

**FROM FORCED TO FLEXIBLE LOYALTY: PREDICTING ORGANIZATIONAL  
COMMITMENT IN U.S.-INVESTED ENTERPRISES IN CHINA#**

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## ABSTRACT

To stay or not to stay? This question about organizational commitment has taken on increasing salience and is posing a greater challenge to corporate employers in the era of rapid technological growth, growing demand for skilled labor, and frequent employee mobility. As Western companies, especially those in the United States try to contain the erosion of traditionally strong commitment to organization at home, they have begun to face the new challenge of cultivating organizational commitment in their expanding overseas ventures, especially in such rapidly growing emerging markets like China. What factors foster or impede organizational commitment in U.S.-invested enterprises in non-U.S. cultural and corporate settings? How much do sociocultural factors matter relative to workplace conditions or financial incentives in influencing organizational commitment? China provides a timely and highly pertinent context for studying these questions that can yield comparative insights and implications for advancing HRM theory and practice. State-owned enterprises (SOEs) in China have already discarded permanent employment, or the so-called “iron rice bowl”, which used to create forced loyalty on the part of employees. In the meantime, Chinese managers and employees in increasing number of foreign-invested enterprises (FIEs) are either immediately or gradually exposed to Western management models and practices. In addition, with the use of short-term employment contracts in the FIEs, Chinese employees have become increasingly mobile and flexible in how loyal they may be to any given FIE vis-à-vis other FIEs.

In this paper, we report some results bearing on organizational commitment from a field study conducted in two U.S.-invested enterprises (USIEs) in China. We presented a conceptual model of how employee involvement, job satisfaction, and organizational commitment may be related in the Chinese context. While this model is based largely on Western theories and research given limited empirical work on China, we take great caution in placing the model in the Chinese context. We tested the hypothesized relationships with data from the two USIEs and discussed the results. The hypothesized model was supported in this analysis and thus, the Chinese context for this study yields largely similar results to studies conducted in the United States. Chinese employees, who perceived themselves as having higher levels of group support, felt more involved in decision making, and perceived themselves working

more interdependently with their peers expressed higher levels of job satisfaction. Employees who perceived a higher level of group support also expressed greater job satisfaction. We view this result as particularly encouraging since it demonstrates that group support is related not only to employees' happiness at work (job satisfaction) but also to their loyalty to the company (organizational commitment). Most importantly, the results of our study supported the central hypothesis that Chinese employees who had higher levels of job satisfaction had a stronger organizational commitment. We also discussed the more contextualized meanings of these results and concluded by fleshing out implications for HRM practice in China.

Key Words: Employee Involvement, Job Satisfaction, Organizational Commitment, and China

## **INTRODUCTION**

To stay or not to stay? This question about organizational commitment has taken on increasing salience and is posing a greater challenge to corporate employers in the era of rapid technological growth, growing demand for skilled labor, and frequent employee mobility. A growing number of U.S. companies have designed more attractive HR strategies such as greater bonuses, better perks, and more flexible work schedules to retain their best employees. As U.S. companies try to contain the erosion of traditionally strong commitment to organization at home, they have begun to face the new challenge of cultivating organizational commitment in their expanding overseas ventures, especially in such rapidly growing emerging markets like China.

What factors foster or impede organizational commitment in U.S.-invested enterprises in non-U.S. cultural and corporate settings? How much do sociocultural factors matter relative to workplace conditions or financial incentives in influencing organizational commitment? While research on finding answers to these questions should draw from established theoretical perspectives, tested hypotheses, and known empirical evidence from U.S.-based studies, it must be grounded in non-U.S. contexts with regard to hypothesis development and the interpretation of findings.

