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AN INVESTIGATION INTO THE MANAGEMENT STYLE OF
EASTERN-OWNED AND WESTERN-OWNED
ORGANIZATIONS IN HONG KONG
&
THE RESPECTIVE EMPLOYEE
SATISFACTION AND COMMITMENT

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ABSTRACT

This study was carried out to explore the management style of the eastern-owned and the western-owned companies operating in Hong Kong; and to measure the employee outcomes under the respective management style. In addition, this study also attempts to find out which main variables (namely, job characteristics, paternalism, co-worker tie and supervisory tie) engender job satisfaction and organizational commitment among Hong Kong employees.

Literature reviews that, due to cultural difference, eastern management style emphasizes a more paternalistic approach, whereas western management style adopts a more sophisticated human relations approach. The ultimate aim is to induce employee job satisfaction and organizational commitment, which have long been identified as factors to improve job performance. Since Hong Kong people ingrain with both eastern and western culture, it is interesting to see which management style and which main variables better predict satisfaction and commitment.

A model was derived in part from the literature review, which identifies the eastern management style as paternalism, with paternalistic value (familial relationship) as the core characteristic; and, the western management as sophisticated human relations, with job characteristics as the core feature. In addition to such core features, that is, paternalistic value and job characteristics, relationship with co-worker and supervisors are expected to be the main determinant variables of satisfaction and commitment. Growth need strength and demographic characteristics such as gender, age, marital status, educational level, position and tenure in the company are also tested in the study as moderating variables across the model.

Data were obtained from company interviews, general survey and in-depth survey from 3 case studying companies. The company interviews, with either HR managers or HR directors, were used to explore the HR policies of the eastern-owned and the western-owned companies and thus identified their management style. The general survey was used to measure the employee attitudes in both types of firms, and the case study survey provided both the general understanding of the employee outcomes for individual companies and the additional insight for further research.

In accordance with the literature, the result indicates that eastern-owned companies operating in Hong Kong adopt a more paternalistic approach, whereas western-owned firms adopt a more sophisticated human relations approach. Employees in eastern-owned and western-owned also reported to experience a higher aspect of paternalistic value and job characteristics respectively. Job characteristics are found to positively predict both extrinsic and intrinsic and identification and loyalty commitment. Co-worker tie is found to positively predict extrinsic satisfaction and identification commitment. Paternalism and supervisory also show their positive prediction power in loyalty commitment. Interestingly, paternalism is discovered to have negative impact in intrinsic satisfaction and identification commitment in eastern-owned companies; but such impacts remain positive in western-owned companies. The growth need strength and demographic factors of individual employees are found to have no regular correlational pattern with either satisfaction and commitment.

The research findings suggest to human resource professionals that employee satisfaction and commitment rely on company's HR policies rather than the growth need strength or demographic characteristics. In addition, the above main variables worth to take a closer look, as generally speaking, they show positive prediction power predicting employee job satisfaction and organizational commitment.

Finally, several limitations to this research are noted. Since this study relied on self-report, response bias is likely to have taken place. This study also generates an interesting finding --- the negative impact of paternalism on satisfaction and commitment in eastern-owned firms in Hong Kong --- for further investigation.

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1. INTRODUCTION

Hong Kong is one of the major financial and servicing centers in the world, with both banking and retail sectors playing a very important role towards the territory's economy. After the reversion to China, Hong Kong's economic position and performance still certainly have a direct and profound effect on China's economy, and without any question, on many other countries as well. The recent Asian financial crisis is less turbulent in Hong Kong compared to other Southeast Asian countries; and, it is not surprising for Hong Kong to be among the very first countries to rebound economically. This supports that the financial base in the territory is quite powerful. Apart from such strong financial foundation, the surging economic growth in the past two decades, the prominent progression, the enormous backup from the Chinese market, plus its geographic location all make Hong Kong an ideal place for many large multinational corporations to invest in.

The economic performance of a country has a direct impact on the living standard of her citizens. Given that the macro economic environment is made up of the micro ones, in order to increase the competitiveness, it is necessary to strengthen the micro environment, which involves individual companies' policies. However, before achieving the business goal, individual organizations must have sound organizational policies and practices to manage the internal affairs and workforce. Consequently, this brings about the importance of the match between the internal practices and the external (business) policies.

1.1 THE IMPORTANCE OF MANAGEMENT STYLE & HUMAN RESOURCE MANAGEMENT (HRM)

With the technological advancement and the opening up of the global market, many large corporations have to go international to gain, or even retain, competitive advantage (Stoner and Freeman, 1992). As global competition is getting more and more intense, many external factors such as demographic and economic changes and the constant shifts in markets, can affect the running of an organization. To cope with these external forces

more effectively, not only do organizations need sound strategic plans and long-term objectives, but also good internal systems and policies to support these plans (figure 1.1). For example, the recruitment and selection process and the training level can be very different when the organizational objective is to provide good customer service or to minimize cost. To provide good customer service, it requires well-trained and qualified staff, which, in turn, requires more sophisticated (which usually means more costly) recruitment, selection, and training procedures. This, obviously, is the opposite of the cost minimization strategy.

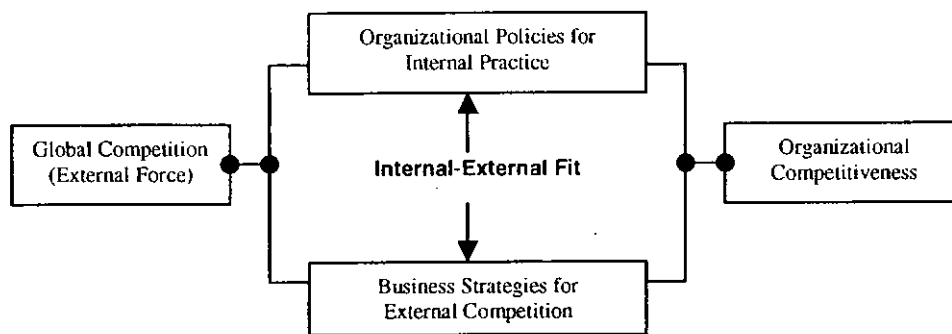


Figure 1.1. The Simple Diagram of Internal-External Fit

Management style is the way of management practices an organization implements, which reflects the attitude or thinking of top management involved. It can be defined as the 'preferred way of managing people' (Purcell and Ahlstrand, 1994: 211) and its domain concerns 'how the key values are articulated and transmitted throughout the organization' (ibid.: 168). Purcell and Ahlstrand further went on and argued that many employee relations policies, that is, the human resource strategies or decisions, are derived from the organizational goals and objectives, scope of the business, and structure. This implies that human resource strategies are designed to maximize the integration between the company's objectives, jobs and the people; and, such strategies govern the link between the internal and external systems (Evan, 1984). Since HRM is one of the aspects in organizational management, and management style is the general way of an organization management, therefore, HRM actually falls into the subset of management style.

