3.2.1 Paradox Theory

This sub-section explores how paradox theory helps firms to understand the complex relationships of tensions in sustainability. First, fundamentally grounded on Western and Eastern philosophy, paradox theory is introduced. This is followed by a discussion of its justification in relation to the current study.

According to Schad et al. (2016), paradox theory is rooted in both Western and Eastern philosophy. To explain, the Western philosophical foundations of paradox emerged from the ancient Greeks; it is composed of the Greek words *para*, for “past” or “contrary to,” and *dox*, for “opinion” (Schad et al., 2016, p. 9). Schad et al. (2016) defined paradox in management as “persistent contradiction between interdependent elements” (p. 10). This definition clarifies two core characteristics of paradox: contradiction and interdependence, as illustrated below.

Early scholars have attempted to argue that paradox denotes a contradictory perspective of diverse competing demands. Heijenoort (1967) regarded paradoxes as logical and his rhetorical studies have described them as “consist[ing] of two contrary or even contradictory propositions to which we are led by apparently sound arguments” (p. 45). Similarly, Cameron and Quinn (1988) demonstrated that “the key characteristic in paradox is the simultaneous presence of contradictory, even mutually exclusive elements” (p. 2). Likewise, Poole and Van de Ven (1989) described paradox as “interesting tensions, oppositions, and contradictions between theories which create conceptual difficulties” (p. 564). Further, Lewis (2000) explained that organisational actors experience tensions because the conflicting demands

“seem logical in isolation but absurd and irrational when appearing simultaneously” (p. 760).

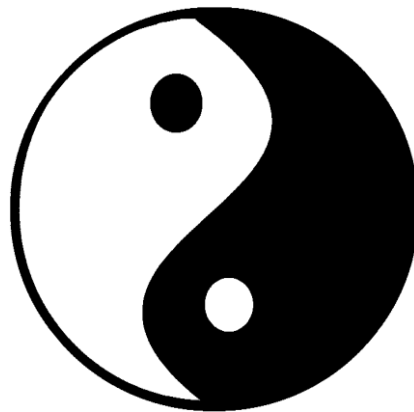
These definitions indicate the contradictory characteristic of paradox.

However, other scholars asserted that paradoxes depict the complicated connections among opposing elements, highlighting their interdependent nature. Early scholars suggested these inextricable links between opposing elements. For instance, Cameron (1986) discovered that contradictory elements are able to operate at the same time, because there is no complete separation among the opposing elements. In a similar vein, Smith and Berg (1987) explained that “the contradictions are bound together, the more that members seek to pull the contradictions apart, to separate them so that they will not be experienced as contradictory, the more enmeshed they become in the self-referential binds of paradox” (p. 14). In fact, these definitions express the co-existence of divergent competitive demands which emphasises their synergistic relationships.

Overall, paradox represents the “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). It also includes and embraces the idea that different elements “seem to clash irreconcilably, suggesting that the seemingly contradictory or mutually exclusive elements out of which a paradox is constructed actually operate simultaneously” (Cameron & Quinn, 1999, p. 2). In a paradox, no choices need to be made between two or more contradictions or opposing voices, because it denotes “contradictory yet interrelated elements – elements that seem logical in isolation but absurd and irrational when appearing simultaneously” (Lewis, 2000, p. 760).

In addition, paradox theory can also be represented by the Eastern philosophy of *yin* and *yang* where the competing elements “reflect polarities that are interrelated aspects of a greater whole” (Lewis & Smith, 2014, p. 134). *Yin yang*, an ancient Chinese philosophical principle, is regarded as the best-known symbol in East Asia, and resembles a paradoxical foundation (Chen, 2002). In the *yin yang* symbol, a curvy line divides the whole into two equal halves, namely, the black half is *yin* and the white half is *yang* (see Figure 3.3).

**Figure 3.3 *Yin Yang* Representation: Adapted from Fang (2011, p. 32)**



According to *yin yang* philosophy, all universal phenomena are formed by two opposite immense energies with *yin* representing ‘female’ energy while *yang* is ‘male’ energy (Fang, 2011). For instance, the *yin* ‘female’ energy contains the moon, night, weakness, darkness, softness, and femininity. In contrast, the *yang* ‘male’ energy includes the sun, day, strength, brightness, hardness, and masculinity. A black dot in the white area and the white dot in the black area signify that each of them exists in the other and they both coexist in everything in the world. The curvy line between *yin* and *yang* shows that although they are contradictory elements, there is no absolute separation between them. Opposite elements will mutually transform into each other in a process of balancing under various conditions at different

times. In this sense, the symbol of *yin* and *yang* refers to such interconnectedness where movement on one side critically affects the other, thus things cannot exist without their counterpart (Hampden-Turner, 1981).

Due to its uniqueness in viewing the relationship between two competing demands, numerous scholars have argued that paradox theory should be regarded as a meta-theory to explore organisational tensions and their management across multiple contexts and levels of analysis (Jarzabkowski et al., 2013; Lewis & Smith, 2014; Schad et al., 2016). Accordingly, many other studies have applied paradox to delineating tensions in organisations, which include tensions between exploration and exploitation in firms (Andriopoulos & Lewis, 2009; Smith, 2014), tensions in group creativity (Miron-Spektor, Gino, & Argote, 2011), tensions between organisational cooperation and competition (Raza-Ullah, Bengtsson, & Kock, 2014), tensions between profits and purpose (Jay, 2013), and between stability and change (Farjoun, 2010).

The present study draws on paradox theory in the proposed theoretical framework mainly because of two reasons. First, paradox theory provides a better understanding of tensions in sustainability and their complex relationships, which helps the researcher to empirically examine how managers make sense of tensions in sustainability at Chinese and NZ firms in business partnerships. As Keyser, Guiette, and Vandenbempt (2019) demonstrated, “scholars can make use of paradox as a means to understand or advance insight on particular phenomena, drawing from paradox’s conceptual knowledge to push forth discussions or debates in other strands of the management and organization field” (p. 143). In particular, Van der Byl and Slawinski (2016) pointed out, firms normally have a strong focus on economic objectives, thus leaving a research gap of how to understand tensions that emerge

when firms attempt to balance social, economic, and environmental goals. Paradox theory thus “presents an opportunity for researchers to delve into the nature of such tensions and how they can be managed to advance research in corporate sustainability” (p. 73). Likewise, Hahn et al. (2018) stressed that firms would often perceive tensions in sustainability as multiple dilemmas, which over-states the contradictory relationship of the competing demands. As a result, firms tend to seek to eliminate these dilemmas by selectively picking those environmental and social concerns where business benefits can be expected, thus dismissing all other sustainability concerns in the process.

In contrast, a paradoxical perspective on sustainability embraces “tensions to simultaneously accommodate competing yet interrelated economic, environmental, and social concerns that reside at different levels and operate in different logics and time frames and in different spatial scales” (p. 236). On the one hand, the competing environmental, economic and social dimensions are contradictory to each other; however, at the same time, they are also interdependent elements which emphasises their interplay as one can transform into the another. In this sense, a paradox perspective on tensions in sustainability depicts different sustainability objectives simultaneously, even if they are conflicting (Gao & Bansal, 2013; Hahn et al., 2015). A good example was provided by Wu et al. (2017) in viewing short-term and long-term tensions in sustainability based on the paradoxical lens of *yin* and *yang*, which highlights their contradictions and interdependence. As they put it:

Short-term and long-term sustainability can be resembled by *yang* and *yin*, because they are seemingly conflicting but in nature, they depend on the other and keep changing to the form of the other. On the one side, an over emphasis on either short-term profit benefit or long-term societal development might harm one over another. On the other hand, if short-term sustainability practices can be managed properly, then gradually it will turn into profound long-term prosperity.

Long-term sustainability practices can also bring firms with unexpected benefits which can facilitate the function of short-term sustainability (p. 26).

Second, paradoxical thinking is a preliminary step and becomes vital groundwork for firms to embrace and pursue conflicting sustainability aspects simultaneously, ultimately, managing tensions into a balanced situation (Hahn et al., 2015; Hahn et al., 2016). As illustrated in the proposed theoretical framework, before implementing resolution strategies in managing tensions, firms should depict tensions in sustainability using paradox theory to implement acceptance strategies. Through this lens, companies tend to embrace and live with tensions (Clegg, Cunha, & Cunha, 2002) by shifting “their expectations for rationality and linearity to accept paradoxes as persistent and unsolvable puzzles” (Smith & Lewis, 2011, p. 385). This paradoxical thinking thus expresses openness to and acceptance of tensions in sustainability. In other words, once companies/managers understand and accept tensions, they are more likely to embrace and tolerate them, thus becoming more open to considering “both/and” options (Lewis & Smith, 2014; Lüscher & Lewis, 2008). In fact, embracing and accepting tensions facilitates creativity (Jay, 2013; Lewis, 2000; Smith & Lewis, 2011) and fuels “virtuous cycles that unleash creativity and enable resilience and long-term sustainability” (Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2018, p. 28). In this way, tensions have been transformed into a “creative tension” (Bassett-Jones, 2005, p. 173) through “promoting everyday improvisation, and through creating conditions and incentives that foster diverse networks” (Fenwick, 2007, p. 642) for better decision-making (Smith & Lewis, 2011). As Hahn et al. (2015) argued, enacting acceptance strategies through paradox theory creates “an organisational climate of participation and creativity to foster informal but constructive debate and fluid information exchange over divergent agendas across management levels and functions” (p. 304). Similarly, accepting sustainability tensions from a paradoxical



perspective creates “a source of new ideas and innovation, rather than seeing them as impediments to effective decision-making” (Epstein et al., 2015, p. 42). As an example, Epstein et al. (2015) found the companies Nike, Procter & Gamble and Nissan North America aimed to improve social, environmental and financial performance at the same time, because they are using the tensions as a source of new ideas, innovation and creativity.

Therefore, as demonstrated by Hahn et al. (2015), once tensions are identified and understood from paradoxical thinking, then they can be managed with a resolution strategy (separation and synthesis). Similarly, Hahn et al. (2016) urged that before managing the moral and instrumental tensions, it is necessary for managers at firms to think of them as contradictory yet interdependent elements by following paradoxical thinking. Only when managers at firms think about tensions in sustainability from a paradoxical perspective is it more likely they will accept their coexistence, and thus can manage them simultaneously. As this study aims to investigate how Chinese and NZ firms in business partnerships manage tensions in sustainability, paradox theory has important implications for tensions management in order to achieve superior business contributions to sustainable development. Therefore, paradox theory is relevant for this study; it provides better understanding of tensions in sustainability for firms and paves the way for managing tensions into a balanced situation.

### **3.2.2 Organisational Ambidexterity Theory**

This subsection introduces organisational ambidexterity theory, specifically structural ambidexterity and contextual ambidexterity. This is followed by a discussion of how organisational ambidexterity relates to the present study and the proposed theoretical framework.

Given the pressures on organisations to gain competitive advantage in an increasingly competitive business world, the concept of ambidexterity has been gaining ground. The term organisational ambidexterity was first used by Duncan (1976) who proposed that dual structures should be formed within an organisation in order to support the initiation and execution phases of an innovation. Gradually, scholars have paid more attention to the concept of ambidexterity, mainly because of March's (1991) study on achieving organisational learning through the process of exploration and exploitation. He demonstrated that exploration and exploitation are two fundamentally different activities: exploitation refers to "refinement, efficiency, selection and implementation", while exploration refers to "search, variation, experimentation and innovation" (p. 71).

Based on the notions of exploitation and exploration, scholars have attempted to define organisational ambidexterity. Gibson and Julian (2004) demonstrated that organisational ambidexterity represents "an organization's ability to pursue two disparate things at the same time" (p. 210). Simsek et al. (2009) defined organisational ambidexterity as "an organization's ability to perform differing and often competing, strategic acts at the same time" (p. 865). Cao et al. (2009) asserted that an ambidextrous firm is one that "is capable of both exploiting existing competencies as well as exploring new opportunities, and also that achieving ambidexterity enables a firm to enhance its performance and competitiveness" (p. 781). At its heart, ambidexterity represents firms' capacity for managing diverse organisational tensions (Andriopoulos & Lewis, 2009; Duncan, 1976; Raisch et al., 2009).

Accordingly, this term has been discussed in a variety of fields in the context of organisational tensions, such as organisational design (Duncan, 1976; Jansen, Van den

Bosch, & Volberda, 2005; Tushman & O'Reilly, 1996), innovation (Andriopoulos & Lewis, 2010; O'Reilly & Tushman, 2008), strategic management (Hamel & Prahalad, 1993; Markides & Charitou, 2004) and organisational behaviour (Gibson & Julian, 2004). These studies all held the view that organisational ambidexterity provides an efficient means of managing tensions in their related fields. Therefore, from an ambidexterity perspective, “the question is not whether conflict exists. Rather, the key question is how well the company manages these conflicts” (Markides & Charitou, 2004, p. 26).

Drawing from organisational ambidexterity theory, scholars in the sustainability research field argued that firms should have the capacity to manage and balance the contradictory yet interrelated sustainability dimensions simultaneously, which over time will promote a virtuous cycle of sustainability management (Hahn et al., 2018; Scherer, Palazzo, & Seidl, 2013). In order to achieve this, researchers have attempted to draw on structural and contextual ambidexterity to generate a paradoxical approach. Before discussing the paradoxical approach, it is important to introduce structural and contextual ambidexterity theories.

Structural ambidexterity refers to creating separate structures for different types of activities, which stresses using structure and strategy to enable differentiation (Tushman & O'Reilly, 1996). In order to achieve such a separation, related tactics rely on spatial and/or temporal separation (Puranam, Singh, & Zollo, 2006). Spatial separation parses work into distinct units, whereas temporal separation utilises the same unit but at different times to address either one competing aspect or the other. Such structural separation thus ensures that each competing demand is configured to the specific needs of its task environment (Burns, 1961;

Lawrence & Lorsch, 1967). Through this separation, organisational tensions can be managed through efforts on each side of a tension, which accentuates its distinct value. In this way, organisational tension is balanced without over-emphasising any competing demand.

However, scholars have critically reviewed structural ambidexterity, arguing that following this theory can lead to isolation by over-emphasising conflicts between tensions, thus ignoring the linkage between them. Therefore, the term contextual ambidexterity has emerged as an approach with which organisations manage tensions. Gibson and Julian (2004) defined contextual ambidexterity as “firms’ behavioural capacity to simultaneously demonstrate alignment and adaptability across an entire business unit” (p. 209). In this definition, they argued that organisational tensions can be addressed not through structural separation but by “building a set of processes or systems that enable and encourage individuals to make their own judgments about how to divide their time between conflicting demands for alignment and adaptability” (p. 210). In doing so, firms should build a set of processes or systems which enable them to generate creative ideas to share and connect both activities such as introducing linking mechanisms which help to make connections or alignment between competitive demands in organisations (Kauppila, 2010; O’Reilly & Tushman, 2008). Through this linking mechanism, firms can explore the synthesis between the competing demands that leverage shared assets so they can meet. This approach denotes firms’ integration efforts, stressing the interdependent relationships of tensions (Lewis, 2000).

Based on the theory, only in recent years have researchers applied structural and contextual ambidexterity to managing tensions in the area of sustainability for firms through what they

called a paradoxical approach (Hahn et al., 2015; Hahn et al., 2016). As illustrated in the proposed theoretical framework, the reasons why the present study applies theories of structural and contextual ambidexterity is because these theories provide an effective way for firms to manage tensions in addressing divergent sustainability issues, which denotes their capacity for being ambidextrous. For example, Hahn et al. (2015) argued that tensions between short-term and long-term goals in sustainability can be managed through resolution strategies. Firms can handle tensions by spatially separating them as well as by creating a synthesis of the tensions. A spatial separation strategy is based on the notion that there is a difference between short-term and long-term orientations, which requires firms to attend to both orientations through their organisational practices. To pursue a synthesis strategy, firms could implement some alternative organisational practices which enable short-term and long-term orientations to meet, thus exploring the synthesis between the tensions.

Similarly, Hahn et al. (2016) proposed that tensions between instrumental and moral imperatives can be managed by what they called “*a compensatory fit through the balance dimension and supplementary fit through the combined dimension*”(pp. 223–226). As they mentioned, these two dimensions are built from the Cao et al. (2009) ‘balance dimension’ and ‘combined dimension’ distinction in organisational ambidexterity, which highlights the interplay of differentiating and integrating tensions between exploitation and exploration. A compensatory fit through the balance dimension emphasises a separation strategy between instrumental and moral imperatives. As both of them have their own distinct value in achieving sustainability for organisations, it is recommended for firms to address both individually to avoid over-commitment to either of them, thus highlighting their differentiation. A supplementary fit through the combined dimension illustrates a synthesis

strategy. By identifying instrumental and moral goals that can enhance each other even if they have contradictory aspects, firms are more likely to introduce link mechanisms between instrumental and moral objectives. In this way, combined moral and instrumental aims can be obtained, thus highlighting their integration.

Based on the above illustration, applying structural and contextual ambidexterity appears helpful for this study, which provides guidance for this study to explore how Chinese and NZ firms in business partnerships address tensions, and their complex relationships, within a holistic sustainability agenda. However, while a paradoxical approach has only recently emerged, research on its further investigation is still nascent (Ozanne et al., 2016; Van der Byl & Slawinski, 2016), so there is still little research on the specific forms of paradoxical responses to tensions in sustainability (Hahn et al., 2018). This justifies the necessity of empirically exploring the strategies Chinese and NZ firms are using to manage tensions in sustainability, which may provide novel insights into the paradoxical approach.

### **3.3 Research Philosophy: Interpretivism**

The research philosophy (paradigm) is a way of thinking or reflecting fundamental beliefs and assumptions about the nature of the social world, which guides the researcher's action (Gioia & Pitre, 1990). According to Bryman (1988), a paradigm is "a cluster of beliefs which have an influence on what should be studied, how research should be done and how results should be interpreted" (p. 4). In other words, the researcher's way of thinking and studying the social reality is based on their philosophical assumptions (Creswell, 2007). According to Guba and Lincoln (1994), a paradigm is regarded as "a set of basic assumptions which are

characterised by three dimensions: Epistemology, ontology and methodology” (p. 107); each one underlying the current study is explained in the following section.

Epistemology concerns assumptions about knowledge, and what constitutes acceptable, valid and legitimate knowledge, which is a way of understanding what we know and how we know about reality, and it thus indicates the relationship between the researcher and social reality (Bryman & Bell, 2003). Accordingly, the epistemological question is “what is the nature of the relationship between the knower or would-be knower and what can be known?” (Guba & Lincoln, 1994, p. 108). On the other hand, ontology is concerned with the nature of social phenomena, which concerns the question of “what is the form and nature of reality and, therefore, what is there that can be known about it?” (p. 108). Its central idea lies in whether social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered as social constructions built up from the perceptions and actions of social actors (Creswell, 1994).

It is the researcher’s epistemological and ontological positions that determine the appropriate methodology for the research. Methodology is “a way of thinking about and studying the social reality” (Corbin & Strauss, 2008, p. 3). According to Schwandt (2001), methodology is “the theory of how inquiry should proceed. It involves analysis of the assumptions, principles, and procedures in a particular approach to inquiry” (p. 161). From this perspective, a researcher’s methodological question is “how can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?” (Guba & Lincoln, 1994, p. 108).

There are two key paradigms for conducting business research: positivism and interpretivism.

Their characteristics are summarised in Table 3.2.

**Table 3.2 Characterisation of Paradigms of Scientific Inquiry: Based on Creswell (2002), Collis and Hussey (2003), and Saunders, Thornhill, and Lewis (2016)**

Research Paradigm (Philosophy)	Questions	Positivism	Interpretivism
<b>Epistemology</b> ( <i>relationships between inquirer and the world</i> )	What is the relationship of the researcher to that researched? How can we know what we know?	Value free research: Researchers are detached, neutral and independent of what is researched	Value-bound research: Researchers are part of what is researched
<b>Ontology</b> ( <i>nature of reality</i> )	What is the nature of reality? What is the world like? For example: What are the organisations like? What is it like being in organisations? What is it like being a manager or being managed?	Real, external, independent One true reality Ordered	Complex, rich Socially constructed through culture and language Multiple meanings, interpretations, realities Flux of processes, experiences, practices
<b>Methodology</b> ( <i>how to gain knowledge about the world</i> )	What is the process of research?	Typically quantitative methods (scientific method) of analysis with a range of data can be analysed	Typically qualitative methods (theories and concepts) of analysis with a range of data can be interpreted
<b>Nature of knowledge</b>	How is the knowledge gained for the research?	Verified hypotheses established as facts or laws Observable and measurable facts Law-like generalisations Numbers Causal explanation and prediction as contribution	Individual reconstructions coalescing around consensus Focus on narratives, stories, perceptions and interpretations New understandings and worldviews as contribution

Positivism relates to “the philosophical stance of the natural scientist and entails working with an observable social reality to produce law-like generalisations” (Saunders et al., 2016, p. 135). A positivist researcher tends to have an objectivist ontology, which is based on “the assumption that social reality is independent of us and exists regardless of whether we are aware of it” (Collis & Hussey, 2003, p. 46), and implies that social phenomena and the categories that we use in everyday life have an existence that is independent or separate from actors. Positivism thus identifies universal laws to predict human behaviours by applying rigorous and precise natural science techniques to examine social reality from an objective



perspective. In general, positivist researchers practise strict empiricism and tend to rely on cause-effect or means-end logic in providing a solution to test or use the existing knowledge to develop hypotheses (Schwandt, 2001). In addition, a positivist researcher would also try to remain neutral and detached from research and data in order to avoid influencing the findings; this means that researchers undertake research, as far as possible, in a value-free way (Crotty, 1998).

Interpretivism is an epistemology contrary to positivism which requires a strategy to respect the differences between people and the objects of the natural sciences, and therefore requires the social scientist to grasp the subjective meaning of social action, and the social meanings that are continually being constructed by social actors (Bryman & Bell, 2003; Creswell, 2013). In other words, interpretivism denotes approaches to “studying social life that accord a central place to *Verstehen* as a method of the human sciences, that assume that the meaning of human action is inherent in that action, and that the task of the inquirer is to unearth that meaning” (Schwandt, 2001, p. 134). In this sense, researchers who practise interpretivist epistemology tend to have an ontological position which asserts that social phenomena and their meanings are continually being created by social actors. Therefore, interpretivist researchers focus more on “the knowledge about the phenomena and the rationale behind the study” (Arghode, 2012, p. 158).

This study is underpinned by the interpretivist paradigm, which is mainly driven by the research questions and personal philosophical beliefs of the researcher. First, examining tensions in sustainability in Chinese and NZ firms in business partnerships involves the interpretation and exploration of subjective managerial perceptions of reality. To explain, the

objective of this research is to investigate the tensions related to sustainability in Chinese and NZ business partnerships and reasons causing them. Moreover, the current study aims to explore how managers at these firms make sense of these tensions and what strategies their firms adopted in response to them. To answer these questions, it is based on managers' subjective experience, their own interpretations and perceptions as representatives of their firms. For instance, exploring how managers at Chinese and NZ firms in business partnerships understand the tensions involves subjectivity on the part of managerial judgement of how they interpret the tensions. In this sense, the researcher has attempted to take account of the subjective meaning of tensions to these managers. Hence, the context of this study is directly related to subjective reality, which in line with the interpretive paradigm aims to develop a profound understanding of human behaviour and the world around them from an individual's own frame of reference (Bryman & Bell, 2003; Collis & Hussey, 2003).

Second, instead of pursuing a single truth, the researcher focused on investigating multiple interpretations of tensions by the managers, which highlights the richness of the differences between them and their individual circumstances. As managers from different organisations, they may experience different tensions and interpret them in a different way. Thus, it is more likely for the researcher to obtain richer understandings and interpretations of the tensions.

Therefore, in accordance with interpretivist assumptions, the researcher believes that "realities are essentially subjective and occur in the forms of multiple, intangible mental constructions of different individuals" (Klarner 2010, p. 80).

Third, the researcher has to interact with this study, which implies that the researcher's subjectivity cannot be fully eliminated. Saunders et al. (2016) claimed that it is important for

interpretivists to recognise that their interpretation of research materials and data as well as their own values and beliefs play an important role in the research process. This provides the challenge for them to enter the social world of the research participants and understand the world from their point of view. In this sense, the investigator and the object under investigation are assumed to be interactively linked so that research findings are literally created as investigation proceeds. In this regard, it is expected that the researcher acting as an interpreter who interacts with participants can construct meaning from the conversations, which enables her to make a unique contribution to the tensions in sustainability research.

With its focus on subjectivism, multiple interpretations, complexity, richness and meaning-making, this study is thus based on interpretivism which assumes that the social world is constructed by people through their subjective interpretations. It is this philosophical foundation that determines the research methodology as presented in detail in the next section (Creswell, 1994; Morgan & Smircich, 1980).

### **3.4 Research Methods: Qualitative Research Method**

According to Denzin and Lincoln (1994), positivism is generally associated with the quantitative research method, while an interpretative philosophy is often related to qualitative research strategy. As the researcher was guided by interpretivism, the qualitative research method was thus utilised to investigate tensions related to sustainability in Chinese and NZ firms in business partnerships. Alternatively, qualitative research is “a research strategy that emphasises words rather than quantification in the collection and analysis of data” (Bryman & Bell, 2003, p. 386). Qualitative researchers thus understand the social world in its natural

setting, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them by language.

The reasons why a qualitative method was used in this study are that, compared to quantitative research strategy, qualitative research strategy aims to address “what, how and why?” questions in an exploratory and empathetic way (Eisenhardt & Graebner, 2007). This is suitable to achieve the objectives of this study, which are about how tensions in sustainability surface, and are perceived and managed by Chinese and NZ firms in business partnerships. As a qualitative research method allows the researcher to see the world through the eyes of the participants (Gavin, 2008), it helps researchers to know what people think in detail (Babbie, 2007). It is the explanation and description of the world from informants’ perspectives that provides an account of the context within which people’s behaviour takes place (Perry & Kraemer, 1986). Therefore, the qualitative research method was suitable for this study to investigate tensions in sustainability in Chinese and NZ firms in business partnerships through managers’ exploratory interpretations and descriptions through words.

In addition, adopting a qualitative research strategy helps the researcher to explore the meaning of tensions in sustainability as understood by the managers from Chinese and NZ firms in business partnerships. This is consistent with the statement that “qualitative research studies the subjective and socially constructed meanings expressed by the participants about the phenomenon being studied” (Saunders et al., 2016, p. 168). By doing so, interpretations of the participants are thus captured based on their perceptions and understanding of the phenomenon. In this way, adopting a qualitative research method assisted the researcher to capture the perceived meaning of tensions in sustainability from divergent managerial

perspectives (Joseph et al., 2018). In this process, the managers discussed their own understanding of tensions in their business partnerships based on their own experience.

Further, by reviewing the recent literature in exploring tensions in sustainability research, the majority of the empirical studies have adopted qualitative research as their preferred method. For example, Xiao et al. (2019) argued that the qualitative research method helped them to obtain deeper understanding of managers' sensemaking and their responses to sustainability tensions in buying companies. Similarly, Kannothra, Manning, and Haigh (2017) asserted that a qualitative research approach assisted them to examine social and business tensions in hybrid organisations. Based on the above reasons, the researcher thus believed that the qualitative research method provides an appropriate way to examine sustainability tensions, their managerial sensemaking and organisational strategies in managing them in Chinese and NZ business partnerships.

Most qualitative researchers hold the common view that qualitative research should be conducted by mean of inductive reasoning (Bryman & Bell, 2003; Corbin & Strauss, 1998; Creswell, 1994). However, this study carried out abductive reasoning as explained in the next section.

### **3.5 Research Approach: Abductive Reasoning**

Deduction, induction and abduction are regarded as three forms of logical reasoning or approaches which are used in every type of quantitative and qualitative research (Reichertz, 2013). In this study, abductive reasoning was adopted to in order to develop the related theory of tensions in the field of sustainability.

Quantitative researchers tend to adopt a deductive approach; it begins with a valid law and asserts that something will behave in a certain way (Babbie, 2005). Deduction is “an indispensable tool for the theory-testing researchers, which involves developing hypotheses for *a priori* theoretical considerations, enabling them to be confirmed or disconfirmed through statistical inference” (Mantere & Ketokivi, 2013, p. 83). The process of deductive reasoning begins with theoretically derived hypotheses, then collects observations to address the hypotheses and ultimately tests the hypotheses with specific data to confirm or contradict the expected patterns (Bryman & Bell, 2003). Indeed, the deductive approach emphasises that the “empirical operationalisations and hypothesis must be logically derived from theory” (Mantere & Ketokivi, 2013, p. 84), which is an implication that is helpful to prove or disprove general theory, where the truth is only conveyed in the original premise. From this perspective, deductive reasoning does not match the objective of this study in relation to theory development.

In contrast, qualitative researchers tend to use inductive reasoning in conducting empirical research (Corbin & Strauss, 1998). An inductive approach emphasises a theory-building process (Collis & Hussey, 2003). According to Mantere and Ketokivi (2013), an inductive approach involves theory being developed in a ‘data-driven manner’ using qualitative data and theoretical propositions can emerge from empirical data through researchers’ exploration and interpretation. It starts from the observation of empirical reality and moves on towards generalisation about the phenomenon under consideration. In fact, an inductive approach has implications for theory generation (Babbie, 2005). In terms of this study, the researcher decided that inductive reasoning was not suitable for developing novel insights into tensions in sustainability within Chinese and New Zealand business partnerships, because that

inference approach is not based on a theoretical background; rather, it only focuses on participants' interpretations to generate the theory. However, as discussed in Chapter 2 in this study, some existing studies have already explored tensions in sustainability in relation to the reasoning causing them, their managerial understandings and the strategies in managing them. Thus, building on this literature, the purpose of the current study was to develop novel insights into tensions in the sustainability research field rather than generate a completely new theory.

Instead of choosing inductive and deductive approaches, this study utilised an abductive approach to explore tensions in sustainability in Chinese and NZ firms in business partnerships. Abductive reasoning provides a third way which leverages the benefits of both inductive and deductive approaches, where the inquiry starts with basic theoretical knowledge before collecting empirical data, continues with the theory matching, and ends with expansion of the existing framework (Peirce, 1974). The main reasons why abduction was adopted for this study are explained below.

First, the abductive approach provided this research with a better explanation of pre-existing knowledge of tensions in sustainability due to the essence of abduction. The essence of abduction has been summarised as "The surprising fact, C, is observed; But if A were true, C would be a matter of course, Hence, there is reason to suspect that A is true" (Folger & Stein, 2017, p. 308). Accordingly, in Chapter 2, this study initially explored the pre-existing theory of tensions in sustainability, their managerial understanding and the strategies for managing them, which can be considered as C. To investigate, the researcher interviewed the targeted participants to find out their interpretations of the tensions and how their companies manage

them in the business partnerships, which can be considered as A. If there are some similarities between A and C, then it is possible to say that A may be valid. Otherwise, the differences between A and C tell the researcher that C may not be valid and needs future investigations. In other words, if the inference captured some crucial truths about the existence of the evidence, then the inference may account for the evidence. Once the inference is generated, the conclusion is that the related literature may be valid (Harman, 1965), which confirms the statement of Lipton (2004) that in abduction “beginning with evidence available to us, we infer what would, if true, provide the best explanation of that evidence” (p. 1). In this way, abduction offered a better way of explaining the pre-existing insights on tensions in sustainability research.

In addition, abduction follows a cognitive logic of discovery, which is helpful for theory development. Folger and Stein (2017) stated that abduction is a useful tool with which management scholars can better develop explanatory hypotheses and theories, because abduction involves a dynamic relationship between the pre-existing theory and empirical data through interpreting and exploring the research questions, which revises the theory. In other words, abduction provides the interpretive researchers with reflexivity so that their pre-understandings can meet the text, which allows them to contribute to the new understanding of the theory through the evolution of their own understanding of the text (Alvesson & Sköldböck, 2000; Mantere & Ketokivi, 2013).

In terms of this study, abductive logic implies that, first, based on the literature, the researcher can get a broader idea of tensions in sustainability. Then the researcher obtains the empirical data through interviews. When it comes to data analysis, abductive reasoning



provides “a constant movement back and forth between theory and empirical data” (Wodak, 2004, p. 192). In this way, the researcher can have an open mind to be challenged by the empirical data through frequently going back and forward between the results and empirical data for reflections of their own pre-understandings (Aliseda, 2006; Alvesson & Kärreman, 2007). As a result, it creates a dynamic relationship between the existing theory of tensions and empirical data. By following this logic, the existing theory related to tensions in sustainability can be extended, and the final product of abductive reasoning would provide a better explanation of tensions in sustainability by continuously shaping the arguments based on empirical findings.

Further, abduction allowed the researcher to be more logical in the explanation of tensions in sustainability. Aliseda (2006) observed that abduction concerns both *product* and *process*. Product refers to an explanation – the result of abductive thinking – whereas process refers to the activity where arguments/explanations take shape. She argued that explanation and exploration are closely related to each other. On the one hand, the abductive process produces an abductive explanation as its product, while on the other hand, the product indicates and challenges the process. Therefore, abduction goes from single observation to abductive explanation, that is the inference to the best explanation (Harman, 1965), which indicates that the current study relies on a theoretical background to propose the arguments in a more reliable way.

Overall, abduction offered this study a dynamic approach to address the research questions through interactions between pre-understandings and empirical data for theory revision and development for a better explanation of the investigated tensions. This meets one of the

objectives of this research, which is to provide novel insights on tension in the sustainability knowledge field. In accordance with abduction, the proposed theoretical framework will be developed and extended in the Discussion chapter, which is based on the empirical findings of this study. In alignment with the characteristics of a qualitative and abductive approach, the research design was selected accordingly as described in the next section.

### **3.6 Research Design: Qualitative Interviews**

Research designs are the techniques or procedures used to gather and analyse data related to specific research questions (Crotty, 2003). According to Bryman and Bell (2003), qualitative researchers tend to use non-statistical methods such as interviewing, ethnography, focus group discussion, and case studies for their research. Guided by interpretivism and qualitative research methodology, this study involved qualitative interviewing as the preferred research design.

The research interview is “a purposeful conversation between two or more people, requiring the interviewer to establish rapport and ask concise and unambiguous questions, to which the interviewee is willing to respond, and to listen attentively” (Saunders et al., 2016, p. 388). In this vein, Collis and Hussey (2003) defined an interview as “a method for collecting data in which selected participants are asked questions in order to find out what they think, do or feel” (p. 167). There are two main forms of interviews: standardised interviews and non-standardised interviews (Saunders et al.). Structured interviews are also referred to as standardised interviews and are often used by quantitative researchers who tend to use questionnaires to collect quantitative data. In contrast, semi-structured and in-depth interviews are ‘non-standardised’ and are often referred to as qualitative research interviews.

Following this logic, semi-structured in-depth individual interviews and informal group interviewing were conducted in this study for data collection as presented in detail in the following section.

## **3.7 Data Collection**

### **3.7.1 Semi-structured In-depth Interviews**

Semi-structured interviews “incorporate both open-ended and more theoretically driven questions, eliciting data grounded in the experience of the participant as well as data guided by existing constructs in the particular discipline within which one is conducting research” (Galletta, 2013, p. 45). According to King and Horrocks (2010), semi-structured in-depth interviews are the most commonly used method of data collection in qualitative research, providing a broad and holistic approach to the study of social phenomena.

For the present study, the reason why semi-structured in-depth interviews were carried out is because, first, they offer freedom and flexibility to examine exploratory inquiries about tensions in sustainability in Chinese and NZ firms in business partnerships. As Yin (2010) claimed, semi-structured interviews allow participants the freedom to express their views and perceptions in their own terms and provide the rigour and direction of questions especially developed for the research. In the present study, the researcher had a list of relevant questions known as an interview guide. Semi-structured in-depth interviews thus give a voice to participants to openly and freely respond to the questions based on their own experiences, values and knowledge (Maylor & Blackmon, 2005). In this way, it is more likely for the researcher to learn what is in participants’ minds concerning the interpretation of tensions in

their business partnerships, which fostered a better understanding of the topic in an exploratory way.

In addition, the flexibility of semi-structured interviews enables more probing opportunities for extending the answers to the questions (Patton, 1990). In this sense, semi-structured interviews were helpful for this study to gain a broader and more comprehensive picture of interpretations of tensions in sustainability. Further, semi-structured interviewing provides some degree of uniformity across the varied educational, professional, and personal histories of the same group with a standardised interview schedule (Luo & Wildemuth, 2009). In other words, it is this equivalence of meaning that generates the same questions in the same order with every respondent, which indicates the differences can only exist in the answers. This helped the researcher to standardise the semi-structured interview and facilitate comparability, which ensures reliability and validity for this study (Denzin, 1989; Smith, 1975).

Additionally, semi-structured interviews were chosen, which was guided by recent empirical studies investigating tensions in sustainability (Carollo & Guerci, 2017). As such, Karhu and Ritala (2018) examined tensions in beverage companies in Austria by interviewing 18 managers about decision-making in allocating competing demands among financial and social alternatives. Sharma and Jaiswal (2018) empirically examined how the cognitive frames of individuals at different levels in organisations interact and what these interactions imply for managing sustainability tensions. Similarly, Joseph et al. (2018) explored how companies manage tensions in pursuit of sustainability through interviewing 32 corporate sustainability managers across 25 forestry and wood-products organisations in Australia.

### 3.7.2 Developing the Interview Protocol

The purpose of this sub-section is to demonstrate how the interviewing protocol was designed and developed for data collection in this research. Semi-structured interviews consist of a list of open and closed questions enabling specific topics to be covered in a formal interview protocol (Bryman & Bell, 2003). It is these specific questions in the interview protocol that produce new concepts and themes emerging from the data, which allows research findings to contribute to novel insights of the research (Collis & Hussey, 2003). By following this logic, in the present study, the researcher had a list of open and closed questions designed for investigation of tensions in sustainability. As suggested by Spradley (1979), each interview started with general topics such as the participant's work experience, the background of the business partnership and organisational sustainability policy and strategy. Then, based on the review of existing literature, interview questions covered a range of issues concerning the following themes/topics in order to explore tensions in sustainability in Chinese and NZ firms in business partnerships:

- the tensions related to sustainability in Chinese and NZ business partnerships
- the reasons causing the tensions
- the managerial sensemaking of the tensions
- the strategies for managing the tensions

As data collection continued, interviews became increasingly focused until the researcher achieved theoretical saturation, that is, additional interviews failed to dispute existing, or reveal new, categories or relationships (Corbin & Strauss, 1998). In this way, the interview process was done systematically with the informants expressing themselves freely and

prompted whenever possible. Once the interview protocol had been designed, before the main investigation, the researcher conducted several pilot interviews; their procedures and justification will be discussed in the next sub-section.

### **3.7.3 Pilot Interviews**

In order to ensure effectiveness in the main investigation, pilot interviews were conducted to test whether the research questions were appropriate and whether the sampling techniques and research design were suitable (Baker, 1994; Mann, 1985).

A pilot study is a feasibility study that comprises “small-scale versions of the planned study, trial runs of planned methods, or miniature versions of the anticipated research” in order to answer “a methodological question(s) and to guide the development of the research plan” (Prescott & Soeken, 1989, p. 60). Kim (2011) argued that conducting a pilot study is important for qualitative research preparation, because it helps the researcher to see whether the research project is worth carrying out. In terms of investigating tensions in the sustainability field, some studies have included pilot studies before the main examination. For instance, Oinonen, Ritala, Jalkala, and Blomqvist (2017) conducted a pilot study before their main investigation to identify tensions in supplier and customer co-development relationships to improve the validity of the main study. Following their advice, three face-to-face interviews were carried out with three managers at two NZ firms. As a result, all three of them reported tensions in addressing sustainability issues between their firms and their Chinese partner firms. This helped the researcher to ensure the validity of this study.

In addition, pilot interviews offer researchers an opportunity to make adjustments and revisions to the main study (Kim, 2011). van Teijlingen and Hundley (2001) advocated that one of the advantages of a pilot study is that it provides the researcher with a preview of “where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated” (p. 1). In this regard, three face-to-face pilot interviews helped the researcher to clarify whether the interview questions were appropriate for participants to answer. This leaves the researcher enough space and time to revise and adjust the main investigation before major problems occur, which is helpful to enhance the credibility of this study (Padgett, 2008; Sampson, 2004). Accordingly, some interview questions were adjusted based on feedback from the three pilot interviewees, for example, ‘Has your organisation confronted the situation of having contradictory strategies in addressing sustainability issues with your Chinese/New Zealand partner firm?’ may not be clear to interviewees. Therefore, this question was revised as ‘Has your organisation confronted the situation of having contradictory strategies in addressing economic and social performance with your Chinese/New Zealand business partner firm?’

