



Intervening in Employee Disputes: How and When Will Managers from China, Japan and the USA Act Differently?

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ABSTRACT We investigated how third party managers from China, Japan and the USA intervened in employees' disputes. Consistent with predictions, we found (using non-linear HLM analysis) that managers who were superiors to the disputants behaved autocratically and/or decided on conservative (e.g., contract adhering) outcomes; but managers who were peers (especially in China and the USA), generally involved disputants in decision-making and obtained integrative outcomes that went beyond initial contract related mandates. Our results extend prior research and theorizing using the dispositional and constructivist perspectives on culture by introducing norm complexity as an explanation for variations in third party conflict intervention behaviour within one culture.

KEYWORDS constructivist theory, culture, dispositional theory, dispute resolution, third party

INTRODUCTION

There is substantial evidence that managers in different cultures act differently in similar situations (e.g., Briley et al., 2000; Gelfand and Realo, 1999; Hong et al., 2000; Kirkman and Shapiro, 2001; Morris and Gelfand, 2004; Morris and Peng, 1994; Tinsley, 1998, 2001; Tinsley and Brett, 2001; Tinsley and Pillutla, 1998). However, the explanation for these differences is elusive. Comparative culture studies have variously attributed behavioural differences to either: (i) stable differences in values, subjective norms and other dispositions of the individual that shape behaviour (e.g., Kirkman and Shapiro, 2001); or (ii) differences in knowledge structures that individuals use to construct interpretations of and responses to a given problem (e.g., Hong et al., 2000; Morris and Fu, 2001). We believe both the dispositional and constructivist approaches to culture have merit; we seek to

transcend the 'either/or' stance in past research and to combine these approaches as explanations for behavioural variation between and within cultures. At the same time, we recognize the logical problem of treating both explanations as equally true, since doing so makes it impossible to predict when within-culture variation will be more or less likely to occur. For this reason, our study introduces cultural norm complexity as an explanation for within-culture shifts in the use of knowledge structures that depend on context. Cultural norm complexity refers to the extent to which a culture's members embrace seemingly contradictory values (such as egalitarianism and hierarchy) creating a duality that makes cultural members' behaviour highly labile and responsive to contextual cues. Thus, cultural norm complexity recognizes that culture is not always thematically unified (as is assumed in the dispositional approach) and it provides an explanation for within-culture behavioural variation associated with contextual cues.

The context of our study, third party intervention in employee disputes, provides an opportunity to elaborate and test cultural norm complexity because: (i) managers who are superiors and managers who are peers in relation to disputants both act as third parties in employee disputes (Karambayya and Brett, 1989; Shapiro and Tinsley, 2001); (ii) cultural values for egalitarianism vs. hierarchy and tradition vs. change seem likely to affect third parties' choices about how to intervene; and (iii) prior research (Hofstede, 1980; Schwartz, 1994) indicates that these cultural values are different in the USA, China and Japan – the cultures in which we propose to study third party intervention in employee disputes.

We begin by reviewing prior US research on the effect of the status of the third party (superior or peer) on third party behaviour. Then, we examine the cross-cultural extension of this 'status effect' using both the dispositional and constructivist conceptualizations of culture as well as our notion of cultural norm complexity; we present hypotheses suggested by each of these conceptualizations. Next, we describe a study designed to test our hypotheses that examined the behaviour used by managers from China, Japan, and the USA when they had the superior rather than peer status as a third party intervening in an employee dispute. We report our study's findings and conclude by discussing opportunities for future research using cultural norm complexity as a mechanism to explain within-culture variation in behaviour.

Our study's results are important both practically and theoretically. From a managerial perspective, the increasing economic interdependence between these three nations (Japan and China are now the third and fourth most important US trading partners; United States Department of Commerce, 2003) means that managers from these different cultural backgrounds will encounter each other frequently and, given the self-interest inherent in economic enterprise, they will need to manage the conflict that will inevitably occur. Thus, it is important for managers to understand how employee disputes are managed in different cultures and different contexts. From a theoretical perspective, the concept of cultural norm complexity provides an explanation for why behavioural variation occurs within cultures.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

Third Party Dispute Resolution in the USA

In the USA, third party managers' status influences the way they intervene in workplace disputes. Specifically, this contextual 'status effect' reveals that third party managers act more autocratically and encourage outcomes that reinforce the status quo when they are superiors rather than peers to the disputing parties (Elangovan, 1995; Karambayya et al., 1992). The evidence suggests that the third party's status cues or primes behaviour. Superiors have the authority to take charge and they, and others, expect them to use their authority. Peers, in contrast, do not have organizational authority over others at the same managerial level and, not surprisingly, behave less autocratically. Moreover, their lack of authority to impose a settlement on disputants should cue a search for creative solutions that integrate disputants' interests, leading to solutions that break with precedent. On the other hand, the superior status may cue a conservative perspective that reinforces the status quo. The contextual perspective on third party dispute resolution leads to the following hypotheses consistent with the previous Karambayya et al. (1992) research.

Hypothesis 1: Third parties who are superiors will engage in more autocratic decision-making, whereas third parties who are peers will engage in more participatory decision-making.

Hypothesis 2: Third parties who are superiors will make more conservative decisions, whereas third parties who are peers will facilitate decisions that break with precedent.

Cultural Influences on Third Party Dispute Resolution: A Dispositional Perspective

The contextual perspective on third party dispute resolution offered above ignores the possibility that the status effect may differ for people from different cultures. A dispositional conceptualization of culture suggests that culture can be captured by its core elements (often called 'dimensions'), which are reflected in people's values and can be measured with surveys (e.g., Lytle et al., 1995; Oyserman et al., 2002). This perspective suggests culture's core elements can explain differences in behaviour across cultures and assumes rather uniform within-culture behaviour across situations. Hofstede (1980) and Schwartz (1994) exemplify this perspective, which has also been used to generate hypotheses about cultural differences in conflict management (e.g., Tinsley, 1998).