Within the internal systems, human resource policies constitute an important aspect in many organizations. It is widely believed that the ultimate performance of an organization depends on the productivity of its employees. As Duerr (1986) pointed out the key for international growth of a company is to have the right people doing the right things in the right place at the right time. The attention on the value of employees has received a growing interest (Grant 1991). No longer is individual intelligence or effort nor external strategies alone believed to bring organizational success. Success only follows when an organization is able to allocate, mobilize, and bring together the efforts and the intellectual power of its employees to face up the challenge of today's environment and to become the appropriate 'resource' to supply to the organization's future needs. For instance, how to select suitable employees; where to place them; how to improve their contribution and commitment to the organization; how to train and retain them. This 'people-perspective' brings in the notion of the so-called internal-external fit --- internal refers to the employee skills and attitudes whereas external refers to the organizational business strategies --- which has been emphasized as a part of corporate management strategies in many large companies, particularly for those in the service sector.

Given the importance of human resources, it would be necessary for an individual organization to accomplish an appropriate HRM style so that employee satisfaction and commitment can be achieved; consequently, to generate their highest level of performance and productivity in order to meet the company's goals and future needs. In many cases, studies have shown that high satisfaction and commitment level to an organization results in increased effort on the job and towards the company's objective, weakened quit intention, and lowered turnover rate (Mowday *et al.*, 1982). Increased effort and decreased turnover is crucial to most companies. It is especially true for those operating in the financial and service sectors, where the human factor constitutes a major proportion of the total cost. Increased effort benefits the organization with better work quality and more innovations. Turnover represents a high cost because when an employee quits, the company has to bear the recruitment cost, the training cost, and the cost of 'production differential' between a trained employee and a newer employee. More devastatingly, the company will also have to bear the loss of a competent staff. It is very likely that voluntarily quits mean transference of skill and knowledge from the company to its competitor.

Since human resource policies are designed and decided by top management, different cultural values will certainly have a big influence on what is being implemented. For example, studies review that two cultural characteristics of western societies are high individualism and low power distance¹ (Hofstede, 1983); and, one way to enhance employee satisfaction and commitment is by careful job design, stressing the importance of individual performance and autonomy. In fact, studies have found that a positive correlation exists between job characteristics and employee satisfaction (Tai and Cheng, 1994) and commitment (Buchanan, 1974). At the macro level, it has also been shown that different human resource policies will lead to different employee perceptions, attitudes, and responses towards the company (Caldwell, Chatman and O'Reilly, 1990; Kinicki, Carson and Bohlander, 1992). On the other hand, however, the eastern culture values more on collectivism and high power distance (Hofstede, 1983). Because of such cultural values, in many eastern countries, top management carry out a paternalistic approach, taking care of its employees, and looking for their commitment and loyalty in return. Despite whatever the cultural approaches are, the ultimately intention is to pursue an appropriate HRM style that can bring satisfaction and commitment to the staff, which consequently, will drive to the organizational success.

1.2 THE NEED FOR THE STUDY

Different cultures and values can deeply influence management thought and policy implementation (Boyacigiller and Alder, 1991). Top management of different firms from different cultures have different philosophies and practices in managing their businesses. It is these different cultural philosophies and practices that make up different cultural management styles, which in turn, shapes the HRM of the organizations. Therefore, organizations from the east or the west are culturally unique: they have their own cultural types of style. The only matter is that whether the style provides a good match between individual employee's ability and attitude (internal) and the strategic decisions and the goals of the organization (external).

¹ Some western countries score high in individualism and also high in power distance, such as France and Italy. However, this study mainly focuses on the US's (and UK's) philosophy, which score low in power distance and high in individualism.

However, when multinational organizations expand their business overseas, some management tend to bring their home-country philosophy with them (Laurent, 1986) whereas some tend to 'borrow' practices from other organizations. The reason they 'borrow' these practices is only because these practices appear to be up-to-date, sound and legitimate, but not necessarily because they are appropriate or effective (Tolbert and Zucker, 1983; Zucker, 1987). In fact, many studies have shown that management practices cannot be directly transferred from one country to another which has different culture and sets of value. Effective internal policies require management to have a good understanding of the culture of its people. Therefore, it is important for management to take a closer look at the perceived value of its workforce. Moreover, management should examine and understand how the national culture, in which the company operates, influences the organizational culture so as to raise employee commitment, satisfaction, motivation and loyalty (Alder *et al.*, 1986).

Although Hong Kong is situated in Southeast Asia, its location is actually between Southeast Asia and East Asia. This distinct geographical location serves as a 'linking bridge' between Southeast Asian countries like Thailand, Singapore and Malaysia, and East Asian countries like China, Japan and Korea. As a result, many large western multinational organizations have moved their regional headquarters to Hong Kong despite of the high land cost and labor cost. Given the financial strength of these multinational organizations, their success will surely have a direct, positive impact on Hong Kong economy. However, given the different underlying cultures between Hong Kong and their home countries, it would be interesting to investigate what management style these organizations are implementing in Hong Kong, and how their style 'deviate' from that in some large local organizations. More importantly, to see which style is more preferred by Hong Kong employees, that is, which generates higher employee satisfaction and commitment. Management style shapes HRM. Only when the match between the management style and the needs of employees is achieved will the organization gain its competitive advantage.

