Conflict Resolution in the Culturally Diverse Workplace: Some Data from Hong Kong Employees

Darius K.-S. Chan*

Chinese University of Hong Kong, Hong Kong SAR

Sharon G. Goto

Pomona College, USA

L'objectif de la présente recherche était l'étude de la façon dont la distance sociale perçue par des salariés de Hong Kong affecte leurs attributions et perceptions d'une situation de conflit, ainsi que leurs choix des procédures de résolution du conflit. 122 autochtones ayant affirmé avoir des contacts inter-culturels dans le cadre de leur emploi ont lu un scénario décrivant une discussion professionnelle impliquant un salarié local et un supérieur qui était de Hong Kong, des Etats-Unis ou de Chine continentale. On leur demandait alors d'imaginer qu'ils étaient l'employé local et de remplir un questionnaire conçu pour évaluer les dimensions sus-mentionnées. La mesure de la distance sociale montre que, comme prévu, ces sujets se sentaient plus proches de leur compatriote que de l'Américain ou du Chinois continental. De plus, la per-ception de la distance sociale était liée à cette de la situation, à l'attribution des responsabilités et à la résolution du conflit. On analyse les retombées théoriques et pratiques de ces résultats sur la gestion des conflits interculturels et sur la construction social des catégories courantes portant sur la diversité culturelle.

The present study was designed to examine how perceived social distance affects Hong Kong employees' attributions and perceptions of a conflict situation, and their choices of conflict resolution procedures. One hundred and twenty-two local workers who reported having intercultural contacts in their jobs read a scenario of a workplace dispute involving a local employee and a superior who was either from Hong Kong, the US, or Mainland China. They

were then asked to imagine that they were the local employee in that situation and to complete a questionnaire that was designed to measure the above constructs. Results of the social distance measure suggest that, as expected, these participants were closest to fellow Hong Kong Chinese, and were more distant with people from the US and Mainland China. In addition, differences in perceived social distance were associated with how they perceived the conflict situation, attributed responsibilities, and resolved the conflict if they were in such a situation. Both theoretical and applied implications of these findings for conflict management in culturally diverse workplaces are discussed, as well as the social construction of commonly used diversity categories.

INTRODUCTION

With the increase in business globalisation and migration, the future workplace will become more and more culturally diverse. Managing cultural diversity has thus received considerable attention in the social and organisational literature (see e.g. Chemers, Oskamp, & Costanzo, 1995; Cox, 1993; Henderson, 1994; Jackson, 1992; Jackson & Ruderman, 1995). Potential problems arising from cultural differences in diverse workplaces within the United States have also been widely discussed (e.g. Johnston & Packer, 1987; Offermann & Gowing, 1990; Goldstein & Gilliam, 1990).

In Hong Kong, issues of the culturally diverse workplace have also emerged recently, mainly because of the various labor importation programs launched by the Hong Kong government. In the past, the cultural composition of work groups in Hong Kong was generally quite homogeneous. However, to ease the potential constraints that an insufficient labor supply would have on economic growth, the Hong Kong government has launched various labor importation programs in recent years (see Hong Kong Labor Department, 1997). For instance, starting from 1994, local employers with demonstrable needs can apply to bring in up to 1,000 professionals and managers from Mainland China. Under another labor scheme launched in 1996, imported workers mainly from other Asian countries are allowed to take up jobs which cannot be filled locally. Apart from these, a quota of 17,000 imported laborers was allowed during the construction of the new airport at Chek Lap Kok (see Hong Kong Labor Department, 1997, for more detailed statistics). With the various importation programs, foreign workers, ranging from professional/managerial personnel to construction/manual workers, have been imported to work with the local Hong Kong Chinese.

Together with an annual influx of about 50,000 immigrants from Mainland China (Chan, Ip, & Yuen, 1997), the composition of the workforce in Hong Kong has been changing gradually. With a total workforce of about 3.12 million (Howlett, 1997), all these changes could have significant implications for organisational psychologists. Apart from the issue of diminishing job opportunity for the local residents, this phenomenon of the culturally

diverse workplace can create organisational problems because of the workers' differences in cultural values, attitudes, and work style (see Leung & Chan, 1999).

Whereas a number of theoretical and empirical papers on workplace diversity have been published (see e.g. Milliken & Martins, 1996, for an excellent review of the effects of diversity in organisational groups), most of the literature has centered on diversity in North American contexts. This is probably due to legacies of immigration by people of varied racial, ethnic, and cultural backgrounds to the US and Canada. Yet, programs like the labor importation scheme described above suggest that issues of cultural diversity are also emerging in Asian countries. Whereas the core issues of cultural diversity (i.e. people working together from different cultures) may appear to be relatively universal, the larger context in which the diversity occurs may matter. Since much of the cultural diversity literature has been based in North American or in individualistic contexts, it seems of interest to study cultural diversity in a non-Western context.

Various cross-cultural studies involving Chinese respondents have implications for diversity in an Asian context. In particular, two conclusions regarding conflict resolution procedures are noteworthy. First, it is generally suggested that, compared with people in Western individualistic societies, Chinese belong to a collectivist culture that emphasises cooperation, interdependence, and harmony (Hofstede, 1980). They thus tend to adopt resolution procedures that are less likely to cause confrontation between the parties involved and disrupt group harmony (see e.g. Kirkbride, Tang, & Westwood, 1991; Westwood, Tang, & Kirkbride, 1992). Second, because of their collectivist tendency, Chinese generally make a sharper distinction between ingroup and outgroup members. In other words, they would act very differently depending on the relational status of their opponents, whereas individualists such as Americans are less likely to make such a sharp distinction (see e.g. Chan, Triandis, Carnevale, Tam, & Bond 1995; Leung & Bond, 1984). It should be noted that these conclusions are drawn from studies comparing intra-cultural conflict situations (i.e. respondents from the same culture) across cultures.