### **3.7.4 Informal Group Discussion**

Apart from one-to-one individual interviews, this study also organised an informal group discussion for data collection. Group interviews can be “formal with a specific, structured purpose such as a marketing focus group, or, it can be informal taking place in a field setting where a researcher stimulates a group discussion with a topical question” (Frey & Fontana, 1991, p. 175). In relation to the present study, guided by the work of Morgan (1996), Ideally four or five informal group discussions (with four or five participants in each group) would

have been conducted among Chinese and NZ firms in business partnerships, and the main positions of these participants would be in middle and senior management. However, it is difficult to organise four to five informal group discussion for the present study, because the approached participants were not willing to participate. As a result, only one informal group discussion was successfully organised between one Chinese and one NZ firm in business partnership. A total of three participants joined the discussion with one coming from one Chinese firm and the other two from its partner NZ firm. All these three participants' comments have been analysed in the data management process.

The main purposes and reasons to conduct informal group discussions in the present study are illustrated from mainly two perspectives. First, informal group discussions supplement one-to-one interviews to provide deeper understanding of the research (Krueger & Casey, 2000), particularly in relation to tensions in sustainability research (Gillett, Loader, Doherty, & Scott, 2019). Accordingly, all the participants in the informal group interview in this research discussed tensions related to sustainability in their business partnerships by expressing their diverse opinions and views, providing an in-depth exploration of the issues. This is also in accordance with Wibeck, Dahlgren, and Öberg (2007), who argued that group interviews allow social researchers to “explore not only what the participants are talking about, but also how they are trying to understand and conceptualize the issue in question” (p. 253).

Second, group interviews allow participants to generate thoughts and discussion around both shared and unshared attitudes and beliefs, which tends to prompt dynamic interactions that often provide insights beyond the content themes (Seal, Bogart, & Ehrhardt, 1998). In relation to this study, the researcher noticed that there was some consensus and disagreements



in the group regarding the tensions, which may be caused by dynamic interactions in the group. Through dynamic interactions and engagement, accounts of tensions tend to be stimulated and expressed, thus maximising the quality of the collected information in a short time (Acocella, 2012). This dynamism stimulates new ideas and expands the depth and variation in response to research questions, which provided the researcher with unexpected findings and insights (Frey & Fontana, 1991).

Hence, in the present study, an informal group interview was thus chosen, which provides an efficient approach supplementary to in-depth individual interviews to develop a greater depth of understanding of tensions in sustainability in the context of Chinese and NZ business partnerships through formulating a dynamic atmosphere. This also contributed to group discussion data collection methods of tensions in sustainability research field (Gillett et al., 2019).

### **3.7.5 Research Context and Selection of Participants**

In order to get relevant and rich data, it is important to choose the appropriate sampling strategy (Saunders et al., 2016). Definitions of sampling were often not explicitly stated in the methodology literature reviewed. Gentles, Charles, Ploeg, and McKibbin (2015) defined sampling in qualitative research as “the selection of specific data sources from which data are collected to address the research objectives” (p. 1775), while sampling units normally refer to organisations, individuals, groups, decisions and dyads (Corbin & Strauss, 1990; Miles & Huberman, 1994). Particularly in terms of interviewing methods, selecting a sampling unit entails “choosing informants” (Cohen, Kahn, & Steeves, 2000, p. 45). In the present study, as data was collected through interviewing people, decisions concerning sampling thus involved

selecting the relevant research contexts and the related research informants in order to explore tensions in sustainability in Chinese and NZ firms in business partnerships. In order to achieve this goal, a purposeful sampling technique was adopted for identifying related companies and potential participants (Mason, 2002; Miles & Huberman, 1994).

A purposive sampling technique is often referred to as “non-probability sampling or purposeful sampling or qualitative sampling, which is involved with selecting certain units or cases based on a specific purpose rather than randomly” (Teddlie & Yu, 2007, p. 80). The objective of this research is to investigate tensions in sustainability in the context of Chinese and NZ firms in business partnerships. Based on the information provided by the New Zealand China Council (2015) and the NZ Ministry of Business Innovation and Employment (2016), it was evident that the majority of Chinese and NZ firms in business partnerships are relatively large. According to the New Zealand Government (1993), a large company or overseas company can be defined as one that satisfied at least two of these criteria: 1). \$20 million in turnover per annum; 2). \$10 million in assets; 3). 50 or more employees. Therefore, relatively large Chinese and NZ companies across various industries were targeted as the related research setting.

In order to get a deeper understanding of tensions in sustainability, it was imperative to ensure that selected companies have relatively mature sustainability strategies and implementations so that participants would be knowledgeable in the practice of sustainability. Patton (1990) argued that purposeful sampling provides the researchers with a deeper understanding of the phenomenon by selecting information-rich cases, i.e. those from which one can learn a great deal about issues of central importance to the purpose of the inquiry. For

instance, in order to explore tension in sustainability within organisations, Ozanne et al. (2016) applied purposeful sampling to select case organisations that were attempting to manage social, economic and environmental dimensions of sustainability. Following this approach, the researcher read relevant documents and archival records to find out whether the selected firms have annual sustainability reports, and whether they provided information on sustainability activities on their websites and through social media. Overall, a total of 16 Chinese and NZ firms (8 Chinese firms and 8 NZ firms) in business partnerships with the characteristics needed for the study were recruited.

In terms of selection of participants, four criteria needed to be met for this study. First, as the objective for this study was to develop deeper and richer understanding of tensions in sustainability, a small sample size was used. Sample size in qualitative research may refer to “numbers of persons, but also to numbers of interviews and observations conducted or numbers of events sampled” (Sandelowski, 1995, p. 180), which is “ultimately a matter of judgment and experience in evaluating the quality of the information collected against the uses to which it will be put” (p. 179). As purposeful sampling was utilised to develop a deeper understanding permitted by information-rich cases, a relatively small sample size was required (Patton, 1990). In phenomenological directed studies exploring the essence of experiences, a relatively small sample size of about 20 to 30 interviews is expected (Collis & Hussey, 2003; Saunders et al., 2016). Given these perspectives, a total of 34 informants participated in the interviews.

Second, all the interviews were conducted with participants whose main responsibilities lie in management, senior management and executive positions. Although this study was conducted

on the organisational level, organisational phenomena were shared or interpreted through managers (Daft & Weick, 1984). Managers and senior managers may not agree fully about their perceptions, but reaching convergence enables the organisation to be interpreted as a system (Weick, 1979). While CEOs may not represent the views of all members of an organisation, they are still useful as a representation of organisational culture, someone who “reflect[s] organisational culture and values but also [has] broader cultural and political significance [as CEOs] participate in the processes through which societies come to frame and understand phenomena, such as environmental challenges, sustainable development and corporate responsibility” (Mäkelä & Laine, 2011, p. 219). Apart from this, the decision to interview people who are in management positions was also guided by the practice of the research area: in recent empirical studies of tensions in sustainability among organisations, the majority of data was collected through interviewing managers, senior managers and CEOs (Carollo & Guerri, 2017; Ferns et al., 2017; Iivonen, 2018).

Third, the researcher also made sure that the selected participants are directly involved in managing the business partnerships between their firms and their related partner firms and thus able to provide richer and deeper information on tensions. Fourth, in order to increase the credibility of findings in qualitative research, it is important to maximise the variety or representativeness of the sample (Bryman & Bell, 2003). One kind of variation strategy frequently used in purposeful sampling is demographic variation, where variation is generally sought on people’s related characteristics (Sandelowski, 1995). In doing so, the researcher also ensured that the informants come from a diverse range of industries such as health and safety, aviation, dairy, IT and technology and other areas. The informants also vary in years

of experience in management, ranging from novices to those with more than 29 years of professional experience.

### **3.7.6 Accessing Companies and Participants**

In order to gain access to the targeted firms, the relevant managers of the selected companies were initially contacted through social media platforms such as emails, LinkedIn and Wechat. As suggested by Bryman and Bell (2003), qualitative researchers often use social networking forums to obtain access to participants. For example, in the researcher's own experience, LinkedIn is very helpful to track professional information on informants regarding their work experience, current working position, and areas of expertise. In order to establish initial contact, the researcher just needs to send a 'friend request', and if the respondent agrees to be connected, then it is possible for the researcher to contact them directly.

Once the initial contact was established, then the researcher asked the targeted participants whether they were willing to participate in the interview. In doing so, a formal invitation letter (see Appendix A) and information sheet (see Appendix B) containing the basic information about the researcher and the research project were sent by email to 35 targeted participants. Some managers confirmed their participation in the interview on the receipt of a formal invitation, and some replied with further queries and confirmed their interviews after two or three emails. For instance, some questioned whether confidentiality of their companies and themselves would be protected and some asked for a list of interview questions. Initially, 22 participants replied to the emails and were willing to participate in the interviews. The remaining 13 participants politely refused to be interviewed for one of three reasons: first, they were too busy; second, they did not get approval from their senior management team;

and third, after seeing the interview questions, the participants thought they could not answer the questions.

To find more participants and ensure that the sample included the most knowledgeable informants, the researcher used a snowballing technique by asking the initial 22 informants to recommend others within their firm or in their partner companies who could offer further insight regarding the research topic (Celsi, Money, Samouel, & Page, 2016; Patton, 1990). In this way, the researcher recruited another 12 participants. Overall, the empirical material was based on interviews with 34 respondents from 11 Chinese and NZ firms (see Table 3.3). Unfortunately, the researcher could not find any participants who were keen to participate in the interview in the 5 other companies, this is because all of the approached participants from these 5 companies refused to join the interviews.

**Table 3.3 Companies and Participant Profiles**

No. of business partnerships	Labelled selected companies	Type of business partnerships	Time of partnership	Industry	No. of interviewed participants	Type of interviewing	Labelled interviewed participants	Nationality	Titles of interviewed participants	Years of working experience of participants
Partnership 1	A: New Zealand	Joint venture business partnership	2 years	Farming	3	Telephone	A1	New Zealand	Director	over 15 years
						Telephone	A2	China	Senior Manager	less than a year
	B: Chinese				2	Telephone	A3	New Zealand	Director	6 months
						Face-To-Face	B1	New Zealand	Non-Executive Director	one and a half years
Partnership 2	C: New Zealand	Acquisition business partnership	6 years	Appliance manufacturing	2	Face-To-Face	B2	New Zealand	Director	10 months
						Telephone	C1	New Zealand	Chief Executive Officer	29 years
	D: Chinese				2	Telephone	C2	New Zealand	Director	3.5 years
						Telephone	D1	China	Director	19 years
Partnership 3	E: New Zealand	Strategic business partnership	5 years	Telecommunications	8	Telephone	D2	China	Manager	11 years
						Face-To-Face	E1	New Zealand	Manager	12 years
						Face-To-Face	E2	New Zealand	Manager	12 years
						Telephone	E3	New Zealand	Senior Manager	About 12 years
						Face-To-Face	E4	New Zealand	Senior Manager	5.5 years
						Face-To-Face	E5	New Zealand	General Manager	Nearly 23 years
						Face-To-Face	E6	New Zealand	Senior Manager	15 years
						Face-To-Face	E7	New Zealand	Manager	7.5 years
	F: Chinese				3	Telephone	E8	New Zealand	Manager	9 years
						Face-To-Face	F1	New Zealand	Director	7.7 years
Partnership 4	G: New Zealand	Joint venture business partnerships	15 years	Health and safety	2	Face-To-Face	F2	China	Director	11 years
						Face-To-Face	F3	New Zealand	Manager	5 years
	H: Chinese				0	Telephone	G1	New Zealand	Director	Over 10 years
Telephone		G2	New Zealand	Independent Director		1.5 years				
Partnership 5	I: New Zealand	Joint venture business partnership	2 years	Aviation	5	Face-To-Face	I1	China	Manager	3 years
						Face-To-Face	I2	New Zealand	Senior Manager	4 years
						Telephone	I3	New Zealand	Senior Manager	5 years
						Face-To-Face	I4	New Zealand	Manager	10 years
	J: Chinese				0	Telephone	I5	New Zealand	Manager	2.5 years
Partnership 6	K: New Zealand	Joint venture business partnership	4 years	Dairy	5	Face-To-Face	K1	New Zealand	Director	9 years
						Face-To-Face	K2	New Zealand	Manager	6.5 years
						Face-To-Face	K3	New Zealand	Senior Manager	7 years
						Telephone	K4	New Zealand	Senior Manager	6 years
	L: Chinese				0	Face-To-Face	K5	New Zealand	Director	15 years
Partnership 7	M: New Zealand	Acquisition business partnership	4 years	Disposal	1	Telephone	M1	New Zealand	Chief Executive Officer	10 years
	N: Chinese					0				
Partnership 8	O: New Zealand	Acquisition business partnership	1 year	Health and safety	1	Face-To-Face	O1	New Zealand	Senior Manager	Over 20 years
	P: Chinese					0				

### 3.7.7 Interview Procedure

Before each interview started, a formal consent form was given to participants to sign. Meanwhile, the researcher phoned interviewees and had a friendly but professional conversation about the research, which was helpful to put their minds at ease and show that the researcher was eager to find out their interpretations of the investigated tensions. Again, the researcher assured interviewees that anonymity and confidentiality of data would be protected; this will be discussed in detail later in the section on ethical considerations.

To start the interview, the researcher thanked interviewees for taking the time to participate in the study. All the interviews started with general questions such as “what is your current role in your organisation?” and “how long have you been working here?” Then, the interviews turned to more difficult and more focused questions on tensions in addressing particular issues in sustainability: for details see the interview protocol (Appendix D). In this process, all the interviewees were free to discuss interpretations of the tensions based on their own experience and stories without interruption. Whenever needed the researcher made notes during interviews. Each interview also ended with the researcher thanking the participant.

The interviews took place in Auckland, New Zealand between 23 August 2017 and 17 November 2017. The interviews’ length ranged from 30 minutes up to around 60 minutes. The average length of the interviews however was 45 minutes. As most of the firms in this study had head offices in Auckland, the majority of interviews took place in Auckland cafés, offices or other quiet places, which provides flexibility and freedom for informants, increasing the chance of



deeply exploring data (Yin, 2010). However, for those participants who are based outside of Auckland, the interviews were conducted online by means of social media platforms such as Skype and Wechat. Overall, a total 17 interviews were conducted face-to-face, while 16 interviews and one informal group discussion were done online: for details see Table 3.3. A total of 33 interviews (including one group discussion) were audio recorded except for 1 participant who refused to be recorded during the interview process. Therefore, the researcher took notes during this interview for further data analysis. All the interviews were conducted in English, thus there is no language translation issue for the present study.

Some researchers have advised that telephone calls are not well suited to the task of qualitative interviewing, because compared to face-to-face interviews, interviewers cannot interact with interviewees and obtain non-verbal clues such as facial expression and body language (Gillham, 2005; Rubin & Rubin, 1995). However, online interviews can be conducted asynchronously (not in real time) and synchronously (in real time) and involve audio, textual as well as video/visual exchanges (James & Busher, 2016). In particular, synchronous approaches have focused on text-based chat rooms and videoconferencing and Voice-Over Internet Protocol (VOIP) to ask and answer questions from participants (Stewart & Williams, 2005).

Berg (2007) suggested that in regard to unstructured or semi-structured interviews, synchronous environments (or videoconferencing in this case), although not identical to face-to-face interviews, are definitely similar. The real-time nature of online interviews, whether one-on-one

or focus group interviews as in face-to-face interviews can encourage spontaneous interactions between participants and the researcher (James & Busher, 2016; Sullivan, 2012).

While there has been a number of studies exploring the benefits of face-to-face interviews, “there is little discussion around the use of online synchronous interviews, particularly using multiple interview techniques in a single research project” (Deakin & Wakefield, 2014, p. 604). In terms of the current study, the researcher preferred the interviews to be done through online communication services such as Skype and Wechat. This was because the researcher found that online interviewing was more convenient to conduct (Sturges & Hanrahan, 2004). For example, a Skype interview may provide an alternative to phone or video calls made to interviewees that ask to be called on a mobile phone as opposed to a land line (Deakin & Wakefield). It is easier for the researcher to download the software online. This software allows calls to be made to landline and mobile numbers and with the option of video conferencing provides an added advantage over the telephone. These unique characteristics of the software thus permitted the researcher to save the time it would have taken for travelling across New Zealand for traditional face-to-face interviews.

In addition, the researcher found that participants are more comfortable communicating over synchronous online interviews compared to face-to-face interviewing, which allowed more prompts and probes, thus getting richer and deeper data. These observations were consistent with the study by Tucker and Parker (2014) who stated that if participants used Skype more frequently, they may develop a familiarity and comfort with the technology. Accordingly, the

managers of this study were also frequently using Skype calls to communicate with their NZ/Chinese business partner firms. Therefore, interview participants were experienced and comfortable using telephones and Skype for communication. For example, some participants were nervous about talking in the face-to-face interviews. In contrast, others in synchronous online interviews felt more relaxed and free to answer the questions.

Moreover, the researcher noted that most synchronous online interviews took longer than face-to-face interviews. Interestingly, the researcher also observed that online participants tended to mention some sensitive perspectives on the tensions in their business partnerships that they might be reluctant to discuss face-to-face (Opdenakker, 2006). As Paulus, Lester, and Dempster (2013) argued, in relation to the quality of data collection, participants' responses through synchronous interviews are often more honest, because spontaneous interaction between respondents and the researcher is easier to create. In this way, it is more likely for the researcher to generate richer, more detailed and expressive information (Hewson & Laurent, 2008). As an example, one interviewee in the CEO position at a NZ firm felt very nervous when he was interviewed face-to-face, and was reluctant to discuss the tensions. In comparison, another CEO at another NZ firm was interviewed via Skype and free to discuss his sensitive personal understanding of the tensions in their business partnership. Once the interview was complete, he was willing to offer further updates on the tensions in their business partnership. Therefore, the researcher found that compared to face-to-face interviewing, online phone interviewing provided a better way to dig deeper into the investigated issues of this study. Once data has been collected,

then the researcher needs to manage it in an effective way for further analysis as illustrated in detail in the next section.

## **3.8 Data Management**

The purpose of this section is to outline the data management process. In doing so, this section first describes how data was transcribed and the reasons for that. Then, it moves on to the data analysis method. In particular, this section describes how data was coded by following three coding stages in grounded theory – open, axial and selective coding – and how categories and sub-core categories were developed from the data. For each coding stage, some examples of participants' quotes and coding illustrations are provided.

### **3.8.1 Data Transcription**

There are two options for transcribing qualitative data: the first is to transcribe all the material, and the second is to transcribe selective parts of the data (Bryman & Bell, 2003). As suggested by Dey (1993), qualitative data must be recorded and transcribed fully and accurately to enable accurate recall and further analysis. As the task of transcribing an audio-recording is extremely time-consuming, in order to increase efficiency, the researcher used research funding to pay for transcription of all the audio recordings. Although the transcriptions were done by a professional transcriber, the researcher listened to the recordings and read all the transcripts again and again before analysing them. In order to ensure all the transcriptions were accurate, the researcher sent a copy of the transcript to each participant for verification. This action is helpful for ensuring

factual accuracy (Saunders et al., 2016); for example, the researcher found that some interviewees wanted to correct their own grammar and use of language. Accordingly, some changes advised by a few participants were accommodated in the final transcription. Then, the transcriptions were processed ready for data analysis, as discussed in the following sub-section.

### **3.8.2 Data Analysis**

According to Wiseman (1974), the “constant interplay of data gathering and analysis is at the heart of qualitative research” (p. 317). The process of qualitative data analysis generally involves synthesising data into meaningful segments and assigning names to these segments. Then the researcher develops themes, patterns or categories by rationally combining codes that represent similar connotations, and finally interprets and presents the research findings in the form of figures, charts, tables or a discussion (Miles & Huberman, 1994). The objective of qualitative data analysis is thus reducing and organising descriptive data gathered into themes or essences, which in turn, can be fed into descriptions, frameworks and theory.

There are many ways to analyse qualitative data; the most commonly used ones include Interpretative Phenomenological Analysis (IPA), Grounded Theory, Thematic Analysis, Content Analysis and some forms of Narrative Analysis (Robinson, 2014; Silverman, 2000). However, Braun and Clarke (2006) asserted that thematic analysis is regarded as the main method for analysing qualitative data, as it provides “a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex account of data” (p. 78). Similarly, Namey, Guest, Thairu, and Johnson (2008) defined thematic analysis as a systematic process that

moves beyond counting explicit words or phrases and focuses on identifying and describing both implicit and explicit ideas. Codes developed for ideas or themes are then applied or linked to raw data as summary markers for later analysis, which may include comparing the relative frequencies of themes or topics within a data set, looking for code co-occurrence, or graphically displaying code relationships (p. 138).

The thematic analysis method was adopted for data analysis in the current study, because this method can deepen understanding and explanation of a particular phenomenon through constant comparisons (Miles & Huberman, 1994). Thematic analysis is helpful for the researcher to explore the patterns between the data and the concepts through comparing divergent opinions from different informants (Braun, Clarke, Hayfield, & Terry, 2019). Through comparisons within data, thematic analysis “allows the researcher to determine precisely the relationships between concepts and compare them with the replicated data” (Alhojailan, 2012, p. 40). In relation to the present study, similar understandings of tensions in sustainability were grouped together into the same themes or codes, but participants’ different understandings of tensions in sustainability in their business partnerships were generated as new themes which may be different from the literature and provide new insights towards the tensions, highlighting similarities and differences across the data, thus efficiently providing a holistic picture of tensions in sustainability in Chinese and NZ business partnerships for this research.

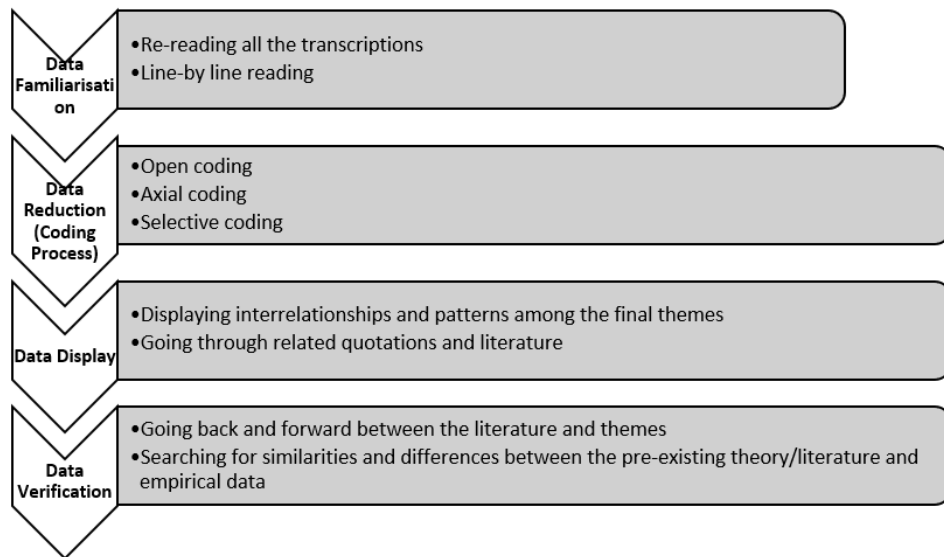
### **3.8.3 Analysing and Coding Process**

Coding in qualitative research is one way of exploring the information in the data, and looking for similarities and differences to categorise and label the data (Padgett, 1998; Patton, 1990). It is not simply part of data analysis but the “fundamental analytic process used by the researcher”

(Corbin & Strauss, 1990, p. 12). To code, data are broken down, compared, and then placed in a category. Coding is thus an iterative, inductive, yet reductive process that organises data, from which the researcher can then construct themes, essences, and descriptions, and develop theories (Corbin & Strauss, 1998; Miles & Huberman, 1994).

In this study, the researcher followed the thematic analysis process in the four steps suggested by Miles and Huberman (1994) and Braun and Clarke (2006); in particular, the researcher used the Grounded Theory coding technique advised by Corbin and Strauss (1990) to generate all the themes and sub-themes. As suggested by Waldman et al. (In press), qualitative research coding processes such as grounded theory and organisational discourse analysis are helpful for researchers to “identify tensions, situating them in a cultural/organisational context, examine how they develop into categories or sequential moves over time, and examine strategies that actors use to manage them” (p. 4). This provides a better way for the researcher to achieve the objectives of the present study. Thus, an illustration of the analysis process for this research is shown in Figure 3.4. The main reason why their coding technique was followed is because the level of development and specificity is clearly distinguished from other coding techniques, and it has a well-defined process that begins with basic description and moves to conceptual ordering and then on to theorising (Patton, 1990).

**Figure 3.4 Analysing and Coding Process: Based on Corbin and Strauss (1990), Miles and Huberman (1994) and Braun and Clarke (2006)**



The researcher first undertook data familiarisation, whereby all the interviews were transcribed word for word. Transcripts were read and re-read and notes taken to ensure data familiarisation and parts that seemed to be important through line-by-line reading were highlighted.

Then, the researcher went through data reduction: that is, coding and categorising in order to make sense of the data through the constant comparative method to find similarities and differences. As the current study used abductive reasoning, the researcher's theoretical assumptions could not be fully avoided while coding the data (Braun & Clarke, 2006; Miles & Huberman, 1994). Hence, some initial codes were developed from the existing literature, but a large number of codes were generated from empirical data.



For coding, the researcher followed the three stages suggested by Corbin and Strauss (1998): open coding, axial coding, and selective coding. Open coding is defined as “the interpretive process by which data are broken down analytically. Its purpose is to give the analyst new insights by breaking through standard ways of thinking about or interpreting phenomena reflected in the data” (Corbin & Strauss, 1990, p. 12). In the open coding, the researcher went through the data, examining it, comparing one part with another and beginning to make categorisations. As described by Corbin and Strauss (1990), open codes are a group of incidents with conceptual labels, which are assigned to each phrase, sentence or paragraph. At this stage, the researcher kept asking what was happening in the data and focused on the events, actions and interactions. These actions “sustained the researcher’s theoretical sensitivity, transcended descriptive details, and encouraged a focus on patterns among incidents that yielded codes” (Holton, 2007, p. 275). In this way, “conceptually similar events/ actions/ interactions” can be grouped together to form a conceptual category (p. 12). For example, in order to identify the tensions, the researcher was looking for indicator terms described by informants such as “problems”, “difficulty”, “challenging”, “tensions”, and “opposed/opposing” suggested by related empirical studies (Ferns et al., 2017; Slawinski & Bansal, 2015; Smith, 2014). As an informant announced:

So sometimes there are some tensions with the representatives of our partner company in addressing how to package products. From our Chinese partner’s perspective, products should ideally come in a very expensive outer box with some very decorative designs on it, because this is what Chinese customers want. However, this is opposed to our desire to reduce packaging, have less environmental impact and a simpler presentation, because our company embeds reducing carbon footprint into our business plan (Director G1).

As indicated by the words “tensions” and “opposed”, the researcher therefore coded this paragraph as ‘Chinese firm: Increasing margin to gain purely financial profits vs. NZ partner firm: Ensuring their business profits were made based on doing less damage to the environment’ to form an open code. Another good example is that, according to one director:

When our company acquired a NZ partner company as a business, there were two opposing voices. One is: we need to set up a management team to make immediate profits. The other voice: we need to trust local people. If we directly sent the Chinese management team to NZ, maybe they would get very quick results and better profits, but for long-term considerations, we do not think it is a good idea, because the local staff better understand local markets and are full of experience of how to satisfy local customers’ needs. NZ customers have higher standards in relation to technology efficiency like using less water and energy compared to Chinese customers (Director D2).

As indicated by the word “opposing” in the statement, the researcher therefore coded this paragraph as ‘Chinese firm: Strong focus on pursuing temporary business returns vs. NZ partner firm: Aiming to have a sustainable business and also be socially responsible for the planet and people’ to form an open code.

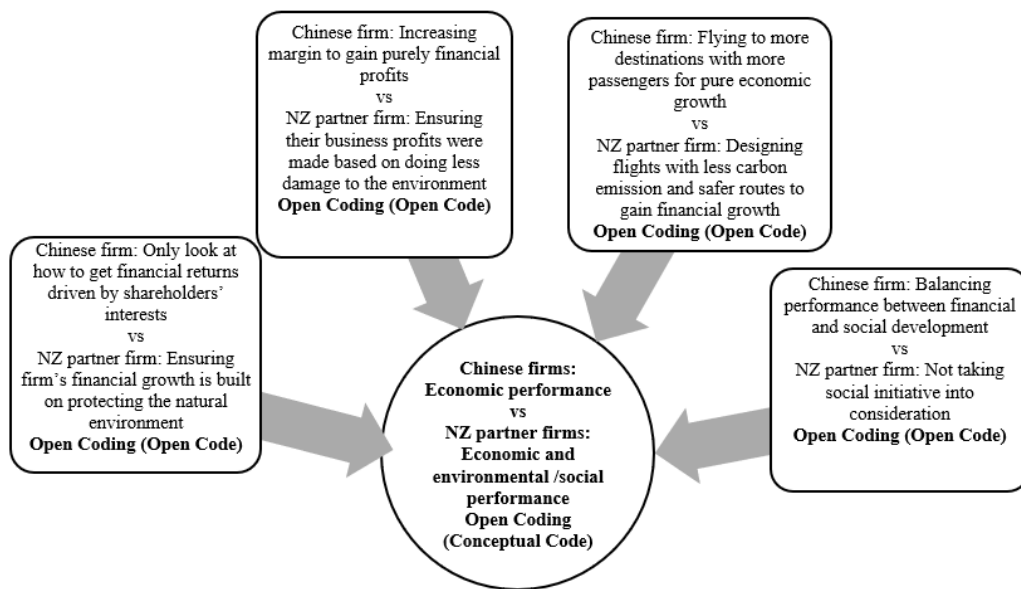
To further identify tensions in the Chinese and NZ firms in business partnerships, the researcher was also searching for contradictory statements mentioned by participants. For example, as asserted by one informant:

I think our Chinese partner company has a very strong business mind-set driven by financial performance such as looking at growth and market share. However, I think our company is trying to balance performance between financial and social development (Senior Manager E6).

This statement highlighted a contrasting sustainability practice between these two companies; the researcher thus coded this paragraph as ‘Chinese firm: Balancing performance between financial and social development vs. NZ partner firm: Not taking social initiative into consideration’ as an open code.

During open coding, the constant comparison method was also utilised by the researcher, because Corbin and Strauss (1990) argued that as “an incident is noted, it should be compared against other incidents for similarities and differences” (p. 9). In this process, the researcher constantly compared participants’ comments with their corresponding codes to identify any possible mismatch. Comments that did not fit a particular code were removed and then assigned to either an existing or a new code. As a result, sets of open codes were labelled as such, and over time, they were compared and grouped to formulate conceptual categories as shown in Appendix F. Figure 3.5 illustrates an example of development of a conceptual code in the open coding. These first-order concepts provided general insights into the identification of tensions, causes triggering the tensions, managerial sensemaking of the tensions and the strategies for managing the tensions.

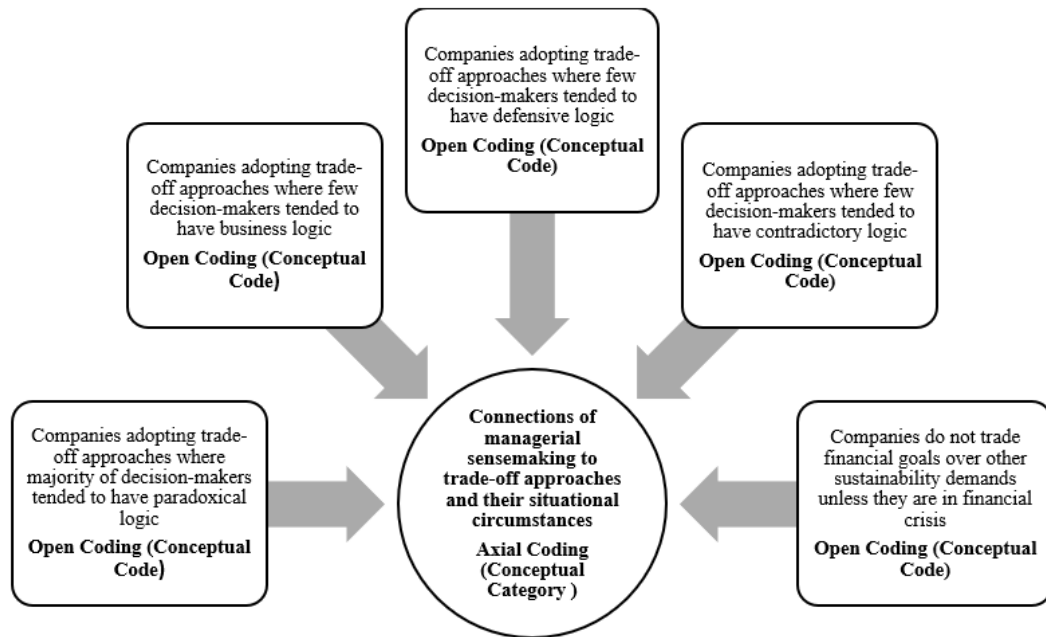
**Figure 3.5 An Example of Development of a Conceptual Code in Open Coding**



Once the conceptual codes began to accumulate, the researcher started to categorise them by grouping them under more abstract explanatory terms as conceptual categories” (Corbin & Strauss, 1998). In further analysis of the first-order codes, axial coding identified more theoretically informed second-order themes (Corbin & Strauss, 1990). In axial coding, the original list of concepts was thus shortened, and coding and analysing the data become more focused and selective. At this stage, the data was supposed to “determine the conditions that gave rise to the work, the context in which it was carried out, the action/interactions through which it occurred, and its consequences” (p. 13). Accordingly, the researcher identified a set of codes that were developed more fully as the researcher moved through each additional interview and company. During axial coding, a set of conceptual categories was generated, as presented in Appendix F. For example, in the open coding, the researcher generated some conceptual codes

such as ‘companies adopting trade-off approaches where majority of decision-makers tended to have paradoxical logic’, ‘companies adopting trade-off approaches where few decision-makers tended to have business logic’, ‘companies adopting trade-off approaches where few decision-makers tended to have contradictory logic’, ‘companies adopting trade-off approaches where few decision-makers tended to have defensive logic’ and ‘companies do not trade financial goals over other sustainability demands unless they are in financial crisis’. As they demonstrate the trade-off approaches and their interactions with managerial sensemaking of sustainability tensions and the conditions under which the Chinese and NZ companies in business partnership apply them, the researcher thus coded them as ‘connections of managerial sensemaking to trade-off approaches and their situational circumstances’ (see Figure 3.6.). Overall, 13 conceptual categories were generated for this research as shown in Appendix F.

**Figure 3.6 An Example of Developing a Conceptual Category in Axial Coding**



The third coding step is selective coding which is the final part where the main themes are drawn; it is “the process by which all categories are unified around a core category” (Corbin & Strauss, 1990, p. 14). In this process, coding was delimited to sub-core categories which are related to the core category. The core category represents the central phenomenon of the study, and the sub-core categories need to stand in relationship to the core category as conditions, action/interactional strategies and/or consequences, where open, axial and selective coding overlap (Corbin & Strauss, 1998). In this process, the researcher kept asking the following questions as suggested by Corbin and Strauss (1990):

- What is the main idea presented in this research?
- What are the key words to conceptualise the findings of this research?

- What do these actions and interactions seem to be about?

As a result of selective coding, categories and their sub-core categories became more integrated and elaborate to build up the core category for this research. Coding in general at this stage began to be restricted and the researcher started to focus on the concepts that were associated with the emerging core category that links all sub-core categories together for this research.

By following this logic, the core category of this research was named ‘Mastery of Tensions in Sustainability’. The core category represents the main phenomenon of this study, i.e. tensions in sustainability in Chinese and NZ firms in business partnerships. Mastery of tensions in sustainability concerns identification of multiple tensions, the reasons triggering them, how managers make sense of them and the strategies for managing them. The core category Mastery of Tensions in Sustainability (MTS) represents four sub-core categories: Identification of Multiple Tensions (IMT), Multiple Reasons Causing the Tensions (MRCT), Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST), and Multiple Strategies in Tensions Management (MSTM), see Table 3.4.

**Table 3.4 Main Conceptual Categories and Sub-Core Categories**

Axial Coding	Selective Coding	
Conceptual Categories	Sub-Core Categories	Core Categories
Financial Dominance of Triple Bottom Line Tensions	<b>Identification of Multiple Tensions (IMT)</b>	<b>Mastery of Tensions in Sustainability (MTS)</b>
Temporal Tensions		
Insignificant Commercial and Moral Tensions		
Minor Spatial Tensions		
Individual-Level Reasoning: Decision-makers Confronting Attitudes towards Sustainability	<b>Multiple Reasons Causing the Tensions (MRCT)</b>	
Organisational-Level Reasoning		
National-Level Reasoning		
Paradoxical Logic Dominance	<b>Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)</b>	
Contradictory Logic		
Business Logic		
Defensive Logic		
Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances	<b>Multiple Strategies in Tensions Management (MSTM)</b>	
Integrative Approaches and Their Proactive Outcomes		

The third step is data display, in which the researcher made clear the interrelationships and patterns among the final themes and went through related quotations and literature which enabled illustration of those themes by using an abductive approach through continuously moving between data and the literature. As mentioned earlier in section 3.5, abduction offered this study a dynamic approach for the researcher to address the research questions through interactions between pre-understandings and empirical data for theory revision and development



for a better explanation of the investigated tensions. This process pointed the researcher to other related literature which addresses tensions in sustainability, thus providing novel insights for the development of the related theories. Finally, the researcher undertook verification of the data by going back and forth between the literature and themes, searching for similarities between the pre-existing theory/literature and empirical data. The differences between them may be regarded as the new insights for the study, which will be further discussed in detail in the Discussion chapter. The next section provides a discussion of research quality in this study.

### **3.9 Research Quality**

Criteria that are used to judge the quality of research vary, depending on whether it is quantitative or qualitative research. As quantitative research is objective, criteria such as measurement reliability, validity, and generalisability are used for its assessment, but they are not suitable for qualitative research (Bryman & Bell, 2003). Rather, evaluation of qualitative research is difficult to define and therefore hard to know how to achieve, and there is little consensus about what that evaluation should consist of (Corbin & Strauss, 1998).

According to Corbin and Strauss (1998), the same judgment criteria cannot be applied across all qualitative research, as each study requires its own set of judgment criteria largely depending on its methods. Echoing this argument, Charmaz (2000) stated that qualitative research must not be assessed by the inappropriate application of external criteria, but by assessment from the internal logic of its own method. The criteria for good qualitative research should be that “findings are trustworthy and believable in that they reflect participants’, researchers’, and readers’

experiences with a phenomenon, but at the same time the explanation is only one of many possible “plausible” interpretations possible from data” (Corbin & Strauss, 1998, p. 302). In order to achieve trustworthiness for the research, the researcher followed the four criteria proposed by Lincoln and Guba (1985): credibility (internal validity), transferability (external validity), dependability (reliability) and confirmability (objectivity). A summary of these criteria and strategies to increase the quality of this study is presented in Table 3.5, and each of them are delineated accordingly in this section.

**Table 3.5 Summary of Criteria and Strategies in Establishing Trustworthiness for This Study: Based on Lincoln and Guba (1985)**

<b>Criteria</b>	<b>Definition</b>	<b>Strategies to satisfy criteria</b>
<b>Credibility (Internal Validity)</b>	Authentic representations of experience	Respondent validation (member checking)
		Triangulation of data and methods
		Purposeful sampling
		Interviewing process
<b>Transferability (External Validity)</b>	Fit within contexts outside the study situation	Purposeful sampling
		Variation of sampling
		Thick description
<b>Dependability (Reliability)</b>	Consistency of findings	Code-recode procedure
		Auditing strategy
		Triangulation of data and methods
<b>Confirmability (Objectivity)</b>	The degree to which findings are determined by the respondents and conditions of the inquiry and not by the biases, motivations, interests or perspectives of the inquirer	Auditing strategy
		Journal with notes on research objective, method, findings and interpretations

## **Credibility**

Credibility is equivalent to internal validity and refers to authentic representations of experience. It is defined as the degree to which a description of human experience is such that those having the experience would recognise it immediately and those outside the experience can understand it (Lincoln & Guba, 1985). Its significance stresses multiple social realities, the connection between the experience of groups and the concepts, which the social researcher uses to recreate and simplify them through interpretations.