1.3 THE OBJECTIVES OF THE STUDY

The objectives of this research project are:

- To investigate and compare the management style of western companies and eastern or local companies operating in Hong Kong;
- To measure employees' satisfaction and commitment level towards their jobs, co-workers/supervisors and companies in both western-owned and eastern-owned companies.
- To examine the extent of which significant relations exist between job characteristics, paternalism, lateral relationship, vertical relationships, growth need strength, and demographic characteristics and employee satisfaction and commitment.

In addition to the above objectives, the impact (if any) of employees' demographic factors and interactions between growth need strength and job characteristics (sophisticated human relations) and between growth need strength and paternalism on employee satisfaction and commitment will also be measured.

The culture in Hong Kong is rather unique. Although the majority population is Chinese, however, Hong Kong had been a British colony for 150 years. Many of its people have been receiving and influenced by western education and culture respectively. Therefore, many people are ingrained with both the more traditional 'eastern' beliefs and the more contemporary 'western' practices and way of life. Because of such a combined culture, it would be interesting to see how some of the large western and eastern companies deal with their employees in terms of HRM. It is expected that the findings of this study will provide the organizations operating in Hong Kong with a direction in carrying out their human resource strategies, in order to further improve employee satisfaction and commitment.

In chapter 2, literature on management styles, movements and practices of 'eastern' and 'western' human resources management, and employee job satisfaction and commitment will be reviewed. Chapter 3 will be the research framework, which is built in accordance with the literature review, and the hypotheses. Methodology for this study will be in chapter 4. Chapter 5, 6, and 7 discuss the research findings and the interpretation of the results. Finally, discussion and conclusion is in the final chapter (chapter 8).

2. LITERATURE REVIEW

This study focuses on investigating the management style of certain companies in the retail and banking industries, with eastern and western ownership; and, the employee attitudes of the respective style. As a result, the first part of this chapter will go through the literature on management styles. Because of the cultural difference, HRM movements and practices in some western and eastern countries² will be reviewed, following by employee work outcomes (job satisfaction and organizational commitment in this case). The aim is to develop a research framework for the thesis based on the literature in the second part of the chapter. The framework tries to identify which factors have impact on employee satisfaction and commitment; and, also tries to figure out the magnitude of such impacts.

2.1 MANAGEMENT STYLES

According to the Collins dictionary, one of the definitions of style is “the general way in which something is done or presented; the manner in which something is expressed or performed” (p.1158). As Purcell and Ahlstrand (1994) define it, management style is the “preferred way of managing people” (p.211) and its domain concerns “how the key values articulated and transmitted throughout the organization” (p.168). Since the decision-making power actually falls in the hands of top executives, the management philosophy of these people can deeply influence the organizational policies and running (Dessler, 1994). Therefore, management style reflects the attitude or thinking of top management involved.

² In this study, ‘western’ country mainly refers to the U.S. (or other economic advanced western countries that are under the U.S. influence like the U.K. and Canada). The rationale is that a lot of research on management theories and practices are actually developed and suggested by the U.S. As to ‘eastern’ countries, these include countries in the Southeast and East Asia that are under the strong influence of Confucianism; and, with rapid economic development. These countries mainly refer to Japan, China, Taiwan, Hong Kong. This will be mentioned again in later sections of this chapter.

2.1.1 The Significance of Management Style

The importance of management style lies in its role in shaping organizational culture, human resource policy, and business policy. Since management style reflects the thinking or attitude of the top management, it delivers “unwritten and unspoken guidelines” to employees in what and how management is practiced. Management style, therefore, invisibly shapes employee attitudes and expectations towards the organization, which in turn shapes the organizational culture. Organizational culture is defined as the common perception, that is, shared attitudes, values, and expectations held by the organizational members (Becker, 1982; Schein, 1985). Because management style tells much about the philosophies and the practices of the top management, it therefore determines human resource policies. In addition, Purcell and Ahlstrand state that management style implies a set of parameters guiding the management decisions and policies on employee relations, event procedures and strategic formulations. Thus, management style is directed related to business strategies of an organization (Purcell and Ahlstrand, 1994). In order to stand out among the fierce competitors or to remain sustained competitive advantage, an organization needs to pursue its own, distinctive set of policies that other competitors cannot easily copy or imitate (Wright et al., 1994). While external policies can be readily emulated, management style cannot be easily imitated. It is because the latter involves the historical behaviors and traditional practices of the firm and the psychological thinking and values of management. In fact, it has been recognized that management style developed in one culture may simply not apply to another culture (Randall, 1993). Because of the difficult imitation, management style can be a source of sustainable competitive advantage. In fact, there has been increasing focus in the organizational match between internal and external policies in recent years, and an appropriate management style can foster the linkage between the human resource management (internal) and the strategic plans (external).

2.1.2 ‘Unitary’ vs. ‘Pluralistic’ View

The original concept of management style consists of two major perspectives, as identified by Fox: the ‘unitary’ view and the ‘pluralistic’ view. In dealing with industrial relations, organizations either emphasize on the direct relationship with their employees or recognize a trade union. Under the ‘unitary’ view, strong emphasis is placed on

management-employee relations and co-operation. Management sets policies so as to lead its employees towards the organizational goal and objective. Because the philosophy is to deal with industrial relations at the discretion of the management, unions are unappreciated and undesirable. On the other hand, unions are recognized as legitimate representative of employees under the 'pluralistic' view. The rationale behind that is the management views its employees as a 'separated' interest group, with different objectives and goals. When conflicts arise due to clashes of interest, management usually seeks collective bargaining or compromise as the resolution (Fox, 1974; Purcell and Sisson, 1983).