Beyond a non-Western based focus, relatively few empirical studies have looked specifically into one important area of diversity, namely, managing conflict. Only a handful of related studies can be found in research on multinational corporations and joint ventures. Among them, some focus on developing measures of conflicts in multinational corporations (e.g. Everett & Stening, 1987; Habib, 1987), while others provide specific suggestions for conflict management in certain types of joint ventures (e.g. Tjosvold, Leung, & Johnson, 2000, for Sino–American joint ventures). Recent research on multinational corporations also examines the associations between different cultural dimensions (e.g. power distance, uncertainty avoidance) and

managerial conflict management styles in different countries (e.g. van Oudenhoven, Mechelse, & de Dreu, 1998). The present study focuses on how Chinese employees approach and resolve conflicts in the culturally diverse workplace in Hong Kong.

THE PRESENT STUDY

Since the pioneering work of Thibaut and Walker (1975), the study of procedural justice has received considerable attention, mostly from social and organisational psychologists. It has been found to impact a variety of events, such as which procedures are preferred (Thibaut, Walker, LaTour, & Houlden, 1974), the level of satisfaction with the resolution of the conflict (Walker, LaTour, Lind, & Thibaut, 1974), and whether or not the disputants will accept and obey the terms of the resolution (Pruitt, Pierce, McGillicuddy, Welton, & Castrianno, 1993). Hence, procedural justice judgments are important determinants of outcomes of conflict resolution and organisational dynamics.

In the area of conflict resolution, four psychological processes have been identified as factors determining procedural preference (see e.g. Lind & Tyler, 1988). They are, namely, perceived fairness, favorability, animosity reduction, and perceived control over the procedure and outcome. Leung (1987) found support for the predictive power of these psychological processes in determining resolution procedures (such as arbitration, negotiation, and mediation) across cultures. In his factor analysis, items such as the extent to which the facts of the case were presented in the procedure, the workability of the solution, and fairness of the procedure represented perceived fairness. Control was defined as the amount of control over presentation of the evidence. Animosity reduction captured notions of conflict escalation, likelihood of holding a grudge after the dispute settlement, and likelihood of increased competitiveness. The likelihood that the case favored the perceiver and the likelihood of winning the case represented the favorability construct.

However, limited research has been conducted to examine how such processes operate in culturally diverse work situations, where conflicts involving individuals from different cultures commonly arise. For example, Lind, Huo, and Tyler (1994) performed one of the few studies of procedural preference across diverse disputants. They manipulated the ethnicity of the target person (e.g. African American, Hispanic American), but did not find this to affect the preference for mediation, negotiation, etc. This might suggest that procedural preferences in intercultural disputes are similar to intra-cultural disputes. Yet, to base a conclusion on a single study seems premature. Thus, the main objective of this study was to further examine some important factors affecting Chinese procedural preference for conflict resolution across cultural diversity.

To this end, we first approached the basic question of whether perceptions of a situation as a conflict or not depend on differences in group membership between the individual and the target person. Considering a workplace dispute between a subordinate and his/her supervisor, (H1) we hypothesised that differences between the respondent's and the supervisor's ethnicity would increase the likelihood of perceiving the situation as a conflict and would decrease the respondent's willingness to take responsibility for it.

The relational orientation of Chinese culture bears interesting implications for understanding intercultural conflict in the present study. Specifically, when Chinese are involved in conflicts with people of different cultural backgrounds, their perception of the other person's cultural group is likely to become an important factor in determining how they would seek to resolve the conflict. Therefore, we hypothesised that the supervisor's ethnicity would affect procedural preferences. Although Lind, Huo, and Tyler (1994) found no differences in procedural preference by ethnicity of the target person, in this collectivist context where sharper distinctions are drawn, ethnic differences may affect intercultural dispute preferences. When involved in a workplace conflict with a superior who comes from the same ethnic group, disputants would use the less confrontational strategies (such as negotiation or inaction) in order to maintain the positive relationship. However, when the ethnic difference of the superior is great, disputants would be more likely to use the more confrontational strategies (such as arbitration) that could have detrimental effects on the relationship. (H2) We expected that Hong Kong Chinese would choose the less confrontational procedures if the disputant were from Hong Kong. They would instead choose more confrontational procedures (e.g. arbitration) if the disputant were from other places such as Mainland China or the US.

Beyond racial and ethnic categories (Betancourt & Lopez, 1993), we attempted to understand the process by which group differences affect intercultural procedural preferences. In the social psychology literature, the perceived closeness of a target person or group has long been known as the "perceived social distance" (Bogardus, 1925). Perceived social distance can be defined as how close and intimate one feels toward another person or group. In other words, it is the perceived psychological distance between two people or groups. This variable has typically been used to examine interpersonal or intergroup perceptions, and has been related to a number of important social behaviors. For instance, Goto (1996) reported that, across a variety of situations, respondents were more likely to trust people who were of small social distance (e.g. friends) than those who were of large social distance (e.g. strangers). With respect to procedural fairness, Lind, Tyler, and Huo (1997) found three variables (indications of status recognition, perceived neutrality in decision making, and trust in benevolence) to affect fairness ratings in Hong Kong, Germany, and the United States.

Although these variables represent the quality of relationship between oneself and another group, and therefore may roughly capture aspects of social distance, social distance per se has not been a central focus of study in procedural justice research.