Research has established limits to the dispositional view of culture, as cultural values do not predict behaviour very well (Kitayama et al., 2002; Morris and Fu, 2001). Although some of the failure of dispositional hypotheses to predict behaviour may be due to the complexity of measuring cultural values (Heine et al., 2002).

Given we are studying Chinese, Japanese and US managers, a dispositional approach implies that we need to identify cultural values that are likely

to distinguish between these cultures and be relevant to the behaviour, third party managerial conflict intervention, that we are studying. We focus on two such values: (i) hierarchy vs. egalitarianism; and (ii) tradition vs. change. We propose that managers from cultures characterized by hierarchy and tradition will engage in more autocratic third party behaviour and/or make decisions that take a status quo perspective, whereas managers from cultures characterized by egalitarianism and change will engage in more participatory third party behaviour and facilitate decisions that break with precedent. Our reasoning is as follows. The cultural values of hierarchy vs. egalitarianism (Schwartz, 1994), also referred to as 'power distance' (Hofstede, 1980), emphasize the importance of hierarchical social structure. In hierarchical societies social structure is ranked and those who are lower in the hierarchy defer to those who are higher. In egalitarian societies social structure is relatively flat and, although there is recognition of rank, social interaction is not governed by it. The cultural values of tradition vs. openness to change (Schwartz, 1994) refer to the importance of preserving old ways of doing things vs. breaking precedent and forging new approaches. In traditional societies there is care and concern for the past which is integrated into the present such that change occurs slowly. In societies that are open to change the focus is on the future, and there is less concern with gradual change that integrates the past. Hence, a dispositional perspective leads to the following hypotheses:

Hypothesis 3: Third parties from hierarchical cultures will engage in more autocratic decision making than third parties from egalitarian cultures.

Hypothesis 4: Third parties from traditional cultures will reach more conservative, status quo resolutions of disputes than third parties from cultures open to change.

Please note that Hypotheses 3 and 4 propose that managers from hierarchical or egalitarian cultures will act in particular ways. Our emphasis is on the influence that managers' cultural roots will have on their behaviour. We are not proposing that people holding more hierarchical or egalitarian values will act in particular ways. This is because our view of culture, consistent with the view of Hofstede (1980) and Schwartz (1994), is a decidedly group-level view. Although values are held by individuals, it is the prototypical values of the social group to which individuals belong that provides a cultural-level prediction. By prototypical we mean the context-general modal response exhibited by members of a cultural group.

Cultural Influences on Third Party Dispute Resolution: A Constructivist Perspective

The constructivist approach suggests that cultural members use knowledge structures to interpret situations and direct behaviours (Morris and Fu, 2001).

Knowledge structures are implicit theories, mental models and scripts for how to interpret and how to act. Inherent in the constructivist approach are two implications that are important to our reasoning and that distinguish the constructivist from the dispositional perspective. The first implication is that members of a culture have multiple coexisting knowledge structures that can be used to interpret the same situation. The second implication is that the knowledge structure that is activated will depend on cultural and contextual cues (Morris and Gelfand, 2004).

We propose that shifts in behaviour as a function of contextual factors hinge on the degree to which a culture promotes multiple, varying solutions for a given problem, which we refer to as cultural norm complexity. When cultural norm complexity is high, cultural members are likely to sustain multiple and even contradictory knowledge structures that may be used to interpret or direct behaviour. The knowledge structure that ultimately drives interpretation and behaviour in a particular situation is the one that is available, accessible and, most importantly, activated by the situation. (See Morris and Gelfand, 2004 for a discussion of availability, accessibility, and activation of knowledge structures.) By analyzing a culture's complexity, it is possible to generate hypotheses to predict the cultures and situations where thematically unified cultural values directly influence behaviour (a dispositional account) and when behaviour will vary within a culture depending on context (a constructivist account).

Constructivist theory implies that situational cues can stimulate behaviour that is socially appropriate to the context (Hong et al., 2000), thus behaviour that is potentially inconsistent with the predictions of the dispositional view for that culture. In our study of third party dispute resolution, for example, the contextual cue of third party status could amplify, dampen or extinguish the dispositional approach with which cultural natives handle conflict. The question for comparative cultural research is when will context cue behaviour that contradicts predictions of the dispositional approach. We propose that such contradictions are more likely when cultures are complex and that China may be a good culture in which to start to examine cultural norm complexity.

China's cultural norm complexity. China has typically been characterized as both hierarchical and tradition-bound in research on cultural values (Schwartz, 1994). Yet, in China, in the domain of group decision making (for which third party dispute resolution is a subcategory), we see evidence of behaviours typically associated with both hierarchy and egalitarianism and outcomes typically associated with both tradition and change. For example, consider the Chinese political system. China's authoritarian, centralized decision making apparatus is consistent with hierarchical values. The standing committee of the Politburo of the Chinese Communist Party (CCP) is a seven-member committee that essentially sets all national policy and controls all administrative, legal, and executive appointments (Economist Intelligence Unit, 2003). On the other hand, local political systems are

consistent with egalitarian values. They are regional systems of decentralized, participative decision making. The village cooperatives are another example of egalitarian, participative decision making. The philosophical legacy of China reflects a similar mix of both hierarchical stratification (coming from Confucianism) and egalitarianism (promoted by Communism). Public practices include both deference to elders and leaders as well as an historical subversion of these practices by student controlled armies, such as the Red Guard. These examples begin to illustrate that Chinese culture can embrace both hierarchical and egalitarian behaviours. We expect to see this reflected in the manner in which Chinese participants engage in third party dispute resolution.