2.1.3 Re-cast Categories: Individualism and Collectivism (Management Style)³

Purcell and Ahlstrand (1994) refined the above perspectives according to two dimensions: individualism and collectivism (management style). Along the individualism dimension, employees are either viewed by the management as 'individuals with needs, aspirations, competencies and particular skills of their own,' or 'as homogeneous blocks of people, with personnel and payment policies unable to distinguish between individuals and individual performance' (Purcell and Ahlstrand, 1994:179). Human resource policies from the area of recruitment to compensation and safety are designed to meet organizational objectives. Employee behavior can be interpreted in terms of either Theory X or Theory Y, as identified by McGregor (McGregor, 1960). At the low end of individualism, employees are seen as Theory X workers and as a factor of production. Theory X represents the traditional view of management on employees as being lazy and irresponsible, and as needing to be directed and motivated by money and coercion. Employees' performance is achieved through pecuniary reward, and management relies on external labor markets for hiring. On the other end, at high individualism, management views its employees as the company's resources and as being motivated according to Theory Y, that is, they like work, are willing to accept responsibility and are able to derive satisfaction from what they achieve in their jobs. In order to win employee satisfaction and commitment, and to maximize their performance, management is willing to invest in them, such as appropriate

³ The scale of Individualism and Collectivism is used by Purcell and Hofstede to refer to two different texts. Purcell used the scale to help explain the management style matrix; and, Hofstede used it to describe the different cultural styles. In order to avoid the possible confusion, parentheses with management style or with culture will be put after the term Individualism and/or Collectivism where necessary.

placement, intensive training; fair reward systems and prospective career development. For this type of management style, the internal labor market is emphasized because of the heavy 'human' investment. In the middle of the continuum, as which Purcell and Ahlstrand termed paternalism, although employees are not necessarily viewed as resources, they are provided with a good and caring work environment and job security with reasonable pay and benefit. Here, management does not have high expectations on its employees but it expects employees' loyalty in return. Training is given to a certain extent to improve employees' performance.

Collectivism is closely related to 'pluralism' as identified by Fox. It refers to the group cohesiveness or the process of forming voluntary associations by individual employees. Thus, the scale of collectivism describes 'the extent to which the company and its management seeks to avoid or recognize trade unions or other forms of employee representation, and the nature of that relationship' (Purcell and Ahlstrand, 1994:212). Along the low end of collectivism, trade unions or labor associations are either avoided or not recognized by companies. On the other hand, however, along the high end of the scale reflects a total co-operation between unions and management. The relationship between the two parties is good, and they support each other in solving company's or employees' problems. In the middle of the scale is marked as 'adversarial', which represents the traditional management-union relationship in many organizations. Unions are recognized in these organizations, but cooperation between the union and the management is low. When problems arise, each party tends to restrict the flow of information to the other side and exaggerates its own situation in order to get the bargain.

2.1.4 Types of Management Styles

Based on the individualism and collectivism (management style) dimensions, Purcell and Ahlstrand identified six models of management styles (Figure 2.1). Despite that these models are of ideal types (may not be very ideal in terms of practicality), they do highlight some differences in the human resource management approaches, and help explain to a certain extent the management philosophies under a particular culture and business environment (Sisson, 1989). However, it is likely that most organizations in Hong Kong will place the emphasis mainly on the individual level when designing their HRM practices. It is because the union movement in Hong Kong has been quite inactive

and they have not really developed collective bargaining. This causes a rather insignificant level for the collectivism dimension. Poon (1995) pointed out two major reasons for such unionization hindering. First is that labor mobility in Hong Kong is high. People change jobs very often and easily, and such move may be more personal beneficial than expressing views through union movement. Second is the relatively small size of many Hong Kong companies, small enough that there is virtually little point informing unions. Along the individualism scale, the management styles of many western and eastern organizations have assuredly been considered to be sophisticated human relations and paternalistic respectively (see later section in this chapter). In view of this, in this study, attention is paid on the paternalistic and sophisticated human relations styles along the dimension of individualism (as highlighted).

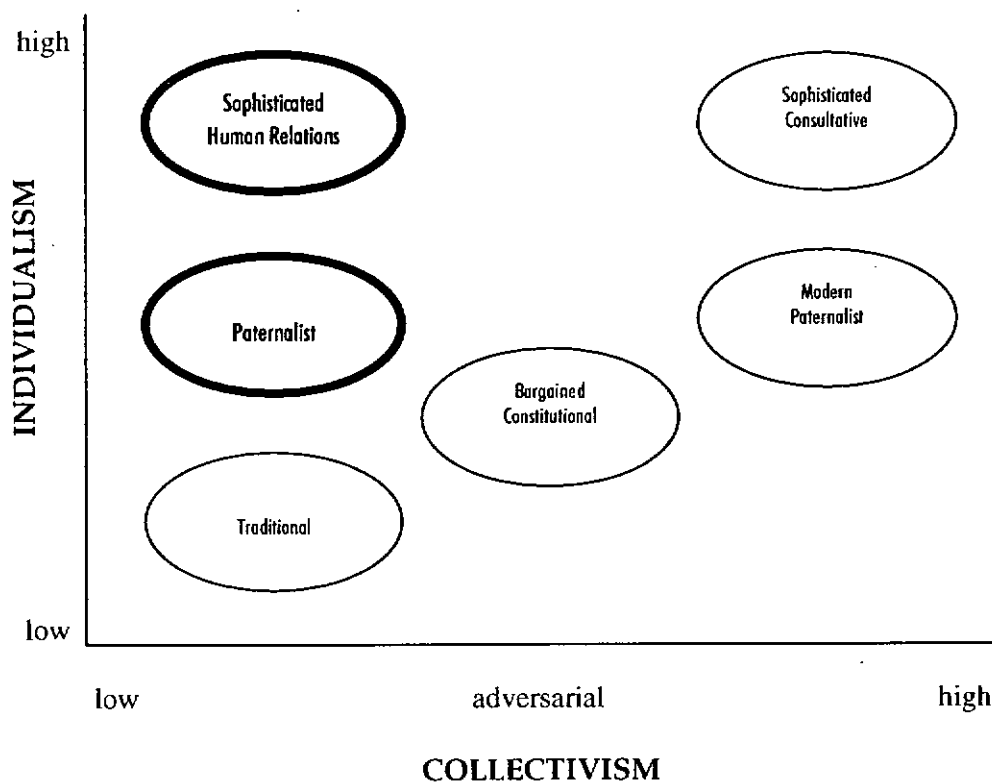


Figure 2.1. The Management Matrix Style: Adapted from Purcell and Ahlstrand, 1994:178