Moving beyond looking at the effect of conventional financial incentives on organizational commitment, U.S.-based research has begun to examine how some workplace developments and changes

may be related to organizational commitment and other positive organizational outcomes. For example, the use of participative work designs (e.g., self-directed work teams) has become popular strategies for increasing productivity, job satisfaction, and organizational commitment in the United States. Lawler, Ledford, and Mohrman (1995) found that approximately 69% of firms in the Fortune 1000 were using teams and 69% planned to further increase the use of teams in the future. According to a 1999 survey, nearly 68% of small-company plants, which are less likely than large companies to have teams, used teams to varying degrees. While only 2.4% of the surveyed manufacturers had workers in empowered teams, 27% reported that 26% to 99% of their employees were working in teams (Strozniak, 2000). U.S. companies that have implemented employee involvement programs have reported numerous benefits including increased individual and team performance, better quality, less absenteeism, reduced employee turnover, and substantial improvements in production cycle time (Manz & Sims, 1987; Harris, 1992).

### **The Case of China: The Re-surgling Significance of Organizational Commitment**

Although experience and research have indicated considerable support for the positive benefits of creating a more participative work environment in the U.S., research on how these HRM practices may work and their impact in other countries is limited. And this research is badly needed if we are to achieve a broader understanding of the growing diversity and complexity of HRM in a global economy. China provides a timely and highly pertinent context for conducting such research that can yield comparative insights and implications for advancing HRM theory and practice.

In China, two paralleled and mutually reinforcing processes have been well underway at the organizational level, with important implications for understanding labor market dynamics and shifting organizational commitment. On one hand, state-owned enterprises (SOEs) have undergone a series of significant reforms that included the weakening of party and political influence, increased managerial autonomy and accountability, and the elimination of guaranteed employment, or the so-called “iron rice bowl.” Under the old employment system, all employees in SOES were handed a “iron rice bowl” upon

entering the work force, meaning that they would have a job with attached welfare benefits for life. More importantly, each employee, or “iron rice bowl” holder, was tied down to the enterprise that hired him/her for the first time. Only under few special circumstances such as spousal reunion in the same city or government initiated reassignment could employees change jobs between enterprises within and across cities. This rigid system and practice imposed a sense of forced loyalty or organizational commitment on employees. The reform, which instituted contractual employment for all SOEs, effectively ended the forced loyalty of employees to particular enterprises.

In the meantime, a growing number of SOEs have been internationalized as they formed joint ventures with or became wholly owned by Western companies. Chinese managers and employees in these foreign-invested enterprises (FIEs) are either immediately or gradually exposed to Western management models and practices. In addition, with the use of short-term employment contracts in the FIEs, Chinese employees have become increasingly mobile and flexible in how loyal they may be to any given FIE vis-à-vis other FIEs. According to Goodall and Burgers (1998), poor retention of local staff ranked among the top three problems for foreign companies in China. Many Chinese employees move from foreign company to foreign company for a higher salary or other better financial benefits. This is no surprise since a slightly higher monthly salary or a little bigger year-end bonus can make a significant difference in an employee’s standard of living, given the current level of consumption in China. However, a growing number of employees, especially those in some level of supervisory and managerial positions have begun to see greater responsibility and more favorable relations with superiors as reasons for committing to a given foreign employer.

China holds a huge economic stake for U.S. companies. There are more than 20,000 U.S.-invested enterprises in China today, with roughly \$50 billion in contracted investment and over \$20 billion in realized investment. On average, U.S. companies tend to commit more capital and bring more advanced technology to their operations in China than European or Japanese companies. This is partly because almost all of the largest U.S. multinational companies on the Fortune 500 list including GM and Motorola have set up major manufacturing and distribution facilities in China. Depending on their equity stakes in U.S.-invested

enterprises (USIEs), U.S. partners enjoy a varying degree of managerial control, and thus, differ on how aggressively or successfully they try to implement U.S. management strategies and practices among the local work force.