Similarly, although the value for traditionalism is the Chinese cultural prototype, behaviours associated with the opposite (openness to change) can also be seen in China's historical profile. Note that Chinese public rituals, such as the celebration of the Chinese New Year, dragon boat racing, Moon Pie Festivals, and Ching Ming (annual pilgrimages to ancestral burial grounds) reach back thousands of years. On the other hand, China's history also reflects radical change and revolution, such as the Great Leap Forward, the Long March and the Cultural Revolution and most recently the booming market economy. Hence, public activities in China reflect both traditionalism and respect for change. Behaviours associated with either of these seemingly opposite values are also likely to be seen in the way Chinese participants engage in third party dispute resolution.

Thus far our analysis suggests that behaviour consistent with the values of egalitarianism vs. hierarchy and tradition vs. change can all potentially be activated in Chinese contexts – these behaviours are available, accessible and there is evidence that they are variously activated by different contexts. Because these four values are highly relevant to third party dispute resolution, and because we believe China's culture supports normative practices for all four of these values, we expect that the context of third party dispute resolution will generate dynamic but systematic patterns of behaviour among Chinese participants. Contextual cues (e.g., whether the third party either has or lacks authority over the disputing employees) can help Chinese third parties choose how to behave (e.g., how autocratic to be). Thus, we expect that in the context of managerial third party dispute resolution stable cultural values may not show a direct influence on behaviour, but rather context will cause behaviour dynamics.

The cultural norm complexity of the USA and Japan. We do not expect the same degree of behavioural dynamics in the other two cultures we are studying, the USA and Japan. Rather, we expect Japanese culture to reflect primarily autocratic behaviour and US culture to reflect primarily egalitarian behaviour. Consider, for example, Schneider and Barsoux's (1997, p. 93) organizational chart for the USA that shows how even the lowest level employees have a direct link to the top. In contrast, Japan is characterized as uniformly hierarchical. In Laurent's (1983) study of the diversity

of conceptualizations of management, 18 percent of US managers but 52 percent of Japanese managers agreed that 'the main reason for hierarchical structure is so that everybody knows who has authority over whom' (Adler, 1991, p. 42). Particularly telling for our investigation of third party managerial dispute resolution, Laurent found that 18 percent of US managers but 78 percent of Japanese managers agreed 'it is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work' (Adler, 1991, p. 45). Similarly, there is a dominant value of change and innovation in the US culture that is less dominant in the Japanese culture (Hofstede, 1980; Schwartz, 1994), especially when there are competing priorities.

Although Japanese companies do use the *ringi* system of decision making (i.e., a decision made by sending a memo around to several people to get approval instead of by a face-to-face meeting) (March, 1990), personnel decisions such as the one we are studying seem unlikely to be made jointly because of the aversion to direct confrontation in traditionally hierarchical cultures (Brett, 2001). Moreover, although there is evidence that a managerial third party's status influences the behavioural dynamics within the USA (Karambayya et al., 1992), the willingness in this culture to confront directly (Brett, 2001) and strong egalitarian values will tend to dampen this dynamic.

If our inductive reasoning from observing these three cultures is correct we can generate a theoretical hypothesis (Cattell, 1988) that context (i.e., third party status) should have a stronger impact on third party behaviour in China than in the USA and Japan due to the greater norm complexity (e.g., co-existence of contradictory knowledge structures) that is likely to exist in China relative to these other countries. Thus, we predict the following:

Hypothesis 5: When third parties are superiors, Japanese and Chinese managers will be more autocratic than their US counterparts; however, when third parties are peers, Chinese and US managers will be more participatory than their Japanese counterparts.

Hypothesis 6: When third parties are superiors, Japanese and Chinese outcomes will be more preserving of the status quo than US outcomes; however, when third parties are peers, Chinese and US outcomes will be more likely to involve change from the status quo.

We asked US, Japanese and Chinese managers to resolve the same third party dispute to test our hypotheses.

METHODS

Sample

Participants in the study were full time managers from the US, Japan and China, all of whom were about to receive negotiation training in their own countries.

Their average age was 31.6 years and they were 74 percent male. There were two disputants and a third party in each negotiation group. Our final sample was 519 managers with 58 groups from the USA, 82 groups from Japan and 33 groups from China. Some missing data reduced the analysis sample to 492 (when the dependent variable was 'third party behaviour') and to 491 (when the dependent variable was 'decision outcome').

Procedure

Several weeks before the simulation, we collected managers' cultural values using a variant of a Schwartz (1994) instrument. The cultural values survey allowed us to check whether the cultural values of our samples matched the prototypical values of the culture from which the sample was drawn (Lytle et al., 1995). The cultural values measures and all other study materials were written originally in English and then translated and back-translated into Chinese and Japanese by native bilingual Chinese and Japanese scholars using procedures consistent with Brislin's (1980) suggestions.

The behavioural data were collected as part of a within-culture classroom simulation, *Paradise Project*, (Brett et al., 2006) that described a dispute between two managers (a design manager and a project manager) in which a third manager becomes involved. The dispute itself centres on the specifications for a product; the project manager had signed a contract with an important (highly prestigious and high volume) customer for one set of product specifications, but the design manager came up with improvements and changed the product's specifications without checking with the project manager. The project manager told the design manager to change back to the old specifications; the design manager refused and threatened to leave with the job half finished. Time is of the essence to avoid delivery penalties, but it is not clear that even the product with the new specifications will be ready for delivery on time. Moreover, changing back to the old specifications will not only take time, but it will also cost money and both may be exacerbated if the design manager quits. The negotiation occurs at the behest of the third party manager whose status (as peer or superior), relative to the disputing managers, was randomly varied across participants.