2.1.5 Purcell's Management Styles and Walton's Work Strategies

The management style of an organization usually depends on national culture, or a particular business environment, and each management style displays different characteristics. According to Purcell and Ahlstrand (1994), organizations operating their styles at the lower end of the individualism scale will tend to exert a tighter control over employee performance, and somehow de-emphasize human resource policies. On the contrary, firms operating at the higher end of the scale will carry the 'people-first' value. Organizational and human resource policies are designed around the employees, in the hope of seeking good performance through employee co-operation, satisfaction and commitment. One way is to provide employees with meaningful and challenging jobs. At the heart of this philosophy is the belief that performance will be enhanced if employees are satisfied and committed to the company. Organizations implementing such practices will stress the emphasis on employee development. From what Purcell and Ahlstrand described, the traditional and the sophisticated human relations management style have almost the exact attributes as the so-called control and commitment strategies, respectively, as termed by Walton (Walton, 1985). Walton characterized the control strategy as control exercised and oriented, with pay according to performance. Jobs are fixed and narrowly defined so that maximized efficiency can be more easily achieved. Employees are viewed as a factor of production. Such practices suggest that the control strategy is operating toward the low level of the individualism (management style) dimension. On the other end, however, commitment strategy emphasizes the importance of employee satisfaction and commitment. Scope of employee contribution and responsibility is expanded and continuous improvement is stressed. Policies and jobs are designed around employees in order to induce their satisfaction and commitment. Therefore, from such description, it can be seen that Walton's control strategy lies on the lower end of the individualism scale, whereas the commitment strategy operates on the higher end. The concept is summarized in figure 2.2.

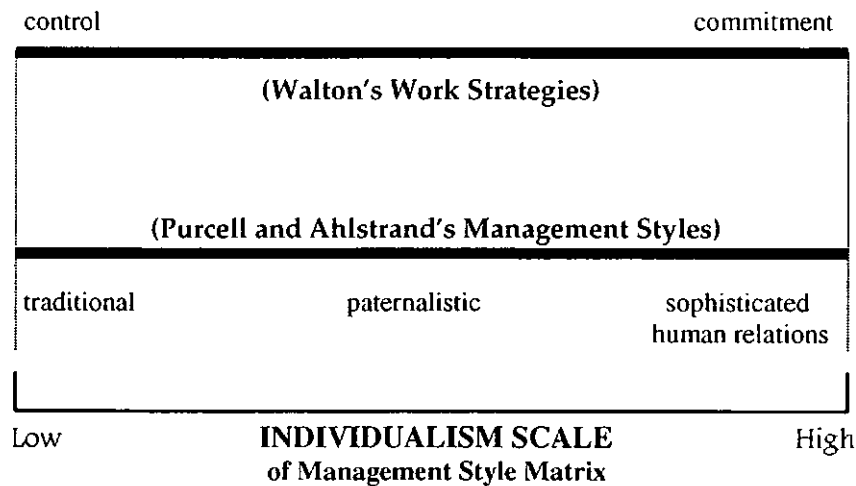


Figure 2.2. Comparison of Management Styles and Work Strategies on Individualism Scale

With such a close correspondence between the two schemes, the workplace strategies explained by Walton and the management styles identified by Purcell and Ahlstrand can actually be grouped together to derive a description of the characteristics. Because the western management style is usually identified as sophisticated human relations whereas the eastern management style as paternalism (see section 2.2 and 2.3), the characteristics description focuses on these two styles only. This is shown in the following table, which identifies details of the HR implications:

Management Style	Paternalism	Sophisticated Human Relations
Human Resource Policies		
Employee Expectations	Employees are expected to perform according to requirements and what are being told. Freedom of employees is restricted and company regulations are likely to be extensive.	Employees are expected to work beyond the terms of their contracts and regulations. Rules are likely to be more indicative and detailed.
Style Feature	A paternalistic approach, emphasizing on welfarism and familial relationship. Employees are treated as family members and are well taken care of. Little attempt is made to differentiate between performance of individual employees.	A commitment type of style. Employee commitment, loyalty, and dependence are inculcated to maximize productivity and responsiveness to change. It is believed that eliciting employee commitment will lead to enhanced performance.

Management Style	Paternalism	Sophisticated Human Relations
Human Resource Policies		
Organizational Structure	Structures are centralized, with control and authority remained at the hand of top management. Status and authority are emphasized.	Structure is decentralized. Control, co-ordination, and communication systems are more lateral, with the emphasis on sharing goals, values and traditions. Status and authority differentials are less emphasized.
Job Design Principles	Jobs are still expected to be narrowly defined, with broader scope than that of traditional approach however. In addition, relatively higher emphasis is placed on individual responsibility than under traditional practice.	Flexible definition of duties. Jobs are designed to enhance the content and responsibility, from fixed duties to the whole task. Work teams are frequently used to allow shared skill and knowledge.
Recruitment and Selection Policies	Recruitment and selection policies may be targeted at junior level staff and these employees are expected to develop their career within the companies.	Recruitment and selection policies are more carefully planned with the use of more sophisticated recruitment techniques such as competency profiles and psychological testing.
Training Policies	Training is provided when necessary, such as the introduction of new technology or new working procedures.	Substantial training is provided to maximize employees' contribution to the organization and their flexibility to meet the market demand.
Employee Development	Little promotion opportunities or job advancement beyond the induction stage or junior grade.	Promotion ladders and outline of careers are provided, with emphasis of internal labor market. Companies also put a great priority in retaining employees.
Employee Voice Policies	Employees are discouraged to express their views and suggestions. Communication is mainly downward.	Employees are encouraged to express their views or opinions through the use of attitude surveys, exit interviews, and open communication systems.
Labor-Management Relations	Unions are not welcomed. Efforts are made to prevent unionization.	Union recognition is unlikely to be granted by management. Efforts are made to reduce the threat and to minimize the attractiveness and necessity for unionization.