In cultural diversity research, cultural distance and relational demography have been used to help understand group-based diversity. Specifically, Thomas and associates suggested that the degree of cultural similarity among group members may exert important effects on the group processes and outcomes of culturally diverse work groups (Thomas, Ravlin, & Wallace, 1996). This idea of relative cultural distance is an extension of the research on relational demography in the organisational literature. According to research on relational demography, the relative similarities or dissimilarities of specific attributes of group members (e.g. age and race) are related to an individual member's attitudes and behavior. For instance, relational differences in age were positively correlated with turnover (O'Reilly, Caldwell, & Barnett, 1989). Relational differences in age and race were negatively correlated with psychological commitment and intention to stay, and positively correlated with frequency of absence (Tsui, Egan, & O'Reilly, 1992). Despite recent developments in the cultural distance and relational demography research, the social distance construct might be most theoretically fruitful for study of group perceptions across new diversity settings. It does not rely on socially constructed categories of race and gender. Furthermore, it explains group-based perceptions interpersonally, or on an individual level.

The potential effects of perceived social distance on conflict resolution can be explained by the similarity-attraction paradigm (Byrne, 1971). According to this perspective, similarity between individuals produces positive affect through validation of the perceiver's worldview. Thus, the more similar one perceives a target person/group, the more likely he/she would be attracted to that person/group. Similarity has also been related to positive outcomes other than interpersonal attraction (see e.g. Lincoln & Miller, 1979; O'Reilly et al., 1989; Zenger & Lawrence, 1989).

In Hong Kong, some studies have investigated how Hong Kong Chinese perceive other cultural groups. For instance, Bond (1994) examined how Hong Kong college students related differently to dissimilar others. According to his cluster analysis results, Hong Kong students perceived themselves to belong to a cohesive group of "Hongkongese". Interestingly, they also reported feeling closer to "Westerners" (including Americans, British, and American-born Chinese) than to "traditional Chinese" and Guangzhousese (Mainland Chinese from Guangzhou city in Southern China). To understand the role of social distance in perceiving diversity categories, (H3) we hypothesised that supervisors from Mainland China would be perceived with the greatest social distance, followed by an American supervisor. The Hongkongese supervisor should be of lowest social distance.

Finally, we investigated whether social distance is a theoretically useful construct for understanding procedural preferences in dispute resolution beyond the traditional measures. Recall that Lind and Tyler (1988) and Leung (1987) found perceived fairness, favorability, animosity reduction, and perceived control to predict procedural preferences in intra-cultural disputes. If differences in ethnicity can be understood through the social distance construct, our hypothesis (H4) that in intercultural disputes the perceived social distance between the disputants predicts procedural preference over and beyond the four basic variables should be supported.

To recapitulate, the present study examined how Hong Kong Chinese approach and resolve conflicts in the culturally diverse workplace. We chose to examine our respondents' procedural preference decisions when involved in a workplace conflict with a supervisor who belonged to one of three different cultural groups, namely American, Mainland Chinese, and local Hongkongese. Due to the intercultural nature of our conflict situations, we expected that this variable of perceived social distance would contribute additional prediction in predicting procedural preference, over and above the four basic variables that have been identified in the literature.

METHOD

Participants

A total of 122 Hong Kong born Chinese, 41 male and 81 female, participated in the study (mean age = 27.1). They were approached by our interviewers in the business districts in Hong Kong. The two interviewers were both female senior year students at the Chinese University of Hong Kong and had received specific instructions to standardise the interview procedure. Specifically, participants were asked if they had any intercultural contacts in their work (e.g. contacts with colleagues, boss, or clients from abroad). Those who had and were willing to participate were interviewed individually for about 15 minutes, and were given a souvenir afterwards. About half of the individuals approached were willing to participate in the study. The demographic information about our respondents is summarised in Table 1.

Design of Scenarios

For the vignettes, the present study adopted a 4 (Procedure: arbitration, negotiation, mediation, inaction) × 3 (Ethnicity of supervisor: Mainland

TABLE 1
Demographic Information about the Participants

	Men (n = 41)	*Women (n = 81)*
Mean age:	28.29	26.44
Educational level:		
High school or below	31.7%	40.7%
Post-high school training	4.9%	12.3%
College degree	63.4%	46.9%
Occupation:		
Sales/Marketing representatives	10.3%	27.2%
Clerk/Secretary	7.7%	19.8%
Managers	10.3%	11.1%
Professionals	30.8%	12.3%
Others	41.0%	29.6%
Monthly salary[a]:		
Less than HK$10,000	34.1%	34.2%
HK$10,000–$15,000	24.4%	27.8%
HK$15,001–$20,000	14.6%	22.8%
More than HK$20,000	26.8%	15.2%
Religious belief:		
None	65.9%	70.4%
Christianity	29.3%	22.2%
Catholicism	0.0%	2.5%
Buddhism	2.4%	2.5%
Others	2.4%	2.5%

N = 122
Note: [a]Conversion rate: US$1 is approximately equal to HK$7.73.

Chinese, Hong Kong Chinese, American) factorial design, with the first factor as a within-subject variable and the second one as a between-subject variable.[1]

Materials and Procedure

Participants were first asked to read one scenario such as the following:

---

[1] Gender, age, and income level were also included in the preliminary analysis as exploratory variables. However, no significant effects were found and thus these factors were dropped in the analyses presented.