Measures

Participants indicated their nationality on the survey. For regression analyses Chinese and Japanese participants were dummy coded so that the comparison group (coded 0) was always the US participants.

After the exercise was over we asked participants to answer a set of questions about the dispute resolution process and outcome. Participants completed the post-exercise survey independently and did not consult with other members of their

negotiating group. Thus, the dependent variables were subjective judgments concerning who made the decision and what was the decision in the group.

First we asked 'Who decided the final outcome?' The choices were: (i) the third party decided; (ii) the project manager decided; (iii) the design manager decided; (iv) the third party in conjunction with the project manager, (v) the third party in conjunction with the design manager; (vi) the project and design managers in conjunction with each other; and (vii) all three made the decision together. To test our hypotheses for who made the decision, we collapsed the responses into two categories: third party – (option i; 23 percent, across all cultures) vs. other – one or more of the disputants were involved (options ii through vii; 77 percent).

Then we asked: 'What was the final outcome?' The choices given were: (i) the product would be changed back to its original specifications; (ii) the product would be kept with the new specifications; and (iii) some combination of (i) and (ii). The first choice preserves the status quo. In contrast, the other two choices generate a new solution either via breaking from the precedent of honouring contracts or creating an outcome that integrates the disputants' interests. Thus, for analysis purposes, we collapsed the decisions into these two categories – preserve the status quo (option i; 38 percent, across all cultures) vs. change (options ii and iii; 62 percent).

Our dependent variables were operationalized to focus sharply on the research questions of process and outcome in third party managerial intervention into disputes. Both measure subjective judgments of process and outcome. One might think that the two would be highly correlated since a process that is participatory is highly likely to generate an outcome that integrates the interests of all involved. Yet, the procedural justice literature documenting that people sometimes value having a voice despite seeing it unrelated to outcomes or even related to unfavourable short-term outcomes (cf. Barry and Shapiro, 2000; Lind et al., 1990) suggests that this may not always be so. An involved disputant who feels respected may go along with an outcome that does not meet his interests (see Shapiro and Brett, 2005, for an elaboration on why this is so). The correlation between process and outcome was $r = 0.06$, $p > 0.10$.

Sampling Check

As our cultural hypotheses were based on the cultural value profiles documented by prior research (Schwartz, 1994), before testing those hypotheses we tested whether our samples of US, Japanese and Chinese managers had a cultural value profile similar to the profile we used when constructing our hypotheses. We standardized the within subject cultural values as recommended by Leung and Bond (1989), and then used MANOVA and pair-wise post-hoc comparisons of the z-scored values to examine cultural differences (see Leung and Bond, 1989). The overall F was significant ($F_{2,498} = 56.8$; $p < 0.001$ for hierarchy; $F_{2,501} = 33.2$; $p < 0.001$ for tradition), and post-hoc comparisons (Tukey HSD) showed that the

US managers were significantly less hierarchical than the Chinese ($p < 0.001$) and Japanese ($p < 0.001$) managers, who did not differ from each other. US managers were also significantly less traditional than the Chinese ($p < 0.001$) and Japanese ($p < 0.001$) managers, who again did not differ from each other, confirming the cultural values of our sample matched that found in prior research.

The correlations between the cultural values and the dependent variables were hierarchy and who decides $r = 0.04$, $p > 0.10$; hierarchy and what the decision should be $r = 0.13$, $p < 0.05$; tradition and who decides $r = 0.03$, $p > 0.10$; tradition and what the decision should be $r = 0.08$; $p > 0.05$.

We did not include a manipulation check in the post-negotiation questionnaire (asking whether the third party was a peer or superior) for two reasons: (i) because the third party's status was stated numerous times in the materials and was shown clearly in an organizational chart on the first page of the exercise; and (ii) because we did not want to 'prime' respondents to our expectation that the status of the third party should affect their responses. Therefore, we merely asked participants to identify whether they were a third party or a disputant before answering the survey questions. This served as a check that all participants knew their position in the dispute scenario. All answered this question correctly.

Analyses

Because the dependent variables were collected after participants had interacted to try to resolve the dispute, the responses of the three participants in each group could not be assumed to be independent. Still there was some disagreement among them. For example, within-group disagreement for 'who made the decision' was 28.1 percent; and within-group disagreement for 'what was the decision' was 10.9 percent. This level of disagreement indicated that there were somewhat different interpretations of process and outcomes within some groups. Given the interdependence within the data, but also the level of within-group disagreement, and the dichotomous dependent variables we used nonlinear HLM (Raudenbush and Bryk, 2002) with the Bernoulli estimator to analyze the data.

HLM allowed us to test our hypotheses at the appropriate (individual) level of analysis, but at the same time control for the fact that individuals (two disputants and one third party) were nested within negotiating groups. HLM regression controls for group membership by estimating the group differences in the intercept and then controlling for these differences; this allows a test for significant relationships between the independent variables (third party's status as peer vs. superior, and culture as USA, China or Japan) and dependent variables (third party's behaviour, outcome). For these analyses we also created a control variable called 'position' which was coded as '1' if the participant was the third party or coded '0' if the participant was one of the disputants. We distinguished between the positions of the third party and disputants because we thought that third parties might

describe their behaviour in politically correct terms. By creating the position variable, we could control for the fact that the third party may have had a different perception than the disputants of the third party's behaviour and the outcome. If the proposed independent variables (third party's status and culture) had a significant effect in the HLM regressions, we then used a χ^2 -analysis to more closely examine the details of the status and culture effects. This fine-grained analysis allowed us to test the specifics of our hypotheses.