Sources: Purcell and Ahlstrand (1994: 179-195); Walton (1985:81)

Table 2.1. Characteristics of Paternalism and Sophisticated Human Relations

Regardless the different working strategies of the two management styles, their ultimate motive is to take care of their employees, either through good relationship or individual

value, so that productivity and performance can be increased or enhanced. Traditionally, the management style in many eastern countries with Confucian values has been paternalistic. The key method to generate employee satisfaction and commitment is by providing good, caring, didactic and dyadic relationship to the staff, like the relationship between family members. As to sophisticated human relations, which is the common form of the western management style, one major way to engender employee satisfaction and commitment is by designing jobs to include broader and more significant tasks and greater responsibility and autonomy to elicit employee motivation in doing their jobs. These two styles will be discussed in more detail in the following two sections.

2.2 'EASTERN' HRM PHILOSOPHY

During the past two decades, Asian economy has been developing very rapidly. This is especially true for countries like Japan, China, Taiwan, Singapore, and the like. The success of economic development brings in some profound movements for management thought and practice, either by self-enlightenment or by foreign investments. Because one aim of this study is to explore the actual HRM practices of some 'eastern' organizations, it is necessary to take a closer look at their management philosophy. In this section, the definition of 'eastern' countries will first be discussed. Then, the transformation from philosophical values to practice implementation will be examined.

2.2.1 Definition of 'Eastern' Countries

'Eastern' countries in this context refer to the countries in Southeast and East Asia that are under the strong influence of Confucianism and with rapid economic development or is already economically developed. Particularly, it refers to Japan, China, and the 'Asian four little dragons': South Korea, Taiwan, Singapore, and Hong Kong.

Confucianism is the central philosophy of the traditional Chinese culture, and has diffused to many other Asian countries. Indeed, the long line of Confucian-inspired philosophy makes up the Asian value when we look at the social characteristics of these countries. Although this may run the danger of generalizing these Asian countries with such common belief, comparatively speaking, such distinctive set of value is a lot more dominant in eastern countries compare to western developed nations. In fact, many

scholars, journalists, businessmen, and politicians have recognized the significant contribution of this traditional culture to the rapid economic progress in Asian nations. For example, besides the countries with European cultural origins, the economic progression of the “Asian Four Little Tigers”, that is, South Korea, Taiwan, Singapore and Hong Kong is quite dominant. Coincidentally, these countries share the post-Confucian values. Of course, Japan and China can not be excluded in this context. Both countries have been under the Confucian values for a very long period of time. As for economic advancement, Japan’s economic success has long been recognized. Despite the recent economic downturn and financial crisis, she is still the second largest economic and financial system in the world. As for China, she has the largest market in the world, and her economy is developing prominently. With many economically-success Asian countries like Japan, South Korea and Hong Kong have negative growth in their GDPs, China still maintains a positive figure for her yearly economic development.

The objective of this study is not to see whether a positive relationship exists between the Confucian value and the economic growth in Asian countries. Due to much existing ground and evidence, it is reasonable to assume that such relationship does actually exist.

2.2.2 Confucianism and Paternalism

Confucianism is the central philosophy of the traditional culture of many eastern countries. Its principle centers particularly on interpersonal harmony, family integrity and individual relationship (Westwood, 1992). It treats the family as the main unit in human society (Zhao, 1994). For example, the Chinese society has traditionally and strongly been patrimonial and authoritarian, with all the power and authority fallen into the hands of father, or the male head, of the family. However, filial piety (loyalty and reverence towards the parents) is expected from the son. Such patrimonial and authoritarian system in family structure extends to business and industrial enterprise in these eastern countries, placing high value on family-typed obligations and relationships (Richman, 1969; Westwood, 1992). Manager in the organization is acting like a father in the family. This is further supported by Bond (1991) as he put, ‘The effective model for leadership systems like the Chinese is thus the wise and loving father’ (p.73).

Apart from patrimonialism and authoritarianism, the importance or the maintenance of harmony has also been the primary concern of Confucianism. Chen argues that harmony is so important that an organization may pursue it even at the expense of the company's efficiency (Chen, 1991). With such strong cultural value on harmony, it implies that management will work to maintain the harmonious relationships with their employees; and, it is indeed these personal relationships, but not the legal contractual system, that hold the organization together (Richman, 1969).

Chinese organizations (and certainly many other 'eastern' organizations like Japanese and Korean organizations) are commonly described as autocratic and paternalistic (Redding, 1980; Lau, 1982). Paternalism rests on the Confucian ideology of familism, authoritarianism, and harmony, which creates mutual dependence and acceptance of hierarchy (Redding, 1990). It has been suggested that people with power are expected to be paternalistic (Pye, 1985), seeking workers' co-operation through paternalistic ties rather than legal/rational authority (Redding, 1980). Not only do these people possess the father-like power and authority, but also the father-like duties, obligations, and responsibilities to take care of their 'children'. Given the Confucian aim of a peaceful, ordered, and harmonious society, these 'children' will also express, in return, their loyalty and discipline with benevolence (Redding, 1990). As a result, mutual obligation is emphasized. The management takes care of its employees by providing them secured jobs, good fringe benefits, proper concern and consideration, and in return, expect their loyalty and compliance. In fact, the 'degree of loyalty and obedience' is even more important than employee performance for some management (Chen, 1995). This matches with Westwood's terminology on paternalism. According to him, paternalism is the management style that reflects the father-like qualities in traditional Chinese society. This includes 'clear and strong authority, together with concern and considerateness and elements of moral leadership... Paternalism, then, is the style which combines discipline and authority with fatherly concern and benevolence' (Westwood, 1992: 132).

In fact, one major key feature of engendering employee satisfaction and commitment is by treating them like family members: familial relationship is one of the principal aspects of paternalism. As Pye puts, 'In most Asian cultures, leaders are expected to be nurturing, benevolent, kind, and sympathetic figures who inspire commitment and dedication' (Pye, 1985:28). Accordingly, familial relationship can be regarded as the main 'core' dimension of paternalism.