George Thompson, an American who grew up and received education in the US, came to work in Hong Kong three years ago through the "Imported Professionals Scheme". Since then, Mr Thompson has been working in a China–Hong Kong–US joint venture. Because he works hard, Mr Thompson has been promoted to be the head of the Sales and Marketing Department and specialises in *Hong Kong–US* transactions as well as providing training for the local junior sales executives.

Last week, Mr Thompson was very busy and thus overlooked a document that one of his subordinates, Mr Wong Sai Man (a Hong Kong sales executive), had been working on. Mr Thompson's negligence in processing this document has led to the failure of closing the deal. However, he attributed this to the fact that Mr Wong had not marked "Urgent" on the top of the document and thus he did not realise that immediate attention was necessary.

At any event, this incident has led to a loss of income to the company and to Mr Wong (as commission), as well as a chance for Mr Wong to improve his sales record substantially. He might also lose the opportunity of being promoted because of this.

To manipulate the supervisor's ethnicity, participants in the other two conditions read a scenario in which the supervisor was either from Shanghai (China) or a local Chinese. The name was also replaced by a common Chinese surname in each condition.

After reading the scenario, participants were told that four different procedures could be taken in this case. They were:

Arbitration: File a formal complaint against Mr Thompson and request the company to take appropriate actions;
Negotiation: Talk to Mr Thompson directly to try to reach a settlement;
Mediation: Find a third party (e.g. a manager from another department who knows both parties involved) as a mediator and try to reach a settlement; and
Inaction: Decide not to take any action against Mr Thompson.

Measures

Each participant was then asked to imagine that she/he were Mr Wong in this case and to respond to a number of questions which were designed to measure the following variables:

Perception of Conflict. To examine if participants would perceive the incident as a conflict situation, they were asked to answer the question, "Do you perceive this incident as a conflict?" on a 7-point *Definitely Yes (7) to Definitely No (1)* scale.

Perception of Responsibility. To assess if participants would accept responsibility for the incident, they were asked to rate the item, "Do you

think that you should be responsible for this incident?" using a 7-point *Definitely Yes (7) to Definitely No (1)* scale.

Procedural Preference.   To assess procedural preference, participants were asked to rate how likely they would use each of the four procedures on a 7-point *Likely (7) to Unlikely (1)* scale.

Perception of Individual Procedures.   Participants were also asked to rate each procedure on the following characteristics: fairness, favorability, process control, and animosity reduction. Two items were used to measure each characteristic. For instance, the item, "Using arbitration in this situation would be fair for both parties" was rated on a 7-point *Agree (7) to Disagree (1)* scale. The mean inter-item correlations across the four procedures were .71 for fairness, .24 for favorability, .58 for process control, and .14 for animosity reduction.[2]

Perceived Social Distance.   After responding to the items measuring conflict perception and procedural preference, participants were then asked to rate five items measuring how intimate they felt to the three ethnic groups examined (i.e. Mainland Chinese, Hong Kong Chinese, and Americans). Specifically, five potential relationships with a member of each of the ethnic groups (from "casual acquaintance", "neighbor", "good friend", "in-law", to "spouse") were specified and participants were asked to indicate how acceptable each of these relationships was to them. For instance, the item, "Would you accept an American to be your *in-laws*?" was rated on a 7-point *Acceptable (7) to Unacceptable (1)* scale. An average of these responses was used as a social distance measure. Cronbach alpha coefficients were .85 (Mainland Chinese as target), .89 (Hong Kong Chinese as target), and .78 (American as target).

Questions on the demographic characteristics of the respondents were included at the end of the interview. All the interviews were conducted in Cantonese, the most common Chinese dialect that Hong Kong people speak.

RESULTS

Perceptual Measures of Conflict

To examine (H1) if differences in ethnicity/race influenced the participants' perception of the incident, a one-way MANOVA was performed with the supervisor's ethnicity as the independent variable, and the perception of

---

[2] All the mean correlations were derived through the Fisher's *z* transformation.

TABLE 2
Perception Measures by Supervisor's Ethnicity

Means:	HK	USA	PRC
. . . you perceive this incident as a conflict	4.13$_a$	4.31$_a$	5.52$_b$
. . . you should be responsible for this incident	4.31$_a$	3.98$_{a,b}$	3.50$_b$

Note: 1 = "Definitely No" to 7 = "Definitely Yes". Means in the same row that do not share subscript differ at $p < .05$ in the Tukey honestly significant difference comparison.

conflict and responsibility measures as the dependent variables. The multivariate test (using the Wilks' Lambda statistic) revealed a significant ethnicity effect ($\beta = .82$, $F (4, 228) = 6.11$, $p < .0001$). Table 2 presents the univariate results for two dependent variables. Our respondents were more likely to perceive the incident as a conflict situation, and were less likely to accept any responsibility for the incident when it involved a superior of a different ethnicity to the respondent's, especially when the superior was from Mainland China. In other words, the difference in the supervisor's ethnicity affected the participant's perceptions and attributions of the situation.

Procedural Preference

To assess (H2) if the supervisor's ethnicity affected procedural preference, a four (procedure) by three (supervisor's ethnicity) two-way ANOVA was conducted, with the first factor as a within-subject variable and the second one as a between-subject variable. The two-way ANOVA revealed a procedure main effect, $F (3, 279) = 13.61$, $p < .0001$. Participants were, on average, more likely to use negotiation ($M = 5.00$) than the other three procedures (Ms = 3.52 for arbitration, 3.48 for mediation, and 3.89 for inaction, respectively). However, this procedure main effect was qualified by a supervisor's ethnicity by procedural preference interaction, $F (6, 279) = 4.85$, $p < .0001$ (see Fig. 1). Post-hoc analysis suggests that our respondents were significantly more likely to choose arbitration to resolve the conflict when the superior was from the US or Mainland China, than when the supervisor was a Hong Kong Chinese. Moreover, they were less likely to choose inaction (i.e. more likely to pursue the conflict) when it involved a PRC or US superior.