In order to enhance the credibility of this research, the researcher used several techniques. The first one is respondent validation (member checking), which is a technique that consists of continually testing with informants the researcher's data, analytic categories, interpretations, and conclusions (Lincoln & Guba, 1985). As discussed earlier in this chapter, after the professional transcriptions were completed, they were sent back to the participants to check what they said to the researcher in the interviews. As a result, some participants replied and revised some grammar or language errors. This strategy of revealing research materials to the informants ensures that the researcher has accurately transcribed the informants' viewpoints into data and decreases the chances of misrepresentation. Further, at the end of each interview, some participants made some suggestions and comments on this research project such as the research questions and the significance of conducting this research.

Another way to enhance credibility of this research is through triangulation. Triangulation is one of the most powerful techniques for strengthening credibility and involves using more than one method or source of data in the study of a social phenomenon (Guba & Lincoln, 1994). It is based on the idea of convergence of multiple perspectives for mutual confirmation of data to ensure that all aspects of a phenomenon have been investigated (Krefting, 1981). Denzin (1978) suggested that there are four major types of triangulation involving the use of multiple sources, methods, investigators and theories. In regard to this study, firstly, the researcher used source triangulation by referring to quotations from various respondents. Conducting interviews with different managers is more likely to contribute to a holistic understanding of the tensions, because when multiple sources provide similar findings, their credibility is considerably strengthened (Krefting, 1990). Second, the researcher applied triangulation of data collection methods through integration of in-depth individual interviews and informal group discussion, which allows the researcher to better compare the data. Third, the researcher also focused on respondent selection by using purposeful sampling as discussed earlier in this chapter. Although the sample size is small, credibility need not be threatened, because purposeful sampling ensured the representativeness of participants who provide richer information (Patton, 1990). Triangulation strategies thus provide a number of different kinds of data and minimise distortion from a single data source, a biased researcher or a single interview for this research (Morse & Field, 1985).

Further, credibility can also be enhanced within the interviewing process by reframing, repetition, or expansion of questions (May, 1994). In terms of this study, as mentioned earlier in

this chapter, some interview questions were adjusted based on feedback from three pilot interviews. In the interviewing process, credibility is also supported when interviews or observations are internally consistent; that is, when there is a logical rationale about the same topic in the same interview or observation. A good example illustrated in this research is that, during the informal group discussion, three participants reported tensions in addressing environmental, economic and social performance in their business partnerships. In addition, indirect questions about the informants' experiences and structured hypothetical situations are methods that can be used to verify observations and meanings (Krefting, 1990). For example, at the end of each interview, the researcher asked the participant 'Do you know others who have similar experience of tensions in sustainability?' This snowballing technique helped to ensure the representativeness of the sample, thus enhancing the credibility of this research.

## **Transferability**

Transferability is analogous to external validity and refers to "the degree to which findings fit within contexts outside the study" (Baxter & Eyles, 1997, p. 515), which indicates that elements of the research produced in one context may be transferred to others. Compared to quantitative research, qualitative findings tend to be oriented to the contextual uniqueness and significance of the aspect of the social world being studied. However, it is possible to state that practitioners who are faced with similar problems can still apply the findings of this research. One strategy the researcher used in this study to address transferability was to make sure the informants were representative of the phenomenon under study (Morse & Field, 1985). As the objective of this

research is to investigate tensions in sustainability between Chinese and NZ firms in business partnerships, the researcher ensured that the selected participants are directly involved in managing their business partnerships, because they are the appropriate people who can provide richer and more relevant information. Another means of ensuring transferability is through variation of sampling. For this reason, all the informants come from a diverse range of industries such as health and safety, aviation, dairy, IT and technology and other areas. The informants also vary in years of experience in management, ranging from novices to those with more than 29 years of professional experience.

Thick description offers another way to enhance the transferability of this study; it describes the study context as completely as possible, because in essence, transferability involves the degree to which constructs are meaningful to other groups (Geertz 1973; Guba & Lincoln, 1994). For this reason, the thick, detailed descriptions of tensions in sustainability in Chinese and NZ business partnerships accumulated by the researcher are helpful in order for other groups of people to see what kinds of tensions these firms are faced with, how their managers understand these tensions, what reasons cause the tensions and their strategies in managing them. In addition, the adequacy of the data shown in the Discussion chapter will also offer a holistic picture of how the related hypotheses or theories were developed and what they mean. As a result, other managers or organisations can determine the degree to which the findings of this study can be transferred to understanding and managing their tensions in sustainability in their cases.

## **Dependability**

As a parallel to reliability in quantitative research, dependability in qualitative research relates to the consistency of findings in which the same constructs may be matched with the same phenomena over space and time (Guba, 1981). One way the researcher used to increase the dependability of this study was to conduct a code-recode procedure during data analysis (Krefting, 1990). After coding a segment of data, the researcher waited at least 2 weeks and then returned and recoded the same data and compared the results. Another means that the researcher used was an ‘auditing’ approach in that the complete records were kept accessible of all phases of the research process such as the research questions protocol, selection of participants, interviewing transcripts, and data analysis (Lincoln & Guba, 1985). Then, the researcher’s supervisors acted as auditors who assessed the course of this research accordingly from the beginning to the end of the project. For example, the researcher had regular supervision meetings with supervisors and presented the current research work and process, asking for feedback and comments. Dependability is also enhanced through data source and method triangulation that is similar to credibility as discussed before (Lincoln & Guba, 1985).

## **Confirmability**

Confirmability parallels objectivity and may be defined as “the degree to which findings are determined by the respondents and conditions of the inquiry and not by the biases, motivations, interests or perspectives of the inquirer” (Lincoln & Guba, 1985, p. 290). Guba (1981) asserted

that the major technique for establishing confirmability is auditing, which involves external auditors attempting to follow the progression of the research project and to understand how and why decisions were made. In view of this, the researcher chose both supervisors as external auditors to assess all the related documentation of the study. In order to help the auditors evaluate this research, the researcher presented notes (see Table 3.6) on findings, problems and interpretations.



**Table 3.6 Checklist for Evaluating the Current Study: Based on Rose (1982) and Lincoln and Guba (1985)**

Question	Elaboration/examples	Evaluation of this study
What is the natural history of the research?	Original purpose(s) of the research	Stated –to explore tensions in sustainability in Chinese and NZ firms in business partnerships
	Rationale for methodology	Stated – Interpretivism
	How research developed over time Fieldwork relations	Little discussion Little discussion
What data were collected and by what methods?	Method of note-keeping	Apparent
	Method of tape-recording	33 interviewers and 1 informal group discussion, taking about three months Audio-recorded Verbatim transcription
How was the sampling done?	Explicit delineation of sample frame	Initial targeting 35 informants, 22 agreed to participate, 13 refused to participate. Further getting 12 participants through snowballing techniques
	Random or purposeful?	Purposeful
	Rationale for type of sampling used	Purposeful on selection of companies and representative of participants
How was the data analysis done?	Procedures for summarising and presenting data	Data familiarisation, data reduction data display, verification of the data
	How data were selected for presentation	Coding process, constant comparisons method, abductive reasoning
What results are presented?	Description of researcher’s objective for results presentation (e.g. theory-building or development)	Descriptions of how the findings fit in with existing theory and outline policy implications
	Differentiation of data-derived as opposed to pre-existing constructs	Relate findings to literatures on tensions in sustainability
	Differentiation of participant concepts as opposed to theoretical (researcher-derived) constructs	Participant (quotations), data derived (researcher commentary), theoretical framework Figure 7.1 in the Discussion chapter
How credible and dependable are the data–construct links?	Details of the relationship(s) between the data and constructs/concepts derived from data	Member checking Codes and categories (Appendix F)
How credible is the theory/hypothesis?	Specification of the relationship between constructs/concepts and theory/hypotheses	Yes, see Appendix F Relate literature to this study, see Discussion chapter
How transferable are the findings?	Recognition of the limits imposed by the sampling strategy	Acknowledged qualitative interview Depends largely on credibility of research constructs

### 3.10 Ethical Considerations

It is pertinent for any social researcher to consider ethical issues. Prior to the research project, possible ethical issues were reviewed and discussed with the researcher’s supervisors, fully considering protection for the researcher, participants and their organisations. This is based on

the Code of Ethical Conduct for the Research and Teaching and Evaluation involving Human Participants. For example, in the very early draft of the thesis, the researcher labelled all the participants with their positions in the companies. However, as advised by the supervisors, the researcher then revised participants' labels in a more confidential way such as Manager, Senior Manager and CEO. In addition, a low risk Massey University Human Ethics Approval was granted (Appendix E), and the researcher was responsible for and complied with the ethical principles accordingly. Although it was low risk research, the researcher was concerned with several ethical issues, such as informed consent and the protection of confidentiality of the participants and their companies.

In doing so, all data conformed to privacy principles by maintaining confidentiality and anonymity, and no information provided in the thesis identifies any individuals, genders, ethnicity, groups or organisations. When participants were invited to take part in the interview, the researcher sent them copies of the Information Sheet (Appendix B), which described the research project and its background, mentioned the participants' rights concerning the interview, and highlighted Massey University's Human Ethics Approval information. Before each interview, participants were asked to sign the Consent Form (Appendix C), indicating all the participants have the right to withdraw from the interview at any time. With the approval of the participants, a total of 31 interviews (except for three participants who refused) were recorded and later transcribed. All the recorded interview files were saved as password-protected files in the researcher's personal computer with log in password protection. All the transcripts, notes and

analysed data were stored under fictitious names to ensure the anonymity of participants and their companies.

Further, in order to make it clear to participants how their participation contributed to the research project, the researcher briefly described the whole research project in terms of the research objectives and the implications of the findings, and explained what would be done with the participants' answers in relation to the study. At the end of each interview, every participant also had the right to ask questions or add further comments and suggestions regarding this project.

### **3.11 Conclusion**

To conclude, this chapter covered two pertinent parts of the study: the proposed theoretical framework and the research methodology applied in this research. Based on the emerging literature of tensions in addressing sustainability issues as illustrated in the last chapter, the researcher proposed a theoretical framework, which was presented in the first part of this chapter. This framework is mainly drawn from paradox theory and organisational ambidexterity, because paradoxical thinking about tensions in sustainability provides vital groundwork for firms to manage them holistically through a paradoxical approach that is an integration of structural and contextual ambidexterity. The purpose of this proposed theoretical framework is to guide the methodology of this research, detailed processes of data collection and analysis and connect them to the empirical findings that will be presented in the Discussion chapter.

The second part of this chapter outlined the research methodology comprehensively, which included detailed discussions on the research philosophy, methods, approach, design, process of data collection, data analysis and pertinent ethical considerations accordingly. It began by delineating interpretivism as the fundamental research philosophy for this study to explore tensions in sustainability in Chinese and NZ firms in business partnerships in an exploratory way. This was followed by discussions and justifications of qualitative research methods including abductive reasoning. Afterwards, the research design was demonstrated, including the justification for the use of the interview method and semi-structured interviews as the data collection technique. The research context, sampling, access to companies and participants and data collection procedures were also outlined. Next, another major part of the research methodology section described the data management. Accordingly, the methods of transcribing and analysing data as well as a detailed coding process for generating all the codes and categories of this research were demonstrated. This was followed by a detailed discussion on how the research quality of this study was maximised based on four criteria. The last section of this chapter described the ethical considerations of this study and how they were addressed.

So far, the review of the literature and the research methodology have been presented. In the next three Chapters (4, 5 and 6), the key empirical findings for this research will be provided.

# Chapter 4: Identifying Tensions and Their Causes

## 4.1 Introduction

This chapter assesses tensions related to sustainability between Chinese and NZ firms in business partnerships and discovers the reasons causing these tensions. As discussed in the literature review in Chapter 2, investigating tensions in the field of sustainability is a relatively new research area, hence empirical investigation about these tensions and reasons in causing them are generally lacking (Allen, Marshall, & Smith, 2015; Sharma & Jaiswal, 2018). To fill these knowledge gaps, the objective of this chapter is to empirically identify tensions in sustainability in Chinese and New Zealand business partnerships, and to discover potential reasons causing these tensions. Accordingly, the following two research questions are addressed:

RQ1: What are the most pressing tensions related to sustainability that arise between, or within, Chinese and NZ business partnerships?

RQ2: If tensions exist in sustainability between Chinese and NZ firms in business partnerships, then what reasons might be causing the tensions?

In order to achieve the above objectives, this chapter is organised as follows. An overview of the chapter is presented in the first section. The second section illustrates multiple tensions in four sustainability areas between Chinese and NZ firms in business partnerships. The third section

examines multiple reasons causing the tensions due to individual, organisational and national factors. In the last section of this chapter, a conclusion is presented.

## **4.2 Overview of the Chapter**

The empirical findings of this chapter suggest that tensions exist in addressing sustainability issues in Chinese and NZ firms who are in business partnerships and the reasons causing them. The sub-core categories and their conceptual categories that emerged from the data for this chapter are shown in Table 4.1, and are expanded throughout the chapter to highlight resulting conceptual codes. Table 4.1 illustrates the connections between the sub-core categories and conceptual categories. As shown in Table 4.1, this chapter suggests two sub-core categories, namely identification of multiple tensions (IMT) and multiple reasons causing the tensions (MRCT). Specifically, tensions are identified in four sustainability areas. In addition, this chapter reveals that the tensions are caused by individual, organisational and national-level factors. For each category, representative comments, or quotes, from the participants are presented and interpreted to provide support for the arguments, and where appropriate, findings are compared with the existing conceptual literature and empirical studies.

**Table 4.1 Identification of Tensions and Their Causes**

<b>Open Coding</b>	<b>Axial Coding</b>	<b>Selective Coding</b>	
<b>Conceptual Codes</b>	<b>Conceptual Categories</b>	<b>Sub-core Categories</b>	<b>Core Category</b>
Chinese firms: Economic performance vs. NZ partner firms: Economic and environmental/social performance	<b>Financial Dominance of Triple Bottom Line Tensions</b>	<b>Identification of Multiple Tensions (IMT)</b>	<b>Mastery of Tensions in Sustainability (MTS)</b>
NZ firms: Economic performance vs. Chinese partner firms: Economic and environmental/social performance			
Financial tensions dominant, addressing sustainability issues becomes secondary			
Chinese firms: Today's business success vs. NZ partner firms: Tomorrow's business development and public welfare	<b>Temporal Tensions</b>		
NZ firms: Today's business success vs. Chinese partner firms: Tomorrow's business development and public welfare			
Commercial imperatives vs. Moral Imperatives	<b>Insignificant Commercial and Moral Tensions</b>		
Hardly any commercial and moral tensions as both parties behave ethically according to the law			
Adopting Chinese law in regulating social and environmental issues vs.	<b>Minor Spatial Tensions</b>		

Utilising NZ’s law in regulating social and environmental issues			
No statement of spatial tensions as both parties just need to make sure their business activities obey the local regulations			
Chinese decision-makers’ “either/or” attitudes towards sustainability vs. NZ decision-makers’ “both/and” attitudes towards sustainability	<b>Individual-Level Reasoning: Decision-makers Confronting Attitudes towards Sustainability</b>	<b>Multiple Reasons Causing the Tensions (MRCT)</b>	
NZ decision-makers’ “either/or” attitudes towards sustainability vs. Chinese decision-makers’ “both/and” attitudes towards sustainability			
Contradictory organisational sustainability standards and regulations	<b>Organisational-Level Reasoning</b>		
Opposed organisational economic goals			
Contradictory national sustainability standards	<b>National-Level Reasoning</b>		
National government interference			

### 4.3 Identification of Multiple Tensions (IMT)

This section identifies four areas of tensions in sustainability in Chinese and NZ firms who are in business partnerships: triple bottom line tensions, temporal tensions, commercial and moral tensions, and spatial tensions. Alternatively, this study generates the sub-core category of ‘identification of multiple tensions’ which represents four conceptual categories of ‘financial dominance of triple bottom line tensions’, ‘temporal tensions’, ‘insignificant commercial and moral tensions’, and ‘minor spatial tensions’ (see Table 4.1). The frequency of participants’



comments is shown in Table 4.2. Each of the tensions is properly defined and analysed in detail with the support of relevant comments from participants in the following four sub-sections.

**Table 4.2 Frequency of Identification of Multiple Tensions (IMT)**

Companies	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Participants	Total participants/Companies
<b>Identification of Multiple Tensions (IMT)</b>																		
<b>Financial Dominance of Triple Bottom Line Tensions</b>																		
Chinese firms: Economic performance vs. NZ partner firms: Economic and environmental/social performance	√	√			√		√		√		√						A1, B1, E1, E2, E6, G1, I1, K3, K4, K5, O1	11/7
NZ firms: Economic performance vs. Chinese partner firms: Economic and environmental/social performance			√	√													C1, C2, D1, D2	4/2
Financial tensions dominant addressing sustainability issues becomes secondary	√	√			√	√	√			√	√		√		√		A1, A2, A3, B1, B2, E3, E4, E6, E7, E8, F3, G1, G2, I1, I2, I3, K1, K2, M1, O1	20/9
<b>Temporal Tensions</b>																		
Chinese firms: Today's business success vs. NZ partner firms: Tomorrow's business development and public welfare		√			√	√	√			√		√			√		B1, E1, E2, E3, E4, E5, E6, F2, G1, G2, I1, I4, K3, K4, K5, M1, O1	17/8
NZ firms: Today's business success vs. Chinese partner firms: Tomorrow's business development and public welfare			√	√													C1, C2, D1, D2	4/2
<b>Insignificant Commercial and Moral Tensions</b>																		
Commercial imperatives vs. Moral Imperatives			√								√						C1, K1, K3, K4, K5	5/2
Hardly any commercial and moral tensions as both parties behave ethically according to the law	√		√	√	√	√			√		√		√				A1, C1, D1, D2, E1, E2, E3, E4, E6, E7, E8, F1, F2, F3, I1, I2, I3, K5, M1	19/8
<b>Minor Spatial Tensions</b>																		
Adopting Chinese law in regulating social and environmental issues vs. Utilising NZ's law in regulating social and environmental issues	√				√		√		√							√	A1, E3, E6, E8, G1, G2, I2, I3, I4, O1	10/5
No statement of spatial tensions as both parties just need to make sure their business activities obey the local regulations	√	√	√	√	√	√	√		√		√		√				A2, A3, B1, B2, C1, D1, E2, E4, E5, E7, F1, F2, K1, K3, K4, K5, M1	20/9

### 4.3.1 Financial Dominance of Triple Bottom Line Tensions

With comments from 15 participants, the findings of this chapter identified Triple Bottom Line (TBL) tensions between Chinese and NZ firms in business partnerships. As TBL requires firms to contribute to environmental, economic and social performance (Elkington, 1997), the TBL tensions between Chinese and NZ firms in business partnerships thus can be understood as these

firms having contradictory strategies in addressing environmental protection, economic prosperity and social justice in their daily business activities. This finding reflects the strategic tensions which were mainly identified in recent studies from a conceptual perspective within firms (Hahn et al., 2018; Hahn et al., 2015). However, the empirical analysis demonstrated the differences between Chinese and NZ firms in addressing TBL issues. With comments from 11 participants at 7 firms, the findings showed that Chinese firms tended to pursue financial growth, while their NZ partner firms tended to achieve financial returns and environmental or social objectives. For example, director A1 clearly reported such tensions:

What I would say is that our Chinese partner firm has a big focus on the financial performance. I think their main driver is to return a dividend for their shareholders whereas we are focusing on returning a dividend for our shareholders and also maintaining sustainable farming such as setting goals around animal treatment and wastewater management (Director A1).

Similarly, one non-executive director B1 asserted:

Honestly, we do not worry about sustainability issues. To us it is just about looking at whether business activities can meet financial goals or not. Our Chinese directors do not understand the business, they only can look at budgets and if the NZ partner firm does not meet the monthly budget, then there is something wrong. We believe that our NZ partner will look after the environment such as protecting waterways and animal welfare (Non-Executive Director B1).

The above managers' comments suggested that company A tended to make sure that its financial growth is built on protecting the natural environment, while its Chinese partner company B tended to only look at how to get financial returns driven by shareholders' interests. More evidence was also found in other business partnerships firms. A good example was highlighted

in the partnership between companies G and H regarding tensions over product packaging. As director G1 mentioned:

So sometimes there are some tensions with the representatives of our partner company in addressing how to package products. From our Chinese partner's perspective, products should ideally come in a very expensive outer box with some very decorative designs on it, because this is what Chinese customers want. However, this is opposed to our desire to reduce packaging, have less environmental impact and a simpler presentation, because our company embeds reducing carbon footprint into our business plan (Director G1).

The above manager's view indicated that while NZ firm G tended to ensure that its business profits were made based on doing less damage to the environment, thus aiming to address economic and environmental objectives at the same time, its Chinese partner firm H was mainly driven by pure financial profits without taking sustainability into consideration in its business activities.

Similar tensions were also revealed in the partnership between companies I and J, where manager I1 clearly reported that their company tried to design flights with lower carbon emissions and safer routes to gain financial growth, but their Chinese partner firm was always thinking about how to fly to more destinations with more passengers for pure economic growth.

According to this manager:

There are always some tensions that happen in our meeting room. Our Chinese partner firm does not like looking after the environment, for example, our partner company has a great growth aspiration by flying to more destinations to increase financial growth. What they are always looking at is where to fly to and how to fly

more. However, our company is thinking of flying with less carbon emissions and also making sure it is profitable (Manager I1).

The above manager's statement indicated that tensions existed in addressing economic and environmental performance in this business partnership. This finding reflected the results of a recent empirical study of Ferns et al. (2017) who identified tensions between economic growth and environmental protection among the European supermajor oil companies such as BP, Shell, and Total.

In addition, three participants at company E mentioned the economic and social tensions (Howard & Jaffee, 2013; Sharma & Bansal, 2017) with their partner company F. While their firm tended to balance performance between financial and social development, their Chinese partner firm does not take the social aspect into consideration:

I think our Chinese partner company has a very strong business mind-set driven by financial performance such as looking at growth and market share. However, I think our company is trying to balance performance between financial and social development (Senior Manager E6).

Another two informants from company E shared a similar view that their Chinese partner company F's business mind-set neglected the community:

There was a local arts festival that was looking for sponsorship and I thought that would have been a great fit for our business partner. Although they were interested, they could not get involved, because it was out of their annual budget. (Manager E1).

Honestly, the social perspective is not engaged in our partner company. We told them about several great events, but they do not want to sponsor them. I have to say that our partner company has not contributed to the local community; from brand recognition, they are not socially responsible (Manager E2).

The above participants' comments endorsed the view that while one firm takes addressing both financial and social goals seriously, another firm has an exclusive focus on financial profit with no concern for the social aspect (Li, 2016), thus highlighting tensions in this business partnership.

In contrast to the findings above, only 4 participants noted that the Chinese firm tended to gain business by producing eco-friendly products for the customers, while its NZ partner firm tended to focus more on gaining financial returns. According to one director at company D:

Of course there are sometimes contradictions between environmental performance and economic performance in our business partnership. For example, how to conserve energy for the home appliances and reduce carbon emission for more environment-friendly products become a very top priority for our company's values (Director D1).

This statement was in contrast with its NZ partner company C, which tended to focus more on gaining financial returns: "We practise sustainability because being socially and environmentally responsible is a fundamental consideration of gaining financial profits", noted its CEO.

Interestingly, the findings also indicated that, although some participants reflected that Chinese and NZ firms in business partnerships had tensions in addressing these environmental, financial and social issues, the majority of tensions in their business partnerships are around commercial

activities while how to deal with sustainability issues had not yet come up or had been relegated to an unimportant position. As evidence, one director at firm A stated:

I think it is quite early days for us and our Chinese partner to have some tensions in addressing environmental or social issues. As this partnership has lasted only about 2 years, the only tension we have come across was about economic goals (Director A3).

Then this informant described the rationale for this, i.e. the main reason this partnership was established was because it is a win-win joint venture partnership for both firms. As he continued:

We could see the benefits of this joint venture partnership. The reality was our company was carrying a lot of debts. At this time, forming this partnership helped us out of financial difficulty and also realised our ambition to grow exports into the Chinese market. While on the other side, it is also beneficial for our Chinese partner firm, because they can get sustainable food from us (Director A3).

Similarly, one director at company A stated:

At the end of the day, our Chinese partner firm put a very good deal on the table of paying us around 300 million NZ dollars. In addition to that, they also offered us access into the world's fastest growing market, which is a huge bonus for us. I suppose that addressing sustainability issues is still in progress until our Chinese partner has a greater understanding of it. Therefore, some of those environmental issues we probably just need to operate in New Zealand. In the meantime, both parties are still trying to balance tensions in financial performance (Director A1).

This comment was also affirmed by a non-executive director at firm B, who confirmed that the business partnership with the NZ partner company had only been in place for about 2 years, and

the only tensions were economic, i.e. how to address environmental and social performance was not discussed:

It is still a kind of new partnership for both parties; if we decide to work together in the future, we need to sort out these financial tensions first. The only tension I would call an economic one. We have not talked about sustainability or the environment (Non-Executive Director B1).

This is mainly because their firm can get sustainable branded products for the Chinese market, while their NZ partner firm can get financial support from their firm to wipe their debts. As this director commented:

Our NZ partner firm was suffering from serious financial trouble and the banks were very unhappy with them and so they found us to form a joint venture partnership so we can help them out of this difficulty. The reason why we partner with them is because they produce sustainable products in a good quality environment, very high standards of food safety and presentation, which can provide premium products to customers in China (Non-Executive Director B1).

Similarly, two informants at firm E reported that the tensions with their Chinese firm F are mainly about financial issues. According to senior manager E3: “Under most circumstances, tensions with our Chinese partner firm are from a commercial point of view. So addressing sustainability issues becomes secondary really to us. It is a consideration, but it is definitely not our overwhelming driving force”. This statement was also echoed by another senior manager, as he remarked:

I think more tensions with our Chinese partner firm are around how to allocate the budgets, so this is where the tension is. I cannot see tensions playing out necessarily

in sustainability or environmental issues; it is more of a business tension with our Chinese partner firm than it is necessarily a sustainability tension that we are asking to trade off (Senior Manager E6).

A similar opinion was also held on the partnership between NZ firm I and Chinese firm J. As senior manager I2 said:

Well the difficulties in our partnership range from negotiating a commercial outcome that works for both parties. What seems acceptable in our Chinese partner firm may not be acceptable in our firm. What is acceptable here behaviourally may not be acceptable in our Chinese partner firm. This is because we are two organisations, thus often with different objectives (Senior Manager I2).

To better explain this statement, another participant asserted:

We are in a joint venture partnership. Both of our companies work together and then split the revenue between us. Addressing sustainability issues is not part of the objectives of partnership with the Chinese firm, we are not signing up to agree with sustainability goals, we are here for business and we practise sustainability separately (Senior Manager I3).

This statement was also affirmed by manager I1: “What makes this partnership really attractive to us is because of the large Chinese market, so about 80% of the customers are Chinese, 20% are New Zealanders”. The above three managers’ comments indicated that the reason why there is hardly any tension in addressing sustainability issues in this business partnership is because they only entered the partnership for financial gains.

Moreover, senior manager O1 pointed out that the major tensions were around financial performance with their Chinese partner firm: “The chairman of our Chinese partner company



told our CEO to spend ten million dollars on advertising products on TV. However, our CEO thought it did not make any sense to spend ten million dollars on TV advertising”. In a similar vein, executive officer M1 also announced: “Our Chinese partner firm has challenged, questioned a couple of major investment decisions about spending tens of millions of dollars and asked for a very clear justification”. The above participants’ comments suggested that major tensions occurred in addressing financial objectives between Chinese and NZ firms in business partnerships, thus leading to neglect of social and environmental issues. This reflects the view that although some companies promote sustainability practices, firms seem to have a traditional focus on financial performance (Epstein et al., 2015).

Based on the above discussion, it can be said that tensions exist in addressing TBL issues between Chinese and NZ firms in business partnerships. Interestingly, the findings revealed that Chinese firms tended to only concentrate on how to achieve financial returns that are beneficial for shareholders and the company itself, while their NZ partner firms tended to see the connections between or among three dimensions of sustainability practice, thus ensuring their firms’ financial profits are gained through protecting the natural environment and implementing social initiatives. Further, it can also be seen that the majority of the tensions between Chinese and NZ firms are about financial issues and the TBL tensions were somehow neglected or being put into a secondary position.

### 4.3.2 Temporal Tensions

Apart from the TBL tensions, this study also identified temporal tensions between Chinese and NZ firms in business partnerships. As noted by prior studies, short-term and long-term tensions have received relatively little attention in business sustainability research (Bansal & DesJardine, 2014; Ortiz-de-Mandojana & Bansal, 2016; Wu et al., 2017). However, temporal tensions were mentioned by 21 informants of the present study. Based on participants' sentiments, temporal tensions can be understood as Chinese and NZ firms in business partnerships confronting strategies for addressing today's business success and tomorrow's business development and public welfare. To explain, firms which focus on today's business success often concentrate on generating short-term business profits without taking the future into consideration, while firms which have long-term concerns aim to develop a sustainable business that is not only beneficial for tomorrow's business development but also for public welfare.

Interestingly, the findings also showed the differences between Chinese and NZ firms in addressing sustainability issues from a temporal perspective. With comments from 17 participants at 8 firms, the empirical analysis demonstrated that most NZ firms tended to have a sustainable business as well as being socially responsible, while their Chinese partner firms just wanted to achieve short-term business profits without thinking of long-term plans. For example, one senior manager at firm E clearly demonstrated this tension:

There are many short-term and long-term tensions in our business partnership. Our Chinese partner firm is like any company, which is driven by short-term profits and financial positions. They have targets and they have things to achieve for the

financial year, so that drives them very heavily and it skews their decision-making. They will recommend to us and try to push us towards things that are commercially favourable for them. However, our firm on the other side probably will be more focusing on the long-term development (Senior Manager E3).

This argument was also confirmed by another participant at firm E. According to this participant:

From my perspective, our Chinese partner firm does not play a long game. They play a short to medium-term game, because they do not think about what they are going to do next. However, we are looking at, for example, 25% to 30% less power consumption for the same output in our products. This has a big impact not only on business development but also for environmental protection, which means we can run some devices in cold temperatures with less carbon emissions (Senior Manager E2).

The above two managers' comments indicated that, in comparison to the Chinese firm F, its NZ partner firm E tended to contribute to developing business and managing public goods that are "nonexcludable and nonrivalrous such as water and air" (Slawinski & Bansal, 2015, p. 533).

Similar tensions were also apparent in the business partnership between companies G and H. As one director asserted:

We are sometimes in tension with our Chinese partner firm, because they just want us to maximise sales in China almost at all costs. In doing so, they are asking us to drop the price and lower the cost of the products and the ingredients for bigger sales. However, our desire is in conflict with our Chinese partner company, our company wants to have a sustainable business by pushing the price up through increasing standards of products, which is also beneficial for consumers' health. That is exactly the tension in our business partnership (Director G1).

Another informant at firm G reported the same tension in their business partnership:

I can give you a good example of a tension between our company and our Chinese partner company. Our Chinese partner company always wants to drop prices of products and make something cheap with poor quality ingredients. From our company's point of view, it would be a very short-term and damaging decision to make some quick money. Eventually, it is going to damage our reputation as being a socially responsible company. In the end, we will lose our loyal consumers who trust our brand. In contrast, our company will buy the more expensive ingredient that is sustainably produced, which enables us to be a premium top brand from long-term strategy (Independent Director G2).

The above two directors' comments suggested that their company wanted to develop a premium brand by providing beneficial ingredients to their customers. By contrast, their Chinese partner company focused on to how to maximise sales by dropping the costs and standards of products for quicker financial returns. This contradictory action thus caused temporal tensions.

Furthermore, their Chinese partner company's behaviour demonstrated what Marginson and McAulay (2008) called "short-termism which is defined as a preference for actions in the near term that have detrimental consequences for the long term" (p. 274).

In contrast, only 4 participants at 2 companies reported the temporal tension that the Chinese firm tended to ensure that their activities are beneficial for sustainable business and public welfare. However, this promoted tensions since their NZ partner firm is more interested in achieving today's financial targets for their business. For example, all participants at NZ firm C and its Chinese firm D expressed this view. According to one director at firm D:

Our NZ partner firm works short-term focussed, which means they are more financial results-driven to gain profits for the shareholders. But sometimes for a socially responsible company it is a bit short-term. How to deliver a financial report to the shareholders, that is the key for them. As we can see in the past, our NZ partner firm gave very little investment to the long-term development like new

products and new technologies to save more energy and produce less carbon emission. In contrast, our firm wants the company to be more far-reaching for the welfare of company and society. So those are some differences (Director D1).

Similar tension was also reported by the CEO of NZ firm C:

For a number of years, we had a much shorter-term focus. However, our Chinese partner firm thinks long term. We had this tension before, for example, our firm wanted to buy a business, because it is for sale and good for short-term returns. However, our Chinese partner firm came in and said we do not want to defend this decision, we want to invest it all in higher technology regarding using less energy, less water, supporting our environment and what is important to people. It is very important to think how we can grow our business substantially for the next five years (CEO C1).

The above CEO's comment suggested that their Chinese partner company invested more resources in developing a premium brand by improving technology such as reducing carbon emissions and saving energy. This action helped them to develop a sustainable business, while at the same time, meeting water and air standards for the public's benefit will also be managed over the long term. Instead, their company has been guided by gaining short-term financial profits.

To better explain this tension, another director at company D provided a good example. This director demonstrated that one faction from their NZ partner company wanted to send a Chinese management team to NZ to manage local markets to make quicker profits. However, the opposing faction at their firm insisted that it is important to have a sustainable business, which is also beneficial for customers' interests by recruiting more local people. According to this director:

When our company acquired a NZ partner company as a business, there were two opposing voices. One is: we need to set up a management team to make immediate profits. The other voice: we need to trust local people. If we directly sent the Chinese management team to NZ, maybe they would get very quick results and better profits, but for long-term considerations, we do not think it is a good idea, because the local staff better understand local markets and are full of experience of how to satisfy local customers' needs. NZ customers have higher standards in relation to technology efficiency like using less water and energy compared to Chinese customers (Director D2).

The above two participants' views indicated that NZ firm C had tensions with its Chinese partner firm D in addressing today's business success and tomorrow's business development and public welfare. While firm C tended to have a strong focus on pursuing temporary business returns i.e. a short-term focus to get immediate results (Carollo & Guerci, 2017), its Chinese partner D tended to make sure that they have a sustainable business and also behave in a socially responsible way for the planet and people. This reflects the tension that "the demands of today differ from the needs for tomorrow" (Smith & Lewis, 2011, p. 389).

Based on the above evidence, it can be said that temporal tensions exist between Chinese and NZ firms in business partnerships. However, this finding is different from what Slawinski and Bansal (2015) called "intertemporal tensions" (p. 531) which illustrates the tension between business and society. Instead, this finding denoted the perspective that long-term benefits that firms provide to both business and society are in conflict with a short-term focus that is only beneficial for organisations themselves, thus highlighting the tension between short-term private interests and long-term interests for both private and public. In particular, participants' comments also suggested that NZ firms tended to focus more on tomorrow's business development and

public welfare, while their Chinese partner firms put more emphasis on achieving today's business success without taking long-term plans into consideration.

### **4.3.3 Insignificant Commercial and Moral Tensions**

Firms focused on commercial imperatives are essentially driven by the profit motive benefits for the organisation and its shareholders (Berger, Cunningham, & Drumwright, 2007; McWilliams & Siegel, 2011; Yuan et al., 2011). In contrast, organisations adhering to moral imperatives focus on doing the right thing that is beneficial for various stakeholders' interests to create substantive value for the local community (Hahn et al., 2016; Rodrigue, Magnan, & Cho, 2013). The empirical analysis showed that only 5 participants reported commercial and moral tensions in their business partnerships. Rather, 19 informants at 8 firms announced that there is hardly any such tension in their business partnerships, because participants have different understandings towards being moral and ethical compared to the literature.

For example, three participants at company K remarked that their company and its defunct partner company experienced tensions in managing the health and safety standards of products. A senior manager at company K said their company approached customers' health as a serious ethical issue with implications for consumers:

What we really care about is long-term developing the best products that we possibly can to provide the maximum benefits to the population. We have very ambitious goals around wanting people around the world to be enjoying our products. In doing so, we are making sure that products come out of the farm, right through to being used in the pharmaceutical industry and nutritional products (Senior Manager K3).

This value was in conflict with its defunct Chinese partner company, who chose an unethical supplier who contaminated products, threatening consumers' health; this behaviour was driven by the aim to gain pure financial profits. As professed by senior manager K3: "It is a classic food safety thing, our defunct Chinese partner not thinking beyond a very short-term view, not thinking it might harm babies. Instead, they just go for a better price. And it is a morally bankrupt thing to do really". This participant then stated that their company will not choose suppliers who cannot assure the quality of products, because these unethical behaviours ultimately will have a negative impact on customers' health:

I am aware of incidents where there have been questions raised over behaviour of a customer in relation to our products. We will stop supplying to them if we believe they might damage the quality of our products or could potentially reflect poorly on us. It is the same with our farmers, if they do not meet the exact environmental requirements, then we will stop taking...(Senior Manager K3).

This statement was also supported by another informant, as one director at company K announced:

Mistakes happened all the time. I do think our company acts ethically and does what is right. It is our company who blew the whistle on what was happening. However, it was our defunct Chinese company who chose the wrong supplier that contaminated...It was us who reported to the authorities and yes we could have been unethical and we could have hidden that, but that's not where we are...(Director K1).

The above three participants' comments indicated that their defunct Chinese partner firm tended to be driven by commercial imperatives by pursuing financial returns at any cost regardless of breaking the law and regulations, while their firm tended to ensure their business actions are



based on a moral perspective without doing any harm to people's health or putting their lives at risk. These conflicting behaviours raised tensions between commercial and moral imperatives between Chinese and NZ business partnership firms.

Other partnership companies also experienced similar tensions. For instance, the CEO of company C reported the tensions with their Chinese partner company D in shutting down one important factory:

We shut an important factory only late last year. In fact, the decision was made locally and it did have a bad impact as a large number of people lost jobs. Before the final decision was made, there were some debates between our leadership team and our partner company. The Chinese team wanted to keep it open for longer because they did not want to see many people lose jobs, but we wanted to shut it down, as it was no longer financially profitable (Chief Executive Officer C1).

From this perspective, it can be seen that tensions arose between NZ company C and its Chinese partner company D. While company C's action tended to be driven by commercial imperatives, company D cared more about moral responsibility by considering employee interests, and its potential impact on the local community. This finding is consistent with Hahn et al. (2016) who proposed that firms are faced with tensions in addressing instrumental and moral initiatives, thus highlighting firms confronting tensions "resting upon [a] different, contradicting foundation, the business case and the moral case, respectively" (p. 215).

However, the present study does not fully support the conceptual study of Hahn et al. (2016), because the empirical analysis also showed that the majority of informants reported that there are

hardly any such tensions in their business partnerships. This is because these participants interpret following a moral rationale as just about making sure their business obeys the laws and regulations, rather than going beyond this to look at the responsibility for doing the right thing for individuals and their related community. According to the CEO at firm C, “There is no conflict there. We have never had to compromise our beliefs and moral judgements for pursuing commercial benefits”. This assertion was also supported by one director at company D, who emphasised that there was hardly any contradiction or discord between moral and commercial considerations in their Chinese partner company, and both companies make sure their business practices are in line with the laws:

I do not see very clear evidence that there is such a contradiction between moral and commercial considerations. Our company has been strictly governed by the company and local laws. When the company makes any decision, we have to first consider whether it is in line with these laws and regulations in order to conform to ethical norms. Therefore, I do not think that is really an issue here with our Chinese partner firm (Director D1).

Similarly, a senior manager at company E asserted: “I do not think we have come across commercial and moral tensions with our Chinese partner company”. Both parties were always making sure their business decisions obey the law and regulations, he continued:

We think about those sorts of things when we do business with other parties or with other companies, for example, the employment contracts of a third party and what their hiring policies are. If we disagree with the way that they treat their employees, we will not do business with them (Senior Manager E3).

A good example was provided by one senior manager at firm I:

No, there is no such tension in our business partnership. From my perspective, it is moral to shut a factory in a community. For example, I shut one important factory overnight. As a result, 50 workers who had full-time jobs went into an environment that was completely ... they would never get another job in that area. So, is that immoral? Then business does that and business is immoral all of the time. I am doing these sorts of things now in my firm (Senior Manager I2).