RESULTS

Both Tables 1 and 2 show that perceptions of the third party's decision making and the dispute's outcome were influenced by the third party's status (i.e., as a superior or peer relative to the disputants) and by culture, supporting Hypotheses 1–4. Table 1 shows the HLM results when 'who made the decision' is the dependent variable and Table 2 shows the HLM results when 'what the decision was' is the dependent variable.

Starting with Table 1, HLM shows that when controlling for culture, third parties who were superiors were perceived to make the decision more frequently than peers ($\beta = 2.09$, $p < 0.01$). This supports Hypothesis 1 as do the raw frequencies in Table 3, that show that when the third party was a superior 35 percent of participants reported the third party made the decision, whereas when the third party was a peer only 7 percent of participants reported the third party made the decision, a difference that is statistically significant ($\chi^2_{(1)} = 52.9$; $p < 0.01$).

Table 2's HLM results show that, controlling for culture, when the third party was a superior, decisions were more likely to maintain the status quo than call for a change ($\beta = 0.75$, $p < 0.01$). This supports Hypothesis 2 as do the raw frequencies

Table 1. HLM analysis of the influence of third party status and culture on who made the decision

| <i>Independent variable</i> | <i>Coefficient</i> | <i>SE</i> | <i>t-ratio</i> | <i>df</i> | <i>p value</i> |
|-----------------------------|--------------------|-----------|----------------|-----------|----------------|
| Intercept | -2.96 | 0.31 | -9.50 | 188 | 0.00 |
| Position | -0.84 | 0.21 | -3.98 | 478 | 0.00 |
| Status (H1) | 2.09 | 0.31 | 6.85 | 478 | 0.00 |
| Japan (H3) | 0.83 | 0.31 | 2.96 | 478 | 0.01 |
| China (H3) | 0.86 | 0.34 | 2.50 | 478 | 0.01 |

Notes:

SE, standard error of the coefficient; position was coded 1 if the respondent played the role of the third party and 0 if the respondent was a disputant; status was coded 1 if the third party was a superior or 0 if the third party was a peer; the USA is the referent country (omitted group).

H1 = Hypothesis 1, H3 = Hypothesis 3, H4 = Hypothesis 4.

Table 2. HLM analysis of the influence of third party status and culture on what was the decision

| <i>Independent variable</i> | <i>Coefficient</i> | <i>SE</i> | <i>t-ratio</i> | <i>df</i> | <i>p value</i> |
|-----------------------------|--------------------|-----------|----------------|-----------|----------------|
| Intercept | -1.66 | 0.29 | -5.82 | 188 | 0.00 |
| Position | 0.17 | 0.08 | 1.93 | 478 | 0.05 |
| Status (H2) | 0.75 | 0.30 | 2.55 | 478 | 0.01 |
| Japan (H4) | 1.2 | 0.30 | 3.87 | 478 | 0.00 |
| China (H4) | 0.56 | 0.33 | 1.69 | 478 | 0.09 |

Notes:

SE, standard error of the coefficient; position was coded 1 if the respondent played the role of the third party and 0 if the respondent was a disputant; status was coded 1 if the third party was a superior or 0 if the third party was a peer; the USA is the referent country (omitted group).

H2 = Hypothesis 2, H4 = Hypothesis 4.

Table 3. The influence of third party status on who made the decision (third party or other)

| <i>Who made the decision</i> | <i>Third party status</i> | | |
|------------------------------|---------------------------|-------------|--------------|
| | <i>Superior</i> | <i>Peer</i> | <i>Total</i> |
| Third party | | | |
| Count | 100 | 15 | 115 |
| Expected count | 66.4 | 48.6 | 115.0 |
| % within column | 35.2% | 7.2% | 23.4% |
| Other | | | |
| Count | 184 | 193 | 377 |
| Expected count | 217.6 | 159.4 | 377.0 |
| % within column | 64.8% | 92.8% | 76.6% |
| Total | | | |
| Count | 284 | 208 | 492 |
| Expected count | 284.0 | 208.0 | 492.0 |
| % within column | 100.0% | 100.0% | 100.0% |

in Table 4 that show when the third party was a superior 'status quo' (go back to the old) was the perceived choice 40.7 percent of the time, but that when the third party was a peer 'status quo' was reported 34 percent of the time. This difference in the hypothesized direction was marginally significant ($\chi^2_{(1)} = 2.3$; $p < 0.08$).

Consistent with Hypothesis 3, as can be seen in Table 1, our HLM analysis showed that the third parties from China and Japan were generally perceived to make the decision more frequently than third parties from the USA. This pattern can be seen in the coefficients in Table 1 comparing China with the USA ($\beta = 0.86$, $p < 0.05$) and comparing Japan with the USA ($\beta = 0.83$, $p < 0.01$). Moreover, the

Table 4. The influence of third party status on what was the decision (status quo or change)

| <i>Outcome</i> | <i>Third party status</i> | | |
|-------------------|---------------------------|-------------|--------------|
| | <i>Superior</i> | <i>Peer</i> | <i>Total</i> |
| <i>Status quo</i> | | | |
| Count | 116 | 70 | 186 |
| Expected count | 108.0 | 78.0 | 186.0 |
| % within column | 40.7% | 34.0% | 37.8% |
| <i>Change</i> | | | |
| Count | 169 | 136 | 305 |
| Expected count | 177.0 | 128.0 | 305.0 |
| % within column | 59.3% | 66.0% | 62.1% |
| <i>Total</i> | | | |
| Count | 285 | 206 | 491 |
| Expected count | 285.0 | 206.0 | 491.0 |
| % within column | 100.0% | 100.0% | 100.0% |