Perceived Social Distance and Ethnicity

To assess (H3) whether the perceived social distance varied across the three ethnic groups, a one-way ANOVA (3 levels of ethnicity; repeated measure)
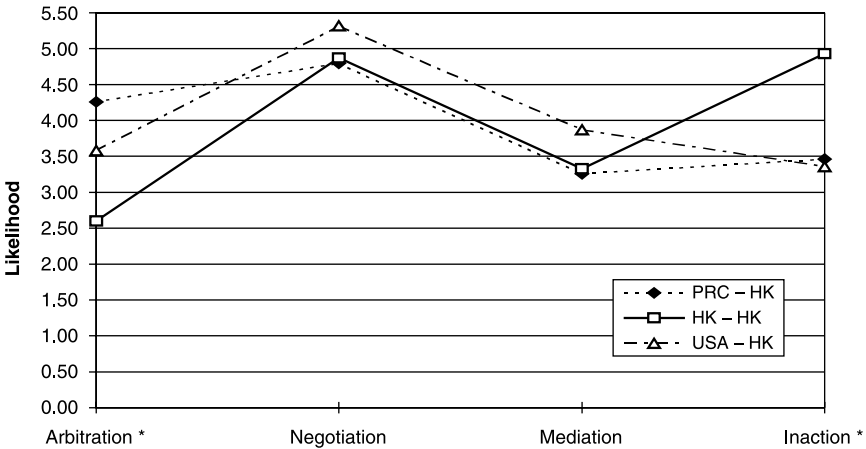
FIGURE 1.   Procedural preference by supervisor's ethnicity.
Note: * denotes significant differences across the three groups.

was performed using the mean social distance scores as the dependent variables. As expected, the ethnicity main effect was significant, F (2, 118) = 95.15, $p < .0001$. Specifically, our participants were closest to fellow Hong Kong Chinese ($M = 6.73$ out of a maximum of 7), next to Americans ($M = 5.04$), and were most distant from people from Mainland China ($M = 4.90$). However, post-hoc analysis suggests that the difference between the latter two groups was not significant.

Perceived Social Distance as a Predictor of Procedural Preferences

To investigate how the participants perceived the conflict resolution procedures, four sets of hierarchical multiple regression were performed, one on each procedure. For each set of analysis, the four universal dimensions of fairness, favorability, process control, and animosity reduction were entered at the first step. Then social distance was entered in the second step to examine (H4) if it would contribute additional significant prediction.[3] Table 3 presents the results of the analyses.

---

[3] Two blocks of additional predictors, namely the supervisor's ethnicity and the interaction terms (the five dimensions by supervisor's ethnicity) were also entered in subsequent steps to examine if these results vary across the three types of supervisor. No significant interaction effects were found.

TABLE 3
Hierarchical Regression Analyses of the Four Procedures

	Fairness	Favorability	Control	Animosity reduction	Social distance	Change in R^2
		Standardised regression coefficients of				
For arbitration						
Step 1:	.45***	.09	.25**	−.09	–	40.09***
Step 2:	.43***	.11	.22*	−.01	.25**	5.62**
					Cumulative R^2:	45.70***
For negotiation						
Step 1:	.38***	.36***	.06	−.15~	–	49.40***
Step 2:	.38***	.36***	.06	−.14~	.06	.36
					Cumulative R^2:	49.76***
For mediation						
Step 1:	.33***	.29**	−.14	−.31***	–	49.74***
Step 2:	.34***	.30**	−.12	−.30***	.15*	2.14*
					Cumulative R^2:	51.88***
For inaction						
Step 1:	.12	.33***	−.21*	−.39***	–	33.59***
Step 2:	.16~	.31**	−.18~	−.34***	.24**	4.71**
					Cumulative R^2:	38.30***

Note: *** $p < .001$; ** $p < .01$; * $p < .05$; ~ $p < .10$.

First, the predictive power of the four basic dimensions was supported as the amount of variance accounted for in the first step of the regression model was all significant, ranging from 34 per cent (inaction) to 50 per cent (mediation). Among the four dimensions, fairness and favorability seemed to be the more important concerns in explaining the choice of the four procedures.

Regarding the effects of perceived social distance, the significant positive beta weights of social distance on mediation ($\beta = .15$) and inaction ($\beta = .24$) suggest that the closer the respondents feel to the ethnic group that the superior belongs to, the more likely they will choose these kinds of less confrontational procedures. The negative beta weight of social distance on arbitration ($\beta = −.25$) suggests the opposite mechanism. Overall, these results provide adequate support to the fourth hypothesis as perceived social distance yielded significant additional prediction of three of the four procedures, namely, arbitration, mediation, and inaction.

DISCUSSION

The ANOVA results suggest that, in an intercultural conflict situation, the ethnicity of the disputant was associated with how an individual perceives and attributes the situation. These results bear both theoretical and applied implications for managing cultural diversity in the workplace. Theoretically, recent research on cultural diversity has mainly focused on the potential effects of diversity on work group productivity (e.g. Watson, Kumar, & Michaelson, 1993) and mixed results have been reported (see Milliken & Martins, 1996, for a review). Very little work has examined process-related variables, such as how culturally diverse group members perceive and interact with each other. Everett and Stening (1987) compared the auto- and heterostereotypes of local and expatriate managers in Hong Kong and Singapore, and found that such disparities could help identify sources of potential conflicts and misunderstanding in multinational corporations. Our results suggest that differences in cultural status may exert an immediate impact on the perception of the situation. Specifically, perceptions of whether a situation is acrimonious or not, and perceptions of personal responsibility for the conflict are influenced by group membership.