Many USIEs hire hundreds of Chinese employees, with few employing thousands. Therefore, they face the ultimate challenge of managing a large pool of people with a very different cultural background. This is the primary reason for human resource management to have quickly taken center stage as USIEs in China have begun to consolidate, expand, and localize their operations. Recruitment and retention are central tasks. Since qualified and valued employees are difficult to find, retaining them has become a top priority for foreign companies. HR managers spend considerable time and energy on creating incentives and an environment to keep key staff happy and loyal. They have designed packages that go beyond high salaries to include shadow stock options, overseas assignment or travel, supplementary housing allowance, car allowances, and partial health insurance for one child (Melvin, 2000: 39). While some of these China-specific measures were well thought out and might work well, USIEs still face the important question of whether the adoption of the U.S.-style participative work practices like employee involvement will foster organizational commitment. Financial incentives, no matter how customized and targeted they are in the Chinese context, may not be sufficient to generate long-term organizational commitment. There is an urgent need to know whether workplace relations and practices like social support and employee involvement will make a difference and may become the important complementary, or even necessary, factors in fostering organizational commitment.

To address this critical research question, we conducted a field study in two USIEs in China. In this paper, we will present a conceptual model of how employee involvement, job satisfaction, and organizational commitment may be related in the Chinese context. While this model is based largely on Western theories and research given limited empirical work on China, we take great caution in placing the model in the Chinese context, which may temper existing theories and color the interpretation of the results (Chen, Bishop, & Scott, 1999a). We will test the hypothesized relationships with data from the two USIEs and discuss the results. We will conclude by fleshing out implications for HRM in China.



## **Employee Participation, Job Satisfaction, and Organizational Commitment**

### **in the Chinese Context**

The People's Republic of China presents a complex and instructional case for studying the relationship between employee participation, job satisfaction, and organizational commitment. Can we assume that a participative management approach, which works in U.S. companies, will be effective within the Chinese culture? First of all, traditional Chinese culture may well have competing influences. On one hand, the collectivist orientation of Chinese culture may promote such crucial aspects of participative decision-making, task interdependence, and group orientation. The importance of relationships in this collectivist society would also suppress individual interests for the good of work groups and organizational entities (Chen & Barshes, 2000). Moreover, traditional Chinese culture and society feature strong vertical relationships of filial piety, paternalism, and hierarchy, and strong pressures for conformity, maintenance of face, and social control (Redding, 1990). These vertical relationships promote and sustain a top down hierarchy in which employees may feel better in a work situation that is highly structured and in which they are told what to do.

During Maoist China, the Confucian cultural and social traditions were reinforced by the Communist ideology and politicized system of workplace control. It also made workers politically, economically, and socially dependent on the state-owned enterprise (Walder, 1986). These conditions led to risk aversion, factionalization of the workforce, mistrust for co-workers, and personalized favoritism, which contradict Western norms of shared decision-making, risk-taking, and responsibility. Therefore, if these Confucianist and Communist ideologies persist, they constitute barriers to a more participative work environment.

Participation in decision-making provides an important source of job satisfaction in U.S. companies (Hackman and Oldham, 1980; Fried and Farris, 1987; Fried, 1991; Spector, 1997). Under the ironic co-existence of egalitarian pay and worker control during Maoist China, employees not only were deprived of job satisfaction from pay according to differential performance, but also were denied a degree of satisfaction that they might derive from becoming involved in decision-making. Therefore, the strong relationship between employment involvement and job satisfaction that might exist was suppressed or made extremely uncertain.

U.S.-based research also has shown that job satisfaction is a central factor in explaining employee turnover (e.g., Bluedorn, 1982; Crampton & Wagner, 1994) and intention-to-quit (Blau, 1993). In Maoist China, the kind of job satisfaction associated with meritocratic pay and participative management was extremely low or non-existent, even though there might be a kind of politically motivated job satisfaction, certainly among those who were oriented toward upward political mobility. In general, employees were forced to commit to their enterprises due to the absence of a labor market and job mobility. As a result, there existed an artificial negative relationship between true job satisfaction and organizational commitment or low turnover. In this kind of politicized workplace, there was unlikely to be any direct relationship between employee involvement and organizational commitment that exists in the U.S.