Table 5. The influence of culture on who made the decision (third party or other)

| <i>Who made the decision</i> | <i>USA</i> | <i>Japan</i> | <i>China</i> | <i>Total</i> |
|------------------------------|------------|--------------|--------------|--------------|
| <i>Third party</i> | | | | |
| Count | 29 | 63 | 25 | 117 |
| Expected count | 40.5 | 54.9 | 21.6 | 117.0 |
| % within column | 17.0% | 27.2% | 27.5% | 23.7% |
| <i>Other</i> | | | | |
| Count | 142 | 169 | 66 | 377 |
| Expected count | 130.5 | 177.1 | 69.4 | 377.0 |
| % within column | 83.0% | 72.8% | 72.5% | 76.3% |
| <i>Total</i> | | | | |
| Count | 171 | 232 | 91 | 494 |
| Expected count | 171.0 | 232.0 | 91.0 | 494.0 |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% |

raw frequencies in Table 5 show that third parties decided the outcome more often in Japan (27.2 percent) and China (27.5 percent) than in the USA (17.0 percent) ($\chi^2_{(2)} = 6.5$; $p < 0.05$).

Consistent with Hypothesis 4, as can be seen in Table 2, our HLM analysis found that the dispute’s outcome was more likely to be reported as preserving the status quo of the contract in China ($\beta = 0.56$, $p < 0.09$) and Japan ($\beta = 1.2$, $p < 0.01$) compared with the USA. Moreover, the raw frequencies in Table 6 show

Table 6. The influence of culture on what was the decision (status quo or change)

| <i>Outcome</i> | <i>USA</i> | <i>Japan</i> | <i>China</i> | <i>Total</i> |
|-----------------|------------|--------------|--------------|--------------|
| Status quo | | | | |
| Count | 40 | 115 | 31 | 186 |
| Expected count | 64.5 | 87.2 | 34.3 | 186.0 |
| % within column | 23.4% | 49.8% | 34.1% | 37.7% |
| Change | | | | |
| Count | 131 | 116 | 60 | 307 |
| Expected count | 106.5 | 143.8 | 56.7 | 307.0 |
| % within column | 76.6% | 50.2% | 65.9% | 62.3% |
| Total | | | | |
| Count | 171 | 231 | 91 | 493 |
| Expected count | 171.0 | 231.0 | 91.0 | 493.0 |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% |

that status quo outcomes were more common among Japanese managers (49.8 percent) and among Chinese managers (34.1 percent), compared with US managers (23.4 percent). These differences were significant ($\chi^2_{(2)} = 30.2$; $p < 0.01$) and status quo outcomes were reported significantly more in Japan than in China ($\chi^2_{(1)} = 6.5$; $p < 0.01$), and significantly more in China than in the USA ($\chi^2_{(1)} = 3.5$; $p < 0.04$).

The raw frequencies in Table 7 support Hypothesis 5 – when third parties had superior status, the Japanese and Chinese third parties were reported to make the decision more frequently (38.5 percent and 51.1 percent respectively) than their US counterparts (24.8 percent). These differences were significant ($\chi^2_{(2)} = 10.5$, $p < 0.01$). Also consistent with Hypothesis 5, and shown in Table 7, when third parties had the status of peers, the Chinese and US third party managers were reported to involve others (approximately 98 percent for each) more frequently than their Japanese counterparts (frequency 87 percent); this difference was significant ($\chi^2_{(2)} = 9.2$; $p < 0.01$).

The raw frequencies in Table 8 support Hypothesis 6 – when third parties had the status of superiors, Japanese and Chinese managers were more likely to report the dispute's resolution as preserving the status quo of the contract (48.5 percent and 47.8 percent respectively) compared with the US managers (28.4 percent). These differences were significant ($\chi^2_{(2)} = 11.0$; $p < 0.01$). Also consistent with Hypothesis 6, and shown in Table 8, when third parties had the status of peer, Chinese and US managers were more likely to report the dispute's resolution as change (79.5 percent and 85.2 percent respectively) compared with the Japanese managers (48.5 percent). These differences were significant ($\chi^2_{(2)} = 27.4$; $p < 0.01$).

To further test Hypotheses 5 and 6, we ran a logistic regression analysis on each dependent variable using just the Chinese and Japanese data. The dispositional

Table 7. The influence of third party status and culture on who made the decision (third party or other) – Hypothesis 5

| <i>Third party status</i> | <i>Who made decision</i> | <i>USA</i> | <i>Japan</i> | <i>China</i> | <i>Total</i> |
|---------------------------|--------------------------|------------|--------------|--------------|--------------|
| Superior | Third party | | | | |
| | Count | 27 | 50 | 23 | 100 |
| | Expected count | 38.2 | 45.9 | 15.8 | 100.0 |
| | % within column | 24.8% | 38.5% | 51.1% | 35.3% |
| | Other | | | | |
| | Count | 81 | 80 | 22 | 183 |
| | Expected count | 69.8 | 84.1 | 29.1 | 183.0 |
| | % within column | 75.1% | 61.5% | 48.9% | 64.7% |
| | Total | | | | |
| Count | 108 | 130 | 45 | 283 | |
| Expected count | 108.0 | 130.0 | 45.0 | 283.0 | |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% | |
| Peer | Third party | | | | |
| | Count | 1 | 13 | 1 | 15 |
| | Expected count | 4.4 | 7.4 | 3.2 | 15.0 |
| | % within column | 1.6% | 12.7% | 2.2% | 7.2% |
| | Other | | | | |
| | Count | 60 | 89 | 44 | 193 |
| | Expected count | 56.6 | 94.6 | 41.8 | 193.0 |
| | % within column | 98.4% | 87.3% | 97.8% | 92.8% |
| | Total | | | | |
| Count | 61 | 102 | 45 | 208 | |
| Expected count | 61.0 | 102.0 | 45.0 | 208.0 | |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% | |