In short, the above illustrations indicated that there are few commercial and moral tensions perceived between Chinese and NZ firms in business partnerships, because most participants expressed that as long as their business activities conform to the laws and regulations, then they are performing adequately from their moral perspective.

#### **4.3.4 Minor Spatial Tensions**

With comments from 10 participants at 5 firms, the empirical analysis also identified spatial tensions between Chinese and NZ companies in business partnerships. Based on participants' sentiments, spatial tension can be defined as "when Chinese and NZ firms do business with each other, they are faced with the challenge of either obeying China or NZ sustainability standards in addressing social and environmental issues". For example, the senior manager at firm O asserted:

Every country has different regulations. So New Zealand regulations are our backbone because that's where we make all the products. So every product in the factory needs to meet the New Zealand regulations. However, China has different standards to regulate healthy products, for example, it is legal in China to put 90% flour outside capsules with only 10% healthy ingredients. Therefore, our Chinese partner firm asked us to provide such products to Chinese customers, which causes tensions in our partnership (Senior Manager O1).

The above manager's comment revealed spatial tensions in their business partnership, as China and NZ have different laws in regulating healthy products, raising tensions in addressing social responsibility. Similar tension was also identified in the partnership between company E and F.

As remarked by a senior manager at firm E:

I think the other big conflict is basically just the regulatory conflict. Based on NZ regulations, we have to put all the products through our national security testing lab, which raised some conflicts with our Chinese partner firm. They suggested that they have got a great tool that they can implement to help with doing this but it does not pass the security clearance of New Zealand. So that's probably where conflict plays out from a regulatory and a sort of security perspective mostly (Senior Manager E6).

The above managers' statements indicated that spatial tension occurred in their business partnership in addressing national security issues. This is consistent with prior research arguing that different national regulations lead to tensions when firms operate sites in developed and developing countries with different environmental or social standards (Christmann, 2004; Hahn et al., 2015).

However, the findings do not fully support the conceptual argument of Hahn et al. (2015), because the empirical analysis also showed that most informants (20 participants at 9 firms) announced that there is no such tension in their business partnerships in relation to Chinese and NZ laws and regulations in addressing sustainability issues as long as these companies ensure their business activities obey the local regulations. For example, one director at firm B announced that there is hardly any spatial tension with their NZ partner firm, because both firms

ensured that their business activities conform to national standards such as addressing health and safety issues:

I do not think there is such tension. For example, in terms of health and safety issues, our NZ partner company must comply with the New Zealand regulations. If they export products to China, they need to comply with standards that meet the laws of the People's Republic of China (Director B2).

Similarly, other participants also expressed similar opinions about their business partnerships.

According to the CEO at firm C:

There is no argument regarding this issue. The regulatory standards are different in most countries. Both of us have to comply with the standards in the markets that we sell our products. When our firm sells products in New Zealand, all of those products have to meet New Zealand standards in regard to energy savings and health and safety requirements. When our Chinese partner firm sells branded products in China, they have to meet China's standards. There's not much room for us to define how we meet those. They are quite clear and there is certainly little judgement to be made there (Chief Executive Officer C1).

This comment was also affirmed by one director at their Chinese partner firm:

We do not really have such tension in our partnership. We are global companies, and the first ability to be global companies is to conform to local standards. Different regions have different standards. But if we want to sell products in certain markets, we have to conform to the local standards. That is the first thing (Director D1).

Similar sentiment was also reflected in the partnership between company G and H. A good example was demonstrated by one independent director:

For example, all health and wellness food products sold in China must have a blue hat certification which is based on Chinese government regulations. It is very hard for us to get it. In order to get this, our firm works very well with our Chinese partner firm through understanding and making sure we comply with the Chinese regime in terms of products' health and safety standards. We want to be sure that we comply with the local laws and regulations. It is very important to us (Independent Director G2).

The above managers' comments indicated that there is hardly any spatial tension in their business partnerships, because it is compulsory for them to obey Chinese and NZ regulations and laws in addressing sustainability issues such as health and safety standards.

To sum up, this section identified that tensions exist in addressing sustainability issues between Chinese and NZ firms in business partnerships, namely, triple bottom line tensions, temporal tensions, commercial and moral tensions, and spatial tensions. However, participants' comments suggested that major tensions between these firms are around addressing financial objectives, while how to address other sustainability dimensions such as social and environmental performance has been neglected and put into a secondary position. In addition, the findings indicated that Chinese and NZ firms have different practices in addressing sustainability issues, namely, Chinese firms tended to focus more on how to achieve financial returns for business success, while their NZ partner firms can see the connections among different sustainability dimensions and are thus more likely to address them at the same time. The next section will focus on the reasons causing the tensions with supporting comments from participants and reference to the relevant literature.

## **4.4 Discovering Multiple Reasons Causing the Tensions (MRCT)**

This section addresses the second research question of this thesis and examines the reasons causing the tensions related to sustainability between Chinese and NZ firms in business partnerships. The empirical results indicated that reasons causing the tensions derive from individual, organisational and national levels. Accordingly, this study generated the sub-core category of ‘multiple reasons causing the tensions’ representing three conceptual categories of ‘individual-level reasoning: decision-makers confronting attitudes towards sustainability, ‘organisational-level reasoning’, and ‘national-level reasoning’ (see Table 4.1). The frequencies of the multiple reasons causing the tensions (MRCT) are shown in Table 4.3. Each category is explained in detail in the following three sub-sections with comments from informants and related literature.

**Table 4.3 Frequency of Multiple Reasons Causing the Tensions (MRCT)**

Companies	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Participants	Total participants/Companies
<b>Multi-Reasons in Causing the Tensions (MRCT)</b>																		
<b>Individual Level Reasoning</b>																		
<b>Decision-makers Confronting Attitudes towards Sustainability</b>																		
Chinese decision-makers' "either/or" attitudes towards sustainability vs. NZ decision-makers' "both/and" attitudes towards sustainability	√	√			√						√		√		√		A1, B1, E1, E3, K3, K4, M1, O1	8/6
Chinese decision-makers' "both/and" attitudes towards sustainability vs. NZ decision-makers' "either/or" attitudes towards sustainability	√	√			√	√			√	√			√	√			A3, B1, E3, E4, E5, E6, E7, F1, G1, G2, I2, I3, I5, K1, K3, M1, O1	17/9
Chinese decision-makers' "both/and" attitudes towards sustainability vs. NZ decision-makers' "either/or" attitudes towards sustainability			√	√	√				√								C1, C2, D1, D2, F2, I1	6/4
Chinese decision-makers' "both/and" attitudes towards sustainability vs. NZ decision-makers' "either/or" attitudes towards sustainability			√	√	√												C1, C2, D1, D2, F1	5/3
<b>Organisational Level Reasoning</b>																		
<b>Contradictory Organisational Sustainability Standards and Regulations</b>																		
NZ companies' solid sustainability polices and regulations vs. Chinese partner companies' financial performance dominant organisational policies and regulations	√	√			√		√		√	√		√		√		√	A1, A2, A3, B1, E2, E3, E4, E5, G1, G2, I1, I2, I3, I4, I5, K1, K2, K3, K4, M1, O1	21/8
NZ companies' solid sustainability polices and regulations vs. Chinese partner companies' financial performance dominant organisational policies and regulations	√	√			√	√			√	√						√	A1, A3, B1, B2, E2, E3, E4, E6, F3, I4, K1, O1	12/7



<b>Opposed Organisational Economic Goals</b>																		
<b>Opposed business strategies such as pricing and marketing strategies</b>		√			√									√			B1, E3, E4, E6, K1, K4	6/3
<b>National Level Reasoning</b>																		
<b>Contradictory National Sustainability Regulations</b>																		
<b>Opposed national sustainability standards such as health and safety legislation, biosecurity rules and product testing scheme</b>					√		√		√							√	E3, G1, G2, I3, I4, O1	6/4
<b>National Government Interference</b>																		
<b>Government Interference such as in processing products, changing type of products, commercial flights giving way to military flights</b>	√				√		√		√								A1, E6, E8, G1, I2, I3	6/4

#### **4.4.1 Individual-Level Reasoning: Decision-makers Confronting Attitudes towards Sustainability**

On the individual level, the empirical analysis showed that managers at Chinese and NZ firms tended to have different values and norms regarding sustainability, which caused tensions in their business partnerships. This endorses the view mentioned in the literature that tensions in sustainability might arise for organisations when their decision-makers have divergent values and opinions regarding sustainability (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008). However, these studies only mentioned managers who either value one side of sustainability dimensions or the other, for example, managers who either value social or commercial sides instead of both (Smith & Besharov, 2019). Rather, the empirical analysis of this study illustrates managers' "either/or" and "both/and" values towards the competing demands in sustainability. Accordingly, the findings revealed that Chinese decision-makers at Chinese firms tended to have a strong financial mind-set which prioritises economic performance over other sustainability demands without seeing their connections. In contrast, NZ managers at NZ firms tended to see the necessity of practising sustainability, because they are more likely to regard sustainability elements as complementary with each other, so managing one dimension well will transform the others. For example, as noted earlier, TBL tensions and temporal tensions were identified in the business partnership between company A and B. Accordingly, participants explained the reasons causing these tensions. As one informant at company B commented:

Paradoxically, my experience is that tensions occurred in our business partnership because the Chinese directors do not understand the NZ...industry. They just do not talk about how to address sustainability issues, it is something that occurs at a lower level. What they only understand or the first thing in their mind is finance. I

remembered once one of the key shareholders came out and said that the budget of our NZ partner firm is not good enough: this is the number that he wants (Non-Executive Director B1).

The above manager's comment indicated that the Chinese decision-makers at their partner firm represent what Ashforth and Reingen (2014) called "pragmatists" who endorsed financial viability much more strongly compared to "idealists". This statement was also affirmed by another informant at firm A, director A1: "It took a while for the Chinese new management team to understand the complexities between business and environmental practice such as how grass grows and how animals grow". The above two managers' comments revealed that Chinese managers regarded achieving financial returns as the most important thing, which makes it difficult for them to see synergies among the diverse sustainability aspects. This finding was supported by the arguments asserted by Ashforth and Reingen (2014) who found that tensions exist in a natural food corporation which was mainly caused by two groups of managers having contradictory values around sustainability.

In comparison, the decision-makers at their NZ partner firm A tended to have a better understanding of the competing demands in sustainability. As he continued:

My view is that managers at our NZ partner firm can see their business returns are dependent upon nature and if it rains and the grass grows the stock won't come, but if it's sunny and the grass dries, the stock will come. They know that their business is at the mercy of the weather. In addition, they cared a lot about farmers' interests, because they know if farmers are not happy, then they will not get enough stock. If there is no stock, then there are no profits (Non-Executive Director B1).

This sentiment was also supported by two participants at company A; when asked what they think of sustainability, the answers of these two respondents illustrated similarly that they regarded different sustainability dimensions as interrelated elements.

We want a sustainable chain from farms to customers in managing environmental impact and health and safety concerns, these issues are all connected to being profitable in the long run. We also need to be financially strong to provide support for employment, communities, and to continue our performance on lowering our environmental footprint (Director A1).

Shareholders at our Chinese partner firm really want to see long-term financial [gains] generated from their investment at our company. However, from previous experience, we know that our production is affected very significantly by the weather and by the grass curve. Therefore, we know that if we want to meet the financial objectives, we also need to invest in these environmental and social parts (Director A3).

The above comments of participants demonstrated that tensions existed between companies A and B because Chinese decision-makers at firm A had a strong business mind-set prioritising financial performance over other sustainability performance without seeing their connections. In contrast, NZ decision-makers at firm B knew that it is important to implement sustainability, because addressing environmental or social aspects can help them generate financial returns. This finding is supported by Hahn et al. (2015) who asserted conceptually that tensions across organisations can be caused by individuals' divergent opinions and values towards sustainability. While some managers might have the motivation to see the connection in addressing environmental and economic performance, others may not see sustainability as an issue their organisation should address, thus prioritising financial gains over other sustainability dimensions. Similarly, this finding also reflects the argument of Besharov (2014) who asserted

that managers' contradictory values towards sustainability sometimes cause tensions, as a belief that one staff member holds may be interpreted by another staff member as unimportant.

A similar position in managers' understanding of sustainability was evident in the business partnership between companies E and F. One manager announced the reason causing the TBL and temporal tensions in this business partnership:

The problem is these Chinese directors cannot see being socially responsible can help them and lead to business success. However, we thought donating some free or discounted products to the local community is useful for us to enhance brand recognition (Manager E1).

In a similar vein, another three key participants at company E also indicated their corresponding thoughts regarding divergent sustainability demands. As announced by one senior manager: "I do not think of addressing different sustainability demands as really conflicts. Instead, I view them a bit more as complementary rather than from a tension perspective". He then exemplified:

We cut many retail staff in the past couple of years, and it showed up in poor customer service performance, which resulted in our annual financial returns dropping significantly. As a result, we had to add those staff back in for long-term business returns and public interest (Senior Manager E6).

Another good example was provided by another informant who illustrated that practising sustainable development goals is a good selling tool:

I thought practising sustainable development goals is a useful selling tool. We publish it, it is there for everyone to see and we can draw their attention to it. In this

way, we can show customers that we are more focussed and committed to sustainable practice. In addition, many of the organisations that we are working with, especially bigger organisations, when we are talking with them about buying our services they will sometimes ask our sales people ‘what do you do for the environment?’ or ‘what are you doing for the community?’ (General Manager E5).

The above three participants’ statements indicated that the reason tensions occurred in this business partnerships is because decision-makers at companies E and F tended to have contradictory opinions towards sustainability practices (Bansal, 2003; Qiu, 2005). While decision-makers at company E have the motivation to address social or environmental issues and see their organisation as a good means to do so, decision-makers at their Chinese partner company F do not see sustainability as an issue their organisation should address (Hahn et al., 2015).

A similar assumption was also revealed by other managers in their business partnerships. According to the CEO at company M, the reason temporal tensions occurred in their business partnership is because the chairman of the Chinese partner firm only paid attention to economic growth: “I think our Chinese decision-makers know very clearly about what they want. The chairman has told me on various occasions. He just wants steady economic growth”. However, this view is opposed to this participant’s opinions:

What I want is a sustainable business that also delivers benefits to the public. For me, I actually do not see different sustainability dimensions as tensions. Instead, I think they are complementary with each other. Normally profitable companies will be very strong on safety and environmental performance as well (Chief Executive Officer M1).

In comparison to the findings above, very few participants reported that Chinese decision-makers tended to see the connections between or among the competing sustainability demands, while NZ decision-makers tended to have “either/or” attitudes. This is in line with some prior research (Keller & Loewenstein, 2011; Li, 2008; Peng & Nisbett, 1999). For instance, one informant at company C stated the reason that caused the temporal tensions with their Chinese partner firm D:

I think achieving today and tomorrow’s success is a challenge for us. I think the long-term sustainable achievement is not important; if we can do what we want to do to achieve our current business goals, it is far more important than making a buck for tomorrow. However, the decision-makers at our Chinese partner firm do think from a long-term view. They can see investing in better technology regarding using less energy, less water is helpful to develop sustainable business in the long term. And we have benefitted from that (Chief Executive Officer C1).

Therefore, based on the above comments, it can be seen that tensions in addressing sustainability issues between Chinese and NZ firms in business partnerships can be caused by managers’ different attitudes towards sustainability. Specifically, Chinese decision-makers tended to be dominated by a business mind-set which illustrates an “either/or” view by prioritising financial performance over other sustainability dimensions. In comparison, NZ decision-makers tended to have a “both/and” view which can see the synergies between and among different sustainability demands. This finding does not support the view that, as traditionally being influenced by their respective cultures, Chinese managers tend to adopt “both/and” logic by seeing the connections between or among opposing aspects, while Western managers may use “either/or” logic by prioritising one perspective over the other (Keller, Chen, & Leung, 2018; Keller & Loewenstein, 2011; Keller et al., 2017).

## **4.4.2 Organisational-Level Reasoning**

The findings of the empirical analysis revealed that two factors at the organisational level may trigger tensions related to sustainability in Chinese and NZ business partnerships. They involve contradictory organisational sustainability standards and regulations and opposed organisational economic goals, which are discussed accordingly in the following two sub-sections.

### **4.4.2.1 Contradictory Organisational Sustainability Standards and Regulations**

Comments from 24 participants at 9 companies suggested that different organisational sustainability standards and regulations lead to tensions in their business partnerships. This finding is supported by prior studies which argued that tensions may occur when organisations have multiple and potentially contradictory values in sustainability practice (Bansal, 2003; Besharov, 2014). However, the empirical analysis also showed that Chinese companies do not seem to have rigid sustainability policies and regulations which are dominated by financial performance. In comparison, their NZ partner companies tended to have stricter sustainability policies. This caused the tensions in their business partnerships.

Evidently, some companies A and B participants' comments suggested that their companies' sustainability policies and strategies are in opposition to each other, which triggered TBL tensions and temporal tensions in this business partnership. Four key informants reported that Chinese company B's policy has a strong focus on financial performance, which neglects other



sustainability performance such as social and environmental policies. As announced by one informant:

What I would say is that our Chinese partner firm has a big focus on the financial performance of the company. I do not know whether they are particularly interested in the sustainability policies, and I do not think that really interests them. I think they are more interested in what directly affects their business (Director A1).

The above statement was also echoed by another informant at Chinese partner company B, Director B2: “Our company policy involves strict rules to regulate financial performance which requires us to look at financial returns and assess them every single month”. This strategy is in contrast to the policy of its NZ partner company. For example, one director at company A demonstrated that their company has strict sustainability principles which have been a part of their business operating philosophy. According to this director:

The key sustainable principle is in relation to regulating the standards of our products. In doing so, we have just recently developed the policy that our products need to be 100% grass fed and it does not allow hormones and antibiotics, and then they can be sustainably transported. So it’s fundamental and a substantial part of our operating philosophy (Director A3).

This view was also confirmed by another two informants who mentioned that their company has strict sustainability goals they aim to achieve by 2020:

Our company sets some sustainability goals to reach by 2020, which involves how we manage our environmental impact and health and safety issues. We also need to be financially strong to be able to provide employment and support the communities and to continue our performance on lowering our environmental footprints (Director A1).

There are four pillars in our sustainability strategy which goes to 2020. The first pillar is to provide more premium products to the market and improve our profitability. The second pillar is to ensure our products are connected to lifestyle and suppliers in order to secure supply for our profitability and at the same time to provide a platform for farmers. The third pillar is to produce good products but at the same time to fulfil all the requirements on the environmental side. The fourth pillar is on the staff engagement side; that is to have a human resources strategy which keeps people happy so that our business can grow in the long term (Senior Manager A2).

The above participants' comments indicated that NZ company A and its Chinese partner company B tended to have different organisational aims in addressing sustainability issues; NZ company A appears to have more explicit sustainability goals compared to Chinese partner company B, which caused the tensions in this business partnership.

A similar position was also highlighted in the partnership between companies E and F, which caused the TBL and temporal tension in their business partnership. As illustrated by one senior manager:

I think one of the important reasons why we have tensions is that our Chinese partner company's policies are more around financial bottom line, economic growth, market share which involves strong business-dominant regulations. In contrast, our company's policy involves, for example, how to do good for the environment (Senior Manager E6).

This sentiment was also acknowledged by another senior manager. According to this senior manager:

Our Chinese partner company's policy is probably more focussed on the short-term business goals while our company's regulations are oriented towards long-term goals. For instance, we have a strict policy of doing good for the environment; in

South Africa, they will build a mast that looks like a palm tree, which hides masts away. In this way, we are making sure the landscape is maintained as much as we possibly can for environmental protection (Senior Manager E4).

The above two managers' comments endorsed the view that firms with a long-term orientation consider a much broader set of approaches to sustainability, while firms with a short-term orientation focus more on how to gain financial returns (Slawinski & Bansal, 2012). Other participants at company E also reported that their company has strict principles regulating ethical disposal of products. As stated by one manager:

Our company has very strict regulations on ethical disposal of products, for example, when we are disposing of a big product, we deal with things like plastics, heavy and precious metals, which generates a minimal amount of carbon emissions. We meet all of those protocols. While they are not legislation for New Zealand, it's all those guides and regulations that we stick to (Manager E1).

Echoing the above sentiment, general manager E5 also added that "Our company has recently implemented SDG goals into our company policy such as reducing inequality and reducing poverty for public welfare". This is opposed to the regulations of its Chinese partner company F. As announced by one manager at company F:

Our company has made some donations to a list of low decile schools in New Zealand. However, I do not think our company has social policies that involve doing good things for the community in New Zealand, it is just a marketing strategy which can expand the brand (Manager F3).

The above three managers' sentiments implied that both companies had embedded different sustainability values and requirements in their daily business activities, which generated the tensions in their business partnership.

Similarly, managers at company K recognised that different organisational standards in choosing suppliers resulted in commercial and moral tensions in their business partnership. A senior manager explained:

Our company put food safety as the number one concern. For example, our company has very solid checks before we can engage a new supplier, before we can actually take supply from that supplier, we have to conduct food safety and quality audits of their manufacturing operations. If they fail our food safety and quality standards, then until they can actually pass food quality standards, they can't supply us, because our company has strict policies around food quality and safety and ethical concerns (Senior Manager K4).

The above comment was also verified by another senior manager at company K. As demonstrated by this participant:

One of our key guiding principles and strategies is a pillar called...which is about traceability to product quality. To explain, our customers can be 100% sure that the products that they are getting have been grown, processed, and manufactured in the most environmentally sound manner and with the highest consideration for food safety practice as well (Senior Manager K3).

In contrast, the business actions of its defunct Chinese partner company seemed to be guided by commercial value i.e. choosing the irresponsible supplier who provided harmful and low-quality products which affected many consumers' health and lives. As a result, major tensions arose in

this business partnership. As professed earlier by senior manager K3: “It is a classic food safety thing, our defunct Chinese partner not thinking beyond a very short-term view, not thinking it might harm babies. Instead, they just go for a better price. And it is a morally bankrupt thing to do really”. This example signified that the defunct Chinese partner company’s commercial policy conflicted with company K’s strict regulations in choosing suppliers, which leads to commercial and moral tensions in their business partnership.

With the support of the above sentiments, tensions related to sustainability in Chinese and NZ firms in business partnerships can be caused by different organisational standards and policies in regulating sustainability. In particular, the empirical analysis showed that, compared to NZ companies, their Chinese partner companies lack formal organisational policies in regulating sustainability practice, which caused the tensions in their business partnerships such as TBL tensions, temporal tensions and commercial and moral tensions as identified earlier.

#### **4.4.2.2 Opposed Organisational Economic Goals**

As mentioned in the sub-section 4.3.1, although TBL tensions were identified between Chinese and NZ companies in business partnerships, this kind of tension was dominated by financial tensions. As Waldman et al. (In press) pointed out, there is limited research that delves into empirical investigation of economic tensions in sustainability. To advance this knowledge, some comments of the participants explained why the major tensions in their business partnerships were dominated by financial performance. Specifically, the empirical analysis showed that, being pressed to achieve certain financial goals, the Chinese and NZ firms in business partnerships

may confront different business strategies, which causes financial tensions in their business partnerships. This was most evident in the partnership between companies E and F. As senior manager E3 explained, “A lot of financial tensions in our business partnerships are driven through financial gains for both parties. The financial returns should not be the key pressure but they become the key pressure”. Echoing this comment, another participant at company E stressed, due to the different size of the two markets, his company and their Chinese partner company applied different governance structures to obtain business profits that are beneficial for their companies respectively, which gave rise to financial tensions in their business partnership. As this participant remarked:

I think tensions in our business partnerships are largely business driven, instead of culturally or nationalistically driven. If you think of the size of our organisation, hundreds of sites across NZ with a population of four million people. Our Chinese partner company is dealing with networks that have thousands of sites across a population of 1.5 billion people. So they have set up their business practices to manage that massive scale applied in China (Senior Manager E4).

However, their Chinese partner company wanted to apply the same business strategies in their company, which caused tensions in this business partnership. As this manager continued:

And then they brought those business practices outside of China and wanted to apply them in other European countries such as NZ. But from our perspective, we do not need these big governance structures for such a small organisation. But when you take a step back you realise that it is difficult for our Chinese partner company to drop that business strategy and change it for us. Sometimes it can be a bit frustrating that it caused many tensions between the two parties (Senior Manager E4).

Likewise, another senior manager at company E described that although both companies are in a strategic business partnership, each company is individually business driven, thus sometimes leading to commercial tensions:

I think business drivers often caused tensions in our partnership. To explain, our Chinese partner company is sales driven, manufacturing driven, so wants to sell more products to us. However, our company is also profit driven so the only way they make the profit is to actually buy the services with the minimum budgets to get the maximum amount of service (Senior Manager E6).

Two participants at company K also revealed similar sentiments. According to director K1: “These kinds of economic tensions in their business partnerships are actually financially driven, because the shareholders wanted to get bigger returns each year”. To better illustrate this, senior manager K4 provided an example, describing that his company and its Chinese partner company designed different pricing strategies for the products, causing financial tensions: “Many tensions in our partnership are usually price driven. For instance, sometimes our pricing strategy is opposed to our partner company’s, because both parties want to get the best financial returns”. From the above comments, it can be said that different organisational financial objectives lead to different business strategies such as market and pricing strategies, thus giving rise to financial tensions in Chinese and NZ firms in business partnerships.

#### **4.4.3 National-Level Reasoning**

Considering the findings are based on participants’ perceptions, the present study found that spatial tensions were caused by two factors: different national sustainability regulations and

national government interference. This is explained along with the evidence of comments from respondents in the following two sub-sections.

#### **4.4.3.1 Contradictory National Sustainability Regulations**

Comments of 6 participants from 4 companies suggested that different national standards in sustainability regulations resulted in spatial tensions in Chinese and NZ companies' business partnerships such as different Chinese and NZ requirements in regulating health and safety issues, taxation, biosecurity rules, and product testing. This was most evident in the partnership between NZ company G and Chinese partner company H. A good example was provided in relation to regulating collagen products. According to one director at company G, Chinese law requires toxic ingredients to be evaluated through an animal testing regime first, which is contradictory to NZ's rules:

This is an interesting example. All of our products can be sold in China once they are approved by Chinese authorities. I remembered there were some certain products that have to go through animal testing to check the level of toxicity by Chinese authorities. However, we do not endorse animal testing of our products like China. Our products are tested on ourselves first and then on humans in NZ. This is contradictory to the regulations of NZ and our company values (Director G1).

This resulted in tensions in this business partnership that both parties needed to deal with. As this participant continued:

We said to our Chinese partner company that our company is not going to go through this testing process. Eventually, we had to come to some agreement with our Chinese partner company regarding this issue. Also, we had many discussions with the



Chinese government; you can see that there was a contradiction between Chinese and NZ regulations that our company couldn't accept, because it would be too damaging to our brand if we had to submit to animal testing (Director G1).

A similar assertion was also found among comments from informants at company I. This sentiment was also supported by a manager at company I, who noted that:

I would imagine that the objectives of our company and our partner are similar; that is to provide good service to our customers and public. But I was actually wrong, because both companies operate in different regulatory environments, so the obligations as to what is sustainable in one country will be different to what is in another (Manager I4).

To exemplify, he continued: "There are different lease formats and health and safety legislation between our company and our partner company, because Chinese and NZ regulatory requirements are different". Echoing this sentiment, another senior manager at company I also discussed differences between NZ's and China's regulations in terms of taxation, food preparation and biosecurity rules which lead to tensions in the partnership with Chinese company J:

One of the challenges in our business partnership is that different countries have different biosecurity rules and different taxation rules. I do not have any specific example. Although both parties try to keep them in alignment, arguments still arose regarding how to address these differences (Senior Manager I3).

The above participants' comments denoted that different Chinese and NZ national standards in addressing specific sustainability issues lead to spatial tensions in Chinese and NZ firms who are in business partnerships. These findings are also supported by prior research by Hahn et al.

(2015) who proposed that spatial tensions occur when multinational companies do business in different countries with different sustainability standards.

#### **4.4.3.2 National Government Interference**

Apart from the factor of different national sustainability regulations, 6 participants also reported that national government interference also gave rise to spatial tensions in their business partnerships. For example, Chinese government interference on processing and importing animal blood resulted in tensions between companies A and B:

I suppose not all our plants have been approved for China, because there is an issue with blood. A lot of animal blood goes into China for the pharmaceutical sector. We collect the blood out of animals and then export it to China. Well now the Chinese government has shut their borders for importing, because they found that some importers labelled products wrongly. Arguments arose between our company and our Chinese partner company regarding whether to change the way we normally label our products or just keep doing what we are doing (Director A1).

A similar position was also evident at other companies. An interesting case was reported by one director at company G:

We have been selling one type of product for many years in China. However, about eight years ago the Chinese authorities suddenly decided that propolis was going to be regulated as a medicine instead of being treated as a health product. So literally overnight Chinese authorities changed the rules without warning and so everything that we had been selling there we had to go through registration as a medicine. As a result, we had to withdraw the product and start the registration process. That registration process took three and a half years. So we lost a third of our sales that our Chinese partner company was not happy with (Director G1).

The above director's comment indicated that due to Chinese authorities' interference, this company suffered considerably by going through a new registration process, which reduced their financial returns, thus causing tensions with their Chinese partner company.

Moreover, one manager at company E elaborated that due to the interference from the NZ government, their company cannot buy a certain kind of hybrid product that produces a lower carbon footprint from their Chinese partner company F, which gave rise to tensions in this business partnership. As this manager asserted:

Our Chinese partner company offered us a better price on a recent hybrid product that has got high monitoring capability that produces less carbon emissions. Then, our company referred to the NZ government to get approval. However, the government rejected it and said to us that we prefer your company does not take this plan, because it is concerned with the complications of national privacy and secrecy, which caused some tensions from our Chinese partner company's side (Manager E8).

Similar sentiment was also apparent in the partnership between NZ company I and its Chinese partner J. As reported by one senior manager I3: "The Chinese government has quite strict rules about where you are allowed to fly and not fly, so that's one of the challenges in our business partnership". This statement was also confirmed by another participant at company I. As elaborated by a senior manager at company I, commercial flights to China need to give way to any military operations required by the Chinese central government:

Probably the biggest challenge flying into China is air traffic control and the massive amount of airspace management, and the other biggest challenge is the preparedness that the Chinese central government will shut down the airspace at any time for military operations, which take precedence over commercial airlines. This means

flying in and out of mainland China can be incredibly difficult with massively long air traffic control delays. Although the government does not care, it did cause tensions between both parties as our firm got many complaints from passengers (Manager I2).

The above managers' illustrations highlighted that, through interference from national governments, spatial tensions were caused between Chinese and NZ companies in business partnerships.

## **4.5 Conclusion**

To conclude, this chapter overall has identified multiple sustainability tensions between Chinese and NZ firms in business partnerships, and multiple reasons causing them. The findings showed that tensions existed in four sustainability areas. First, TBL tensions around environmental, economic and social performance aspects are apparent. Interestingly, this chapter also revealed that Chinese firms tended to only concentrate on how to achieve financial returns that are beneficial for shareholders and the company itself, while their NZ partner firms tended to see the connections between or among three dimensions of sustainability practice, thus ensuring their firms' financial profits are gained through protecting the natural environment and implementing social goals. Further, the majority of the tensions are around addressing financial issues thus the TBL tensions were neglected or being put into a secondary position. The second tension is about temporal tensions as Chinese and NZ firms in business partnerships confront strategies for addressing today's business success and tomorrow's business development and public welfare. This chapter also illustrated the differences between Chinese and NZ firms in addressing sustainability issues from a temporal perspective. Third, this chapter demonstrated that there are

few commercial and moral tensions perceived between Chinese and NZ firms in business partnerships, because most participants expressed that as long as their business activities conform to the laws and regulations, then they are performing adequately from a moral perspective. Fourth, minor spatial tensions also surface which refer to Chinese and NZ firms in business partnerships confronting different opinions on whether to obey their partner company's country's or their own home country's sustainability regulations and standards. However, a large number of participants announced that there is no such tension in their business partnerships as long as these companies ensure their business activities obey the local regulations.

In addition, this chapter has assessed multiple reasons causing the tensions which were analysed in terms of individual, organisational, and national factors. On the individual level, this chapter revealed that participants confronted divergent understandings towards different sustainability dimensions, which may lead to TBL tensions, temporal tensions and commercial and moral tensions in their business partnerships. In particular, this chapter showed that Chinese managers tended to hold "either/or" views by prioritising economic performance over other sustainability demands without seeing their connections. In contrast, NZ managers tended to exhibit "both/and" views by seeing the necessity of practising sustainability as they regard sustainability elements as complementary with each other, so that managing one dimension well will transform the others.

In terms of organisational factors, there were two related reasons. First, different organisational sustainability standards and regulations give rise to tensions such as TBL tensions, temporal

tensions and commercial and moral tensions in their business partnerships. Participants' comments suggested that, compared to NZ companies, Chinese partner companies do not have rigid sustainability policies and regulations and are dominated by financial performance, thus causing tensions in their business partnerships. Second, the reason TBL tensions are dominated by financial performance is because Chinese and NZ companies in business partnerships have different organisational economic goals that are opposed to each other.

With regard to national factors, this chapter demonstrated that two factors cause spatial tensions in Chinese and NZ companies' business partnerships. First, different national standards in sustainability regulations resulted in spatial tensions in Chinese and NZ companies' business partnerships such as different Chinese and NZ requirements in regulating health and safety issues, taxation, biosecurity rules, and product testing. Second, national government interference also gave rise to spatial tensions in their business partnerships such as in processing products, changing administrative categorisation of products, and commercial flights giving way to military flights. Having explored tensions in sustainability in Chinese and NZ firms in business partnerships and the reasons causing them in this chapter, Chapter 5 will elaborate managerial sensemaking of the sustainability tensions between Chinese and NZ companies in business partnerships.

# **Chapter 5: Discovering Managerial Sensemaking of Tensions**

## **5.1 Introduction**

Having examined tensions related to sustainability and the reasons causing them, this chapter goes further and investigates how managers at Chinese and NZ firms make sense of the tensions in their business partnerships. As mentioned earlier in the literature review, how managers make sense of tensions in sustainability has not been examined well and how managers at firms make sense of tensions in the sustainability research field are rare. With these ideas in mind, the objective of this chapter is thus to examine managerial sensemaking of the tensions in Chinese and NZ firms in business partnerships. Hence, this chapter aims to explore the third research question for this study: How do managers make sense of tensions in sustainability in the context of Chinese and NZ firms in business partnerships? In order to achieve this, the remainder of this chapter begins with an overview of multiple mental logics in managerial sensemaking of tensions (MMLMST). Particular attention is then given to elaboration of paradoxical logic. Then contradictory logic is delineated in detail. A discussion of business logic follows. Consideration is then given to defensive logic. At the end of this chapter, a conclusion section is presented.

## **5.2 Overview of the Chapter**

This chapter overall investigates the third research question of how managers make sense of the tensions related to sustainability in Chinese and NZ business partnerships. The present research shows that, following paradox theory, the majority of the participants at the Chinese and NZ companies in business partnerships tended to use paradoxical logic in making sense of the

sustainability tensions. However, this study also illustrates another three types of logic: contradictory logic, business logic, and defensive logic. The sub-core category and its conceptual categories that emerged from the data for this chapter are shown in Table 5.1 and are expanded throughout the chapter to highlight resulting conceptual codes. Table 5.1 also illustrates the connections between the sub-core category and conceptual categories. As shown in Table 5.1, this chapter suggests one sub-core category with four conceptual categories. For each category, representative comments, or quotes, from the participants are presented and interpreted to provide support for the arguments, and where appropriate, findings are compared with the existing literature.



**Table 5.1 Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)**

Open Coding	Axial Coding	Selective Coding	
Conceptual Codes	Conceptual Categories	Sub-Core Categories	Core Categories
Viewing triple bottom line tensions not as fully opposing each other, addressing environmental or social dimensions can foster financial performance	<b>Paradoxical Logic Dominance</b>	<b>Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)</b>	<b>Mastery of Tensions in Sustainability (MTS)</b>
Mind mapping temporal tensions not as fully contradictory elements. Instead, they are interrelated elements in that one can have an impact on the other			
Assessing commercial and moral tensions/spatial tensions not as fully conflicting elements, as progressing one side will lead to another			
Thinking of triple bottom line tensions only as dilemmas	<b>Contradictory Logic</b>		
Regarding temporal tensions only as constraints			
Managers can acknowledge the TBL tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities	<b>Business Logic</b>		
Managers can acknowledge temporal tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities			
Projection through mind mapping sustainability tensions as negative	<b>Defensive Logic</b>		
Regression through denying existence of sustainability tensions			

### **5.3 Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)**

This section identifies four types of logic that decision-makers use to make sense of sustainability tensions in their business partnerships: paradoxical logic, contradictory logic, business logic and defensive logic. Accordingly, this study generates the sub-core category of ‘multiple mental logics in managerial sensemaking of tensions’ which represents four conceptual categories of ‘paradoxical logic dominance’, ‘contradictory logic’, ‘business logic’ and ‘defensive logic’ (see Table 5.1). The details of frequency of the four types of logic are shown in Table 5.2. Each type of logic will be analysed with the support of participants’ comments and related literature in the following four sub-sections.

**Table 5.2 Frequency of Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)**

Companies	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Participants	Total participants/Companies
<b>Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)</b>																		
<b>Paradoxical Logic Dominance</b>		√	√	√	√		√		√		√		√		√		B1, C2, D1, E1, E2, E3, E4, E5, E6, G1, G2, I4, K1, K3, K4, M1, O1	17/9
<b>Viewing triple bottom line tensions not as fully opposing each other, so addressing environmental or social dimension can foster financial performance</b>		√			√		√				√		√				B1, E1, E2, E6, G1, K4, M1	7/5
<b>Mind mapping temporal tensions not as fully contradictory elements. Instead, they are interrelated elements in that one can have an impact on the other</b>		√	√	√	√		√		√		√		√				B1, C2, D1, E3, E4, E5, G2, I4, K3, M1	10/8
<b>Assessing commercial and moral tensions/spatial tensions not as fully</b>											√				√		K1, O1	2/2

conflicting elements, so progressing one side will lead to another																		
<b>Contradictory Logic</b>	√		√		√		√		√						√		A1, C1, C2, E2, E6, G1, I1, O1	8/6
<b>Thinking of triple bottom line tensions only as dilemmas</b>	√		√												√		A1, C1, I1, O1	4/4
<b>Regarding temporal tensions/commercial and moral tensions only as constraints</b>			√		√		√										C1, C2, E2, E6, G1	5/3
<b>Business Logic</b>	√	√	√		√										√		A1, B1, C2, E1, E2, E6, O1	7/5
<b>Managers can acknowledge the TBL tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities</b>	√	√	√		√										√		A1, B1, C2, E6, O1	5/5
<b>Managers can acknowledge temporal tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities</b>					√												E1, E2	2/1
<b>Defensive Logic</b>	√		√		√								√		√		A2, C1, E8, K1, K5, M1	6/5
<b>Projection through mind mapping</b>			√		√								√		√		C1, E8, K1, K5, M1	5/4

sustainability tensions as negative																		
Regression through denying existence of sustainability tensions	√											√					A2, K1	2/2

### 5.3.1 Paradoxical Logic Dominance

As mentioned in chapter 3 in the proposed theoretical framework, by utilising paradox theory, decision-makers can formulate paradoxical thinking that provides a better understanding of sustainability tensions and their complex relationships (Hahn et al., 2016; Wu et al., 2017). Accordingly, by drawing on a paradoxical lens, 17 participants at 9 companies expressed paradoxical logic in making sense of sustainability tensions in their business partnerships. Some recent studies hold the view that most decision-makers tended to have a business case frame (Hahn et al., 2014; Hockerts, 2015) and business frame (Sharma & Jaiswal, 2018) in making sense of sustainability tensions. However, the empirical analysis showed that paradoxical logic is the most common type of logic adopted by managers in making sense of sustainability tensions between Chinese and NZ companies in business partnership.