The field study we conducted allows us to examine these relationships in a new context characterized by weakened political control, growing Western managerial influence, wider pay disparities, and frequent inter-organizational labor mobility. To understand how Chinese employees may react, we examined components that underlie participative management efforts in the U.S., the nature of the tasks individuals perform, and the attitude toward the decision making process. We operationalized these components, respectively, with the variables perceived task interdependence (TI), perceived group support (PGS), and participation in decision-making (PDM). These variables were hypothesized to be associated with job satisfaction (JS), which in turn would influence organizational commitment (OC).

## **A Conceptual Model and Hypotheses**

In developing the hypothesized model (see Figure 1), we took into account both U.S.-based empirical research and the dynamic Chinese context. Bishop and Scott (1996) reported that satisfaction with supervision had a significant positive effect on organizational commitment. Given the Chinese cultural emphasis on group orientation, we assumed that employees who perceived strong group support would feel “fitting in” and possibly translate that group identity into a strong organizational commitment. In addition, even in an increasingly materialistic society, Chinese employees tend to derive a sense of job satisfaction from getting along with co-workers in an immediate work environment (Chen, Bishop, & Scott, 1999b). Perceived group support reflects the extent to which the work group appears as a positive and supportive social milieu to its employees. Integrating these assumptions leads to:

**Hypothesis 1:** Perceived group support will be positively related to job satisfaction.

**Hypothesis 2:** Perceived group support will be positively related to organizational commitment.

Different forms of employee involvement or participation programs are found to be related to job satisfaction. A number of studies have suggested a relationship between participation in quality circles and job satisfaction (e.g., Rafaeli, 1985; Griffin, 1988). Bullock and Perlow (1986) found that greater involvement in gainsharing committees was significantly related to improvements in job satisfaction. The introduction of such U.S.-style participative employee practices in USIEs, coupled with Chinese employees’ growing desire to be more actively involved in corporate management, might make participation in decision a potential source of job satisfaction. Hence:

**Hypothesis 3:** Participation in decision making will be positively related to job satisfaction.

Interdependent tasks are defining characteristics of work teams (Wall, Kemp, Jackson, &

Clegg, 1986) and in many cases, are the reason teams are formed (Campion, Medsker, & Higgs, 1993). Different individuals, however, may have different perceptions of the degree to which tasks are interdependent. Task interdependence is a highly proximal component of the work environment and is experienced by workers in a “comparatively direct and operationally meaningful way” (Morris & Steers, 1980: 51). In USIEs where task interdependence rather than political ideology is key to workplace relations, it is reasonable to assume that employees with a stronger perception of task interdependence are more likely to be satisfied with their jobs. Therefore, we propose:

**Hypothesis 4:** Perceived task interdependence will be positively related to job satisfaction.

Both theory and research indicate that job satisfaction is a central factor in explaining employee turnover (e.g., Bluedorn, 1982; Crampton & Wagner, 1994). Tett and Meyer (1993) found a mean correlation of -.58 between job satisfaction and intention-to-quit. While job satisfaction differs between cultures and countries (Spector, 1997), the expectations in the culture or differences in work situations that could cause these differences are not fully known. Therefore, we rely the confirmed evidence from U.S.-based research in advancing:

**Hypothesis 5:** Job satisfaction will be positively related to organizational commitment.

## **Data and Methods**

### **Research Site and Survey Procedure**

This paper uses survey data collected in two USIE in Guangdong Province of the People’s Republic of China. Company A was a manufacturer of a popular consumer product. Company B was a service company that provided paging services. At Company A, we administered questionnaires to 284 employees, which included almost all employees who were present on the day the survey was conducted, covering about 85% of the company’s total work force. At Company B, the questionnaires were given to

226 employees on both paging stations and in offices, accounting for approximately one-fifth of all employees in Company B's Guangzhou-based headquarters and Beijing and Shanghai branches. At both companies management reported no unusual absence patterns during the time of the survey. The surveys were filled out on company time. The researchers' presence and monitoring ensured that all the questionnaires distributed were collected on site. Of all the questionnaires returned, only a few were discarded due to the respondent being unwilling or unable to respond.