2.2.3 From Confucian Beliefs to Management Practices in Eastern Countries

Given that the central principles of Confucianism are interpersonal harmony, family integrity and individual relationship (Westwood, 1992), many Chinese managers actually apply such ideas to the management principles. It is found that in both Chinese state and family enterprises, social relationship and group welfare are more important than personal needs and desires (Laaksonen, 1988). Employees have got used to working as a group rather than individual, and teamwork has been proven to be more effective than individual system in many Asian countries. For example, Wang in his study found that Chinese managers felt more confident and were able to make a quicker decision when that decision was based on consensus, and the whole group was accountable for the responsibility (Wang, 1989). In fact, studies have been showing that collectivism (culture)⁴ dominates individualism in the Chinese societies (Hofstede, 1980; 1983). Although many state enterprises are currently under economic reform, nevertheless, employment system is life-long (the so-called Iron-Rice-Bowl) and labor mobility is still limited. The state, like a father, provides all the security and welfare for the employees, and in return, expect their loyalty and obedience, just like what a father expects from the sons.

Apart from China, in other Asian countries where Confucianism is one of the major cultural beliefs, such as Japan, Taiwan, and South Korea, there is little doubt that Confucian ideas have been applied to management philosophy. Harmony, employee welfare, paternalistic leadership and loyalty are highly emphasized. For example, Nam (1995) argued that one major reason for the success of many Japanese firms was their commitment to corporate welfarism. That is, the firms treat their employees as their family members, providing them with job security and welfare. Cascio (1992) also stated that Japanese rooted her capitalism in Confucianism, with the anchors of loyalty, hard work, harmony and obedience. In many Taiwanese companies, familism plays a central role and exerts a persuasive influence on management practices (Farh, 1995). The key positions in many private companies are occupied by family members and/or close relatives (Cheng, 1991). As to the case in South Korea, the traditional Confucian value still exerts a pronounced influence on the Korean HRM practices (Koch, Nam, and

⁴ As mentioned in footnote 2, the term collectivism here refers to the aspect of national culture, and not the one on management style. In a collectivist country/culture, people emphasize on collective goal rather than individual interest. They are more committed to the in-group, and relationship between people is structured more tightly. On the other hand, an individualist country/culture, individuals are more independent, and self-interest is always more important than collective goal.

Steers, 1995). Some of these traditional practices include Confucian work ethic, flexible life-time employment, paternalistic leadership, top-down decision making, and loyalty (Lee and Yoo, 1987).

In other Southeast Asian countries like Thailand, Malaysia, Philippines and Indonesia, their country-specific value systems may be more different from the Chinese value than those in Japan and South Korea. However, the economic influence of the overseas Chinese in these countries is quite powerful. Therefore, it is as well relevant to consider the role of Confucian value in shaping management practices in most Chinese enterprises in these countries, and such management philosophy will diffuse throughout the Southeast region. Indeed, Chinese family enterprises in Thailand rely heavily on family relationship and personal contacts for hiring decisions (Lawler and Atmiyanandana, 1995). In Singapore, the tight labor market causes some companies to introduce the 'bring-a-friend' recruitment scheme, that is, the employee referral. The introducer may get a certain amount of monetary reward for bringing in the recruit should the referred person is successfully selected by the company and stay for a certain period of time. Another example of the importance of relationship is that Sarachek and Aziz (1986) found that about one-third of the respondents in some Malaysian companies believed that personal friendship with high-level managers was an important factor when the company selects supervisors.

However, the rapid economic development in recent decades causes changes in some of the Asian management systems. Because of the rapid economic growth and the great potential of the Asian market, many large western multinational enterprises (MNEs) have come to set up operations in Asia. Many of these multinational corporations are more likely to professionalize their HRM functions, and thus, have transplanted the management practices of their parent companies to their overseas subsidiaries. As a result, a host of the more sophisticated western HRM approaches, such as performance appraisals, job evaluation, merit pay, management development and training, have been introduced to Asia, especially for those economies which are growing at a more rapid pace. In Korea, for example, the management and personnel development has been influenced by more contemporary 'modern' (typically western) approaches (Lawler and Atmiyanandana, 1995). Many western MNEs in Taiwan have also transplanted management practices to their overseas subsidiaries (Farh, 1995). In addition, Lawler et al. (1989) characterized that the HR strategies in many publicly held Thai corporations

represent the hybrid of western rationalism (for managerial and professional employees) and traditionalism of the family enterprises (for lower-level employees).

Apart from the transference of management practices, the opening up of the Asian economy to western trade improves the standard of living in many Asian societies. With the more open information and mass communication, western (usually the U.S.) culture begin to 'penetrate' into the Chinese Asian societies. For instance, people in Shanghai are getting crazy for NBA basketball; the younger generation in Japan and Guangdong feels fancy for the American style (the way of dressing or the way of behaving); and, McDonald's (the hamburger culture) is also getting more and more prevalent in China and in some Southeast Asian countries. Many Asian city dwellers, compare with some years ago, are now living in a more materialistic world. The permeation of the notion of 'it is glorious to be rich' into many Asian people's thinking makes pecuniary incentive important. People start to emphasize individual achievement. As a result, reward system has got more flexible and performance-based. It is found that, in many Chinese enterprises, many workers are not motivated by moral incentives and collective goals, but are motivated by monetary incentives and individual success. The old practice of 'eating from the same big pot' begins shifting way to the principle of rewarding according to individual performance (Lam, 1989). Nevertheless, despite of some shifting of management practices, paternalism is still emphasized on in HR management by many Asian corporations, with familial relationship playing a 'core' dimension that many Asian corporations emphasize on.