Based on the participants' comments, paradoxical logic can be understood as, despite the tensions seeming to be in opposition to each other, in essence, they are interrelated and interconnected elements which can coexist and transform into each other at different times in different situations. This logic is indicated through participants' key words such as 'connections', 'alignment', and 'foster'. This logic was most evident among decision-makers at company E. As noted in chapter 4, temporal tensions were identified between NZ company E and its Chinese partner company F: while NZ company E tended to address long-term business development and public welfare, its Chinese partner company tended to focus on achieving short-term business success. In regard to this temporal tension, four participants indicated paradoxical logic. For example, senior manager E6 said: "I think it is normal for both companies to have short-term and

long-term tensions. However, if we are too much focussed on the short-term profits, it will cost us to achieve long-term development goals”. To better explain this statement, this participant then exemplified that over-focusing on the short-term financial gains lead to his company suffering in the longer term:

I can give you a good example. In the last couple of years, our company showed poor service performance, this was because the company cut costs by taking out too much customer service. As a result, the company’s ranking dropped quite substantially, particularly around service performance. In the end, we had to add those people back in to provide a better customer service. Although the company had achieved short-term financial returns, it came at the expense of customers, ultimately affecting negatively the company’s longer-term development goals (Senior Manager E6).

The above manager’s comment suggested that short-term and long-term goals should not be viewed as fully opposing elements; rather, they should be regarded as complementary elements that can have an impact on each other such that an over-emphasis on short-term business profits can damage long-term development goals. This finding endorsed prior research of Wu et al. (2017) who argued that paradoxical thinking in making sense of temporal tension, in that short-term and long-term sustainability are seemingly conflicting in nature, but they are interrelated elements in that one can have an impact on the other. Similarly, senior manager E4 also reported a paradoxical mind-set in interpreting temporal tensions in their business partnership: “I think developing short-term activities can have a benefit. If it’s not for short-term profits now, it must provide a longer-term benefit”. This statement demonstrated that, although temporal tensions existed between their company and Chinese partner company F, progressing well on short-term goals can facilitate long-term plans, thus highlighting their interdependent relationship. This

finding was also supported by Hahn et al. (2014) who argued that a paradoxical frame does not emphasise systematically one sustainability dimension over any other.

As such, one director at company G indicated paradoxical logic in making sense of temporal tensions with their Chinese partner company. As mentioned in chapter 4, temporal tensions arose because their company wanted to develop a premium brand by providing beneficial ingredients to customers, while their Chinese partner company wanted to maximise sales by dropping the costs and standards of products for quicker financial returns. As this director asserted:

I think it would be a very short-term and damaging decision to make some quick money by dropping the costs and standards of the products. However, it's going to damage the company's reputation. Eventually, we will lose our loyal consumers who follow us and the ones who believe we are a socially responsible company (Independent Director G2).

The above director's comment indicated that focusing on achieving short-term business profits by dropping the costs and healthy standards of the products will have an impact on the company's future business development and interests of consumers. This finding was consistent with some prior research which illustrated paradoxical thinking which depicts tensions as competing demands which look contradictory yet are interdependent (Farjoun, 2010; Jarzabkowski et al., 2013; Miron-Spektor & Erez, 2017). A good example was also offered by this participant to better understand the relationship of temporal tensions:

Our company has invested a lot in leasing and buying land to grow flowers, because we think it's going to get increasingly hard to source honey. Although it has probably



cost us money and affected our profits in the short term, we expect long-term benefits (Independent Director G2).

This example indicated that, although their company has invested a lot of money in leasing land to grow flowers at a temporary financial loss, it secured supply and production in the long term, thus highlighting their interdependent relationship. This finding endorsed the paradoxical logic identified by Smith and Lewis (2011) and Slawinski and Bansal (2015) who argued that, instead of keeping contradictory short-term and long-term goals separate, the decision-makers who embed a paradoxical mind-set tended to embrace the linkages between the short-term and long-term performance.

Similar logic was used by other participants from other companies. As noted in chapter 4, spatial tensions were identified in the partnership between company O and their Chinese partner company P. While the Chinese partner firm wanted to reduce the healthy ingredients in the products, their company chose to adhere to the brand values. In respect to this tension, senior manager O1 expressed the view: “For example, if our products have some health and safety issues such as bacteria contamination that makes people sick or die, once the information is released on the news, then our brand is dead. There’s no shortcut”. This manager’s comment suggested a paradoxical mind-set that achieving business success and adhering to health and safety standards are not separate or fully in opposition; rather, they are complementary elements in that one can have an impact on the other. Likewise, comments from three participants at company K also illustrated their paradoxical thinking in relation to sustainability tensions in their business partnership. Director K1 demonstrated the opinions in

interpreting commercial and moral tensions with their defunct Chinese partner company as noted in chapter 4: “Our Chinese defunct company plays a silly game by maximising today’s profits by choosing the irresponsible supplier who contaminated the products. It is going to burn tomorrow’s financial returns, their reputation and put people’s lives at risk. It’s a terrible lesson to take”. This logic was also supported by another senior manager at their company in relation to temporal tensions. As this manager elaborated:

I think taking a shortcut to gain temporary financial gains will never lead to future success. Actually there is a real strong link, for example, between 5, 10, 20 year plan versus what do we want to achieve in the next two years. And you can’t make decisions in the short term that sacrifice the long term. However, at the same time you can’t just look 5, 10, 15 years out and then ignore what is going on in the short term (Senior Manager K3).

The above manager’s sentiment suggested a connection between short-term and long-term orientations, that it is imperative to keep an eye on both sides instead of viewing them as opposites. This reflected a paradoxical perspective on tensions in sustainability depicting different sustainability objectives simultaneously, even if they are conflicting (Gao & Bansal, 2013; Hahn et al., 2015). To better illustrate this view, a good example was provided by one senior manager in making sense of the TBL tensions:

I think the companies which do not want to address sustainability issues are gradually losing business. I saw manufacturing plants that don’t comply with new air emission standards, effluent emission standards, they are actually being closed down in China. For example, the Chinese government had to shut down one of the biggest vitamin suppliers in China until they could actually comply with certain environmental practices. So that sort of financial impact is really helping to develop this whole awareness (Senior Manager K4).

The above manager's comment suggested a paradoxical mind-set; that is, this manager viewed environmental, economic and social performance as interdependent, as one aspect can have an impact on the other or transform into another, thus highlighting their interwoven relationship. This implies that paradoxical thinking "recognizing a dilemma in which no choice can resolve the tension because opposing solutions are needed and interwoven" (Lüscher & Lewis, 2008, p. 229).

Based on the above illustrations, it can be seen that, many participants had a paradoxical mind-set in making sense of sustainability tensions in their business partnerships. Rather than viewing them as fully discrete and contradictory, these participants regarded them as interdependent elements, thus admitting their complementary relationships, which emphasised the connections among opposing sustainability elements. By following this logic, the respondents thus are more likely to accept their coexistence and simultaneity. This finding reflects a paradoxical mind-set of "mental templates in which managers recognize and accept the simultaneous existence of contradictory forces" (Smith & Tushman, 2005, p. 526), which applies paradox theory to understand why some managers view sustainability tensions not as competing, but as complementary (Epstein et al., 2015; Sharma & Jaiswal, 2018).

### **5.3.2 Contradictory Logic**

The second kind of managerial logic found in this research is contradictory logic which reflects the contradictory characteristics of a paradox as noted in chapter 3. The empirical data showed that 8 respondents at 6 companies viewed the tensions through contradictory logic by

interpreting the tensions as opposing elements. This logic was often indicated through participants' key words such as 'opposing', 'opposite', 'conflicts', 'difficulty', 'tough', 'dilemmas' and 'competing', highlighting the inability to coexist in their minds. Evidently, as mentioned earlier in Chapter 4, TBL tensions arose between NZ company A and its Chinese partner company B as company A tended to make sure its financial growth is built on protecting the natural environment, while its Chinese partner company B tended to only look at how to get financial returns driven by shareholders' interests. In respect to this tension, one director denoted contradictory logic:

I think it is really difficult to balance this kind of TBL tension in our business partnership. It is similar to the tension we had in the past that we have been financially constrained; as a result, we cannot spend the degree of money on sustainability practice around environmental performance. We have to work through these tensions with our Chinese partner company (Director A1).

The above director's comment indicated a contradictory perspective of paradox that the competing sustainability demands are "interesting tensions, oppositions, and contradictions between theories which create conceptual difficulties" (Poole & Van de Ven, 1989, p. 564). Further, this contradictory logic also reflects the underlying mechanism of the business case frame that views financial objectives as more important than other sustainability dimensions such as social and environmental considerations (Hahn & Figge, 2011; Hahn et al., 2014; Sharma & Jaiswal, 2018).

A similar mind-set was also expressed by participants from company I. As noted earlier in chapter 4, TBL tensions were identified between NZ company I and its Chinese partner company

J in that NZ company I wanted to generate lower carbon emissions and institute safer routes to gain financial growth, but their Chinese partner firm J wanted to fly to more destinations with more passengers for pure economic growth. In regard to this tension, manager I1 thought: “This kind of conflict in our business partnership always raise debates which cannot be negotiated. The two opposing voices from both parties will never meet, because they are very complex issues. I have never seen that”. This comment reflected the “belief in a unitary truth [which] means inconsistencies cannot fundamentally coexist” (Smith & Tushman, 2005, p. 525), thus highlighting a contradictory mind-set in making sense of the tension.

Similarly, the CEO at company C expressed contradictory thinking in relation to the commercial and moral tensions with their Chinese partner company D. As noted in chapter 4, commercial and moral tensions occurred between NZ company C and its Chinese partner company D. While company C’s action was driven by commercial imperatives, company D cared more about moral responsibility by considering staff’s interests, and its potential impact on the local community.

According to the CEO:

The decision to shut down the factory is not easy for anybody especially for the staff who have been working there for 25 years. However, New Zealand is very small. We can’t have factories in New Zealand shipping stuff to other parts of the world. We bring all of the raw materials down to New Zealand and then you make it and then have to shift it all back again. It wasn’t practical. Very costly (Chief Executive Officer C1).

The above CEO's comment suggested that commercial and moral goals are opposing elements such that business returns could only be achieved by shutting down the factory, thus highlighting the contradictions in their mind.

Overall, the above comments of participants denoted contradictory logic which signifies that the tensions could not coexist in managers' minds, because they thought of them as opposing elements. Indeed, this logic demonstrates an overemphasis on the contradictory perspective of a paradox (Heijenoort, 1967; Lewis, 2000; Poole & Van de Ven, 1989).

### **5.3.3 Business Logic**

Apart from paradoxical and contradictory logic, the findings also suggested business logic that managers used to make sense of the sustainability tensions in their business partnerships. As Sharma and Jaiswal (2018) argued, so far, not many researchers have explicitly explored the business frame in making sense of tensions in relation to sustainability issues. However, this impression was reflected in a few comments of participants in the present study. Based on comments from participants, business logic can be understood as decision-makers being able to acknowledge tensions in sustainability in their business partnerships, but they ignore them by focusing on addressing financial issues. This finding was most apparent in the partnership between companies E and F. As mentioned in chapter 4, three participants reported the TBL tensions in their business partnerships. While their firm tended to balance performance between financial and social aspects, their Chinese partner firm does not take the social side into consideration. In regard to this tension, one senior manager said:

I have not seen this kind of TBL tension turn up as a major conflict for both parties. Business carries on, our Chinese partner is always going to sell more equipment to our company, and we are always going to want to buy more with less cost. It is more of a business tension than it is necessarily a sustainability tension that we are asked to deal with (Senior Manager E6).

The above manager's comment indicated that, although TBL tensions existed in this business partnership, they are not viewed as a major issue to be managed. Instead, both companies still concentrated on addressing financial issues. This highlighted that managers dominated by business frames tended to ignore tensions between social and business goals by just focusing on business goals (Sharma & Jaiswal, 2018). Similarly, two other informants at company E also expressed similar views in relation to temporal tensions in their business partnership as noted earlier in chapter 4. One manager asserted that decision-makers at their Chinese partner company recognised temporal tensions but ignored them without attending a meeting to solve the problem:

We had a meeting set up with all the new executives from the Chinese partner company and with our senior leadership team to have a proper discussion about the issues. However, the country manager at our Chinese partner company went back to China and we found out just the day before the meeting. Our senior people flew up from...for the meeting and so we said to them it's not going to go ahead because the country manager is not going to attend it (Manager E1).

Confirming this statement, another manager reported the same issue:

A perfect example is one Friday there was supposed to be a meeting with top managers from both companies to talk about the tensions. One person at our Chinese partner company who was responsible for the meeting left the country. I think if they are going to stand up and work through the tensions, they should have the applicable resource made available instead of escaping the meeting (Manager E2).

The above two managers' comments suggested that, although decision-makers at their Chinese partner company F acknowledged the tensions in their business partnership, they did not consider these tensions important enough to be discussed. Similar positions were also revealed in other business partnerships. A senior manager at company O reported how the CEO of their Chinese partner company made sense of the TBL tensions in their business partnership: "Unfortunately, the new CEO of our Chinese partner company did not really care about the tensions in sustainability, he did not deal with this well, he just ignored it and did what he wants. I don't think that's the right thing to do". This sentiment was also supported by director C2 at company C who demonstrated business logic in interpreting the TBL and temporal tensions in their business partnership: "Sustainability tensions are just a little bit of an issue in our business partnership, I think it is more important to make sure both parties make an alignment on the big financial goals, we need to agree on those goals and we need to achieve those goals". The above two informants' comments illustrated that sustainability tensions were neglected in the decision-makers' minds through prioritising financial performance. This endorsed the business frame which adopts a profit-priority view in the pursuit of business activities (Sharma & Jaiswal, 2018).

#### **5.3.4 Defensive Logic**

Further, the existing literature often overlooks the defensive mechanism of managers who perceive tensions negatively through denying and avoiding talking about them (Ferns et al., 2017; Iivonen, 2018; Schad et al., 2016). However, this tendency was exhibited by a few of participants who tended to use defensive logic in making sense of the sustainability tensions in



their business partnerships. For example, although the CEO of company C reported the TBL tensions with their Chinese partner company D, this informant also demonstrated defensive logic: “Although both parties experienced tensions, I think that it took a long time to make sure there are no conflicts when we try and resolve sustainability issues”. Similarly, one manager at company E indicated defensive logic in making sense of financial tensions in their business partnership. As manager E8 asserted: “Both companies normally have tensions around purchasing gains in relation to products and services. I think both companies should avoid that before even agreeing to purchase a solution or service from an early stage”. The above two managers’ comments suggested that they implied the defence mechanism of projection that the managers had bad feelings towards the tensions, thus interpreting them negatively in their minds by eliminating or avoiding them (Ashforth & Reingen, 2014; Lewis, 2000).

In a similar vein, when asked whether there is any tension in addressing economic, social and environmental issues with their Chinese partner company H, one director at company G denied it:

No, not that I am aware of. I’m sure in the past over 14 years partnership journal, we have been on similar goals so I can’t think of any examples there sorry. Both parties are well aligned in philosophy about sustainability. I have not seen any real conflict around (Independent Director G2).

However, this comment contrasted with the director’s report of the TBL tensions with the partner company in addressing environmental and economic goals as noted in chapter 4. While NZ firm G tended to ensure that its business profits were made based on doing less damage to the environment, thus aiming to address economic and environmental objectives at the same time, its

Chinese partner firm G was mainly driven by pure financial profits without taking sustainability into consideration in its business activities. This case indicated that director G2 may apply a defence mechanism of *repression* in making sense of the tensions in their business partnership by denying their existence (Lewis, 2000).

Likewise, when participants were asked whether there was any tension related to sustainability in their business partnerships, there were other respondents denying its existence. Senior manager I4 cannot see any TBL tension with his partner company, because both companies have the same business directions: “I am not aware of any conflict between the board or the executives, stakeholders or the public. So I do not see any conflict in our business partnership at all”. However his colleague, another senior manager, mentioned the TBL tensions when their company tried to design flights with lower carbon emissions and safer routes to gain financial growth, but their Chinese partner firm was always thinking about how to fly to more destinations with more passengers for pure economic growth as elaborated in chapter 4. This example suggested that the senior manager may recognise the TBL tensions in their business partnership, but was unwilling to discuss it, thus highlighting the repression characteristic of a defence mechanism (Ferns et al., 2017)

In more evidence, two participants from company K tended to deny the tensions with their Chinese partner company. For example, one director demonstrated that both companies had similar sustainability culture values in regulating food safety quality:

No, we haven't seen those tensions in our business partnership. Both parties worked in very similar ways in addressing sustainability issues. Our Chinese partner company is extremely open about what is important to them. You go through their websites and stuff, it's very important to the whole food safety quality to look at the investments they have made in food safety quality and social responsibility, they are certainly up there with the best standards in the world. But again, we invested in people who have a similar culture to us, a similar attitude towards the sustainability to us. That is the best way to avoid tensions. Be very open and transparent about what your intentions are and what is important to you and you will attract investors who find those things attractive. That is the best way to limit tension (Director K1).

The above director's comment suggested both companies had no tension in addressing sustainability issues due to being aligned on sustainability goals, which is regarded as the best way to limit and avoid tension in their business partnership. This assertion was also supported by his colleague, who demonstrated that his company and its partner company's sustainability values such as health and safety and ingredient quality are quite similar, thus there had been no conflict so far. As this informant elaborated:

Both parties really have not had conflicts to be fair, because we have similar views in addressing sustainability issues. I think our Chinese partner company had a great performance over the last couple of years on food safety quality, supply chain, ingredient quality and all the other related areas. I think we are very much on the same page (Manager K2).

However, their comments conflicted with the public information reported by Trafford (2018), who stated that the Chinese partner company was accused of their products containing additives that may not have come from licensed suppliers, resulting in tensions with its NZ partner company. This example suggested that the above two managers tended to adopt the defence mechanism of projection and regression in making sense of tensions in order to reduce the anxiety and stress in their minds (Lewis, 2000).

In short, the above illustrations suggested that some managers at Chinese and NZ companies in business partnerships applied defensive logic through defence mechanisms of projection and regression. Projection highlighted that some participants tried to deny or avoid talking about tensions related to sustainability in their business partnership, which signifies that they viewed the tensions negatively. Regression suggested that some participants can acknowledge the tensions in their minds, but they refused to discuss them, thus denying their existence. This finding exhibited defensive thinking in that, when decision-makers are faced with tensions, they tended to prevent themselves from experiencing such embarrassment by denying or avoiding them in order to reduce discomfort in their minds (Ashforth & Reingen, 2014; Ferns et al., 2017; Iivonen, 2018).

## **5.4 Conclusion**

Overall, this chapter has examined managerial sensemaking of sustainability tensions in Chinese and NZ business partnerships. The results suggested that managers at these firms viewed the tensions using different types of logic. Accordingly, this chapter presented four kinds of managerial mind-sets/logic: paradoxical, contradictory, business and defensive. Among those, paradoxical logic is the most common logic that decision-makers are using in making sense of sustainability tensions in their business partnerships. Rather than viewing them as fully discrete and contradictory, decision-makers who use paradoxical logic tended to regard the tensions as interdependent elements, thus admitting their complementary relationships. In fact, paradoxical logic applies paradox theory in understanding why some managers view sustainability tensions not as competing, but as complementary. The second type of logic identified in this chapter is

contradictory logic in that some informants regarded the sustainability tensions as opposing elements, which highlighted that the tensions cannot coexist in their minds. In essence, contradictory logic demonstrates an overemphasis of the contradictory characteristic of a paradox. The third type of logic is business logic in that decision-makers can acknowledge sustainability tensions in their business partnerships, but they prefer to ignore them by focusing on addressing financial issues in their mind, exhibiting the business frame which adopts a profit-priority view in the pursuit of business activities. The fourth type of logic is defensive logic through defence mechanisms of projection and regression: when decision-makers are faced with tensions, they tended to prevent themselves from experiencing embarrassment by denying or avoiding them in order to reduce stress, anxiety and discomfort in their minds. Having explored multiple tensions in sustainability and how managers make sense of them, the next chapter will focus on strategies that the Chinese and NZ firms in business partnerships adopted in managing the tensions and their connections/links to different types of logic in making sense of the tensions in this chapter.

# Chapter 6: Discovering Strategies for Managing Tensions

## 6.1 Introduction

The previous two chapters have acknowledged multiple sustainability tensions in Chinese and NZ firms in business partnerships, multiple reasons causing them and multiple types of mental logic in making sense of them. This chapter goes further and examines strategies for managing the sustainability tensions and their relative connections to the multiple types of mental logic identified in chapter 5.

As discussed in the proposed theoretical framework in chapter 3, drawing from applying structural and contextual ambidexterity theory, managing sustainability tensions through a paradoxical approach has only recently emerged conceptually, so there are hardly any practical implications for tensions management discussed in the sustainability discipline (Hahn et al., 2015; Hahn et al., 2016). In particular, “while cognitive frames and sensemaking help understand how individual decision makers perceive and interpret sustainability issues, there is no direct link between the interpretation of a sustainability issue and the strategic response taken at the organizational level” (Hahn & Aragón-Correa, 2015, p. 257). With this background in mind, the purpose of this chapter is to explore the fourth research question for this study:

RQ4: How do Chinese and NZ firms in business partnerships address tensions, and their complex relationships, within a holistic sustainability agenda?

In line with this question, this chapter is structured as follows: an overview is presented in the first section, the second section focuses on the connections of managerial sensemaking to trade-off approaches and their situational circumstances. Integrative approaches and their proactive outcomes are categorised in the third section. In the last section of this chapter, a conclusion is presented.

## **6.2 Overview of the Chapter**

Overall, this chapter investigates the fourth research question of how Chinese and NZ firms in business partnerships address tensions, and their complex relationships, within a holistic sustainability agenda. As noted earlier in the literature chapter 2, the vast majority of extant research has presented trade-off and win-win approaches by following instrumental logic to manage the tensions in sustainability (Epstein et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). However, the empirical findings of this chapter suggest two main approaches that the Chinese and NZ companies in business partnerships adopting in managing the sustainability tensions: trade-off approaches and integrative approaches.

Accordingly, this study generates the sub-core category of ‘multiple strategies in tensions management’ which represents two conceptual categories of ‘connections of managerial sensemaking to trade-off approaches and their situational circumstances’ and ‘integrative approaches and their proactive outcomes’ (see Table 6.1). The sub-core categories and their conceptual categories that emerged from the data for this chapter are shown in Table 6.1, and are expanded throughout the chapter to highlight resulting conceptual codes. Table 6.1 also

illustrates the connections between the conceptual categories and conceptual codes. For each category, representative comments, or quotes, from the participants are presented and interpreted to provide support for the arguments, and where appropriate, findings are compared with the existing conceptual literature and empirical studies.



**Table 6.1 Multiple Strategies in Tensions Management (MSTM)**

Open Coding	Axial Coding	Selective Coding	
Conceptual Codes	Conceptual Categories	Sub-Core Categories	Core Categories
Companies adopting trade-off approaches where the majority of decision-makers tended to have paradoxical logic	<p align="center"><b>Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances</b></p>	<p align="center"><b>Multiple Strategies in Tensions Management (MSTM)</b></p>	<p align="center"><b>Mastery of Tensions in Sustainability (MTS)</b></p>
Companies adopting trade-off approaches where few decision-makers tended to have contradictory logic			
Companies adopting trade-off approaches where few decision-makers tended to have business logic			
Companies adopting trade-off approaches where few decision-makers tended to have defensive logic			
Companies do not trade financial goals over other sustainability demands unless they are in financial crisis			
Opening strategies through formulating open dialogue and transparency	<p align="center"><b>Integrative Approaches and Their Proactive Outcomes</b></p>		
Surfacing strategies as a tool to generate creativity			
Collaborative strategies through working with partner companies and multiple stakeholders			
Synergistic strategies through building synergies between opposed sustainability demands			
Proactive outcomes of managing sustainability tensions through integrative approaches			

### **6.3 Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances**

This section illustrates that some companies tended to adopt trade-off approaches in managing the sustainability tensions in their business partnerships. Based on the comments from 14 respondents, in this study, a trade-off approach can be defined as “when Chinese and NZ companies confront sustainability tensions in their business partnership, the companies normally would sacrifice/trade one or more sustainability dimensions in favour of one or more others”. This reflects tensions as incompatible and mutually exclusive elements by addressing the particular question of “under what conditions would I choose A over B?” (Smith et al., 2017, p. 304). However, the empirical analysis of this study also revealed the connections between managerial sensemaking of sustainability tensions and a trade-off approach as well as under what situations the Chinese and NZ companies tended to use this approach. The frequency of participants’ comments is shown in Table 6.2. Each perspective is clearly defined and analysed in detail with the support of relevant comments and related literature in the next two sub-sections.

**Table 6.2 Frequency of Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances**

<b>Companies</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>	<b>O</b>	<b>P</b>	<b>Participants</b>	<b>Total participants/Companies</b>
<b>Multiple Strategies in Tensions Management (MSTM)</b>																		
<b>Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances</b>	√	√	√		√		√		√		√		√		√		A1, B1, B2, C1, C2, E4, E5, E8, G1, G2, I2, K3, M1, O1	14/9
<b>Managerial Sensemaking and Its Connections to Trade-off Approaches</b>	√	√	√		√		√				√		√		√		A1, B1, C1, C2, E4, E5, G1, G2, K3, M1, O1	11/8
<b>Companies adopting trade-off approaches where the majority of decision-makers tended to have paradoxical logic</b>		√	√		√		√				√		√		√		B1, C2, E4, E5, G1, G2, K3, M1, O1	9/7
<b>Companies adopting trade-off approaches where few decision-makers tended to have contradictory logic</b>	√		√				√								√		A1, C1, C2, G1, O1	5/4
<b>Companies adopting trade-off approaches where few decision-</b>	√	√	√												√		A1, B1, C2, O1	4/4



### **6.3.1 Managerial Sensemaking and Its Connections to Trade-off Approaches**

Based on the findings illustrated in chapter 5, decision-makers adopted four types of logic in making sense of sustainability tensions in their business partnerships: paradoxical logic, contradictory logic, business logic and defensive logic. Interestingly, based on the empirical analysis, the findings showed the connections between these four types of logic and trade-off approaches as elaborated in detail in this sub-section.

Prior research pointed out the majority of extant studies argued that in organisations which adopted trade-off approaches their decision-makers tended to follow instrumental logic through perceiving financial performance as more important than other sustainability goals such as social and environmental performance (Epstein et al., 2015; Gao & Bansal, 2013; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). However, the findings showed that the majority of participants (9 out of 14) who applied paradoxical logic tended to adopt a trade-off approach for their companies to manage the tensions. For example, as discussed earlier in Chapter 4, temporal tensions were identified when company G wanted to develop a premium brand by providing beneficial ingredients to its customers. By contrast, their Chinese partner company focused on how to maximise sales by dropping the costs and standards of products for quicker financial returns. In order to manage this tension, two participants at company G reported the trade-off approaches by prioritising their company's desire over their Chinese partner company's choice. As asserted by one director:

Our company will not sacrifice health and trust of customers by providing cheaper and poorer quality products to gain more financial profits. We can make or buy

cheaper ingredients for our products, but it does not fit from a social or moral perspective. The only way to relieve the tension is to push the price of the products up through adding more healthier stuff (Director G1).

Similarly, another independent director also mentioned the trade-off approach used in coping with this tension with their Chinese partner company:

Our company does not want to discount our reputation. So we had to work with the owner of our Chinese partner company and convince them that the better strategy was to keep the products' prices up by providing healthier ingredients for our customers. We need to convince them to make a change in their plan (Independent Director G2).

The above two informants' comments indicated that they have adopted a trade-off approach in managing the temporal tensions by prioritising tomorrow's business development and public welfare over today's business success. This endorsed the view that when firms are faced with tensions in addressing divergent sustainability issues, this situation can be managed only if a firm neglects one sustainability dimension in favour of another (Ozanne et al., 2016).

Trade-off approaches were also adopted by other companies in managing sustainability tensions where their decision-makers used paradoxical logic to make sense of them. As noted earlier in chapter 4, temporal tensions were identified because Chinese firm D tended to ensure that their activities are beneficial for sustainable business and public welfare, while their NZ partner firm C is more interested in achieving today's financial goals for their business. In order to manage this tension, one director at NZ company C demonstrated a trade-off approach through making sacrifices all the time:

Inherently I think as a business, both parties oscillate between the short-term business success and long-term development goals. I think it is something both companies do naturally within our business, and you will never achieve both at the same time. Probably sometimes, we have to have a bit more focus on long-term goals and not so much on short-term profitability. Therefore, both companies have to make those trade-offs on-going and always (Director C2).

Likewise, as discussed in chapter 4, temporal tensions were identified when the NZ firm E aimed to have a sustainable business as well as being socially responsible, while their Chinese partner firm F just wanted to achieve short-term business profits without thinking of long-term plans. In response to this tension, one general manager at company E announced their strategy:

I think at the end of the day, it becomes a trade-off of what is the budget now versus what is the capability that both parties are trying to build for the longer term. So largely it is a trade-off between financial performance budgets available and what needs to be done in the next three years (General Manager E5).

The above two informants' comments implied that the temporal tensions were eliminated when firms either choose short-term or long-term goals over the other (Smith & Lewis, 2011). In this way, tensions have been eliminated by favouring one option over the other, which highlighted the situations where diverse sustainability dimensions cannot be achieved simultaneously, thus resulting in a limited perspective on contributions to sustainable development (Hahn et al., 2010; Smith & Lewis, 2011; Van der Byl & Slawinski, 2016).

In comparison, the empirical analysis also showed that few informants applied contradictory logic (5 out of 14), business logic (4 out of 14) and defensive logic (3 out of 14) announced the trade-off approaches for their companies in managing the sustainability tensions in their business

partnerships. Evidently, spatial tensions were identified between NZ company O and its Chinese partner company P because China and NZ have different laws in regulating healthy products, hence tensions arose in addressing social aspects. In order to deal with this tension, one senior manager at company O demonstrated that their company chose to adhere to the brand values by adding more healthy ingredients to the products:

When it comes to dealing with this tension with our Chinese partner company, we would always have an internal management meeting and ask ‘is this something our company wants to do? Do we want to have only the very cheap ingredients under our brand name? What does our brand name stand for?’ The answer to these questions is we are not supermarket, and we need to adhere to the brand values. At the end of the day, we would say ‘no’ to our Chinese partner company, because their strategy can damage the brand, and we do not want to damage our brand (Senior Manager O1).

The above manager’s comment signified that their company has utilised a trade-off approach in managing the spatial tensions by prioritising their desire to provide healthier products over only using cheap ingredients. Similarly, in order to manage the temporal tensions between NZ company A and Chinese partner company B, director B1 at company B claimed a trade-off approach: “How both parties manage the temporal tensions is to do trade-offs between a short-term goal and a long-term goal”. Moreover, as mentioned in chapter 4, TBL tensions were identified when the Chinese firm D tended to ensure that their activities are beneficial for sustainable business and public welfare, while their NZ partner firm C was more interested in achieving today’s financial interests for their business. In response to this tension, the CEO of company C stated:



I think it was a trade-off that both parties had made. As I said our company had mainly focused on short-term financial gains; after listening to our Chinese partner company's advice, we couldn't afford to put our brand at risk. Therefore, our company decided to invest to make the best quality eco-products for long-term achievements (Chief Executive Officer C1).

The above CEO's comment indicated that their company has adopted a trade-off approach in managing the temporal tensions by developing strategies and plans for the future, thus prioritising long-term concerns over short-term business profits. This case reflected a win-lose proposition where "the net sum gain to sustainability is positive but the impact on any of the sustainable dimensions is negative" (Van der Byl & Slawinski, 2016, p. 58).

### **6.3.2 Situational Trade-off Approaches**

Prior literature pointed out that when firms are pressed to choose one sustainability objective, they will typically favour financial goals, which results in other sustainability goals becoming secondary (Epstein et al., 2015; Slawinski & Bansal, 2015). However, the findings of the present study do not fully support this argument. Rather, the empirical analysis showed that the Chinese and NZ companies in business partnerships would prioritise financial/commercial initiatives over other sustainability dimensions, in particular when their companies are suffering from financial constraints or the company's survival is threatened. For example, as noted in chapter 4, commercial and moral tensions were identified when NZ company C wanted to shut a factory down based on commercial reality, while its Chinese partner company D wanted to keep it open because they take moral responsibility into consideration by considering staff's interests. In order to manage this tension, the CEO at company C demonstrated that they must close it:

It was a matter of time that when the old products produced in this factory become less competitive, we just cannot invest more in this factory anymore. This means that customers are no longer willing to buy the products that were made in this factory. When that's the case, the factory can no longer stay open (Chief Executive Officer C1).

Although another director at company C did not report the commercial and moral tensions in their business partnership, this informant expressed a similar view of shutting down the factory in NZ. As this participant remarked:

Essentially it got to the situation in New Zealand where market forces, we did not have the consumers wanting to buy the products that we manufactured in this factory. So the sales dropped so significantly to the point that the factory really didn't need to be open. The consumers don't want those products anymore and therefore we have to respond (Director C2).

The above two informants' comments indicated a trade-off approach in managing commercial and moral tensions by prioritising financial reality over being morally responsible for the interests of staff. In particular, this trade-off decision was being made under the situation when the income of the company had decreased.

Similarly, the CEO of company M also demonstrated the trade-off approach in managing the temporal tensions with their Chinese partner company, especially when it comes to the company suffering from financial difficulties. As this CEO elaborated:

When our company had a massive financial recession, we had to make many trade-offs by prioritising short-term decisions over the long-term ones, because when our business was in survival mode there's no point worrying about long-term goals because our company might not exist tomorrow (Chief Executive Officer M1).

To better explain this statement, this informant added:

It depends on the situation sometimes when it comes to trade-offs. So the best example that I can give is there was the time when our company was suffering from the global financial crises and our company almost went bankrupt. At that time, we were in a very difficult environment to survive in this business. In order to deal with the tensions, we had to do a lot of trade-offs such as cut costs drastically to reduce our workforce and try and survive, but most companies in the world were doing the same thing. That hasn't been the case in the past four years (Chief Executive Officer M1).

The above CEO's sentiment signified that trade-off approaches had to be applied by sacrificing long-term goals for short-term financial returns, which happened particularly when their company was in financial difficulty. In this case, the response of company M to this tension reflected that this company could only concentrate on sustainability projects that bring financial returns in the short term instead of contributing to environmental or social goals for the long term (Bansal & DesJardine, 2014; Hahn et al., 2012).

From the examples in the above two sub-sections, it can be said that the Chinese and NZ firms who are in business partnerships have taken a trade-off approach to manage the tensions in sustainability through choosing one sustainable aspect over another or others with an either/or action (Smith et al., 2017; Smith & Lewis, 2011). Interestingly, it can be said that, compared to contradictory, business and defensive logic, in the Chinese and NZ companies that adopted trade-off approaches in managing their sustainability their decision-makers tended to use paradoxical logic. Further, it can also be argued that, when it comes to managing the

sustainability tensions, these Chinese and NZ companies do not favour financial goals over other sustainability demands unless these companies are suffering from a difficult financial situation.

## **6.4 Integrative Approaches and Their Proactive Outcomes**

This section identifies integrative approaches and their proactive outcomes in managing sustainability tensions between Chinese and NZ companies in business partnerships.

Alternatively, this section generates the conceptual category of ‘integrative approaches and their proactive outcomes’ which represents five conceptual codes of ‘opening strategies through formulating open dialogue and transparency’, ‘surfacing strategies as a tool to generate creativity’, ‘collaborative strategies through working with partner companies and multiple stakeholders’, ‘synergistic strategies through building synergies between opposed sustainability demands’, and ‘proactive outcomes of managing sustainability tensions through integrative approaches’ (see Table 6.1). The frequency of participants’ comments is shown in Table 6.3. Each perspective is clearly defined and analysed in detail with the support of relevant comments from participants in the following five sub-sections.

**Table 6.3 Frequency of Integrative Approaches and Their Proactive Outcomes**

Companies	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Participants	Total participants/Companies
<b>Multiple Strategies in Tensions Management (MSTM)</b>																		
<b>Integrative Approaches and Their Proactive Outcomes</b>																		
<b>Opening Strategies through Formulating Open Dialogue and Transparency</b>			√	√	√		√		√		√		√				C1, D2, E1, E2, E3, E5, G1, G2, I1, K5, M1	11/7
<b>Surfacing Strategies as a Tool to Generate Creativity</b>	√	√	√		√				√		√		√				A1, B2, C1, C2, E4, I1, K5, M1	8/7
<b>Companies which operate surfacing strategies where few participants have paradoxical logic</b>			√		√								√				C2, E4, M1	3/3
<b>Collaborative Strategies through Working with Partner Companies and Multiple Stakeholders</b>			√	√	√	√	√		√		√						C1, C2, D1, D2, E1, E3, E4, E5, E6, E8, F3, G2, I2, I5, K1, K4, K5	17/7
<b>Working collaboratively with partner companies</b>			√	√	√	√	√				√						C1, C2, D2, E1, E3, E4, E5, E6, E8, F3, G2, K1, K5	13/7
<b>Working collaboratively with multiple stakeholders</b>				√			√		√		√						D1, G2, I2, I5, K1, K4	6/4

<b>Synergistic Strategies through Building Synergies between Opposed Sustainability Demands</b>	√		√	√	√		√		√		√							A1, C1, C2, D1, D2, E1, E2, E3, E4, E5, E8, G1, G2, I1, K5	15/7
<b>Companies adopting synergistic strategies where their managers tended to have paradoxical logic</b>			√		√		√											C2, D1, E1, E2, E3, E4, E5, E6, G1, G2	9/4
<b>Companies adopting synergistic strategies where their managers tended to have contradictory logic</b>	√		√		√		√		√									A1, C1, C2, E2, G1, I1	6/5
<b>Proactive Outcomes of Managing Sustainability Tensions through Integrative Approaches</b>			√		√		√		√		√							C1, C2, D1, G1, G2, K4, K5, M1	8/5
<b>Implementing integrative approaches advances sustainability practice through inter-organisational learning</b>			√								√		√					C1, C2, K4, K5, M1	5/3
<b>Implementing integrative approaches enhances mutual understanding and strengthens business partnerships</b>					√		√				√		√					D1, G1, G2, K5, M1	5/4

### **6.4.1 Opening Strategies through Formulating Open Dialogue and Transparency**

The empirical analysis of this study showed that, first of all, it is important to apply opening strategies in managing sustainability tensions between Chinese and NZ companies in business partnerships. Based on the comments from 11 participants at 7 companies, in this study, opening strategies can be defined as, when it comes to managing the sustainability tensions, it is imperative for Chinese and NZ companies in business partnerships to formulate initial open dialogue through talking through the sustainability tensions by means of being transparent and honest with each other instead of avoiding or being afraid of discussing them. For example, two informants at company E mentioned opening strategies in managing the temporal tensions in their business partnership. As one general manager demonstrated:

I think the first thing to deal with the temporal tensions with our Chinese partner company is to be talking together so that both parties can understand where the concerns or the issues might lie and then look at ways we can work together to get a good outcome that everyone is committed to. What I mean is both parties need to discuss the tensions openly first and then look at possible solutions, thereafter selecting a way forward that both parties agree and commit to (General Manager E5).

Echoing this statement, another senior manager also noted that when it comes to managing the temporal tensions in their business partnerships, it is imperative for both parties to communicate by discussing the issues:

I think we cannot solve the tensions without open communication. Usually we would first arrange some joint meetings to discuss about these tensions. So we just simply talk through these things through sorts of open discussion. In a lot of cases we are in negotiation positions that we both talk about the issues (Senior Manager E3).

The above two respondents' comments indicated that it is important for both companies to have open discussions regarding the temporal tensions they came across, thus highlighting that both companies should feel free to talk about the problems and issues, which provides a preliminary step into managing them.

In order to better explain the opening strategies, two participants at company G mentioned their open dialogue and transparency in managing the temporal and TBL tensions with their Chinese partner company H. As one director at company G elaborated:

I think when it comes to the temporal tensions, both parties firstly just worked out through expressing our views transparently by having conversations. Normally, we would have a very open dialogue in that both parties are honest about each other. For example, previously we had lots of robust conversations around the tensions; from our perspective, we wanted to know our Chinese partner company's opinions and their concerns. On the other hand, they also wanted to know our view in relation to the tension (Independent Director G2).

This sentiment was also supported by the CEO G1 who remarked on the importance of having open discussions in managing the TBL tensions with their Chinese partner company: "when it comes to the solution to the TBL tensions, the first thing we would do is to have a robust discussion around the board table and not be afraid of talking through the issues". The above two participants' quotations illustrated that having open dialogue is important in order for both parties to talk about the tensions. To achieve this, both parties tried to be honest with each other without being afraid of discussing the issues, thus highlighting the transparency of the conversation.



Similarly, other companies also adopted opening strategies in managing the sustainability tensions where their decision-makers tended to have contradictory logic. As asserted by the CEO of company C:

When both parties coped with the TBL tensions, we would arrange meetings to have open dialogue and negotiation with transparency and the open relationship that allowed to flourish. Specifically, both parties would not avoid the tensions; before we talked about the issues, we were not clear and confused about some points, but afterwards we would know how to move forwards and manage these differences (Chief Executive Officer C1).