The combined sample (both companies) was composed of slightly more men (52.2%) than women, was relatively young (over 60% were under the age of 25), and relatively well educated (close to 80% finished high school and nearly 20% finished college). Sixteen percent of the respondents were clerical, 37% were manufacturing operators, 23.5% were manufacturing technicians, and 23.5% were telephone operators (see Chen & Barshes, 2000).

## **Measures**

Six 5-point Likert scales were used to measure attitudinal variables for this study. Response options ranged from "strongly disagree" to "strongly agree" except for the job satisfaction scale where response options ranged from "extremely dissatisfied" to "extremely satisfied" and the participation in decision-making scale where response options ranged from "a great extent" to "a little extent".

Scale development was a five-step process. First, existing scales measuring constructs of interest were examined. Second, approximately 30 interviews were conducted at both facilities with plant employees and managers in order to understand the nature of the organization and the work being performed. Time was allowed during the interviews for participants to make comments and observations. These interviews were conducted several months before the administration of the survey to reduce the likelihood that the interviews affected survey results.

Third, based on literature review and interview results, an instrument was developed. Since most of the existing scales that were used had been developed and published in English, care had to be taken to ensure that the items were translated correctly. Preparing survey scales for use in a different culture with a

different language requires special considerations. Even if an English-to-Chinese translation followed by a Chinese-to-English achieves linguistic equivalence, it does not mean the translated items have cultural and psychometric equivalence (Hulin & Mayer, 1986). Cross-cultural or within-foreign-culture research involving the translation of measurement scales requires sensitivity to the *emic-etic* distinction. *Etic* refers to a phenomenon that has a common (core) meaning across cultures, while *emic* aspects are different between cultures (Brislin, 1986: 140). This could present a problem even if a well-translated instrument is administered to monolinguals. Since most of the rank-and-file Chinese employees in the studied USIEs speak very little English, we attached top priority to developing linguistically, culturally, and psychometrically equivalent scales.

We started with modifying and developing items in translatable English by following some of Brislin's (1986) guidelines such as using short simple sentences, avoiding metaphors and colloquialisms, and adding sentences to provide contexts and illustrations. The initial translated instrument was administered in a pilot survey to 30 MBA students from China newly arrived in the U.S. While members of the pilot sample were able to speak English, they had not been in the U.S. so long that their understanding of subtleties and nuances that might compromise their ability to "see the items as a native Chinese would see them."

Fourth, following the pilot survey administration, participants were debriefed and asked to comment on the readability and clarity of survey items and instructions, item wording, translation issues, and layout and attractiveness of the instrument. Results of the pilot survey were analyzed for internal reliability. Finally, based on our analyses and suggestions from our pilot sample, several items were reworded or dropped from use in the final survey.

Perceived group support (PGS). Perceived group support is the extent that individuals perceive that the work group values their contribution and cares about their well being. Perceived group support was measured by a shortened version of the Survey of Perceived Organizational Support (SPOS; Eisenberger, et al., 1986). Seven items were selected from the SPOS that loaded among the highest in Eisenberger, et al.'s (1986) factor analysis. Short forms of the survey have been used in previous research

(Wayne, Shore, & Liden, 1997). The short form was modified to refer to the work group rather than the organization. Similar modifications have been successfully used in previous research and have been shown to measure support constructs (e.g., perceived supervisory support) distinct from organizational support (cf. Kottke & Sharafinski, 1988). The coefficient alpha for this scale was .83. From our perspective, PGS also taps the social support dimension as Chinese employees tend to attach importance to both work and social ties.