perspective would predict that there would be no differences in process or outcome between these cultures that are similar in hierarchy and tradition. A significant interaction would support the constructivist hypothesis. The interaction between culture and context was significant for both analyses. For ‘who made the decision’ the $\text{Exp}(\mathbf{B})$, which in logistic regression indicates the power of a prediction, was 10.75 for the interaction; in the ‘what was the decision’ analysis the $\text{Exp}(\mathbf{B})$ was 4.02, showing a lower power, but still highly significant interaction. These results, too, support Hypotheses 5 and 6.

In summary, the patterns exhibited in the data support Hypotheses 5 and 6. This is because perceptions of who made the decision and the nature of the decision differed for Japanese and US managers in ways that matched expectations based on these cultures’ value profiles – the dispositional perspective. In contrast, Chinese managers’ behaviours in terms of who decided the dispute’s outcome and the nature of this decision matched expectations based on the constructivist perspective. Thus, consistent with Hypotheses 5 and 6, the reported behaviour of Chinese

Table 8. The influence of third party status and culture on what was the decision (status quo or change) – Hypothesis 6

| <i>Third party status</i> | <i>Outcome</i> | <i>USA</i> | <i>Japan</i> | <i>China</i> | <i>Total</i> |
|---------------------------|-----------------|------------|--------------|--------------|--------------|
| Superior | Status quo | | | | |
| | Count | 31 | 63 | 22 | 116 |
| | Expected count | 44.4 | 52.9 | 18.7 | 116.0 |
| | % within column | 28.4% | 48.5% | 47.8% | 40.7% |
| | Change | | | | |
| | Count | 78 | 67 | 24 | 169 |
| | Expected count | 64.6 | 77.1 | 27.3 | 169.0 |
| | % within column | 71.6% | 51.5% | 52.2% | 59.3% |
| | Total | | | | |
| | Count | 109 | 130 | 46 | 285 |
| Expected count | 109.0 | 130.0 | 46.0 | 285.0 | |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% | |
| Peer | Status quo | | | | |
| | Count | 9 | 52 | 9 | 70 |
| | Expected count | 20.7 | 34.3 | 15.0 | 70.0 |
| | % within column | 14.8% | 51.5% | 20.5% | 34% |
| | Change | | | | |
| | Count | 52 | 49 | 35 | 136 |
| | Expected count | 40.3 | 66.7 | 29.0 | 136.0 |
| | % within column | 85.2% | 48.5% | 79.5% | 66.0% |
| | Total | | | | |
| | Count | 61 | 101 | 44 | 206 |
| Expected count | 61.0 | 101.0 | 44.0 | 206.0 | |
| % within column | 100.0% | 100.0% | 100.0% | 100.0% | |

third party managers was apparently dynamic as a function of context (i.e., the third party's status).

DISCUSSION

Our findings support the following five suppositions: (i) Chinese and Japanese third party managers did not always behave similarly despite both of these cultures having similar cultural value profiles in terms of hierarchy and tradition vs. egalitarianism and change; (ii) behaviour in China was more dynamic than behaviour in the USA and Japan; (iii) behaviour of Chinese managers was predicted by contextual cues; (iv) behaviour of Chinese and Japanese managers was similar only when the contextual cue (i.e., being a superior relative to the disputing parties) was consistent with the cultural values of hierarchy and traditionalism shared by these two cultures; and (v) behaviour of US and Chinese managers was similar, when the contextual cue was being a peer relative to the disputing parties. Consistent with

these propositions, our data show that Japanese third parties were perceived to behave more autocratically than US third parties, but this autocratic behaviour was characteristic of Chinese third parties only when they were superiors (rather than peers) to the disputants. Similarly, the Japanese managers' decisions were significantly more likely to reinforce the status quo than decisions made by US managers, but these status quo decisions were only evident for the Chinese managers when, again, the third parties were superiors (rather than peers) to the disputants.

Taken together, these findings suggest that the behaviours reported by managers from the USA and Japan were reflective of their cultures' prototypical cultural values (consistent with the dispositional perspective), whereas the behaviours exhibited by managers from China reflected the contextual cue in the third party's status as either superior or peer. These results were consistent with the constructivist perspective and predicted by the cultural norm complexity of the Chinese culture. Next, we discuss the implications of our findings for theory as well as practice.

Theoretical Implications of our Findings

Three important theoretical implications are suggested by our findings. First, cross-cultural management theories that contrast 'Asians' to 'Westerners' need to become more contextually nuanced, as regional cultural groupings may be too broad for meaningful comparisons to be made. Within Asia there are multiple cultures with different customs, and it should not be a surprise that we found behavioural differences in the way Chinese and Japanese managers chose to intervene in employee disputes. Why does cross-cultural theorizing, nevertheless, typically assume that behavioural similarities will be observed among Asians, hence among Chinese and Japanese managers? The answer is due to the nearly exclusive reliance that cross-cultural scholarship has had on the dispositional (cultural value-based) approach beginning with Hofstede's (1980) pioneering multi-country study. We have noted the importance of the dispositional approach; indeed, we hypothesized and found support for cultural value-related effects; however, our key message here, supported by our findings, is that it is time to supplement dispositional oriented predictions with more contextually nuanced theory.