Another manager at company I also expressed similar strategies in dealing with the TBL tensions with their Chinese partner company J:

I think both parties went through negotiation to understand the opposed views from each side. In doing so, each party needs to talk about their ideas; for example, we need to be very strict with what we prefer, if we wanted to have a sustainable growth then what is our reasons and information behind it. I think it makes it easier for us to sort out the disagreement and tensions (Manager I1).

The above two participants' sentiments signified that when it comes to managing the TBL tensions, instead of avoiding the tensions, they adopted opening strategies by means of formulating open conversation to obtain transparency and dialogue to discuss the problems they came across.

Furthermore, one director at company K claimed that their company and their Chinese partner company turned to open dialogue in response to the TBL and temporal tensions as noted in chapter 4. According to this participant:

To manage the sustainability tensions, we have senior leadership representation from our company and our Chinese partner company meeting together, making sure we are across in a dialogue in regard to the tensions, we would talk about and discuss these issues. I mean we are partners. It's like any partnership, our company wanted to go this way, our Chinese partner company wanted to go that way. During the discussion, both parties asked questions to understand each other (Director K5).

To better explain this opening strategy, this participant then offered a detailed scenario:

I guess we'll go through a scenario. If you were representing our Chinese partner company, I'm representing our company. We sit down and started to talk about the tensions we are having now. We should discuss openly and transparently, if there are hurdles in regard to those discussions, my expectation is that we will work through it like any customer and supplier partnership. It should be that simple (Director K5).

The above director's comment implied that having open discussions is important to manage the temporal and the TBL tensions in their business partnerships, which can be achieved through transparency with each other. In alignment with this argument, two participants at company E also reported that having open conversations is helpful for them to manage the temporal and the TBL tensions through comparing the behaviours of the old and new management teams of their Chinese partner company. As asserted by one manager:

In terms of managing the tensions in our business partnership, I noticed that the new team from our Chinese partner company is slightly different to how the previous team operated. The previous team, if the senior person was in the room they would do all the talking and no one else would really speak up. This new team seems to be more collaborative, more flexible and people will communicate more freely and openly, which helped both parties to better manage the tensions (Manager E1).

This sentiment was also mentioned by another at company E. As this manager demonstrated:

Compared to the old team at our Chinese partner company, the new team is performing better to solve the tensions, because they know how to communicate with us in relation to the disagreements we had. We are looking forward to working with them. It's exciting. It really is (Manager E2).

The above two participants' statements indicated that, in comparison to the old management team from their Chinese partner company, their new management team had better communications with them for better tension management, thus highlighting the importance of opening strategies.

In short, based on the above illustrations, it can be seen that many Chinese and NZ companies in business partnerships adopted opening strategies in managing the sustainability tensions in their business partnerships. In order to achieve this, it is important for Chinese and NZ companies in business partnerships to formulate initial open dialogue through talking through the sustainability tensions by means of being transparent and honest with each other instead of avoiding or being afraid of discussing them.

#### **6.4.2 Surfacing Strategies as a Tool to Generate Creativity**

Apart from opening strategies as elaborated in the last sub-section, the empirical analysis also showed that some Chinese and NZ companies in business partnerships adopted surfacing strategies in managing sustainability tensions in their business partnerships. With comments from 8 participants from 7 companies, in this study, surfacing strategies can be defined as, after having open dialogue through talking through the tensions, instead of repressing sustainability tensions, the Chinese and NZ companies tended to encourage these tensions as a useful tool to

foster an atmosphere of innovation and creativity. This finding of the present study reflects the view of the acceptance strategies as discussed in the proposed theoretical framework in chapter 3. As mentioned, acceptance strategies denote that firms can accept and embrace the tensions and acknowledge the need to combine different desirable but seemingly incompatible sustainability aspects without emphasising one aspect over others. This allows firms with divergent agendas to keep the paradox open and live with the tensions which formulates an atmosphere of creativity and innovation (Hahn et al., 2015; Hahn et al., 2016).

However, the findings of the present research do not support the view that, by applying paradox theory, paradoxical thinking is a preliminary step for firms to embrace and accept sustainability tensions as proposed by Hahn et al. (2015) and Hahn et al. (2016) as discussed in the proposed theoretical framework in chapter 3, because the empirical analysis showed that in the Chinese and NZ companies which use surfacing strategies their managers do not necessarily have a paradoxical mind-set (only 3 out of 8 participants use paradoxical logic). As evident in an example provided by one director at company A in managing the TBL tensions with their Chinese partner company B:

I think both parties encourage the tensions, because this provides diversity of sustainability practice which helped us to make better decision-making. I think some of the thinking that our Chinese partner company has brought to our business has certainly been beneficial to having a sustainable business (Director A1).

The above director's comment indicated that instead of repressing the TBL tensions in their business partnerships, both companies promote and use them as a tool to foster diversity of sustainability ideas for better decision-making. This affirms the view that the companies like

Nike, Procter and Gamble and Nissan North America tended to use the TBL tensions as a source of new ideas, innovation and creativity rather than seeing them as dilemmas hindering effective decision-making (Epstein et al., 2015). Similarly, the CEO of company C also mentioned that both companies tended to encourage the TBL tensions instead of suppressing them, thus highlighting the surfacing strategies. As this CEO remarked:

I think both parties encourage this kind of tension, because we regarded it as a way to foster diversity of thoughts and it's a key part of our business partnership. We want to have that debate and through that debate both parties can get a better sustainability outcome (Chief Executive Officer C1).

This CEO's comment implied that surfacing and accepting tensions facilitates creativity (Jay, 2013; Lewis, 2000; Smith & Lewis, 2011) and fuels "virtuous cycles that unleash creativity" (Miron-Spektor et al., 2018, p. 28). This view was also supported by other participants at other companies. One senior manager at company E reported that to deal with the temporal tensions, their company and their Chinese partner company F both tended to encourage them as a strategy to bring creativity and innovation. As this participant announced:

To manage the temporal tensions, both parties treated them as healthy debates because we get more options, more things to think about, which means that we can have the benefits of more ideas in the pot to pick the best solution for everybody. It's a great way to work because different people have been brought up in different ways and they have different approaches to doing things and so you can generally get the best of all the ideas and make it positive for the organisations (Senior Manager E4).

The above manager's statement signified that both companies in partnership made use of the temporal tensions as a way to generate more options in practising sustainability which allows them to select the better decisions. This confirms that accepting sustainability tensions creates "a

source of new ideas and innovation, rather than seeing them as impediments to effective decision-making” (Epstein et al., 2015, p. 42). In alignment with this statement, the CEO M1 at company M also reported surfacing strategies in managing the temporal tensions: “In my view both companies have had appropriate questioning, challenging which are good healthy things to do. Of course both parties should be challenging each other in relation to these short-term and long-term sustainability strategies such as investment decisions and health and safety performance”. To better explain this statement, one manager at another company also demonstrated that surfacing the TBL tensions in their business partnerships helped both parties to generate an atmosphere of creation and innovation. According to manager I1: “Both companies coped with the TBL tensions as healthy debates. That is to say, each of the parties bring the best of their sustainability knowledge onto the table. Potentially it’s bringing creation and innovation which generates diversity and inclusiveness”. This manager’s statement implied that both of their companies encouraged the TBL tensions which were used as healthy discussions to advance creativity, thus highlighting surfacing strategies. This endorsed that view that accepting tensions can create “an organisational climate of participation and creativity to foster informal but constructive debate and fluid information exchange over divergent agendas across management levels and functions” (Hahn et al., 2015, p. 304).

In short, based on the above illustrations, it can be seen that some Chinese and NZ companies tended to adopt a surfacing strategy in managing the sustainability tensions in their business partnerships. Rather than eliminate the tensions, these companies encouraged them, because they used the tensions as a tool/opportunity to generate an atmosphere of creativity and innovation in order to reach to better sustainability decision-making. This finding supports the view held in the

acceptance strategies that it is imperative for companies to embrace and accept sustainability tensions without favouring one over the other by keeping the paradox open and living with them as proposed in the theoretical framework in chapter 3. However, the findings of the present research do not support that managers in the Chinese and NZ companies in business partnerships operating acceptance strategies should have a paradoxical mind-set as proposed by Hahn et al. (2015) and Hahn et al. (2016).

### **6.4.3 Collaborative Strategies**

Apart from the above two strategies involved in integrative approaches, 17 informants at 7 Chinese and NZ firms in business partnerships also reported that they applied collaborative strategies to manage the tensions in their business partnerships. Based on the comments from participants, the collaborative strategies can be defined as “in order to manage sustainability tensions in Chinese and NZ firms in business partnerships, it is not only imperative for these companies to work collaboratively by integrating the creative ideas from both parties in a partnership, but also necessary to work with multiple stakeholders such as shareholders, staff, customers, independent organisations, government, and NGOs which might be more professional in practising sustainability initiatives”. These collaborative strategies can be explained from two perspectives – working collaboratively with partner companies and working collaboratively with multiple stakeholders – which will be elaborated in detail in the next two sub-sections.

#### **6.4.3.1 Working Collaboratively with Partner Companies**

As discussed in the theoretical framework proposed in the chapter 3, by utilising the structural ambidexterity theory, sustainability tensions can be managed through a paradoxical approach of

a spatial separation strategy (Hahn et al., 2015; Hahn et al., 2016). However, this strategy has only recently emerged from a conceptual perspective and there are hardly any practical implications for tensions management discussed in the sustainability discipline (Hahn et al., 2015; Hahn et al., 2016). This impression was reflected in a few of the interviews of the present study. Based on the comments of 13 participants at 7 companies, the empirical analysis showed that some NZ companies tended to work collaboratively with their partner Chinese companies through making joint efforts to address each side of the sustainability tensions in their business partnerships. This was most evident in the partnership between NZ company E and its Chinese partner company with comments from 7 participants. In order to manage the temporal tensions as noted in chapter 4, one general manager at company E mentioned working collaboratively with their Chinese partner company:

We have been working together for a shared vision to deal with the temporal tensions, because we believe good partnerships are formed and committed by two groups and work with each other to achieve a good outcome. That is two-way, both parties should have some responsibility to work through the tensions (General Manager E5).

To better explain this statement, one senior manager at company E elaborated that in order to address the temporal tensions in their business partnership, it is important for both parties to work collaboratively through addressing each side of the tension:

Actually, both parties tried to work collaboratively as a partnership so that our Chinese partner company can contribute to work on achieving short-term financial goals and our company can make efforts to work towards our long-term strategic goals. Not always possible but often it is possible. In this way, we can ensure to achieve both short-term and long-term goals (Senior Manager E3).



The above manager's comment indicated that the temporal tensions can be managed in a collaborative way through each company attending to one side of the tension. This endorsed the view proposed in chapter 3 that, by applying the structural ambidexterity theory, the short-term and long-term sustainability goals can be managed through a spatial separation strategy so that firms should attend to both short-term and long-term orientations through their organisational practices, thus highlighting their differentiation (Hahn et al., 2015).

Similarly, one senior manager at company E illustrated how both companies managed the TBL tensions as noted earlier in chapter 4:

I think both companies have worked collaboratively a couple of times to manage the TBL tensions in a project where our partner company has provided cheaper modems for low income families to have access to the internet. On the other hand, our company looked at efficiencies of batteries to generate less power that is more environmentally sustainable (Senior Manager E6).

The above participant's sentiment indicated that it is important for both parties to work together to address the TBL tensions: while their Chinese partner company can contribute to financial goals by saving the cost of the products that it provides to low income families, their company can make efforts to achieve environmental sustainability through improving the efficiency of batteries to use less power and generate lower carbon emissions. As a result, the sustainability triple bottom line goals can be obtained by contributing to environmental protection, economic profits and social justice.

Moreover, one director at company D demonstrated that both parties worked collaboratively by using what they called a ‘product development methodology’ in managing the TBL tensions. As this director remarked:

When it comes to dealing with these tensions, we normally will arrange meetings that have executive people from our company and our Chinese partner company attending. It’s just a part of how we work the process. For example, we use what we called a product development methodology to manage the TBL tensions so that our company can lower the cost of purchases such as talking to different suppliers which has generated a lot of commercial success in our business partnership. On the other hand, our Chinese partner company is responsible for investing in new technologies for saving power and generating less carbon emission that are environmentally friendly (Director C2).

The above director’s comment indicated that, although the TBL tensions existed in their business partnership as noted in chapter 4, in order to manage this tension, both parties worked collaboratively by addressing each side of the tension, which helped them to achieve both economic and environmental performance. In agreement with this sentiment, one manager at company D asserted: “I think we are a team and we did work together to solve these temporal tensions by making efforts together”. To clarify this argument, this manager then exemplified:

If we take product development as an example, in China you are not allowed to put a dishwasher into the kitchen cabinet: the space is around 55cm, but the washer in NZ is 60cm. To cope with this tension, we need to create a unique product with a 50cm dishwasher. As our partner company had very advanced technology and our company is better at developing manufacturing systems, what we did is to manage the tension by creating a unique product by integrating the best capacities of both (Manager D2).

The above manager's comment indicated that, in order to manage national tensions in regulating the products, they have designed a brand new product by integrating the best capacities of both companies, thus highlighting their collaborative efforts.

#### **6.4.3.2 Working Collaboratively with Multiple Stakeholders**

However, it is not enough to manage the sustainability tensions through just working collaboratively with their partner companies. The empirical analysis also showed that some Chinese and NZ companies in business partnerships also choose to work with multiple stakeholders who may have more professional knowledge in addressing sustainability issues such as saving energy and reducing pollution. For instance, one director in company G explained that, in order to deal with the temporal tensions with their Chinese partner company, both companies would normally encourage innovative and diverse opinions from shareholders, customers, staff or other independent third parties:

To manage the tensions in this business partnership, we listen to various stakeholders' voices. When we make a decision, we need to consider what our customers and consumers think, what our partner company thinks, what our shareholders are thinking and what our staff and employees think about it. All of those filters have to be applied to any big decision that we make. Therefore, we encourage innovative and diverse solutions from these people to get an independent perspective (Director G2).

The above director's comment highlighted the importance of working with multiple stakeholders such as customers, shareholders, and staff by listening to their opinions in relation to their strategies and ideas on how to cope with the temporal tensions in their business partnership. To better illustrate this statement, a manager at company I gave a good example of how their company and their Chinese partner company were dealing with the issue of leftover food from

inflight catering through collaborating with the government and NGOs: “For instance, we had tensions with our Chinese partner company in how to reuse the leftover food. In order to manage this tension, we collaborated with local government and one NGO in developing better solutions to reduce cabin waste without comprising quarantine controls”. In this way, the companies were able to save money and reduce landfill use:

Eventually, we identified 40 products that were low risk which can be recycled for future use. To give you an example we load up to 1,000 cups, all items would be then sent to a landfill and they would be steamed, sterilised and then go out for deep burial. Since we started, the report showed we have covered 21 tonnes of product, 1.3 million units. It is an amazing initiative and it is a lot of hard work, but we are very excited to see it come to fruition. This approach helped us to achieve economic and environmental wins (Senior Manager I2).

The above manager’s comment signified that the environmental tensions between their company and their Chinese partner company can be managed through working with local government and NGOs where they can provide better solutions for managing them, thus helping both companies to obtain financial prosperity and environmental initiatives.

Similarly, another good example was illustrated in the business partnership of companies K and L. One manager in company K reported their company and their Chinese partner company experienced tension in how to address the environmental issue of getting natural energy such as gas and coal in the South Island:

For example, with coal in NZ, the reality is that there are no solutions for coal and natural gas in the South Island. In regard to this issue, our Chinese partner company had a solution that is opposed to ours. As a result, we have to work with an energy

team which has been focused for decades around energy efficiency and we noticed incredible improvements in that area as we had a partnership with an energy company on biodiesel. Through this collaboration, we are amongst the most emissions efficient farming systems in the world so that we can provide sustainable nutrition to our consumers over time. At the same time, the companies can also make money (Manager K2).

The above manager's statement implied that partnership with an energy company which is experienced in energy efficiency helped both companies in managing the environmental tensions in their business partnership, which helped them to achieve both financial profits and environmental improvements.

Based on these two sub-sections, it can be seen that the Chinese and NZ companies in business partnerships tended to adopt collaborative strategies in managing the sustainability tensions in their business partnerships. On the one hand, these companies in partnerships tended to work collaboratively together by contributing to addressing each side of the tension which denoted a spatial structural strategy by applying structural ambidexterity theory. On the other hand, these companies also collaborate with the governments or other professional sustainability partners or non-government organisations to search for better solutions to the tensions. In doing so, it is more likely for these companies to better manage the sustainability tensions in their business partnership, thus providing more opportunities to achieve sustainability holistically.

#### **6.4.4 Synergistic Strategies through Building Synergies between Opposed Sustainability Demands**

As discussed in the theoretical framework proposed in chapter 3, by applying contextual ambidexterity theory, sustainability tensions can be managed through a paradoxical approach of a synthesis strategy (Hahn et al., 2015; Hahn et al., 2016). However, this strategy has only recently emerged from a conceptual perspective and there are hardly any practical implications for tensions management discussed in the sustainability discipline (Hahn et al., 2015; Hahn et al., 2016). This impression was reflected in a few of the interviews in the present study. The empirical analysis showed that some Chinese and NZ companies in business partnerships tended to adopt synergistic strategies in managing sustainability tensions. Based on the comments from participants, in this study, synergistic strategies can be defined as “the Chinese and NZ firms in business partnerships look for synergies between the opposed sustainability demands to let the tensions meet/connect through linking mechanisms such as liaison people. In this way, sustainability tensions can be managed until consensus/shared values can be achieved for both parties involved”.

Interestingly, the empirical analysis also showed in companies which reported the synergistic strategies their managers tended to have either/both paradoxical logic (9 out of 15 participants) or/and contradictory logic (6 out of 15 participants) as identified in chapter 5. This finding does not fully support the view as noted in the proposed theoretical framework that, by applying paradox theory, understanding sustainability tensions as paradoxical provides vital groundwork or a preliminary step for companies to take a paradoxical approach through practising a spatial separation or a synthesis strategy (Hahn et al., 2015; Hahn et al., 2016). All participants at

company C and D elaborated the synergistic strategies in managing the sustainability tensions in their business partnerships and had either/both paradoxical or/and contradictory logic. As one director at company D remarked in relation to how to manage the temporal tensions:

I think how to deal with the temporal tensions with our Chinese partner company is that, how to make the long-term and the short-term goals meet. That is very important. Luckily the board of directors from both parties understand the direction in order to make an alignment between these short-term and long-term goals (Director D1).

The CEO of company C also expressed a similar view: “Both companies are looking for synergies to make both short-term and long-term concerns meet. In fact, we are looking for connections between the tensions”, as the CEO C1 remarked. The above two informants’ comments indicated that, in order to manage the temporal tensions in their business partnership, both parties tended to search for connections or synergies between short-term business profits and long-term business and public welfare. This endorses the idea that “building on the synergies can resolve perceived tensions between the elements of corporate sustainability” (Angus-Leppan et al., 2010, p. 243). In order to better search for the synergies and connections between the short-term and long-term tensions, one director at company C elaborated the importance of liaison people:

I think the liaison person’s role is really important who helped both companies to be incredibly effective at helping building coalition and synergies. This is mainly because this liaison person understands what our company and our Chinese partner want and is interested in relation to addressing these sustainability goals and then navigating an outcome that is win-win for both sides (Director C2).

The above director's comment signified that, in order to manage the temporal tensions, their company has used the liaison person as a linking mechanism to help both parties to explore the synergies between the short-term and long-term sustainability goals in order to make both meet. This reflected the view that, by applying contextual ambidexterity theory, firms can introduce linking mechanisms to make a connection or alignment between competitive demands in organisations (Cao et al., 2009; Kauppila, 2010; O'Reilly & Tushman, 2008; Tushman & O'Reilly, 1996).

Some other companies also applied synergistic strategies in managing the sustainability tensions. As discussed in chapter 4, TBL tensions were identified when NZ company G wanted to reduce packaging to have less environmental impact, while its Chinese partner company wanted to use expensive boxes to attract Chinese customers for pure financial gains. In order to manage this tension, both parties tried to search for synergies between the two opposed views. As asserted by one director at company G:

In response to this tension, both parties tried to look at what are the synergies among the tensions and look for shared values that both parties are happy with. Therefore, we tried to find alternative solutions to make the desires of both companies align. In doing so, we reduced packaging and imparted the same belief to Chinese consumers. At the same time, we can still have the store presentation and the point of sale material be very premium and look expensive, but the finished product is not so elaborate or is in a simpler packaging format (Director G1).

The above director's comment implied that both parties resolved the TBL tensions through reducing packaging to be better for the environment, while at the same time using expensive-looking material, thus trying to create synergies to make both sides of the competing demands



meet. This is in agreement with the argument that firms could implement some alternative organisational practices which enable the competing sustainability demands to meet, thus exploring the synthesis between the tensions (Hahn et al., 2015; Hahn et al., 2016).

Likewise, another senior manager at company E reported synergistic strategies in managing the temporal tensions in their business partnerships:

Both parties will always try to get these short-term and long-term goals to meet, because we are in a partnership. Sometimes our partner company says they do not have the budget, time or people to do it. However, where we can, we will align our partner's desired outcomes with our own outcomes and build those synergies among us (Senior Manager E3).

The above manager's sentiment indicated that synthesis strategies in managing short-term and long-term sustainability tensions do not imply eliminating a tension but, rather, finding a means of meeting competing demands (Hahn et al., 2015). In order to look for synergies of the opposed short-term and long-term demands, one manager at company E announced that the liaison person played a very important role in building the synergy between his company and its partner company:

These short-term and long-term tensions need to be aligned. We have a liaison person...who helped us to search for synergies between both parties. It's amazing. If we did not have a great liaison person to balance the situation, then it would be difficult to be in strategic business partnership with our Chinese partner company. Our liaison people were always making sure that both parties were aligned to some point (Manager E2).

The above manager's comment highlighted that, by applying linking mechanisms, firms can explore the synthesis between the competing demands that leverage shared assets so they can meet (Kauppila, 2010; O'Reilly & Tushman, 2008), thus stressing the interdependent relationships of tensions (Lewis, 2000).

Based on the above illustrations, it can be argued that, by applying contextual ambidexterity theory, some Chinese and NZ firms have adopted synergistic strategies in managing the sustainability tensions in their business partnerships where their managers tended to have either/both paradoxical logic or/and contradictory logic. In order to achieve this, liaison people are regarded as linking mechanisms helping these firms to seek synergies and connections between the opposing sustainability demands. In the end, the tensions can be managed until consensus/shared values are achieved for both parties involved.

#### **6.4.5 Proactive Outcomes of Managing Sustainability Tensions through Integrative Approaches**

Interestingly, with comments from 8 participants at 5 companies, the findings of the present study showed that managing sustainability tensions through the strategies of integrative approaches tended to produce some proactive outcomes that are beneficial for Chinese and NZ companies in business partnerships. These findings can be illustrated from two perspectives, as discussed in the next two sub-sections: implementing integrative approaches advances sustainability practice through inter-organisational learning, and implementing integrative approaches enhances mutual understanding and strengthens business partnerships.

#### **6.4.5.1 Implementing Integrative Approaches Advances Sustainability Practice through Inter-organisational Learning**

With the comments from 5 participants at 3 companies, the findings of the present study showed that working through sustainability tensions through adopting integrative approaches enhances inter-organisational learning, thus advancing sustainability practice of the Chinese and NZ companies in business partnerships. For example, the CEO of company C elaborated that, although temporal tensions existed in their business partnership, their company focused more on short-term financial returns, while their Chinese partner company focused more on developing a premium brand by investing in the ecosystem to reduce carbon emissions and save energy. Working through these tensions made both parties learn from each other, eventually helping their company to advance their long-term sustainability capacity. According to this CEO:

Managing these temporal tensions together makes both parties learn from each other and develop our sustainability strategy. On the one hand, our Chinese partner company is learning from us how to achieve short-term business profits. On the other hand, our Chinese partner company has helped us to develop our long-term sustainability capacities by pushing us on updating an ecosystem for our customers to make sure we offer better products and service than our competitors (Chief Executive Officer C1).

The above director's comment highlighted that working through the temporal tensions is beneficial for both companies to enhance inter-organisational learning, thus helping them to improve their short-term and long-term sustainability performance.

Some participants from other companies also expressed similar sentiments: for example, a senior manager of company K said that working through the commercial and moral tensions with their

Chinese supplier partner company pushed this firm to enhance their moral imperatives by regulating their food and safety standards to develop safer products for customers:

Quite often our company is coming up with tensions with one of the Chinese supplier partner companies in relation to the standards of food safety issues, that this Chinese supplier partner company just offered us very cheap products with poor ingredients that is bad for customers' health which is opposed to our company's food and safety standards. However, once they get the audit report, they can see the issues where they are deficient, and we give them what we call a rectification timeline and a set of actions to actually work with them improving their manufacturing facility to comply with the standards required by our company. As a result, we did help this Chinese supplier to lift their manufacturing standards to supply better quality products to customers (Senior Manager K4).

The above manager's comment indicated that working collaboratively with their Chinese supplier partner company through the commercial and moral tensions helped this company improve moral initiatives by lifting the food and safety standards of supplied products, thus highlighting inter-organisational learning.

A similar opinion was also expressed by the CEO at company M who asserted that working through the process of the temporal tensions helped their Chinese partner company advance their sustainability performance e.g. increasing the technology in waste management:

You see, working through these tensions is very good for both through knowledge exchanges. Our Chinese partner company learned from us how to develop their services and technologies in reducing waste; you know China has huge environmental problems. In this way, they can take that thinking back to China to addressing its environmental issues to better manage the waste. One the other hand, our company can learn from them how to better manage our financial situations (Chief Executive Officer M1).

The above CEO's sentiment illustrated that working through the temporal tensions is beneficial for both parties to enhance their short-term and long-term sustainability practice by means of knowledge exchange, thus highlighting inter-organisational learning.

#### **6.4.5.2 Implementing Integrative Approaches Enhances Mutual Understanding and Strengthens Business Partnerships**

In addition, with the comments of 5 participants at 4 companies, the findings of the present study revealed that working through sustainability tensions helps the Chinese and NZ companies enhance mutual understanding/trust, ultimately, strengthening the business partnerships over time. For example, one director reported that managing the TBL and temporal tensions through collaborative and synergistic strategies helped to enhance mutual understanding of both parties:

When both parties work together through these tensions, sometimes each party may feel actually a bit annoyed about the other's behaviour. But these kinds of things happen a lot. However, working through the tensions is something that both parties can make each other understand a bit better. Of course it is not necessary that we have to adapt to each other, but understanding is very important (Director D1).

Similarly, one director at company K elaborated that working through the TBL and temporal tensions with their Chinese partner company helped both parties to understand more about each other. As director K5 announced: "I think coping with these sustainability tensions together helped both parties to achieve more. Personally I truly believe that working through these differences of opinions and approaches enrich us and let us understand more". The above two informants' comments signified that addressing the sustainability tensions is important for their companies and their Chinese partner companies to enhance mutual understanding. To better

illustrate this view, two respondents from company G announced that working through the sustainability tensions actually enhanced their business partnerships in the past 15 years, because both parties tried to work them out together and regarded them as an opportunity to test their business relationship. Over time, it made their business partnership stronger through building up trust in each other. This statement can be explicitly illustrated at different periods of time in the business partnership between companies G and H as follows. As one director elaborated:

The trust and the strength of our business relationship has grown enormously over those 15 years. Both parties have had times when it has been quite tense at early stages; these sorts of things really test our business relationship. Personally, I think without working through these tensions, our business partnership would not be as strong now. I think the case is when we have the experience of solving problems together and getting the right outcome, that's how we build the trust up (Director G1).

The above director's comment signified that, in the initial partnership stage, tensions with the Chinese partner company H made their relationship very tense, because they did not know each other well and had not developed strong personal relationships. However, rather than ignore these tensions, both parties tried to work out these tensions together, which eventually strengthened the business partnership, because trust has gradually built up in this process.

Based on the examples in the above two sub-sections, it can be said that managing sustainability tensions through integrative approaches tended to generate some proactive outcomes which can be illustrated from two perspectives. First, some participants showed that working through sustainability tensions through integrative approaches can enhance organisational sustainability practice through inter-organisational learning. Second, some informants revealed that accepting

tensions and working through them enhanced mutual understanding/trust between companies, ultimately strengthening business partnerships over time.

## **6.5 Conclusion**

Overall, this chapter demonstrated the strategies of how the Chinese and NZ firms manage the tensions in their business partnerships. The findings mainly suggested two approaches: trade-off and integrative. In relation to trade-off approaches, the findings of the present study showed that when Chinese and NZ companies confront sustainability tensions in their business partnership, the companies normally would sacrifice/trade one or more sustainability dimensions in favour of one or more others with an either/or action. Further, instead of having instrumental logic, some Chinese and NZ companies adopted trade-off approaches in managing their sustainability where their decision-makers tended to have a paradoxical logic. Moreover, when the Chinese and NZ companies are suffering from financial constraints or their business' survival is threatened, then they tended to prioritise financial/commercial initiatives over other sustainability dimensions.

In addition, this chapter demonstrated integrative approaches and their proactive outcomes.

These integrative approaches can be achieved through four strategies: opening, surfacing collaborative and synergistic. First, it is imperative for Chinese and NZ companies in business partnerships to operate opening strategies that formulating initial open dialogue through talking through the sustainability tensions by means of being transparent and honest with each other instead of avoiding or being afraid of discussing them. Second, after having open dialogue through talking through the tensions, they can turn to surfacing strategies in which, instead of

repressing sustainability tensions, the Chinese and NZ companies tended to encourage these tensions as a useful tool to foster an atmosphere of innovation and creativity. These strategies affirm the acceptance strategies as discussed in the proposed theoretical framework in chapter 3. However, this chapter pointed out that in Chinese and NZ companies that use surfacing strategies their managers do not necessarily have a paradoxical mind-set. Third, this chapter also reported collaborative strategies which can be achieved through two perspectives. On the one hand, it is important for these companies to work collaboratively together by contributing to addressing each side of the tension which denoted a spatial structural strategy by applying structural ambidexterity theory. On the other hand, these companies should also collaborate with the governments or other professional sustainability partners or non-government organisations to search for better solutions to the tensions. Fourth, there are synergistic strategies in which, by applying contextual ambidexterity theory, the Chinese and NZ firms in business partnerships look for synergies between the opposed sustainability demands to let the tensions meet/connect through linking mechanisms such as liaison people. In this way, sustainability tensions can be managed until consensus/shared values can be achieved for both parties involved. Interestingly, this chapter showed that the Chinese and NZ firms have adopted synergistic strategies in managing the sustainability tensions in their business partnerships where their managers tended to have either/both paradoxical logic or/and contradictory logic. Finally, this chapter illustrated that practising the strategies of integrative approaches tended to produce some proactive outcomes that are beneficial for Chinese and NZ companies in business partnerships which can be illustrated from two perspectives. First, working through sustainability tensions through integrative approaches can enhance organisational sustainability practice through inter-



organisational learning. Second, working through them enhanced mutual understanding/trust between companies, ultimately strengthening business partnerships over time.

Having examined key research questions in the previous chapters, the next chapter will draw on the findings to develop a holistic framework of mastery of tensions in sustainability.

# Chapter 7: Discussion

## 7.1 Introduction

In the previous chapters, the conceptual and key empirical findings were presented. This chapter integrates the findings from the previous three chapters and develops the theoretical framework proposed in Chapter 3. Drawing from paradox theory and organisational ambidexterity theory, the purpose of the chapter is to discuss and reflect on the empirical findings of the study in relation to the research questions, research approach, the literature, and theoretical perspectives. Accordingly, a series of propositions are generated which demonstrates critical arguments compared to the existing literature. The key findings of this present study then transform into a holistic framework that illustrates mastery of tensions in sustainability (MTS) which contributes to the literature on tensions and paradox in the sustainability research field. In short, the focus of this chapter is to:

- Integrate the core findings from the previous three chapters
- Discuss the empirical results in relation to prior literature
- Generate propositions that are unique to this research by drawing from paradox theory and organisational ambidexterity theory
- Establish a holistic framework of mastery of tensions in sustainability that develops and expands the proposed theoretical framework presented in Chapter 3.

This chapter begins with an overview of multiple sustainability tensions which were identified between Chinese and NZ firms in business partnerships, discussing their application to paradox

theory. Then it goes on to illuminate multiple reasons causing the tensions and their implications. This is followed by a presentation of managerial sensemaking of tensions and its linkage to paradox theory. Next, this chapter moves on to discussions of multiple strategies that the Chinese and NZ firms utilised to manage the tensions in their business partnerships and generates new thoughts on the paradoxical approach, which sheds new light on organisational ambidexterity and paradox theory. At the end of the chapter, a conclusion is provided. Throughout the chapter, wherever appropriate, relevant comments from informants are provided to support the argument by explicating and exemplifying the links between the data and discussion.

## **7.2 Identification of Multiple Tensions (IMT)**

In Chapter 4, multiple sustainability tensions were identified between Chinese and NZ firms in business partnerships in four areas. This section summarises the interpretation of the empirical data and explores how paradox theory is compatible with the findings of this study to illuminate new insights.

By looking at previous studies in tensions in sustainability, it is apparent that the majority of the research tended to focus on one type of tension in addressing sustainability issues such as the intertemporal tensions between short-term business profits and long-term societal goals (Slawinski & Bansal, 2015) and tensions between economic prosperity and social initiatives (Iivonen, 2018; Sharma & Bansal, 2017). Nevertheless, as shown in Table 4.1 in chapter 4, this study found four types of sustainability tensions between Chinese and NZ firms in business

partnerships: TBL tensions, temporal tensions, commercial and moral tensions, and spatial tensions as illustrated below.

First, the present study identified the TBL tensions between Chinese and NZ companies in business partnerships in that these companies have contradictory strategies in addressing environmental protection, economic prosperity and social justice in their daily business activities. This finding supports the strategic tensions which have been largely explored from a conceptual perspective (Hahn et al., 2018; Hahn et al., 2015). However, the findings do not fully support the claim proposed by Li (2016) that while some companies may focus more on financial profits than social values, others may exclusively look at financial returns with no or relatively little concern for social performance. For example, as shown in Table 4.1, the empirical analysis illustrated that some Chinese firms tended to pursue financial growth, while their NZ partner firms tended to achieve financial returns and environmental/social objectives at the same time.

Second, prior studies argued that short-term and long-term tensions have received relatively little attention in business sustainability research (Bansal & DesJardine, 2014; Ortiz-de-Mandojana & Bansal, 2016). Rather, temporal tensions were identified in this study in that the Chinese and NZ firms in business partnerships confront strategies in addressing today's business success and tomorrow's business development and public welfare. This finding confirms the short-term and long-term sustainability tensions in which "the demands of today differ from the needs for tomorrow" (Smith & Lewis, 2011, p. 389). However, this finding is different from what Slawinski and Bansal (2015) called "intertemporal tensions" (p. 531) which illustrates the

tensions between short-term business profits and long-term societal development. For example, some participants suggested that NZ firms tended to focus more on tomorrow's business development and public welfare, while their Chinese partner firms put more emphasis on achieving today's business success without taking long-term plans into consideration. This indicated that the long-term benefits that firms provide to both business and society are in conflict with a short-term focus that is only beneficial for organisations themselves, thus highlighting the tension between short-term private interests and long-term interests for both private and public.

Third, the findings of this study identified commercial and moral tensions which affirms the argument of Hahn et al. (2016) that firms are confronting tensions which are "resting upon [a] different, contradicting foundation, the business case and the moral case, respectively" (p. 215).

Fourth, the empirical analysis also identified spatial tensions in that when Chinese and NZ firms do business with each other, they are faced with the challenge of either obeying China or NZ sustainability standards in addressing social and environmental issues. This is in accordance with the spatial tensions that were identified conceptually by Hahn et al. (2015) who suggested that when multinational firms do business with each other, firms operating sites in developed and developing countries with different sustainability standards are faced with the challenge of either obeying the host country's or their own home country's standards. Based on the above discussions, the following proposition can be made:

**Proposition 1:** Tensions do exist in addressing divergent sustainability issues between Chinese and NZ firms in business partnerships, which are not only restricted to one area of sustainability; rather, they are related to multiple areas. This creates more difficulty and challenges for these companies to manage them at the same time.

In terms of these multiple sustainability tensions, the findings of the present study demonstrated the differences between Chinese and NZ companies in addressing sustainability issues as evident from the TBL tensions and temporal tensions shown in Table 4.2. For example, in terms of the TBL tensions, the empirical findings showed that the majority of participants reported that Chinese firms tended to pursue financial growth, while their NZ partner firms tended to achieve financial returns and environmental or social objectives. In contrast, some participants also demonstrated that their Chinese firm tended to gain sales by producing eco-friendly products for the customers, while its NZ partner firm tended to focus more on gaining financial returns. Similarly, as illustrated in the temporal tensions, the empirical analysis demonstrated that most NZ firms intended to have a sustainable business as well as being socially responsible, while their Chinese partner firms just wanted to achieve short-term business profits without thinking of long-term plans. In comparison, some informants reported that the Chinese firm tended to ensure that their activities are beneficial for sustainable business and public welfare, while their NZ partner firm was more interested in achieving today's financial interests for their business. Based on these discussions, the following proposition can be generated:

**Proposition 2:** In comparison to NZ companies, some of their Chinese partner companies have started to be aware of the importance of sustainability improvements. In doing so, these companies have made efforts to achieve financial and non-financial sustainability such as incorporating environmental and social performance at the same time.

Interestingly, although the findings of this research clearly identified multiple sustainability tensions between Chinese and NZ companies in business partnerships, most of these tensions have been relegated to unimportant positions or been neglected by these companies. For example, as illustrated in Table 4.1 in chapter 4, one of the important conceptual categories is ‘financial dominance of triple bottom line tensions’, which demonstrated that, although some participants reflected that their companies in business partnerships had tensions in addressing these environmental, financial and social issues, the majority of tensions are around commercial activities while how to deal with sustainability issues had not yet been raised or had been considered unimportant. Moreover, another conceptual category elaborated in chapter 4 is ‘minor commercial and moral tensions’. This revealed that, although a few participants reported these tensions, the majority of participants felt that there is hardly any such tension in their business partnerships, because these participants interpret following a moral rationale as just making sure their business obeys the laws and regulations, rather than going beyond this to look at the responsibility for doing the right thing for individuals and their related community. Further, only a few participants announced the existence of spatial tensions in their business partnerships. In contrast, most informants announced that there is no such tension in their business partnerships in relation to Chinese and NZ laws and regulations in addressing sustainability issues as long as

these companies ensure their business activities obey the local regulations. Based on these discussions, the following proposition thus can be generated:

**Proposition 3:** Although the Chinese and NZ companies are faced with multiple sustainability tensions to manage at the same time, these companies tended to focus on settling financial issues; hence, how to manage these multiple sustainability tensions has been neglected or considered less important, which denotes that these companies lack acknowledgement and awareness of the importance of these tensions.

Further, while the multiple tensions identified in this research are not completely new to sustainability research, the empirical categorisations of four areas of tension overlap into an interwoven system. This is mainly because these tensions go across individual, organisational and societal levels. This reflects the holistic tenet from paradox theory, which accentuates the interrelatedness of multiple organisational tensions (Jarzabkowski et al., 2013) in that moving one competing demand will affect the whole system (Hampden-Turner, 1981), thus confirming their complexity (Smith & Lewis, 2011). For instance, as noted in chapter 4, the TBL tensions identified in addressing economic performance and environmental/social performance validate the view that some companies seemed to concentrate more or just on how to achieve financial returns that are beneficial for shareholders and the company itself, while their partner companies tended to achieve financial and environmental/social initiatives simultaneously that benefit their companies and society, which emphasises that the tensions are connected across organisational and societal levels. In addition, the temporal tensions were identified in that the Chinese and NZ



firms in business partnerships confront strategies in addressing today's business success for companies' interests and tomorrow's business development and public welfare for both companies' and societal benefits, which highlights that the tensions are intertwined across organisational and societal levels. Moreover, the commercial and moral tensions identified in this study mean that some firms tended to be driven by commercial imperatives by pursuing financial returns that are beneficial for their organisations and shareholders, but their related partner companies were more likely to behave from a moral perspective, to ensure they are doing the right things for the related stakeholders such as staff, and consumers, which highlights that the tensions reach across individual, organisational and societal levels. Furthermore, spatial tensions emphasise that Chinese and NZ companies confront different opinions on whether to obey China or NZ's sustainability regulations and standards, for example in addressing environmental and social issues, which highlights the tensions between organisational and societal levels. Through these illustrations, it thus can be argued that these firms are faced with multiple and complex tensions in addressing sustainability issues. This research thus generates the following proposition:

**Proposition 4:** The Chinese and NZ companies in business partnerships are faced with multiple sustainability tensions which partially overlap with each other and connect across individual, organisational and societal levels in an interwoven system, which endorses their tangled and nested relationships through a paradoxical lens.