Participation in decision making (PDM). Participation in decision making ( $\alpha = .83$ ) was measured by five items designed for this study. In designing PDM, we intend to detect the extent to which Chinese employees are involved in making decisions regarding their work. In light of the traditional workplace characterized by top-down control and absolute authority of superior positions, PDM is a crucial variable that allows us to assess whether employees have become more pro-active and empowered in the more open and participative environment of USIEs.

Perceived task interdependence. Perceived task interdependence is the extent to which employees perceive their tasks depend upon interaction with others and depend upon others' tasks being completed (Campion, Medsker, & Higgs, 1993). It was measured by 3-items ( $\alpha = .66$ ) from Pearce and Gregersen (1991).

Job satisfaction. Job satisfaction was measured by seven items from the Minnesota Satisfaction Questionnaire ( $\alpha = .82$ ).

Organizational commitment. Organizational commitment was measured by five items based on the short form of the organizational commitment questionnaire (OCQ) (Mowday, Steers, & Porter, 1979) that was translated into Chinese and used successfully by Farh, Earley, and Lin (1997). The coefficient alpha was .68.

## **Analysis and Results**

The sample sizes and the sophisticated analytical methods necessitate that the two samples be combined. Although each company had a sufficient sample size for our analysis, they were combined to

test our hypotheses on the most diverse group of employees as possible. However, we did use the two companies separately to confirm and compare our results. Differences between the two analyses are not reported in this conference paper due to space limitations.

Structural equation modeling is a multivariate technique in which the explanatory power of each variable is considered in conjunction with that of other variables in the model. Our use of structural equation modeling (SEM) allows us to examine the degree to which job satisfaction mediate the relationships among participation in decision-making, perceived group support, and task interdependence and organizational commitment.

Prior to testing our hypotheses a confirmatory factor analysis CFA was performed on the 31 items attitudinal scales. The model fit the data well:  $\chi^2 = 678.52$ ,  $df = 340$ ; root mean square error of approximation (RMSEA) = .048; non-normed fit index (NNFI) = .90; and comparative fit index (CFI) = .91. These fit indices are recommended based on sample size and number of parameters estimated (Medsker, Williams, and Holahan, 1994). All items load significantly on their intended factors. Table 1 reports means, standard deviations, and correlations among the variables and the coefficient alphas of the scales.

The fit indices for the estimation of the hypothesized model shown in Figure 2 below are  $\chi^2 = 7.14$  ( $df = 2$ ), RMSEA = .077, NNFI = .95, and CFI = .99. Again, these results indicate that the model fit the data well (Medsker, Williams, & Holahan, 1994). The significance of the paths indicates that hypotheses 1-5 were supported.

In order to test the hypothesized model, a covariance matrix was used as input to LISREL 8.30 (Jöreskog & Sörbom, 1993). Following the procedures outlined by Settoon, Bennett, and Liden (1996), we created manifest indicators for each latent construct by averaging the items for each scale.

An item measurement model would have 28 paths estimated with 340 degrees of freedom. The addition of the structural portion would result in the estimation of only 5 more paths, with 342 degrees of freedom. Hence, with the item approach, our ability to determine how well the structural portion of the model holds up with our sample was reduced. Creating single indicators from the scales allows a more

rigorous test of the structural portion of our model. Because, a covariance matrix was used as input, we set the error variance for each manifest indicator to the product of the variance of the items by scale, and the quantity one minus the reliability of the scale. The exogenous variables were assumed to correlate. Figure 2 displays the completely standardized path coefficients for the relationships in the model. Completely standardized path coefficients are reported because of their suitability in comparing relative contributions explained variance (Bagozzi, 1980). The hypothesized model was tested with structural equation modeling using an item model. This model accounted for 48.6% of the variance in job satisfaction and 41.0% of the variance in organizational commitment.