Although the constructivist approach does this, it fails to predict when people's behaviour will be guided more by cues in their local context (such as whether they are a superior vs. a peer to disputing employees) versus cues that are in their national context (such as generally accepted cultural norms reflected in values such as respect for hierarchy). It is this limitation of the constructivist approach that has led us to propose cultural norm complexity as an explanatory mechanism for within-culture differences. Clearly, future research is needed to provide more evidence of the cultural norm complexity mechanism.

A second theoretical implication of our findings is that it is time for cross-cultural scholars to reassess whether or not shared behaviours will occur among those who share cultural values. The reason our findings call for a reassessment of this commonly held assumption (cf., Hofstede, 1980) is that we observed shared cultural values among Chinese and Japanese managers but, as we have noted, managers from these two cultures behaved differently depending on whether they had the status of a superior or a peer when intervening in an employee dispute. Our emphasis on the latter point brings us back to our first implication, but let us be clear: it is because context related cues matter that it is necessary to revisit the assumption that shared values imply shared behaviours.

A third theoretical implication of our findings relates to the need to subject the concept of cultural norm complexity to greater empirical scrutiny. Our results highlight the need for cross-cultural scholars to question what it means, precisely, to say that cultures differ from each other in 'norm complexity'. In our paper we have defined greater complexity as characterized by archival evidence in the culture of behavioural norms associated with contradictory values, as we illustrated with a variety of co-existing elements of Chinese institutional and social culture. We recognize, however, that behaviours associated with contradictory values exist in all cultures among at least a subset of cultural members. Thus, one might argue that all cultures are normatively complex. This is why in assessing the normative complexity of Chinese culture we emphasized elements of institutional and social culture. However, there is an opportunity for a great deal more theorizing and research to determine whether cultural norm complexity will be a useful mechanism in other contexts for predicting when cultural members will construct and act in a situation in one way vs. another.

Hopefully, our study will be the impetus for future research investigating cultural norm complexity as a mechanism for the constructivist perspective. For example, future research might focus on a different managerial situation – particularly one for which the values of hierarchy and/or tradition are relevant. It would be interesting to see whether the behavioural variations observed in the Chinese data occur in other Chinese decision making situations. Alternatively, research might test the normative complexity of other cultures that appear to display systematic, context specific behavioural variations within the culture.

The challenge of building an integrative theory of culture, then, is generating a theory that will allow us to predict when contextual effects will cause behavioural variation or reversals from dispositional predictions. In the laboratory, reversals can always be cued so long as the knowledge structure is available. The challenge comes not in the laboratory, however, but in the field. When will such reversals and behavioural variations occur naturally, without manipulation? We believe that future research needs to focus on identifying reversals a priori by close observation of cultural normative complexities, followed by systematic testing.

Practical Implications of our Findings

A major implication of our findings for managers is that an understanding of a culture's values is only half of the equation that they need to consider when attempting to predict the behaviours of people whose culture differs from their own. The other half is in understanding how context may cue organizational behaviour. Are parties to a dispute peers, or do authority differences exist? Are there contradictory cultural values in different institutional and social settings in the culture in which the dispute occurred? Mistaken assumptions about the probable behaviour of culturally different others are likely to be made when only cultural values (or inferences from a dispositional perspective) are considered or when only contextual cues are considered. The importance of being sensitive to as many cues as possible, especially when in cultures of more rather than less complexity, is the major practical insight suggested by our study's findings.

Our findings also provide guidance to managers who wish to resolve disputes the 'right' (culturally sanctioned) way. Managers from the USA and Japan should be most comfortable with dispute resolution procedures that reflect their cultures' prototypical cultural values (consistent with the dispositional perspective), whereas managers from China are more likely to exhibit intervention- and decision-related behaviours that reflect contextual cues, such as the third party's status as either superior or peer (consistent with the constructivist perspective). Thus, our findings suggest that the need for contextual sensitivity may be greater in China than in the USA or Japan.

Thinking beyond China, Japan and the USA, it is important for managers to understand that the international diversity of employees and the need to manage across cultural boundaries are two trends that seem likely to continue unabated – due to organizations' increased reliance on self-managing teams whose members are often globally dispersed (cf. Kirkman and Shapiro, 1997, 2001; Von Glinow et al., 2004). These trends, in turn, make it less and less likely that disputing parties or the third party managers who intervene in their disputes will all be from the same culture (Shapiro and Tinsley, 2001). Thus, it behooves managers to understand when employees from various cultures are likely to behave in ways that do, or do not, match what is presumed to be their culture's values. The constructivist perspective on culture warns against assuming people's behaviour will be directly dependent on cultural values and it suggests that contextual factors may cause reversals of behaviours predicted from a dispositional perspective. We believe, and our findings demonstrate, that when cultures are complex, contextual cues work with cultural values to guide behaviour.

CONCLUSION

This study was motivated by the desire to examine when culture will directly influence behaviour (consistent with the dispositional perspective) and when,

instead, cultural effects will be cued by context (consistent with the constructivist perspective). Our findings support an integration of theoretical perspectives. Our conceptualization of cultural norm complexity provided a mechanism to explain when within-culture differences would occur and why. The next 'giant step' will be a more complete integration of these theoretical perspectives. Such an integrative theory will need to build on the strengths of each: the simplicity of the dispositional perspective; the explanatory power of the constructivist perspective; and the predictive power of the cultural norm complexity mechanism. The challenge is to build integrative theory that avoids the weaknesses of each perspective and makes a priori predictions about variations that are within as well as between cultures. We hope our paper will prompt cultural scholars to consider asking when cultural values will be behaviourally predictive and to consider cultural norm complexity and context among their proposed determinants. Doing so promises to improve the predictability of behaviours of people from differing cultures, especially (but not only) involving interactions with people from China.

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