### **7.3 Multiple Reasons Causing the Tensions (MRCT)**

Apart from identifying multiple tensions in sustainability between Chinese and NZ firms in business partnerships, Chapter 4 also investigated the reasons causing the tensions in their collaborative business partnerships. Therefore, the purpose of this section is to integrate the interpretations of the empirical data and explore where the reviewed literature fits or does not fit with the empirical results, which generates a series of propositions that offer novel insights into the tensions in sustainability research field.

As noted earlier in the literature review chapter, most studies examining reasons causing tensions in sustainability focused within firms. Although related studies showed different organisations may have contradictory approaches towards sustainability and its practice (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011), so far, none of these studies has investigated the reasons causing tensions between firms in business partnerships. However, the findings of this study delineated multiple reasons causing the tensions in sustainability between Chinese and NZ firms in business partnerships which were analysed from individual, organisational, and national levels as discussed below.

On the individual level, the results demonstrated that managers at Chinese and NZ firms tended to have different values and norms towards different sustainability dimensions, which may lead to TBL tensions, temporal tensions and commercial and moral tensions in their business partnerships. This reflects the view mentioned in the literature that tensions in sustainability might arise for organisations when their decision-makers have divergent values and opinions

regarding sustainability (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008). However, the empirical analysis showed the differences between Chinese and NZ managers' values and norms towards divergent sustainability dimensions. For example, as displayed in Table 4.3, the findings indicated that, despite being deeply influenced by the Chinese "middle way" in "both/and" dialectical epistemology, Chinese managers tend to hold "either/or" views by prioritising economic performance over other sustainability demands without seeing their connections. Despite being influenced by Western "either/or" and "both/or" formal logic, NZ managers tend to see the necessity of practising sustainability as they regard sustainability elements as complementary so that managing one dimension well will transform the others. This finding does not support the view that, traditionally being influenced by Chinese and Western culture, Chinese managers tend to adopt "both/and" logic by seeing the connections between or among opposing aspects, while Western managers may use "either/or" logic by prioritising one perspective over the other (Keller et al., 2018; Keller & Loewenstein, 2011; Keller et al., 2017). Based on this illustration, the following proposition thus can be made:

**Proposition 5:** Sustainability tensions between Chinese and NZ companies in business partnerships can be caused by decision-makers' different attitudes and norms towards the competing sustainability demands. However, these differences may not be influenced by traditional Chinese and Western cultural roots.

With regard to organisational factors, while a growing amount of studies pointed out that organisations operating in global markets may have multiple and potentially contradictory values

in sustainability practice (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011), these studies did not elaborate that different organisational sustainability regulations may cause tensions between firms. Rather, in this study, the researcher found that different organisational sustainability standards and regulations result in tensions between Chinese and NZ firms in business partnerships. In terms of organisational factors, the findings of the empirical analysis elaborated two related factors that may trigger sustainability tensions between Chinese and NZ companies in business partnerships as shown in Table 4.2. First, different organisational sustainability standards and regulations give rise to tensions such as TBL tensions, temporal tensions and commercial and moral tensions in their business partnerships. This finding endorsed the argument that tensions may occur when organisations have multiple and potentially contradictory values in sustainability practice (Bansal, 2003; Besharov, 2014). However, the present study also pointed out the differences between Chinese and NZ companies' sustainability regulations and standards. For example, as evident in Table 4.3, the majority of participants demonstrated that, compared to NZ companies, Chinese partner companies do not have rigid sustainability policies and regulations which are dominated by financial performance, thus causing tensions in their business partnerships. Second, as mentioned in the sub-section 4.3.1, although TBL tensions were identified between Chinese and NZ companies in business partnerships, this kind of tension was dominated by financial tensions. As a result, the empirical analysis of the present study illustrates that TBL tensions are dominated by financial performance because, being pressed to achieve certain financial goals, the Chinese and NZ firms in business partnerships may confront different business strategies, which causes

financial tensions in their business partnerships. Based on these discussions, this study thus generates another proposition:

**Proposition 6:** Sustainability tensions between Chinese and NZ companies in business partnerships can be caused by different organisational sustainability regulations and standards. However, instead of just focusing on developing organisational financial regulations and policies, it is imperative for Chinese companies to improve their organisational sustainability regulations and standards through learning from their NZ partner companies.

Moreover, some extant research has attempted to focus on individual factors (Ashforth & Reingen, 2014; Besharov, 2014) and organisational factors (Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011). However, this research has explicated reasons causing spatial tensions in addressing sustainability issues on a national level. With regard to national factors, this study demonstrates that spatial tensions are caused by two factors: different national sustainability regulations and national government interference as illustrated in Table 4.2. First, some participants reported that different national standards in sustainability regulations gave rise to spatial tensions between Chinese and NZ companies in business partnerships such as different Chinese and NZ requirements in regulating health and safety issues, taxation, biosecurity rules, and product testing. This finding affirms the argument suggested by Hahn et al. (2015) who conceptually proposed that spatial tensions occur when multinational companies do business in different countries with different sustainability standards. Second, some informants also demonstrated that national government interference also gave rise to spatial tensions in their

business partnerships. For example, one manager at company E elaborated that, due to the interference from the NZ government, spatial tension occurred in their business partnership in that their company cannot buy certain kinds of hybrid products that produce a lower carbon footprint from their Chinese partner company F. Moreover, two informants at company I stated that, due to the Chinese national government's policy, all the commercial activities have to give way to the military operations, which caused tensions in their business partnership as they received complaints from passengers. Based on these illustrations, the following proposition thus can be made:

**Proposition 7:** Spatial sustainability tensions can be caused by different national sustainability regulations and national government interference. In particular, the national government interference sometimes may prevent these Chinese and NZ companies from operating sustainability initiatives such as addressing environmental and social performance, thus having a negative impact on achieving holistic sustainability.

Therefore, based on the above discussions, this study posits that sustainability tensions between Chinese and NZ firms in business partnerships are not caused by one single reason. Prior research tended to focus on one or more factors at individual or organisational level. Rather, the present study brings these reasons together and shows how the tensions between Chinese and NZ firms in business partnerships are caused by an integration of multiple reasons from individual, organisational and even national levels. Each reason on each level has been clearly supported and analysed in Chapter 4. Among these reasons, it is pertinent to highlight that national level

factors are regarded as uncontrolled factors which may cause spatial tension between Chinese and NZ firms in business partnerships. Overall, the following proposition can be made:

**Proposition 8:** Sustainability tensions between Chinese and NZ firms in business partnerships can be caused by an integration of multiple reasons from individual, organisational and national levels. In particular, the national level factors are powerful and may prevent these companies from practising sustainability indicatives, which may have a negative impact on achieving holistic sustainability.

## **7.4 Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)**

Chapter 5 has examined managerial sensemaking of the sustainability tensions in Chinese and NZ business partnerships. In this section, the researcher will summarise the interpretations of these empirical results and demonstrate new insights compared to prior research. Moreover, paradox theory is applied to the empirical results to see how these theoretical perspectives are compatible with the findings of this study.

The results of this research suggested that managers at Chinese and NZ firms tended to view sustainability tensions in their business partnerships by applying four kinds of managerial mind-set/logic: paradoxical, contradictory, business and defensive. First, as illustrated in Table 5.1, one of the key conceptual categories is “paradoxical logic dominance”: the present research showed that, following paradox theory, many participants used a paradoxical logic in making sense of

sustainability tensions in their business partnerships. These participants expressed that, rather than viewing them as fully discrete and contradictory, they regarded them as interdependent elements, thus admitting their complementary relationships, as evident in making sense of the TBL tensions, temporal tensions and commercial and moral tensions. This finding affirms a paradoxical frame with which managers regard the competing economic, social and environmental sustainability demands as interrelated yet conflicting (Hahn et al., 2018; Hahn et al., 2014; Sharma & Jaiswal, 2018). In addition, this finding is also in accordance with the argument discussed in the proposed theoretical framework in chapter 3: drawing from paradox theory, decision-makers can practise paradoxical thinking that depicts different sustainability objectives simultaneously, even if they are conflicting (Hahn et al., 2015; Hahn et al., 2016). However, the empirical analysis of this research showed that paradoxical logic is the most common logic adopted by managers in making sense of sustainability tensions between Chinese and NZ companies in business partnerships. This does not support the view that decision-makers tended to have a business case frame (Hahn et al., 2014; Hockerts, 2015) and business frame (Sharma & Jaiswal, 2018) in making sense of sustainability tensions.

The second type of managerial logic that this study delineated is contradictory logic, another of the key conceptual categories shown in Table 5.1, in which some informants regarded the sustainability tensions as opposing elements, as evident in making sense of the TBL tensions, temporal tensions and commercial and moral tensions. This contradictory logic also reflects the underlying mechanism of the business case frame that views financial objectives as more important than other sustainability dimensions such as social and environmental aspects (Hahn &



Figge, 2011; Hahn et al., 2014; Sharma & Jaiswal, 2018). Further, this finding applies one side of the characteristics of paradox theory in that it denotes a contradictory perspective of diverse competing demands (Schad et al., 2016), thus highlighting an overemphasis on the contradictory characteristic of a paradox (Heijenoort, 1967; Lewis, 2000; Poole & Van de Ven, 1989).

The third type of logic identified in this study is business logic, another key conceptual category in Table 5.1, with which decision-makers can acknowledge sustainability tensions in their business partnerships, but they prefer to ignore them by focusing on addressing financial issues. This finding endorsed the view that managers dominated by business frames tended to ignore tensions between social and business goals by just focusing on business goals, thus adopting a profit-priority view in the pursuit of business activities (Sharma & Jaiswal, 2018). However, this business logic was only reflected in a few participants' comments for this study in making sense of the TBL tensions and temporal tensions, which is opposed to the finding of Sharma and Jaiswal (2018) that the business frame is the most common frame adopted by the organisational managers in their empirical study.

The fourth type of logic identified in this research is defensive logic, the remaining key conceptual category shown in Table 5.1,: when the Chinese and NZ companies in business partnerships encountered sustainability tensions, the managers at these companies tended to deny or avoid them in order to reduce stress, anxiety and discomfort in their minds when making sense of the TBL tensions. For example, some participants tried to deny or avoid talking about tensions related to sustainability in their business partnership, which signifies that they viewed the

tensions negatively, thus highlighting the defence mechanism of projection. In addition, some participants could acknowledge the tensions in their minds, but they refused to discuss them and denied their existence, thus highlighting the defence mechanism of repression. This finding endorsed defensive thinking in that, when decision-makers are faced with tensions, they tended to prevent themselves from experiencing embarrassment by denial or avoidance in order to reduce discomfort in their minds (Ashforth & Reingen, 2014; Ferns et al., 2017; Iivonen, 2018). Hence, based on the above discussions, the following proposition can be generated:

**Proposition 9:** When the Chinese and NZ companies encounter sustainability tensions in their business partnerships, managers at these companies tend to apply multiple types of mental logic in making sense of the tensions. Among those types, paradoxical logic is the most commonly adopted by these managers, while the other types such as contradictory, business and defensive logic are rather scarce.

## **7.5 Multiple Strategies in Tensions Management (MSTM)**

Chapter 6 investigated the strategies that Chinese and NZ firms adopted to manage the sustainability tensions in their business partnerships. The findings suggested two main approaches: trade-off approaches and integrative approaches. This section delineates propositions in relation to these findings as illustrated in the following two sub-sections. Where applicable this section also discusses how the results match and differ from the prior literature, particularly for the paradoxical approaches with application of paradox theory, and structural and contextual ambidexterity theory as discussed in the proposed theoretical framework in chapter 3.

### **7.5.1 Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances**

The findings of the present study showed that when Chinese and NZ companies confront sustainability tensions in their business partnership, the companies normally tended to apply trade-off approaches in managing them through sacrificing /trading one or more sustainability dimensions in favour of one or more others with an “either/or” action. This finding is in accordance with some existing studies which argued that when firms are faced with tensions in addressing divergent sustainability issues, this situation can be managed only if a firm neglects one sustainability dimension in favour of another (Haffar & Searcy, 2017; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). In addition, this finding also affirms trade-off approaches where tensions have been eliminated by favouring one option over the other, which highlighted the situations where diverse sustainability dimensions cannot be achieved simultaneously, thus resulting in a limited perspective on contributions to sustainable development (Hahn et al., 2010; Smith & Lewis, 2011; Van der Byl & Slawinski, 2016).

Interestingly, the empirical analysis of this study also revealed the connections between managerial sensemaking of sustainability tensions (as identified in chapter 5) and trade-off approaches, as well as under what situations the Chinese and NZ companies tended to use this approach as evident in Table 6.2. First, the findings showed that in the Chinese and NZ companies that adopted trade-off approaches in managing their sustainability, the majority of their decision-makers tended to use paradoxical logic which acknowledges sustainability tensions as interrelated yet conflicting by applying paradox theory (Hahn et al., 2015; Hahn et

al., 2016). In contrast, the empirical analysis also showed that the Chinese and NZ companies applied trade-off approaches in managing sustainability tensions in their business partnerships where a few of their managers use contradictory, business and defensive logic. This finding is in contrast with the prior research that reported the organisations that adopted trade-off approaches had decision-makers who tended to follow an instrumental logic through perceiving financial performance as more important than other sustainability aspects such as social and environmental performance (Epstein et al., 2015; Gao & Bansal, 2013; Ozanne et al., 2016; Van der Byl & Slawinski, 2016).

Second, the empirical analysis also showed that the Chinese and NZ companies in business partnerships would prioritise financial/commercial goals over other sustainability dimensions, in particular when their companies are suffering from financial constraints or their survival is under threat. However, this finding does not fully support the prior literature that when firms are pressed to choose one sustainability objective, they will typically favour financial goals, which results in other sustainability goals becoming secondary (Epstein et al., 2015; Slawinski & Bansal, 2015). For example, two informants at company C reported that, in response to the commercial and moral tensions in their business partnership, they have closed an important factory by prioritising financial reality over being morally responsible for the interests of staff, a trade-off decision which was made when the income of the company was dropping. From the above discussions, the following two propositions thus can be formed:

**Proposition 10a:** Instead of being dominated by instrumental logic, the Chinese and NZ companies apply trade-off approaches in managing sustainability tensions in their business partnerships if their managers tend to use paradoxical logic in a paradoxical lens. In particular, these companies do not typically prioritise financial/commercial initiatives over other sustainability dimensions until they are under financial constraints or the business' survival is precarious.

**Proposition 10b:** Adopting trade-off approaches in managing sustainability tensions between Chinese and NZ companies in business partnerships makes it difficult for them to achieve holistic sustainability when diverse sustainability dimensions cannot be managed simultaneously, because the tensions are eliminated, thus resulting in a limited perspective on contributions to sustainable development.

### **7.5.2 Integrative Approaches and Their Proactive Outcomes**

Apart from trade-off approaches, the second type of approaches identified in this study are integrative approaches which can be achieved through four strategies: opening, surfacing, collaborative and synergistic. The first strategy identified under integrative approaches is 'opening strategies through formulating open dialogue and transparency' which is illustrated as a conceptual code in Table 6.1. The empirical analysis of this study showed that, when it comes to managing sustainability tensions, first of all, it is imperative for Chinese and NZ companies in business partnerships to formulate initial open dialogue through talking through the sustainability tensions by being transparent and honest with each other instead of avoiding or being afraid of

discussing them. However, this finding is different from the arguments proposed in the theoretical framework in chapter 3 that acknowledging tensions and understanding them as paradoxical provides vital groundwork for managing them (Hahn et al., 2015; Hahn et al., 2016). For instance, two participants at company E stated that, when it comes to the temporal tensions in their business partnership, both parties had open discussions and felt free to talk about the problems and issues, which provides a preliminary step to managing them. Hence, the following proposition is made:

**Proposition 11:** Formulating open dialogue through transparency provides a preliminary step for Chinese and NZ companies to manage sustainability tensions in their business partnerships.

The second strategy under integrative approaches identified in this study is ‘surfacing strategies as a tool to generate creativity’ which is illustrated as an important conceptual code shown in Table 6.1. The empirical analysis revealed that, after having open dialogue through talking through the tensions, the next step is implementing surfacing strategies with which, instead of repressing/eliminating sustainability tensions, these companies encouraged as a useful tool/opportunity to generate an atmosphere of creativity and innovation in order to achieve better sustainability decision-making. This finding denotes acceptance strategies; as discussed in the proposed theoretical framework in chapter 3, it is imperative for companies to embrace and accept sustainability tensions without favouring one over the other by keeping the paradox open and living with them which formulates an atmosphere of creativity and innovation (Hahn et al., 2015; Hahn et al., 2016). Interestingly, as evident in Table 6.3, the empirical analysis showed

that in the Chinese and NZ companies which operate surfacing strategies, very few of their managers use paradoxical logic in making sense of sustainability tensions as identified in chapter 5. This finding is in contrast with the argument proposed by Hahn et al. (2015) and Hahn et al. (2016): as discussed in the proposed theoretical framework in chapter 3, by applying paradox theory, paradoxical thinking is a preliminary step for firms to embrace and accept sustainability tensions. From these discussions, the following proposition can be formed:

**Proposition 12:** Making sense of sustainability tensions through paradoxical thinking does not play an important role for the Chinese and NZ companies that adopt surfacing strategies to use sustainability tensions as a useful tool/opportunity in order to generate an atmosphere of creativity and innovation for better decision-making.

The third type of strategies under integrative approaches are ‘collaborative strategies through working with partner companies and multiple stakeholders’ which is an important conceptual code shown in Table 6.1. Based on the empirical findings as evident in Table 6.3, these collaborative strategies can be discussed from two perspectives: working collaboratively with partner companies and working collaboratively with multiple stakeholders. On the one hand, some participants reported that their companies tended to work collaboratively with their partner companies through making joint efforts to address each side of the sustainability tensions in their business partnerships, thus highlighting their collaborative efforts. This finding is consistent with the argument discussed in the theoretical framework proposed in chapter 3 that, by utilising the structural ambidexterity theory, sustainability tensions can be managed through a paradoxical

approach of a spatial separation strategy (Hahn et al., 2015; Hahn et al., 2016). As they asserted, it is necessary for firms to seek value differences between competing forces to address the two poles of the tensions at different locations or at different points in time. On the other hand, the empirical analysis also showed that some Chinese and NZ companies in business partnerships also choose to work with multiple stakeholders such as shareholders, staff, customers, independent organisations, government, and NGOs, because these multiple stakeholders may have more professional knowledge in addressing sustainability issues such as saving energy and reducing pollution. In doing so, it is more likely for these companies to better manage the sustainability tensions in their business partnership, thus providing more opportunities to achieve sustainability holistically. From these findings and discussion, the following proposition can be made:

**Proposition 13:** In order to achieve holistic sustainability, it is not only important for the Chinese and NZ companies to work collaboratively by making joint efforts in managing each side of the competing sustainability demands: they should also work with multiple stakeholders such as shareholders, staff, customers, independent organisations, government, and NGOs as they may have more professional knowledge of sustainability practice.

The fourth type of strategies under integrative approaches are ‘synergistic strategies through building synergies between opposed sustainability demands’ which is an important conceptual code shown in Table 6.1. The findings of the present study revealed that, when it comes to managing sustainability tensions, the Chinese and NZ firms in business partnerships look for



synergies between the opposed sustainability demands to let the tensions meet/connect through linking mechanism such as liaison people. As a result, consensus/shared values can be achieved for both parties involved. This finding affirms the arguments discussed in the proposed theoretical framework in chapter 3 that, by applying contextual ambidexterity theory, sustainability tensions can be managed through the paradoxical approach of a synthesis strategy through identifying potential synergies that enable the discovery of new elements that link or accommodate both poles. In doing so, tensions can be managed into a dynamic equilibrium (Hahn et al., 2015; Hahn et al., 2016). In terms of linking mechanisms, recent studies suggested that firms could implement some alternative organisational practices which enable the competing sustainability demands to meet, thus exploring the synthesis between the tensions (Hahn et al., 2015; Hahn et al., 2016; Smith & Lewis, 2011). Interestingly, this study found that these companies used liaison people to help them to seek synergies and connections between the opposing sustainability demands to let them meet. Further, as evident in Table 6.3, the empirical analysis also showed that the Chinese and NZ firms have adopted synergistic strategies in managing the sustainability tensions in their business partnerships where their managers tended to use either/both paradoxical logic or/and contradictory logic. However, this finding does not fully support the view that, as noted in the proposed theoretical framework in chapter 3, by applying paradox theory, making sense of sustainability tensions as paradoxical provides vital groundwork for companies to operate a paradoxical approach through a spatial separation or a synthesis strategy (Hahn et al., 2015; Hahn et al., 2016). From these discussions, the following proposition thus can be formed:

**Proposition 14:** With the help of the linking mechanism of liaison people, sustainability tensions between Chinese and NZ companies in business partnerships can be managed through synergistic strategies that look for synergies between the opposed sustainability demands in order to let them meet. However, in the companies that applied these strategies their managers do not necessarily interpret sustainability tensions from a paradoxical perspective.

Moreover, one of the important conceptual codes generated from this study is ‘proactive outcomes of managing sustainability tensions through integrative approaches’ as shown in Table 6.1. The findings of the present study showed that managing sustainability tensions through the strategies of integrative approaches tended to produce some proactive outcomes that are beneficial for Chinese and NZ companies in business partnerships which can be explained from two perspectives, as evident in Table 6.3. First, the findings showed that working through sustainability tensions through adopting integrative approaches enhances inter-organisational learning, which helps to advance the sustainability practice of the Chinese and NZ companies in business partnerships. For example, one informant at company K reported that working collaboratively with their Chinese supplier partner company through the commercial and moral tensions helped this company improve moral aspects by lifting the food and safety standards of supplied products, thus highlighting inter-organisational learning. Second, the findings of the present study also revealed that working through sustainability tensions helps the Chinese and NZ companies enhance mutual understanding/trust, ultimately, strengthening the business partnerships over time. For instance, two respondents from company G announced that working through the sustainability tensions actually enhanced their business partnerships in the past 15

years, because both parties tried to work them out together and regarded them as an opportunity to test their business relationship. Over time, it made their business partnership stronger through building up trust in each other. Based on the above discussions, the following proposition can be made:

**Proposition 15:** Sustainability tensions are important for the Chinese and NZ companies in business partnerships. Rather than ignoring/repressing/avoiding them, managing these tensions together through integrative approaches could help these companies to advance their sustainability practice through inter-organisational learning, enhance their mutual understanding and strengthen their business partnerships over time.

Hence, based on the above propositions 10a, 12 and 14 and their related empirical findings, it can be seen that the Chinese and NZ companies in business partnerships adopt trade-off approaches when their managers are dominated by paradoxical logic instead of instrumental logic while the companies apply paradoxical approaches of separation and synthesis strategies when their managers do not necessarily use paradoxical logic. This does not support the view that how individuals in organisations make sense of sustainability issues has an important influence on the type of response they adopt on these issues (Hahn et al., 2015). Therefore, the following overall proposition can be generated:

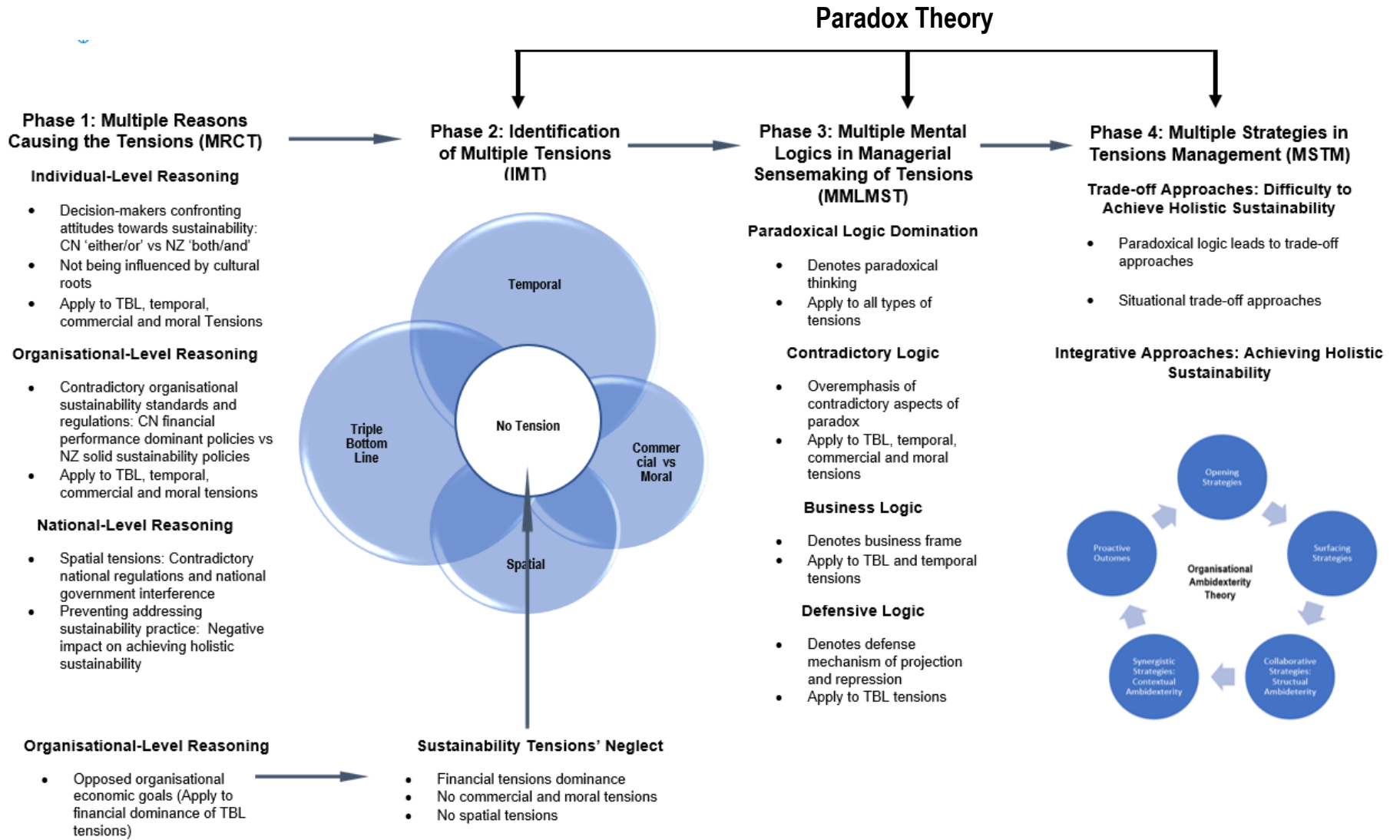
**Proposition 16:** How individuals such as managers and decision-makers make sense of sustainability tensions may not have a direct impact on what kind of strategies their companies adopt to manage the tensions.

## **7.6 A Holistic Framework of Mastery of Tensions in Sustainability**

According to Peirce (1974), abductive reasoning provides a third way which leverages the benefits of both inductive and deductive approaches, where the inquiry starts with basic theoretical knowledge before collecting empirical data, continues with theory matching, and ends with expansion of the existing framework. Drawing on abductive reasoning, the present study is guided by the theoretical framework proposed in Chapter 3. However, the proposed theoretical framework only draws from a conceptual perspective, which requires empirical work to be done in specific contexts. However, the paradoxical approach has only recently emerged, and research on its further investigation is still nascent (Ozanne et al., 2016; Van der Byl & Slawinski, 2016) particularly on the implications for structural and contextual organisational ambidexterity theory (Hahn et al., 2015; Hahn et al., 2016). Although cognitive frames help understand how individual decision-makers perceive and interpret sustainability issues, there is no direct link between the interpretation of a sustainability issue and the strategic response taken at the organisational level, particularly regarding the paradoxical frame and its connections with sustainability tensions management for companies (Hahn et al., 2015; Joseph et al., 2018). Based on the empirical findings of this research, this study addressed these research gaps by confirming and extending the proposed theoretical framework into a holistic framework of mastery of tensions in sustainability, which is presented and explained in detail in this section.

The holistic framework for mastery of tensions in sustainability is shown in Figure 7.1 and derived from propositions generated from the above discussions. This framework describes a process of how sustainability tensions arose, and were perceived and managed between Chinese and NZ firms in business partnerships. Drawing from the theoretical perspectives of paradox theory, structural ambidexterity, and contextual ambidexterity, this framework is composed of four phases: Phase 1 – Multiple Reasons Causing the Tensions (MRCT); Phase 2 – Identification of Multiple Tensions (IMT); Phase 3 – Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST); and Phase 4 – Multiple Strategies in Tensions Management (MSTM). Next each phase is explicated in detail.

**Figure 7.1 A Holistic Framework of Mastery of Tensions in Sustainability**



In Phase 1, the framework suggests that an integration of multiple reasons from individual, organisational and the national level raise sustainability tensions between Chinese and NZ firms in business partnerships. At the individual level, this framework indicates that TBL, temporal, commercial and moral tensions can be caused by decision-makers' different attitudes and norms towards the competing sustainability demands (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008). However, based on the findings in chapter 4 in relation to the differences between Chinese and NZ managers' values and norms towards divergent sustainability dimensions, this framework indicates that these differences may not be influenced by traditional Chinese and Western cultural roots, which is in contrast to the arguments that how Chinese and Western managers approach tensions is deeply influenced by their "both/and" logic and "either/or" logic respectively (Keller et al., 2018; Keller & Loewenstein, 2011; Keller et al., 2017).

In terms of organisational factors, this framework indicates that TBL, temporal, commercial and moral tensions can be caused by different Chinese and NZ organisational sustainability regulations and standards (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011). However, based on the findings in chapter 4, this framework suggests that, compared to NZ companies, Chinese partner companies do not have rigid sustainability policies and regulations which are dominated by financial performance. Further, the framework also implies why TBL tensions are dominated by financial performance, which suggests that, instead of just focusing on developing organisational financial regulations

and policies, it is imperative for Chinese companies to improve their organisational sustainability regulations and standards through learning from their NZ partner companies.

With regard to national factors, based on the findings from chapter 4, the framework illustrates the existence of spatial tensions which can be caused by two factors. First, spatial tensions can be caused by different Chinese and NZ national sustainability regulations (Hahn et al., 2015).

However, the framework also suggests that spatial tensions can occur due to national government interference. Further, this framework also highlights that these two national factors may prevent these Chinese and NZ companies from operating sustainability initiatives, which has a negative impact on achieving holistic sustainability.

Due to these multiple reasons, sustainability tensions between Chinese and NZ firms in business partnerships thus arise, as shown in Phase 2. Drawing from paradox theory (Schad et al., 2016), Phase 2 indicates that multiple sustainability tensions exist between Chinese and NZ companies in business partnerships, which are difficult and challenging for them to manage at the same time. According to the findings of this study in chapter 4, tensions in four sustainability areas were identified: TBL, temporal, commercial vs. moral, and spatial tensions. This affirms the conceptual view that tensions exist in addressing divergent sustainability issues for companies (Hahn et al., 2015; Hahn et al., 2016). However, based on empirical findings and discussions in section 7.2, despite identification of multiple sustainability tensions, the framework (see white cycle in the middle of phase 2) illustrates that these tensions have been put into unimportant positions or neglected by these companies as shown by ‘financial dominance of triple bottom



line tensions’, ‘no commercial and moral tensions’, and ‘no spatial tensions’, thus highlighting these companies lack awareness of the importance of these tensions. Moreover, this framework also illustrates the tied and nested relationships (signified by overlapping blue shadow) among multiple sustainability tensions, i.e. they partially overlap with each other across individual, organisational and societal levels in an interwoven system. This reflects the holistic tenet from paradox theory, which accentuates the interrelatedness of multiple organisational tensions (Jarzabkowski et al., 2013) in that moving one competing demand will affect the whole system (Hampden-Turner, 1981), thus confirming their complexity (Smith & Lewis, 2011).

Once the tensions arise, then the framework moves on to how managers interpret these tensions as illustrated in Phase 3 which represents four types of managerial logic: paradoxical, contradictory and business and defensive. First, drawing from paradox theory, this framework suggests that the majority of participants tend to have paradoxical logic in making sense of sustainability tensions in their business partnerships as evident in sensemaking of all types of tensions. This confirms the paradoxical frame in that tensions in sustainability are contradictory yet interdependent elements (Hahn et al., 2018; Hahn et al., 2014; Sharma & Jaiswal, 2018).

However, this framework does not support the view that decision-makers tend to have a business case frame (Hahn et al., 2014; Hockerts, 2015) and business frame (Sharma & Jaiswal, 2018) in making sense of sustainability tensions. The second type of managerial logic delineated in this framework is contradictory logic, as evident in making sense of TBL, temporal, commercial and moral tensions. This logic involves an overemphasis on the contradictory characteristic of a paradox (Heijenoort, 1967; Lewis, 2000; Poole & Van de Ven, 1989) such that competing

sustainability demands are fully contradictory with each other (Schad et al., 2016). The third type of logic illustrated in the framework is business logic in that managers can acknowledge sustainability tensions (as evident in making sense of TBL and temporal tensions) in their business partnerships, but they prefer to ignore them by focusing on addressing financial issues (Sharma & Jaiswal, 2018). The fourth type of logic which manifests in this framework is defensive logic: managers at these companies tended to prevent themselves from experiencing embarrassment by denying or avoiding tensions in order to reduce stress, anxiety and discomfort in their minds as is most evident in making sense of the TBL tensions. This reflects defence mechanisms of projection and repression (Ashforth & Reingen, 2014; Ferns et al., 2017; Iivonen, 2018).

Finally, the framework goes on to examine how these firms manage the tensions and their connections to multiple types of mental logic in making sense of tensions in phase 3 as elaborated in Phase 4. In Phase 4, the framework suggests two approaches: trade-off and integrative. First, based on the findings from chapter 6 and discussion in section 7.5.1, the framework illustrates that, drawing from paradox theory, the Chinese and NZ companies which apply trade-off approaches in managing sustainability tensions in their business partnerships are those whose managers tend to use paradoxical logic. In particular, the framework indicates situational trade-off approaches in that these companies do not typically prioritise financial/commercial imperatives over other sustainability dimensions until they are under financial constraints or the business' survival is in doubt. As a result, the framework highlights that the companies adopting trade-off approaches in managing sustainability tensions find it

difficult to achieve holistic sustainability. Second, based on the findings in chapter 6 and discussion in section 7.5.2, the framework illustrates integrative approaches in managing tensions through a virtuous circle as shown in phase 4. In particular, the framework highlights that when the companies adopt integrative approaches their managers do not necessarily use paradoxical logic. This virtuous circle shows that, firstly, conducting open, transparent dialogue in order for Chinese and NZ companies to discuss the tensions provides a preliminary step. Then it turns to surfacing strategies in that these companies need to use sustainability tensions as a useful tool/opportunity in order to generate an atmosphere of creativity and innovation for better decision-making. Next, on the one hand, drawing from structural organisational ambidexterity theory (Tushman & O'Reilly, 1996), these companies should work collaboratively by making joint efforts in managing each side of the competing sustainability demands, and should also work with multiple stakeholders. On the other hand, drawing from contextual organisational ambidexterity theory (Gibson & Julian, 2004), these companies can look for synergies between the opposed sustainability demands in order to let them meet by means of liaison people. As a result, proactive outcomes will occur which will help these companies to advance their sustainability practice through inter-organisational learning, enhance their mutual understanding and strengthen their business partnerships over time, thus achieving holistic sustainability. Once these companies can see these beneficial outcomes, then they are more likely to repeat these strategies.

## 7.7 Conclusion

This chapter co-ordinated the findings of the present study and outlined their connections to prior literature and their related theoretical perspectives. In sum, four major findings were discussed and their core propositions were generated for this research. First, this chapter discussed multiple sustainability tensions in relation to paradox theory. This chapter suggested that the Chinese and NZ firms are faced with multiple sustainability tensions in business partnerships which are knotted and nested cross individual, organisational and societal levels from a paradoxical perspective, which creates more difficulty and challenges for them to manage at the same time. This chapter also highlighted that these companies lack awareness of and acknowledgement of the importance of these tensions. Second, this chapter discussed that multiple sustainability tensions between Chinese and NZ firms in business partnerships can be caused by an integration of multiple reasons from individual, organisational and national levels. Third, this chapter discussed multiple types of mental logic in managerial sensemaking of these tensions. Among those types of logic, this chapter highlighted that paradoxical logic is the most commonly adopted by these managers, while others such as contradictory, business and defensive types of logic are rather scarce.

Fourth, this chapter discussed multiple strategies in tensions management and their connections to managerial sensemaking of tensions in relation to paradox theory and organisational ambidexterity theory by discussing trade-off approaches and integrative approaches. This chapter highlighted that how managers make sense of sustainability tensions may not have a direct impact on what kind of strategies their companies adopt to manage the tensions. Further, this

chapter discussed the importance of working through sustainability tensions as it will bring proactive outcomes to these companies. Finally, the theoretical framework proposed in chapter 3 was verified and expanded.

# Chapter 8: Conclusion

## 8.1 Introduction

This research empirically investigated tensions in addressing divergent sustainability issues in the specific context of Chinese and NZ firms in business partnerships. The purpose of this chapter is to conclude with the key findings of the present study. It begins with an overview of this research. Then the core findings and their related propositions of this study are recapped. Next, it goes on to a presentation of theoretical contributions and practical implications of this research. Consideration is then given to limitations of the study and suggestions for future research. Finally, the researcher's reflections and conclusion remarks are outlined.

## 8.2 Overview of the Study

Given the exploratory nature of this research, the present study attempted to develop and enrich the knowledge of tensions in the sustainability research field by empirically exploring how tensions arise, and are perceived and managed between Chinese and NZ firms in business partnerships. In order to achieve this goal, four research questions were generated (see Chapter 1):

- RQ1: What are the most pressing tensions related to sustainability that arise between, or within, Chinese and NZ business partnerships?
- RQ2: If tensions exist in sustainability between Chinese and NZ firms in business partnerships, then what reasons might be causing the tensions?

- RQ3: How do managers make sense of tensions in sustainability in the context of Chinese and NZ firms in business partnerships?
- RQ4: How do Chinese and NZ firms in business partnerships address tensions, and their complex relationships, within a holistic sustainability agenda?

In order to address the key research questions, the researcher was guided by interpretivism, thus adopting a qualitative method in an abductive approach to investigate tensions related to sustainability in Chinese and NZ firms in business partnerships. The data was collected from 33 semi-structured in-depth individual interviews and one informal group discussion with staff from 16 relatively large Chinese and NZ firms (8 Chinese firms and 8 NZ firms) known for their commitment to sustainability who were in business partnerships. All the interviews were conducted with participants whose main responsibilities lie in management, senior management and executive positions and who are directly involved in managing the business partnerships between their firms and their related partner firms in order to provide richer and more relevant information for the present study.

In this study, two theoretical perspectives – paradox theory and organisational ambidexterity theory – were drawn to conceptually guide the empirical analysis of identification of multiple tensions, multiple types of mental logic in managerial sensemaking of tensions and multiple strategies in tensions management. Specifically, paradox theory was applied to explain the complex relationship of multiple sustainability tensions, paradoxical and contradictory mental logic, trade-off and integrative approaches. Structural and contextual ambidexterity were used to explain collaborative and synergistic strategies in integrative approaches. Drawing on the overall

findings and discussions, a series of propositions alongside a holistic framework of mastery of tensions in sustainability were suggested. The following sections revisit and briefly summarise the key research findings of each empirical chapter (Chapters 4, 5 and 6) in relation to the formulated research questions.

## **8.3 Research Findings**

By empirically investigating sustainability tensions between Chinese and NZ firms in business partnerships, the present study illuminated how and why the tensions arose, were perceived and managed by these firms, which thus answers the four research questions stated in Chapter 1 as summarised in the following subsections.