Supporting our hypothesized model (Figure 1), perceived group support, participation in decision-making, and task interdependence are positively related to job satisfaction. Perceived group support is positively related to both job satisfaction and organizational commitment. Furthermore, job satisfaction is positively related to organizational commitment.

### **Discussion and Conclusions**

The hypothesized model was supported in this analysis and thus, the Chinese context for this study yields largely similar results to studies conducted in the United States. Chinese employees, who perceived themselves as having higher levels of group support, felt more involved in decision making, and perceived themselves working more interdependently with their peers expressed higher levels of job satisfaction. Employees who perceived a higher level of group support also expressed greater job satisfaction. We view this result as particularly encouraging since it demonstrates that group support is related not only to employees' happiness at work (job satisfaction) but also to their loyalty to the company (organizational commitment). Most importantly, the results of our study supported the central hypothesis that Chinese employees who had higher levels of job satisfaction had a stronger organizational commitment.

While these results appear to be consistent with U.S.-based research, a deeper interpretation of the

results grounded in the Chinese context is in order. Chinese employees derive job satisfaction from what they perceive as partly social support embedded in the construct of PGS. To Chinese employees, the affective elements in group support are just as important as the instrumental, work-related elements. Given their collectivist tradition, Chinese employees may equate group with organization as their attached unit, i.e., translating their perception of group support into organizational loyalty. The lack of differentiation between the two reveals the basic distinction employees draw between individuals and collective entities, regardless of the latter's sizes. It also reinforces the argument that the immediate, local work/social environment is critically important to developing an identity and affinity with the larger organization.

It is refreshing to see that employment involvement as measured in PDM contributes to job satisfaction. This finding is more indicative of the new employee attitude in USIEs today than of merely confirming the same result of U.S.-based studies. It has added a new insight into what it takes for Chinese employees to have job satisfaction. They appear to have shed the traditional mentality of simply taking orders and instead become willing to take on the risk of making their own work-related decisions. That this new attitude enriches job satisfaction offsets the more dominant view that only monetary incentives lead to job satisfaction for Chinese employees in foreign companies.

While confirming the importance of task interdependence as a workplace source of job satisfaction, this finding suggests both continuity and change in Chinese work culture. Employees are satisfied with their jobs when they recognize the importance of task interdependence, which underlies the Chinese cultural norm of collectivity and cooperation. From a change viewpoint, Chinese employees may see more personal stakes, rather than the traditional callousness, in the interdependency of tasks, and they connect this more practical attitude to job satisfaction. Finally, the positive influence of job satisfaction on organizational commitment is both reassuring and revealing. Under the old employment system, forced organizational loyalty existed without regard to the level of job satisfaction. In today's China, job satisfaction constitutes the fountain head for organizational commitment. The peculiar feature of China's old employment system has given way to a more generalizable characteristic of labor market and

organizational dynamics everywhere else.

Though our research design does not permit explicit causal inferences, several tentative implications for HR management can be considered.

1. If USIEs wish to increase job satisfaction, they should provide stronger group support to Chinese employees with a balance between affective and instrumental elements.
2. A more team like or participative environment could have this effect of increasing job satisfaction. To the extent that this is deviating from the traditional highly centralized and top-down management structure and practice in China, it may be high time to start instituting a more decentralized decision making structure and process (Chen, Bishop, & Scott, 1999b).
3. To increases in job satisfaction, management in USIEs should take a more interdependent approach to completing tasks. This may require employees to learn to substitute for more another through flexible training.
4. Since job satisfaction is critical to organizational commitment, our study points to specific solutions to the serious problem of retaining local staff in China. Where there is competition for Chinese employees or where employers wish to increase employee involvement, they would be advised to create policies and practices that encourage employees to support each other on the job, involve them in decision-making, and create job that are perceived as interdependent.