From an applied perspective, identifying this effect on perception is important because various types of cognitive heuristics and biases have been related to negotiation behaviors (see Thompson, 1990). In order to be an effective negotiator, one must be aware of such biases, especially given the importance of perceived fairness in matters of procedural justice (Lind & Tyler, 1988; Tyler, 1989). Similarly, workers who are involved in inter-cultural work disputes should also be informed of such a distortion. Our results suggest that culturally based perceptions could affect how workers choose to resolve the conflicts. Perhaps awareness of one's own biases would result in quicker resolution of conflicts as workers might attempt to correct for their bias.

The regression results support the theoretical and explanatory power of perceived social distance in predicting Chinese respondents' procedural preference in an intercultural conflict situation. Whereas studies on intra-cultural conflict resolution have suggested that person perception (i.e. how one perceives the opponent on dimensions such as agreeableness or potency) has significant effects on how one resolves the conflict (e.g. Graziano, Jensen-Campbell, & Hair, 1996; Van-Lange & Liebrand, 1989), our per-ceived social distance variable extends this idea to an intercultural context. Furthermore, social distance was related to how diversity categories were perceived in the intercultural dispute. The use of social distance sheds light on the process by which the diversity categories gain import. Feeling less or more distant to the diverse supervisor predicts preferences for procedures to resolve the conflict. Specifically, larger social distance predicts a stronger

preference for arbitration, and less preference for mediation and inaction. However, as noted above, very little research exists on intercultural conflict management per se. Intercultural conflict management will become ever more important as societies become increasingly heterogeneous and with the increasing number of multinational corporations being set up worldwide. More research is needed to examine the mechanism of how perceived social distance relates to one's perception and attribution of such conflicts, and one's preferences for handling them. It is also important to assess the validity of perceived social distance in predicting conflict resolution procedures across different cultural groups.

With the increasing number of studies on issues associated with multinational corporations, one line of research focuses on the psychological adjustment and premature return rates of expatriates (see Guzzo, 1996; Harzing, 1995). A commonly reported finding is the elevated level of frustration experienced by expatriates, often associated with work-related conflicts. This phenomenon seems to be inevitable as expatriates often need to interact with local employees whose behaviors, beliefs, and values are very different from their own. Thus, a more thorough understanding of how employees approach and resolve intercultural conflicts is necessary before one can design any effective training for resolving such conflicts. This may also help preclude early repatriation in the long run.

Furthermore, several implications stem from the use of a Hong Kong Chinese sample. First, the results of procedural preference challenge the notion that Chinese (collectivists) are non-confrontational and usually try to avoid conflict (Leung, 1987; Leung, Au, Fernandez-Dols, & Iwawaki, 1992). What seems to be crucial is with whom they are interacting, in this case, people from Mainland China and the US versus people from Hong Kong. Specifically, our respondents were more confrontational (choosing arbitration) when the disputant was either from Mainland China or the US, and were less confrontational when the disputant was from Hong Kong. Furthermore, animosity reduction did not predict arbitration or negotiation— the most commonly preferred conflict resolution procedure. With respect to inaction, a similar pattern resulted. Inaction was predicted by less concern for animosity reduction and less concern for control. Hong Kong Chinese preferred inaction when the supervisor in conflict was also Hong Kong Chinese. However, against a Mainland Chinese or US supervisor, inaction was less desirable.

These patterns are consistent with the conception that collectivists such as Hong Kong Chinese are particularly sensitive to the ingroup/outgroup distinction (Triandis, 1995). When involved in an intercultural conflict, Hong Kong Chinese tend to categorise people from Mainland China and the US as outgroup members, and to categorise those from Hong Kong as ingroup members, as the perceived social distance measures indicated.

Previous studies have shown the sharp group distinction in collectivist cultures when dealing with other collectivists (e.g. Chan et al., 1995; Leung & Bond, 1984). The current study generalises the stronger distinction drawn between ingroups and outgroups in collectivists when dealing with culturally diverse persons. Indeed, issues of cultural diversity may be even more pressing in collectivist cultures as managers of diversity try to break through the strongly collective, ingroup/outgroup divide.

Second, the categories representing different social distances are remarkable. The cultural diversity literature based primarily in the US context tends to divide along gender or racial lines. Based on racial categories, the Hong Kong Chinese respondents would be expected to report closer social distance to the Mainland Chinese supervisor than to the American. Yet, this study using a Hong Kong sample shows the opposite pattern—Americans are closer in social distance than some Asians, thus reminding us of the social construction of diversity categories. Although perceptions of American as an outgroup in Hong Kong might parallel race relations found in the US, of particular interest is the perception of Mainland Chinese as outgroup; a distinction based on regional, language, modernity, and/or other cultural disparities. It is not possible in the current study to discern the basis of social distance judgments. For example, the cultural dimensions of traditionality and nationality may individually serve or interact to serve as the basis for social distance, or the judgments may be based on a local versus immigrant mentality. The basis of the social distance judgments is an interesting question, and warrants further study. In this way, the results may be connected to social cognitive research on the categorical judgments of others (see Macrae & Bodenhausen, 2000, for a review). At present, however, it is most important to note that because diversity categories are constructed and do not always reflect racial lines, perhaps using theoretically derived variables, such as social distance, is a useful step toward globally inclusive diversity research.