### **8.3.1 Identification of Multiple Tensions (IMT)**

Chapter 4 identified multiple tensions in sustainability between Chinese and NZ firms in business partnerships. The findings identified multiple tensions in four sustainability areas – triple bottom line, temporal, commercial vs. moral, and spatial tensions – which create more difficulty and challenges for these companies to manage simultaneously. However, the findings also demonstrated that these companies lack awareness of the importance of these tensions by mainly setting financial goals, thus putting sustainability tensions into an unimportant position. In particular, the findings suggested that not all NZ companies address financial and non-financial sustainability performance simultaneously, while some Chinese companies have started to realise the importance of sustainability implementations and made efforts to achieve both at



the same time. With regard to the complex relationship of these tensions, the findings indicated these multiple tensions are partially knotted and nested across individual, organisational and societal levels which affirms their complex relationship drawing from a paradoxical perspective.

### **8.3.2 Multiple Reasons Causing the Tensions (MRCT)**

Apart from identifying multiple sustainability tensions, Chapter 4 also investigated the reasons causing the tensions. The findings delineated that multiple sustainability tensions between Chinese and NZ firms in business partnerships can be caused by an integration of multiple reasons from individual, organisational and national levels. At the individual level, the results demonstrated that the TBL, temporal, commercial and moral tensions can be caused by decision-makers' different attitudes and norms towards the competing sustainability demands. In particular, the results also pointed out that the Chinese and NZ managers who have contradictory values and norms towards the opposing sustainability demands may not be deeply influenced by Chinese and NZ cultural roots of 'both/and' and 'either/or' logic respectively.

In terms of organisational factors, the findings showed that TBL, temporal, commercial and moral tensions can be caused by different Chinese and NZ organisational sustainability regulations and standards as most Chinese companies do not have rigid sustainability policies and regulations compared to their NZ partner companies. This suggested that instead of just focusing on developing organisational financial regulations and policies, it is imperative for Chinese companies to improve their organisational sustainability regulations and standards through learning from their NZ partner companies. Further, the findings also explained that TBL

tensions are dominated by financial performance because, being pressed to achieve certain financial goals, the Chinese and NZ firms in business partnerships may confront different business strategies. With regard to national factors, the results demonstrated that spatial tensions can be caused by different Chinese and NZ national sustainability regulations and government interference, which may prevent these companies from operating sustainability initiatives, thus having a negative impact on achieving holistic sustainability.

### **8.3.3 Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)**

Chapter 5 examined managerial sensemaking of sustainability tensions in Chinese and NZ business partnerships. The findings revealed four kinds of managerial logic: paradoxical, contradictory, and business and defensive. Among those types, this chapter highlighted that paradoxical logic is the most commonly adopted by these managers, while others such as contradictory, business and defensive types of logic are rather scarce. First, the findings demonstrated that the majority of managers tend to use paradoxical logic in making sense of all types of tensions, which affirms the paradoxical frame from a paradoxical perspective. The second type of managerial logic identified is contradictory logic in making sense of TBL, temporal, commercial and moral tensions. This logic applies an overemphasis on the contradictory characteristic of a paradox that competing sustainability demands are fully contradictory with each other. The third logic identified is business logic in that managers can acknowledge sustainability tensions (as evident in making sense of TBL and temporal tensions) in their business partnerships, but they prefer to ignore them by focusing on addressing financial

issues in their mind. The fourth logic identified is defensive logic in that managers at these companies tended to prevent themselves from experiencing embarrassment by denying or avoiding tensions in order to reduce stress, anxiety and discomfort as was most evident in making sense of the TBL tensions, which reflects defence mechanisms of projection and repression.

### **8.3.4 Multiple Strategies in Tensions Management (MSTM)**

Chapter 6 investigated the strategies that Chinese and NZ firms adopted to manage the tensions in their business partnerships and their connections to multiple types of mental logic in making sense of tensions as identified in chapter 5. The findings indicated two approaches – trade-off and integrative – and their connections to managerial sensemaking of tensions by applying paradox theory and organisational ambidexterity theory. An overall proposition generated for these findings is that how individuals make sense of sustainability tensions may not have a direct impact on what kind of strategies their companies adopt to manage them. Specifically, drawing from paradox theory, the results showed that the Chinese and NZ companies which apply trade-off approaches in managing sustainability tensions in their business partnerships have managers who tend to use paradoxical logic. Further, the results demonstrated situational trade-off approaches in that these companies do not typically prioritise financial/commercial imperatives over other sustainability dimensions until they are under financial constraints or business survival is precarious.

The second kind of approaches identified in this study are integrative approaches which can be achieved through four strategies: opening, surfacing, collaborative and synergistic. First, opening strategies helped these companies to engage in open dialogue through transparency which provides a preliminary step for managing tensions. Second, there are surfacing strategies: these companies need to use sustainability tensions as a useful tool/opportunity in order to generate an atmosphere of creativity and innovation for better decision-making, which reflects accepting and embracing tensions in a paradoxical approach. However, the findings also pointed out that in the companies which implement surfacing strategies very few of their managers use paradoxical logic. Third, the findings revealed collaborative strategies: these companies not only work collaboratively by making joint efforts in managing each side of the competing sustainability demands, but also work with multiple stakeholders. This finding confirms the paradoxical approach of spatial separation strategy by addressing two poles of the sustainability tensions by applying structural ambidexterity theory. Fourth, the results showed synergistic strategies: these companies tended to look for synergies between the opposed sustainability demands to let the tensions meet/connect through liaison people in order to reach to consensus/shared values. This finding affirms the paradoxical approach of synthesis strategy through identifying potential synergies that enable the discovery of new elements that link or accommodate both poles by applying contextual ambidexterity theory. However, the findings showed that in the companies adopting synergistic strategies their managers tended to have either/both paradoxical logic or/and contradictory logic.

Moreover, the findings also showed that practising the strategies in integrative approaches tended to produce some proactive outcomes that are beneficial for Chinese and NZ companies in business partnerships from two perspectives. First, working through sustainability tensions through integrative approaches can enhance organisational sustainability practice through inter-organisational learning. Second, working through them enhanced mutual understanding/trust between companies, ultimately strengthening business partnerships over time.

## **8.4 Theoretical Contributions**

Through a qualitative method using an abductive approach, the findings of this research add value to the limited body of research that has investigated tensions in sustainability. As one of the early empirical studies in the area of tensions in sustainability, this research fills some specific theoretical gaps in the literature and broadens understanding of paradox theory and organisational ambidexterity theory and their theoretical implications from the following several perspectives.

First, this study has become one of the few studies to empirically apply paradox theory and organisational ambidexterity theory through investigating tensions in addressing sustainability issues in the specific context of Chinese and NZ business partnerships. As noted in the literature review, an increasing amount of recent studies examining tensions in sustainability in organisations and companies have largely focused on conceptual interpretations (Hahn et al., 2018; Hahn et al., 2016; Van der Byl & Slawinski, 2016), while empirical studies are limited in different industries and various contexts (Joseph et al., 2018). This research heeds this call by

empirically investigating how sustainability tensions arose, and were perceived and managed between Chinese and NZ firms in business partnerships which is manifested through presenting a holistic framework of mastery of tensions in sustainability.

Second, this study contributes to the methodological implications of tensions in sustainability research. As Fairhurst and Putnam (2018) stated, new developments in qualitative research methods in relation to data analysis methods such as using coding processes in grounded theory and organisational discourse analysis offer a novel way for researchers to better examine tensions in organisations. Alternatively, this research heeds this call by using the coding process of grounded theory suggested by Corbin and Strauss (1998), which helped to identify tensions by situating them in a specific context of Chinese and NZ business partnerships through developing sets of categories. In addition, this coding process helps the researcher to explore the complex relationships among multiple sustainability tensions that links directly to the development of knots through how tensions become intertwined and nested in one another (Sheep et al., 2017). Further, this coding process also helped the researcher to explore the strategies these companies use in managing the tensions and their potential outcomes (Putnam et al., 2016).

Third, this study advances paradox theory by empirically investigating multiple sustainability tensions and their complex relationships. By looking at previous studies of tensions in sustainability, most recent studies tended to focus on one type of tension in addressing sustainability issues (Iivonen, 2018; Sharma & Bansal, 2017; Slawinski & Bansal, 2015). In contrast, the contribution of this study is identifying the existence of multiple tensions in four

sustainability areas between Chinese and NZ business partnership firms. Further, an important finding of this research is that, despite identifying the existence of multiple sustainability tensions, these Chinese and NZ companies lack awareness of the importance of these tensions by mainly setting financial goals, thus putting sustainability tensions into an unimportant position. This sheds new light on why tensions in addressing financial and social responsibilities of a firm are based on economics (Waldman et al., In press). Moreover, while prior research used paradox theory to depict organisational tensions that can coexist in a dynamic system, most of these studies treat these tensions as static and fixed (Schad et al., 2016) instead of focusing on how multiple tensions become intertwined and nested in one another (Sheep et al., 2017; Waldman et al., In press). However, this research suggests that the multiple sustainability tensions identified between Chinese and NZ companies in business partnerships are actually partially overlapped with each other across individual, organisational and societal levels, which reflects their nature of coexistence and interrelatedness from a paradoxical perspective, as moving one will affect the whole system, thus highlighting their knotted and nested relationships.

In addition, this study further advances paradox theory in tensions in sustainability research by elaborating managerial sensemaking of sustainability tensions and their connections to the strategies their companies adopt in managing them. This finding heeds the call of Waldman et al. (In press) who argued that most paradox scholars focused their analyses mainly on the organisational level but developing insights that cross individual and organisational levels is fundamental to advancing paradox theory. In particular, prior research pointed out that there is no direct link between the interpretation of a sustainability issue and the strategic response taken

at the organisational level (Hahn et al., 2015) particularly in the relevance of the paradoxical frame in its connections with corporate sustainability tensions management (Joseph et al., 2018). Hahn and Aragón-Correa (2015) argued that how individuals in organisations make sense of sustainability issues has an important influence on the type of response their companies adopt on these issues. However, the present study found that that how individuals make sense of sustainability tensions may not have a direct impact on what kind of strategies their companies adopt to manage them as is evident in trade-off and paradoxical approaches. For example, researchers stated that the companies adopting trade-off approaches were dominated by an instrumental logic (Epstein et al., 2015; Gao & Bansal, 2013; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). Rather, this study showed that in the Chinese and NZ companies which apply trade-off approaches in managing sustainability tensions in their business partnerships their managers tend to use paradoxical logic. More evidently, surfacing strategies identified under integrative approaches in this research reflect accepting and embracing tensions in a paradoxical approach where very few of their managers use paradoxical logic. This finding thus raises doubt about the proposition that making sense of sustainability tensions through a paradoxical perspective provides vital groundwork for companies to accept and embrace tensions (Hahn et al., 2015; Hahn et al., 2016). Moreover, prior researchers stated that interpreting sustainability tensions as paradoxical allows companies to adopt a paradoxical approach of a synthesis strategy (Hahn et al., 2015; Hahn et al., 2016). However, this research demonstrated that in the companies adopting synergistic strategies their managers tended to use either/both paradoxical logic or/and contradictory logic.



Fourth, the present study adds value to the existing literature exploring the reasons for the tensions in sustainability in a detailed analysis. Most sustainability scholars tended to identify reasons causing tensions within firms by mainly focusing on the individual level (Ashforth & Reingen, 2014; Besharov, 2014; Hahn et al., 2015; Maon et al., 2008) and organisational level (Besharov, 2014; Li, 2016; Smith & Lewis, 2011). However, this research extended these works by showing multiple reasons causing sustainability tensions from individual, organisational, and national levels. At individual level, some prior studies suggested that, as being deeply influenced by different cultural roots, belonging tensions can be caused where Chinese managers tend to adopt “both/and” logic by seeing the connections between or among opposing aspects, while Western managers may use “either/or” logic by prioritising one perspective over the other (Keller & Loewenstein, 2011; Keller et al., 2017). However, such stereotypical descriptions might be oversimplified (Schad et al., 2016) and lack any empirical study to investigate this perspective in other fields such as sustainability (Waldman et al., In press). This research questions this idea by revealing that the Chinese and NZ managers tend to have contradictory values and norms towards the opposing sustainability demands which can cause TBL, temporal, commercial and moral tensions. However, their opposing values in sustainability may not be influenced by Chinese and NZ cultural roots of ‘both/and’ and ‘either/or’ logic respectively.

In terms of organisational factors, prior research generally suggested that tensions can be caused by different organisations having contradictory identities regarding sustainability and its practice (Besharov, 2014; Howard & Jaffee, 2013; Li, 2016; Slawinski & Bansal, 2012; Smith & Lewis, 2011). However, this research found that TBL, temporal, commercial and moral tensions can be

caused by different Chinese and NZ organisational sustainability regulations and standards where most Chinese companies do not have rigid sustainability policies and regulations compared to their NZ partner companies. With regard to national factors, the present study demonstrated that spatial tensions can be caused by different Chinese and NZ national sustainability regulations and government interference, which may prevent these companies from operating sustainability initiatives, thus negatively affecting the achievement of holistic sustainability.

Fifth, this study extends the extant literature on how managers at firms make sense of tensions in addressing divergent sustainability issues. As Sharma and Jaiswal (2018) demonstrated, future research should focus on “exploring managerial sensemaking of tensions in other industries and countries” (p. 306). This research fills this gap by empirically investigating how managers make sense of sustainability tensions in the specific context between Chinese and NZ companies in business partnerships. In addition, existing literature pointed out that how managers make sense of tensions in sustainability has not been examined well (Hahn et al., 2014; Sharma & Jaiswal, 2018), and a detailed empirical analysis is lacking (Hahn et al., 2018; Xiao et al., 2019).

Nevertheless, this research advances this field by illuminating four kinds of managerial logic with detailed analysis: paradoxical, contradictory, business and defensive. Specifically, managers applied paradoxical logic in making sense of four types of tensions; contradictory logic was used to make sense of TBL, temporal, commercial and moral tensions; business logic was applied to interpret TBL and temporal tensions; and defensive logic was utilised to mind-map TBL tensions. Further, prior studies argued that that decision-makers tend to have a business case

frame (Hahn et al., 2014; Hockerts, 2015) and business frame (Sharma & Jaiswal, 2018) in making sense of sustainability tensions. However, this research questions this idea by revealing that paradoxical logic is the most commonly adopted by the managers at Chinese and NZ companies in business partnerships, while other types such as contradictory, business and defensive logic are not commonly used.

Finally, this research contributes to the topic of organisational strategies in managing the tensions in sustainability. The existing literature showed that most organisations tended to adopt trade-off and win-win approaches in response to tensions in sustainability (Epstein et al., 2015; Ozanne et al., 2016; Van der Byl & Slawinski, 2016). However, this research found that most Chinese and NZ companies in business partnerships tended to adopt trade-off approaches and integrative approaches in managing sustainability tensions. In terms of trade-off approaches, this research advances the knowledge of when trade-off approaches are utilised by companies in managing sustainability tensions (Beckmann et al., 2014). Accordingly, the results of this study revealed the situational trade-off approaches, i.e. that the Chinese and NZ companies do not typically prioritise financial/commercial imperatives over other sustainability dimensions until they experience financial constraints or their business' survival is under threat. Moreover, little is yet known about how trade-offs are perceived by managers and how they are currently evaluated and utilised by companies in managing sustainability tensions (Haffar & Searcy, 2017; Hahn et al., 2014; Winn et al., 2012). This research develops this work by showing trade-off approaches and their connections to four types of mental logic in managerial sensemaking of tensions.

Further, existing literature that examined a paradoxical approach has recently emerged from conceptual development by drawing from structural and contextual ambidexterity theory (Hahn et al., 2015; Hahn et al., 2016); however, empirical work is still in its infancy and lacks investigation in specific contexts (Smith & Tracey, 2016). Furthermore, organisational ambidexterity theory has only recently emerged conceptually, hence there are hardly any practical implications for tensions discussed in the sustainability management field (Hahn et al., 2015; Hahn et al., 2016). However, this research contributes to structural and contextual organisational ambidexterity theory in relation to the paradoxical approach of acceptance and resolution strategies by empirically investigating them in the specific context of Chinese and NZ business partnerships. In particular, this research develops the work of Hahn et al. (2015) and Hahn et al. (2016) by presenting integrative approaches with opening, surfacing, collaborative and synergistic strategies. The empirical findings of surfacing, collaborative and synergistic strategies confirm their work on acceptance and resolution strategies in paradoxical approaches. However, this research argued that in the companies implementing these strategies their managers do not necessarily use paradoxical logic in making sense of the tensions as vital groundwork. Rather, this study found that engaging in transparent, open dialogue provides a preliminary step for Chinese and NZ companies to manage sustainability tensions in their business partnerships. In addition, this research highlighted that it is not only important for these companies to work collaboratively by making joint efforts in managing each side of the competing sustainability demands: they should also work with multiple stakeholders as they may have more professional knowledge of sustainability practice. More importantly, this research proposes that working through sustainability tensions through integrative approaches can bring

proactive outcomes which will help these companies to advance their sustainability practice through inter-organisational learning, enhance their mutual understanding and strengthen their business partnerships over time, thus achieving holistic sustainability. This heeds the call from Hahn et al. (2018) who argued that future research should explore whether “working through tensions in sustainability have specific positive or negative outcomes in performance areas other than sustainability” (p. 240).

## **8.5 Practical Implications**

As well as the theoretical contributions, this study has also underscored some practical implications for firms which face similar tensions in addressing sustainability issues in collaborative business partnerships. This is mainly because the findings of this study are based on the perceptions from participants who are in management, senior management and executive positions and are directly involved in managing the partnerships between their firms and their partner firms. Here, the main practical implications of this empirical study are illustrated from three perspectives.

First, this research can help the practitioners to recognise that they face multiple sustainability tensions to manage at the same time which partially overlap across individual, organisational and societal levels in a knotted and nested relationship. This reminds the practitioners that it is difficult and challenging for them to manage the sustainability tensions simultaneously, because moving one competing demand may affect another one. Further, based on the empirical analysis of the present study presented in the sub-section 4.4.2.1, compared to NZ companies, Chinese

partner companies do not have rigid sustainability policies and regulations which are dominated by financial performance, thus causing tensions in their business partnerships. From this perspective, this research thus argues that, although Chinese companies have started to be aware of the importance of sustainability implementation, they need to learn from NZ companies how to achieve financial and non-financial sustainability through improving their organisational sustainability regulations and standards.

Second, this study informs practitioners that the tensions between Chinese and NZ firms in business partnerships are caused by an integration of multiple reasons from individual, organisational and national levels. In particular, the results highlighted that Chinese and NZ managers' different values and norms can give rise to sustainability tensions which may not be influenced by their traditional cultural roots. Perhaps Chinese practitioners should be trained in and educated about the traditional Chinese philosophy of the 'middle way' thinking, which might help them to generate "both/and" logic that is beneficial for managing opposing sustainability demands at the same time. Moreover, this research advises practitioners that sometimes the powerful national level factors may prevent these companies from practising sustainability initiatives, which may have a negative impact on achieving holistic sustainability. Practitioners could work with national governments in order to develop better relationships with them through enhancing communication to make it easier for them to practise more sustainability initiatives.

Third, this research suggests that, instead of ignoring or neglecting sustainability tensions, it is imperative for practitioners to make use of the sustainability tensions as a useful tool to sustain

their business partnerships and enhance their organisational ambidexterity and consequently, achieve holistic sustainability. In order to better manage sustainability tensions, this study suggested that, instead of adopting trade-off approaches, it is important for practitioners to adopt integrative approaches through a virtuous circle that is composed of four strategies. First, it is imperative to engage in open, transparent dialogue in order for the practitioners to discuss the tensions as a preliminary step. Then regarding surfacing strategies, practitioners should use sustainability tensions as a useful tool/opportunity in order to generate an atmosphere of creativity and innovation for better decision-making. Next, practitioners should work collaboratively by making joint efforts in managing each side of the competing sustainability demands, and they should also work with multiple stakeholders. At the same time, practitioners should look for synergies between the opposed sustainability demands in order to let them meet by using liaison people. As a result, proactive outcomes will occur which will help the practitioners to advance their sustainability practice through inter-organisational learning, enhance their mutual understanding and strengthen their business partnerships over time, thus achieving holistic sustainability. Once the practitioners can see these beneficial outcomes, then they will be more likely to repeat these strategies.

## **8.6 Limitations of This Study and Suggestions for Future Research**

Despite its contributions and implications, this research has some limitations that call for further investigation in future research. The first limitation for this research is about generalisability: this is mainly because data collection was restricted to a specific context between Chinese and NZ

companies in business partnerships, which suggests that the findings of this research may not be applicable to other contexts. Further, the unit of analysis in this research focused on a small sample of participants in Chinese and NZ companies in business partnerships. However, following abductive reasoning, the purpose and objective of this qualitative research is to gain a richer understanding of tensions in sustainability based on participants' real experience and subjective interpretations, which helped the researcher to achieve analytical generalisability instead of statistical generalisability. From this perspective, the researcher encourages future studies to extend this work by exploring the tensions in other empirical contexts through conducting more quantitative research.

The second limitation of this research is the use of one-person coding. Due to the subjective nature of qualitative research, the relationships within and among codes and categories are complicated. Some of the codes and categories overlapped and were redundant. In terms of this research, it was difficult for the researcher to get other people to do coding at the same time, which suggests that the same information can be coded in a different way by other researchers, thus generating different codes and categories, consequently, producing different results and propositions for this research.

The third limitation of this research concerns the key findings of identification of multiple sustainability tensions. Drawing from paradox theory, the present study showed the knotted and nested relationships among multiple sustainability tensions between Chinese and NZ companies in business partnerships. However, future research should focus on drawing on other theoretical



perspectives in providing novel insights into the relationships of tensions in sustainability. Further, the findings showed that these companies are facing multiple sustainability tensions; however, it is difficult to know whether the companies at different stages of partnerships are actually encountering different types of sustainability tensions. In this regard, the researcher recommends future research should design more longitudinal studies, so it is easier to track the relationship between the tensions and length of business partnerships. Accordingly, further studies could question whether or how tensions change or transform over time or whether/how length of business partnerships influences how managers make sense of tensions. Moreover, this research highlighted that Chinese and NZ managers confronted different values and norms towards competing sustainability demands which cause sustainability tensions, which may not be influenced by their traditional cultural roots of “both/and” and “either/or” logics. This proposition requires validation through conducting more empirical studies in the context of Chinese and Western business relationships.

The fourth limitation of this research concerns the key findings of multiple types of mental managerial logic used in making sense of tensions. The existing research on cognitive frames focuses on the business and paradoxical frames (Hahn et al., 2014; Sharma & Good, 2013; Sharma & Jaiswal, 2018). To advance this, the present study examines how managers make sense of tensions through identifying four types of logic: paradoxical, contradictory, business and defensive. However, this still requires more targeted, empirical studies in exploring how managers make sense of tensions in sustainability, because exploring other types of logic may

provide guidance for managers in better understanding the tensions, which may generate more effective strategies for managing them.

The fifth limitation of this research lies in the key findings of multiple strategies used in managing tensions. The present study found two main approaches that the Chinese and NZ firms adopted to manage the tensions in their business partnerships: trade-off and integrative. In particular, this research highlighted that instrumental and paradoxical logic may not have a direct impact on whether their companies adopt trade-off approaches and integrative approaches. However, this proposition requires more future empirical work to be verified and tested. Furthermore, this research advocates that integrative approaches bring proactive outcomes for these firms regarding sustaining their business partnerships and better managing the tensions simultaneously. However, it is worthwhile for future research to explore other approaches by conducting more empirical work, which can help firms in business partnerships manage the tensions in sustainability from a holistic view, which may add new insights into paradox theory or organisational ambidexterity theory.

## **8.7 Researcher's Reflections**

My initial motivation to do this research came from my desire to study sustainability. When I was doing my Master of Business Studies (MBS), I developed a great interest in the area of sustainability, particularly from the postgraduate paper I studied on Business and Sustainability. It was my main supervisor, Associate Professor Gabriel Eweje, who taught this paper. His

insights and thoughts about sustainability inspired and guided me to consider doing my PhD in this field.

On the 1<sup>st</sup> of July, 2016, I started my PhD journey. Initially, I was struggling to choose a related topic for my study despite reading many sources and articles. I still remember that in the first several supervision meetings, I came up with some ideas and discussed them with my supervisors to see whether they were good enough to explore. However, these topics and ideas were not robust enough to suffice for a PhD. At that time, it was reported that, with growing trade and commercial opportunities, more and more Chinese and NZ firms have established business partnerships in order to seek financial benefits (Statistics New Zealand, 2016). Then I started to wonder, if tensions related to sustainability exist in their business partnership, will these tensions influence their business partnerships? Meanwhile, I was also reading some articles which discussed tensions in addressing sustainability issues within companies such as those by Smith and Lewis (2011), Hahn et al. (2015) and Slawinski and Bansal (2015). Interestingly, these articles also mentioned paradox theory as providing a better understanding of the nature of the tensions in sustainability and better strategy for tensions management. This is a relatively new area in the field of sustainability, because only in recent years have scholars started to focus on tensions in sustainability by drawing from paradox theory. More importantly, through a systematic review of the existing literature, I could not find any empirical work which investigated tensions between firms in collaborative business partnerships. These empirical cases and studies gave me the inspiration for exploring tensions related to sustainability between

Chinese and NZ firms in business partnerships. After I discussed this with my supervisors, both of them agreed that it was worthwhile to conduct this empirical study for my PhD.

Once the research topic was settled, I started to delve into the related literature of tensions and paradox in the field of sustainability. By exploring the gaps in the knowledge, I formulated my research background, justifications, objectives, questions, methodology and proposed theoretical framework. Based on these perspectives, I wrote my confirmation proposal and submitted it to my supervisors. After getting feedback from them, I revised it. Eventually, I received my confirmation on the 23<sup>rd</sup> of May, 2015 and fully registered as a PhD student. I still remember it was a big day for me. First, I presented my research proposal for 20 minutes and then the academics asked some questions regarding my study and I answered them accordingly. Then I was put into a meeting room with examiners, my supervisors, and one confirmation coordinator. The examiners asked many questions regarding my work and made some comments for my future research developments.

After receiving the confirmation, I made some preparations for my investigation such as developing the interview protocol, obtaining Massey University Research Ethics Approval, and conducting several pilot interviews. Here, it is important to highlight the necessity of conducting pilot interviews, which helped me to see whether it was worthwhile to examine tensions in sustainability in Chinese and NZ firms in business partnerships, to revise the interview questions, and to target more suitable participants. Moreover, some interview questions were adjusted according to feedback from the three pilot interviews. In addition, I found the participants in the

pilot interviews did not provide deeper information in terms of tensions related to sustainability between their firms and their partner company firms. After discussing it with my main supervisor, the criteria for participants were adjusted because it is important to interview people who are directly managing their partnerships, because they can provide richer and more relevant information and interpretation of tensions.

In regard to my main investigation, it was difficult to get access to the targeted firms, establish initial contact with the selected participants and get hold of participants; therefore, the entire process of data collection turned out to be tedious and challenging (for details see Chapter 3). After suffering from these twists and turns, eventually data was collected from 33 in-depth individual interviews and one informal group discussion with staff at 16 relatively large Chinese and NZ firms in business partnerships who are in management, senior management and executive positions and directly managing the partnerships. Overall, it took about me around three months to complete my empirical study.

The next challenge came from data analysis. Once the recordings were professionally transcribed, I read and re-read transcripts and ensured I was familiar with the data and highlighted parts that seemed to be important by line-by-line reading. Then, I went through a process of open coding, axial coding, and selective coding, which generates a list of conceptual codes, conceptual categories, and sub-core categories, and eventually came up with a core category. Based on my supervisors' feedback, I revised these codes and categories about 4 times, trying to produce new thoughts which are unique to my study. This process was very time-

consuming and challenging for me, because I was pushing myself to get better results each time. The next challenge was writing up my research. I first completed my findings Chapter 4 and submitted it to my supervisors for their feedback, because these comments would guide me to finish the rest of the chapters. Then, I submitted the first draft of my PhD thesis to my supervisors for feedback in March 2019. Once I got their feedback, I revised the whole thesis based on each of their comments. This was the toughest time in my life; there were many times that I really wanted to withdraw this project as my supervisors wanted to see more contributions of my work, so I pushed myself to redo all the data analysis. Overall, I rewrote Chapters 1, 4, 5, 6, 7, and 8. Then I submitted my second draft to my supervisors for more feedback and kept working on them in preparation for the final thesis submission.

Based on the above reflections, I benefited a lot from this research which developed my knowledge of tensions, paradox and organisational ambidexterity in the area of sustainability, helped me to expand my business networks by conducting my investigation, and taught me how to cope with my research, my life and my family at the same time to be more ambidextrous.

## **8.8 Concluding Remarks**

This research empirically investigated tensions in sustainability between Chinese and NZ firms in business partnerships through showing how tensions arise, are perceived and managed. In doing so, 33 in-depth individual interviews alongside one informal group discussion were carried out at 16 relatively large Chinese and NZ firms in business partnerships, with staff who are in management, senior management and executive positions, and directly managing their business

partnerships. Based on the findings, alongside the support of paradox theory, organisational ambidexterity and related literature, a holistic framework was established which provides an integrative picture of how the tensions surface, are interpreted and managed.

Accordingly, this research manifests that Chinese and New Zealand firms in business partnership are faced with complex and multiple sustainability tensions which are partially overlapped across individual, organisational and societal levels. However, these companies tended to ignore and neglect them by putting their main focus on financial issues. These tensions are caused by an integration of multiple reasons from individual, organisational and national levels. Although the majority of their managers tended to use paradoxical logic in making sense of the sustainability tensions as opposing yet complementary elements, this logic does not have a direct impact on these companies adopting paradoxical approaches for managing them. Instead, the managers used paradoxical logic if their companies tended to adopt trade-off approaches by prioritising one competing sustainability dimension over the other, thus making it difficult to achieve holistic sustainability. In order to better manage these tensions, it is recommended that these firms adopt integrative approaches with opening, surfacing, collaborative and synergistic strategies which not only can sustain their business partnerships, but also enhance their organisational ambidexterity, consequently helping them to achieve holistic sustainability.

The researcher hopes that the present study contributes to scholarly understanding of tensions in sustainability between firms in collaborative business partnerships in relation to the nature of the tensions, reasons causing the tensions, managerial sensemaking of tensions and the strategies for

managing the tensions. In addition, based on practitioners' interpretations and theoretically supported by literature, it is expected that this research can improve firms' skills in managing tensions by addressing divergent sustainability issues simultaneously, eventually, helping them to enhance their organisational ambidexterity, thus achieving holistic sustainability.



## Appendix A – Invitation Letter



Dear .....,

My name is Michelle Sitong Chen, a PhD researcher at the School of Management, Massey University, New Zealand. I would like to invite you to participate in my research “Achieving holistic sustainability in Chinese and New Zealand business partnerships: An integrative approach”.

The main purpose of the research is to examine how Chinese and New Zealand firms in business partnerships are addressing tensions in sustainability. The interview will take around 45–60 minutes. The interviews will be audio-recorded for academic purposes only with absolute confidentiality. Any possible identifiers of any person or organization will be removed.

Therefore, I would like to talk you about your understanding and experience regarding sustainability practices of your organization, in particular, tensions in your business partnerships and ask for your opinions and thoughts. I would be grateful if I will be given such an opportunity. Would you please give me some time on Monday 28 of August 2017 at 2 pm (New Zealand time)? or I will arrange a time at your convenience. Please find details about my research from the attached documents: Information Sheet and Consent Form.

I look forward to your positive feedback.

Kind regards,

**Michelle Sitong Chen**  
PhD researcher  
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Massey Business School  
Massey University, New Zealand  
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Please note that this project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher named in this document is responsible for the ethical conduct of this research. If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)

# Appendix B – Information Sheet



## Doctoral Research Project

### **Achieving Holistic Sustainability in Chinese and New Zealand Business Partnerships: An Integrative Approach**

I would like to invite you to participate in this study which examines how Chinese and New Zealand firms in business partnerships address tensions inherent within holistic sustainability. I would like to interview you and explore your views on the implementation of sustainability practices in your company. Each interview will last around 45–60 minutes and with your consent will be audio-recorded. I will ensure the confidentiality of all information shared. Please be assured that your participation is completely voluntary and all information will be used for this research only.

Findings from this study will be reported in a PhD thesis. Following the submission of the doctoral thesis, it is possible that aspects of the emergent data will be published in refereed journals, and also presented at conferences. Pseudonyms for all participants, their departments and companies will be used to safeguard the privacy of the participants.

#### **Your rights**

You are under no obligation to accept this invitation. If you decide to participate, you have the right to:

- stop the interview at any time
- ask for the sound recorder to be turned off at any time
- refuse to answer any particular questions
- be given access to a summary of the project findings
- access the full report findings when completed

## Contact Details

Thank you for taking time to consider this invitation. If you have any questions about the project, please do not hesitate to contact us.

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Please note that this project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher named in this document is responsible for the ethical conduct of this research. If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)

# Appendix C – Participant Consent Form



**Doctoral Research Project**  
**Achieving Holistic Sustainability in Chinese and New Zealand**  
**Business Partnerships**  
**Researcher: Michelle Sitong Chen**

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being sound recorded.

I agree to participate in this study under the conditions set out in the Information Sheet.

**Signature:** .....**Date:** ... /...../2017

**Full Name-Printed:** .....

## Appendix D – Interview Guide



### **Title: Achieving Holistic Sustainability in Chinese and New Zealand Business Partnerships: An Integrative Approach**

#### **Section1: General Questions**

1. How long have you been working for this organisation and what role you are in?
2. How do you describe sustainability in the context of your business?
3. What are the policy and strategy in your organisation to manage sustainability?
4. Can you please tell me what kind of business partnership your organisation is in and how was this partnership established?
5. Does your organisation and your partnered organisation have some sustainability practice in the business partnership?

#### **Section 2: Exploring strategic tensions in addressing environmental, economic and social performance**

6. Has your organisation experienced the situation when having different strategies in addressing the economic, social and environmental problems with your Chinese/New Zealand partner firm?

7. If you have, then can you please let me know what do you think of this situation and how did both parties manage it together?

**Section 3: Exploring learning tensions between short-term and long-term development goals**

8. Has your organisation experienced the situation when having different strategies in addressing short-term and long-term development goals with your Chinese/New Zealand partner firm?

9. If you have, then can you please let me know what do you think of this situation and how did both parties manage it together?

**Section 4: Exploring tensions between instrumental and moral initiatives**

12. Has your organisation experienced the situation where having different strategies in addressing commercial and moral initiatives with your Chinese/New Zealand partner firm?

13. If you have, then can you please let me know what do you think of this situation and how did both parties manage it together?

**Section 5: Exploring spatial tensions**

14. Have your organisation experienced the situation in addressing economic, social or environmental issues in respect to different national standards with the Chinese/New Zealand firm who you are in business partnerships?

15. If you have, then can you please let me know what do you think of this situation and how did both parties manage it together?

### **Section 6: Exploring belonging tensions**

16. Have you noticed if there is any cognitive differences in approaching tensions in addressing sustainability issues in your business partnership?

17. If you have, then can you please let me know what do you think of this situation and how did both parties manage it together?

### **Section 7: Exploring reasons in causing the tensions**

18. What might be the reasons causing these tensions in addressing sustainability in your business partnerships?



## Appendix E – Ethics Approval Letter



HoU Review Group

A/Pro Lynn Jeffrey

Prof Tim Bentley

Ethics Notification Number: 4000017900

Title: Achieving Holistic Sustainability in Chinese and New Zealand Business Partnerships: An Integrative Approach

Thank you for your notification which you have assessed as Low Risk.

Your project has been recorded in our system which is reported in the Annual Report of the Massey University Human Ethics Committee.

The low risk notification for this project is valid for a maximum of three years.

If situations subsequently occur which cause you to reconsider your ethical analysis, please log on to <http://rims.massey.ac.nz> and register the changes in order that they be assessed as safe to proceed.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

A reminder to include the following statement on all public documents:

"This project has been evaluated by peer review and judged to be low risk. Consequently it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz). "

Please note that if a sponsoring organisation, funding authority or a journal in which you wish to publish require evidence of committee approval (with an approval number), you will have to complete the application form again answering yes to the publication question to provide more information to go before one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

You are reminded that staff researchers and supervisors are fully responsible for ensuring that the information in the low risk notification has met the requirements and guidelines for submission of a low risk notification.

If you wish to print an official copy of this letter, please login to the RIMS system, and under the Reporting section, View Reports you will find a link to run the LR Report.

Yours sincerely

Dr Brian Finch  
Chair, Human Ethics Chairs' Committee and  
Director (Research Ethics)

## Appendix F – Conceptual Codes and Categories

Open Coding	Axial Coding	Selective Coding	
Conceptual Codes	Conceptual Categories	Sub-core Categories	Core Category
<p>Chinese firms: Economic performance</p> <p style="text-align: center;">vs.</p> <p>NZ partner firms: Economic and environmental/social performance</p>	<p><b>Financial Dominance of Triple Bottom Line Tensions</b></p>	<p><b>Identification of Multiple Tensions (IMT)</b></p>	<p><b>Mastery of Tensions in Sustainability (MTS)</b></p>
<p>NZ firms: Economic performance</p> <p style="text-align: center;">vs.</p> <p>Chinese partner firms: Economic and environmental/social performance</p>			
<p>Financial tensions dominant, addressing sustainability issues becomes secondary</p>			
<p>Chinese firms: Today’s business success</p> <p style="text-align: center;">vs.</p> <p>NZ partner firms: Tomorrow’s business development and public welfare</p>	<p><b>Temporal Tensions</b></p>		
<p>NZ firms: Today’s business success</p> <p style="text-align: center;">vs.</p> <p>Chinese partner firms: Tomorrow’s business development and public welfare</p>			
<p>Commercial imperatives</p> <p style="text-align: center;">vs.</p> <p>Moral Imperatives</p>	<p><b>Insignificant Commercial and Moral Tensions</b></p>		
<p>Hardly any commercial and moral tensions as both parties</p>			

behave ethically according to the law				
Adopting Chinese law in regulating social and environmental issues vs. Utilising NZ's law in regulating social and environmental issues	<b>Minor Spatial Tensions</b>			
No statement of spatial tensions as both parties just need to make sure their business activities obey the local regulations				
Chinese decision-makers' "either/or" attitudes towards sustainability vs. NZ decision-makers' "both/and" attitudes towards sustainability		<b>Individual-Level Reasoning: Decision-makers Confronting Attitudes towards Sustainability</b>	<b>Multiple Reasons Causing the Tensions (MRCT)</b>	
NZ decision-makers' "either/or" attitudes towards sustainability vs. Chinese decision-makers' "both/and" attitudes towards sustainability				
Contradictory organisational sustainability standards and regulations	<b>Organisational-Level Reasoning</b>			
Opposed organisational economic goals				
Contradictory national sustainability standards	<b>National-Level Reasoning</b>			
National government interference				
Viewing triple bottom line tensions not as fully opposing each other, addressing environmental or social dimensions can foster financial performance	<b>Paradoxical Logic Dominance</b>	<b>Multiple Mental Logics in Managerial Sensemaking of Tensions (MMLMST)</b>		
Mind mapping temporal tensions not as fully contradictory elements. Instead,				

they are interrelated elements in that one can have an impact on the other			
Assessing commercial and moral tensions/spatial tensions not as fully conflicting elements, as progressing one side will lead to another			
Thinking of triple bottom line tensions only as dilemmas	<b>Contradictory Logic</b>		
Regarding temporal tensions only as constraints			
Managers can acknowledge the TBL tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities	<b>Business Logic</b>		
Managers can acknowledge temporal tensions, but they showed ignorance by adopting a profit-priority view in the pursuit of business activities			
Projection through mind mapping sustainability tensions as negative	<b>Defensive Logic</b>		
Regression through denying existence of sustainability tensions			
Companies adopting trade-off approaches where the majority of decision-makers tended to have paradoxical logic	<b>Connections of Managerial Sensemaking to Trade-off Approaches and Their Situational Circumstances</b>	<b>Multiple Strategies in Tensions Management (MSTM)</b>	
Companies adopting trade-off approaches where few decision-makers tended to have contradictory logic			
Companies adopting trade-off approaches where few decision-makers tended to have business logic			
Companies adopting trade-off approaches where few decision-			

makers tended to have defensive logic			
Companies do not trade financial goals over other sustainability demands unless they are in financial crisis			
Opening strategies through formulating open dialogue and transparency	<b>Integrative Approaches and Their Proactive Outcomes</b>		
Surfacing strategies as a tool to generate creativity			
Collaborative strategies through working with partner companies and multiple stakeholders			
Synergistic strategies through building synergies between opposed sustainability demands			
Proactive outcomes of managing sustainability tensions through integrative approaches			

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