Finally, fostering loyal and committed employees of high quality holds the key to the long-term success of foreign companies in China through effective localization. These employees will allow foreign employers to recuperate the considerable cost in training and development and gradually take over local operations. Therefore, organizational commitment will remain a top priority for research and practice for many years to come. Our paper has only identified several important conditions conducive to organizational commitment that have not been examined in the Chinese context. As China's economy becomes more open and must become more competitive globally, studies like ours will become even more necessary and should be pursued with more informed theoretical guidance and methodological vigor.



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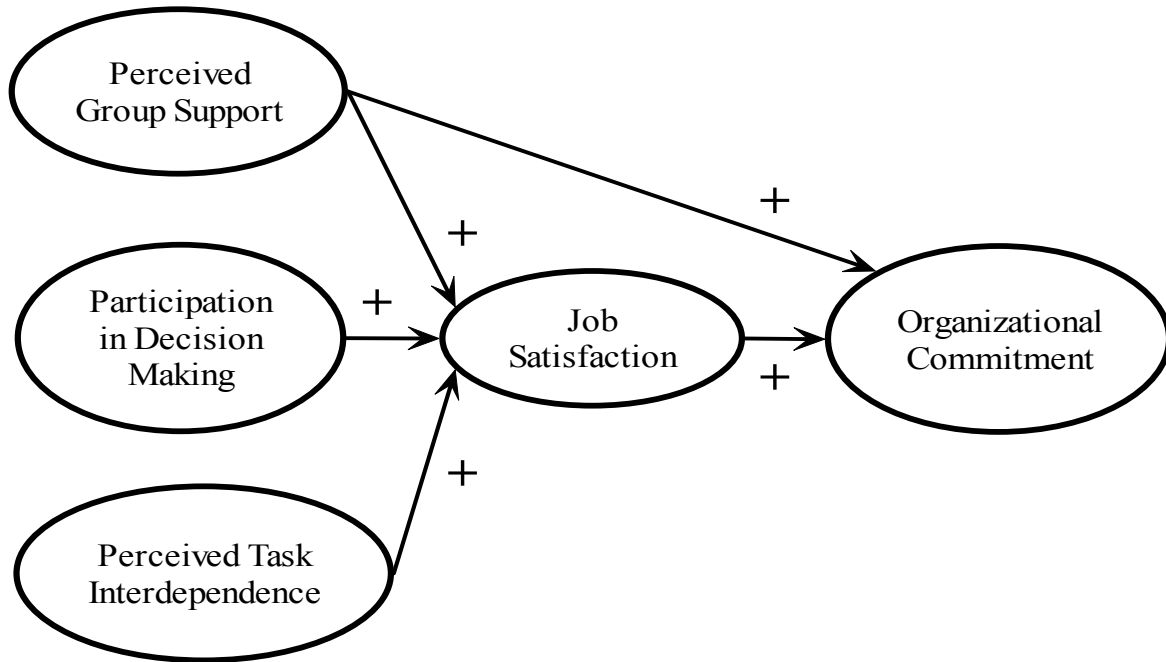
**Table 3**  
**Means, Standard Deviations, Coefficient Alphas, and Correlations**  
**for the Variables**

Variable	Mean	SD	1	2	3	4	5
1 Perceived group support	3.24	0.67	(.83)				
2 Participation in decision making	3.00	0.71	0.51	(.83)			
3 Perceived task interdependence	3.67	0.73	0.33	0.28	(.66)		
4 Job satisfaction	3.34	0.51	0.49	0.48	0.38	(.82)	
5 Organizational commitment	3.54	0.65	0.48	0.26	0.27	0.43	(.68)

N = 440; all correlations are significant at  $p < .001$

Note: Coefficient alphas are in parentheses on the diagonal.

**Figure 1**  
**A Hypothesized Model**



**Figure 2**

**Standardized Structural Path Estimates of the Hypothesized Model**