Limitations of this study concern those stemming from self-report studies, the use of scenarios, and generalisability. The sample of employees who have worked within intercultural contexts is an improvement over the often-used college sample, yet generalisability of scenarios to real work situations may be limited. An attitude-behavior discrepancy may be particularly problematic in a Chinese sample where "saving face" is valued (e.g. Ting-Toomey & Kurogi, 1998). That is, confrontational behavior may be reported as a behavioral preference in the survey, but may not actually be exhibited. Furthermore, the use of an employee sample necessitated shortened surveys. The reliance on single item dependent variables questions the reliability of the measures and findings.

In addition, this study also looked solely at hierarchical relationships between an employee and supervisor. Based on notions of power distance

which are relatively influential in Hong Kong (see Hofstede, 1980; Lind et al., 1997), it seems that conflict resolution procedures may differ depending on whether the disputant is a coworker or superior (Chiu, 1991). On the other hand, the construct of social distance may be general enough to capture differences due to organisational hierarchies. Perhaps coworkers would be seen as ingroup members with lower social distance. Indeed, future studies should investigate the generalisability of our findings to conflicts with coworkers and subordinates. It would also be interesting to see if our findings generalised to individualists. As mentioned above, individualists tend to show a smaller ingroup/outgroup distinction, compared with collectivists. Following this line of research, one may argue that individualists may show similar procedural preferences toward superiors of different cultural backgrounds.

CONCLUDING REMARKS

In light of the recent economic recession in Hong Kong, research on cultural diversity in the workplace is particularly important because the labor importation policy has emerged as the subject of debate again. Whereas the present study was not designed to answer whether labor importation can increase the competitiveness of local products, our results do shed light on the potential problems of the culturally diverse workplace that are relatively new to Hong Kong employees. Being one of the first studies in this area of research, this study provides both theoretical and applied implications for organisational conflict management. Theoretically, this study examined how attribution, conflict perception, and perceived social distance between the disputants affected procedural preference. These variables help clarify the specific mechanism that people use when they are deciding what type of procedure they would use in such situations. From an applied perspective, results from this study provide some important information about how Hong Kong workers perceive and resolve conflicts with a disputant from a different culture. This information can help management to design effective training and organisational policies so that unnecessary litigation can be avoided.

REFERENCES

Betancourt, H., & Lopez, S.R. (1993). The study of culture, ethnicity and race in American psychology. *American Psychologist*, *28*, 629–637.

Bogardus, E.S. (1925). Measuring social distance. *Journal of Applied Sociology*, *9*, 299–308.

Bond, M.H. (1994). Between the yin and the yang: The identity of the Hong Kong Chinese. *Chinese University Bulletin (suppl. 31): Professorial Inaugural Lecture Series 19*.

Byrne, D. (1971). *The attraction paradigm*. New York: Academic Press.

Chan, D.K.-S., Triandis, H.C., Carnevale, P.J., Tam, A., & Bond, M.H. (1995). Effects of collectivism, relationship between negotiators, and opponent's strategy on negotiation behavior. Unpublished manuscript.

Chan, M.C., Ip, K.Y., & Yuen, M.T. (1997). *Adaptation and needs of young new-arrivals from Mainland China in the Shum Shui Po District*. Hong Kong: Shum Shui Po District Board.

Chemers, M.M., Oskamp, S., & Costanzo, M. (1995). *Diversity in organizations*. Thousand Oaks, CA: Sage.

Chiu, C.Y. (1991). Hierarchical social relations and justice judgment among Hong Kong Chinese college students. *Journal of Social Psychology*, *13*(6), 885–887.

Cox, T., Jr. (1993). *Cultural diversity in organizations*. San Francisco, CA: Berrett-Koehler.

Everett, J.E., & Stening, B.W. (1987). Stereotyping in American, British, and Japanese corporations in Hong Kong and Singapore. *Journal of Social Psychology*, *127*(5), 445–460.

Goldstein, I.L., & Gilliam, P. (1990). Training system issues in the year 2000. *American Psychologist*, *45*, 134–143.

Goto, S.G. (1996). To trust or not to trust: Situational and dispositional determinants. *Social Behavior and Personality*, *24*(2), 119–132.

Graziano, W.G., Jensen-Campbell, L.A., & Hair, E.C. (1996). Perceiving interpersonal conflict and reacting to it: The case for agreeableness. *Journal of Personality and Social Psychology*, *70*, 820–835.

Guzzo, R.A. (1996). The expatriate employee. In C.L. Cooper & D.M. Rousseau (Eds.), *Trends in organizational behavior, Vol. 3* (pp. 123–137). New York: John Wiley & Sons.

Habib, G.M. (1987). Measures of manifest conflict in international joint ventures. *Academy of Management Journal*, *30*(4), 808–816.

Harzing, A.W.K. (1995). The persistent myth of high expatriate failure rates. *International Journal of Human Resource Management*, *6*, 457–474.

Henderson, G. (1994). *Cultural diversity in the workplace*. Wesport, CT: Praeger.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

Hong Kong Labor Department (1997). *Report of the Commissioner for Labor*. Hong Kong: Hong Kong Government Printer.

Howlett, B. (1997). *Hong Kong: A new era*. Hong Kong: Hong Kong Information Services Department.

Jackson, S.E. (1992). *Diversity in the workplace*. New York: Guilford.

Jackson, S.E., & Ruderman, M.N. (1995). *Diversity in work teams*. Washington, DC: APA.

Johnston, W.B., & Packer, A. (1987). *Workforce 2000: Work and workers in the 21st century*. Indianapolis: Hudson Institute.

Kirkbride, P.S., Tang, S.F., & Westwood, R.I. (1991). Chinese conflict preferences and negotiating behavior: Cultural and psychological influences. *Organization Studies*, *12*(3), 365–386.

Leung, K. (1987). Some determinants of reactions to procedural models for conflict resolution: A cross-cultural study. *Journal of Personality and Social Psychology*, *53*, 898–908.

Leung, K., Au, Y.-F., Fernandez-Dols, J.M., & Iwawaki, S. (1992). Preference for methods of conflict processing in two collectivist cultures. *International Journal of Psychology*, *27*(2), 195–209.

Leung, K., & Bond, M.H. (1984). The impact of cultural collectivism on reward allocation. *Journal of Personality and Social Psychology*, *47*(4), 793–804.

Leung, K., & Chan, D.K.-S. (1999). Conflict management across cultures. In J. Adamopoulos & Y. Kashima (Eds.), *Social psychology and cultural context: Essays in honor of Harry C. Triandis* (pp. 177–188). Thousand Oaks, CA: Sage.

Lincoln, J.R., & Miller, J. (1979). Work and friendship ties in organizations: A comparative analysis of related networks. *Administrative Science Quarterly*, *24*, 181–199.

Lind, E.A., Huo, Y.J., & Tyler, T.R. (1994). . . . And justice for all: Ethnicity, gender, and preferences for dispute resolution procedures. *Law and Human Behavior*, *18*(3), 269–290.

Lind, E.A., & Tyler, T.R. (1988). *The social psychology of procedural justice*. New York: Plenum.

Lind, E.A., Tyler, T.R., & Huo, Y.J. (1997). Procedural context and culture: Variation in the antecedents of procedural justice judgments. *Journal of Personality and Social Psychology*, *73*(4), 767–780.

Macrae, C.N., & Bodenhausen, G.V. (2000). Social cognition: Thinking categorically about others. *Annual Review of Psychology*, *51*, 93–120.

Milliken, F.J., & Martins, L.L. (1996). Searching for common threads: Understanding the multiple effects of diversity in organizational groups. *Academy of Management Review*, *21*, 402–433.

Offermann, L.R., & Gowing, M.K. (1990). Organizations of the future: Changes and challenges. *American Psychologist*, *45*, 95–108.

O'Reilly, C.A. III, Caldwell, D.F., & Barnett, W.P. (1989). Work group demography, social integration, and turnover. *Administrative Science Quarterly*, *34*, 21–37.

Pruitt, D.G., Pierce, R.S., McGillicuddy, N.B., Welton, G.L., & Castrianno, L.M. (1993). Long-term success in mediation. *Law and Human Behavior*, *17*, 313–330.

Thibaut, J., & Walker, L. (1975). *Procedural justice: A psychological analysis*. Hillsdale, NJ: Erlbaum.

Thibaut, J., Walker, L., LaTour, S., & Houlden, P. (1974). Procedural justice as fairness. *Stanford Law Review*, *26*, 1271–1289.

Thomas, D.C., Ravlin, E.C., & Wallace, A. (1996). Effect of cultural diversity in work groups. *Research in the sociology of organizations*, *14*, 1–33.

Thompson, L. (1990). Negotiation behavior and outcomes: Empirical evidence and theoretical issues. *Psychological Bulletin*, *108*, 515–532.

Ting-Toomey, S., & Kurogi, A. (1998). Facework competence in intercultural conflict: An updated face-negotiation theory. *International Journal of Intercultural Relations*, *22*(2), 187–225.

Tjosvold, D., Leung, K., & Johnson, D.W. (2000). Cooperative and competitive conflict in China. In M. Deutsch & P.T. Coleman (Eds.), *The handbook of conflict resolution: Theory and practice* (pp. 475–495). San Francisco, CA: Jossey-Bass.

Triandis, H.C. (1995). *Individualism and collectivism*. Boulder, CO: Westview.

Tsui, A.S., Egan, T.D., & O'Reilly, C.A. III (1992). Being different: Relational demography and organizational attachment. *Administrative Science Quarterly*, *37*, 549–579.

Tyler, T.R. (1989). The psychology of procedural justice: A test of the group-value mode. *Journal of Personality and Social Psychology*, *57*(5), 830–838.

Van-Lange, P.A., & Liebrand, W.B. (1989). On perceiving morality and potency: Social values and the effects of person perception in a give-some dilemma. *European Journal of Personality*, *3*, 209–225.

Van Oudenhoven, J.P., Mechelse, L., & de Dreu, C.K.W. (1998). Managerial conflict management in five European countries: The importance of power distance, uncertainty avoidance, and masculinity. *Applied Psychology: An International Review*, *47*(3), 439–455.

Walker, L., LaTour, S., Lind, E.A., & Thibaut, J. (1974). Reactions of participants and observers to modes of adjudication. *Journal of Applied Social Psychology*, *4*, 295–310.

Watson, W.E., Kumar, K., & Michaelson, L.K. (1993). Cultural diversity's impact on interaction process and performance: Comparing homogenous and diverse task groups. *Academy of Management Journal*, *38*, 590–602.

Westwood, R.I., Tang, S.F., & Kirkbride, P.S. (1992). Chinese conflict behavior: Cultural antecedents and behavioral consequences. *Organizational Development Journal*, *10*(2), 13–19.

Zenger, T.R., & Lawrence, B.S. (1989). Organizational demography: The differential effects of age and tenure on technical communication. *Academy of Management Journal*, *32*, 353–376.