2.3 WESTERN HRM PHILOSOPHY

The term western countries in this context actually refers to those more advanced and economic developed countries in the west hemisphere that are under the influence of the U.S. management philosophy. The central focus lies around the U.S. is because she has been one of the world's leading innovators and pioneers in the field of management, which includes HRM; and, most of the modern researches on management theories and practices are actually conducted and developed there. Specifically, it refers to the U.S. herself, Canada, and the U.K.. Because of the different cultural background and management philosophies, western firms are considerable more likely to professionalize the HRM practices when comparing to their eastern counterparts. Within the western

firms, American (the U.S.) firms are more likely to go for such professionalization than European firms are. Given the leading role of the U.S. in the field, it is necessary to take a closer look at her management philosophy.

The concept of western management is goal-, task- and result-oriented. Many American managers lay a heavy stress in employee satisfaction and commitment. They believe that performance and productivity will be improved and increased when employees are satisfied about and committed to their jobs and companies. They also believe that in order to achieve employee satisfaction and commitment, an appropriate HRM has to be worked out. As noted by Baytos, personnel management is definitely a part of the solution to the problem of productivity (Baytos, 1979). Indeed, in the past decade, the dynamic changes of the global business environment has led many U.S. organizations and scholars to revolutionize their personnel administration from the more traditional approach to a more sophisticated human relations fashion. Moreover, the success of the Japanese also causes the U.S. Americans to rethink their human resource philosophy.

In this section, some traditional approaches and elements of current theory of the western HRM philosophy will be studied.

2.3.1 Traditional Approach and the Three-Level HRM Theory

The probable most well-known traditional human administration theory is Taylor's scientific management of this early century. Such approach concerns with maximizing employees' efficiency and productivity. Workers are characterized as Theory X workers, that is, they dislike work, refuse to accept responsibility, and have to be guided and monitored. Monetary reward is the prime motivation factor. It is believed that productivity will be enhanced if employees are trained, repeatedly doing their tasks, and more importantly, given pecuniary reward. Efforts are made to design the work tasks in a systematic manner. Therefore, at the heart of scientific management is the emphasis on the importance of job design, exercising control, and order establishment (Walton, 1985). However, although scientific management can enhance productivity, it cannot enhance employee satisfaction. Employees are motivated to produce quantitatively but not necessarily qualitatively. In order to raise employees' qualitative performance, morale and satisfaction must be achieved. In view of this, a more human behavior approach,

known as Hawthorne Studies, was conducted by a group of researchers at the Hawthorne plant of the Western Electric Company outside Chicago between 1920s and 1930s (Certo, 1994). The purpose of the studies was to measure the relationship between the work conditions and the performance. The central idea is that performance will be increased if management understand their employees and provide them with good work conditions. Hawthorne studies bring certain aspects of human behavior, which are ignored by scientific management or even earlier views, into the focus of management approach (Baron and Greenberg, 1990). After the recognition of the basic principle of Hawthorne studies, the human relations school takes shape. This approach takes a further step in studying the relationships between human needs, motives, attitudes and work performance. Thus, it establishes a close link between the human behavioral sciences and job performance (Baron and Greenberg, 1990).

The scientific management movement, Hawthorne studies and human relations approach have certainly been among the most profound approaches impacting on the way of the management world. However, the intensified global competitions turn the attention of many U.S. managers and scholars to a more sophisticated human relations approach. More focus has turned to the linkage of internal (HRM) practice and external (business) strategy in the U.S. HRM literature. Many scholars have pointed out that such close link will create high employee commitment, which in turn, will lead to increased organizational competitiveness and effectiveness (Tichy, 1983; Dyer, 1984). Also, many CEOs and top managers believe that HR department will make a significant contribution to the organization when it understands the vision of the management (Wagel and Levine, 1990). In fact, the involvement of HRM in corporations' strategic planning has been increasing, leading to the increase in HR managerial power (Schuler, 1987). The essential idea of HRM focuses on three levels: the strategic level, the managerial level, and the operational level. At the strategic level, HRM should be linked to the business plan and the long-term goal/objective of the organization; at the managerial level, HRM should facilitate or smooth the resource allocation process so as to achieve its business objective; and, at the operational level, HRM should display a sophistication of personnel practices about day-to-day management (Fombrun et al., 1984).

2.3.2 Additional Elements of HRM Theory

Apart from the three-level focus, Guest further identified four essential goals of HRM by defining it as 'a set of policies designed to maximize organizational integration, flexibility, quality of work, and employee commitment' (Guest, 1987:503). As pointed out by Purcell and Ahlstrand, internal practices must cohere, thus integrate, with strategic decisions like financial investment, market expansion, production planning, etc. On the flexibility level, the organizational structure and the decision-making process must be flexible enough to adapt to the rapid environment changes. Organization should also design its HRM in such a way that reputation for high quality in employee treatment can be achieved, so that to attract competent employees (Purcell and Ahlstrand, 1994). Commitment is another key word in today's U.S. HRM literature. In highly industrialized countries like the U.S., organizational competitiveness depends on outstanding performance of employees. But before giving superior output, employees must be committed to the organization so that they are willing to accept the organizational goal, exert extraneous effort to the organization and desire to maintain the membership with the organization (Mowday, et al., 1982; Walton, 1985). A number of studies have proved that increased commitment level weakens quit intention and actual turnover (Angle and Perry, 1981; Hom, et al., 1979) and improves performance of extra-role behavior for employees in career-building stage. Therefore, at the heart of HRM theory is the belief that appropriate internal practices will lead to enhanced performance and productivity.

It is these goals of the HRM theory that bring in the sophistication of HR practices, from employee recruitment to employee career development. In fact, recent North American evidence suggests that the need to integrate HR activities with organizational strategy is getting more widely recognized (Anthony, et al., 1993). Many large U.S., and even Canadian, multinational corporations have begun to carefully select and place their employees on the job that can best use their skills and knowledge, so that they can attain the sense of achievement, satisfaction and commitment. Some organizations even go further to pursue the value-based hiring, which is 'the selection process that seeks to match not only the person's skills with the job but also his or her values with those of the company' (Dessler, 1994). Extensive training is also given to the employees because management believes that, first, training can improve employees' job knowledge and performance to match the standard of excellence in today's competitive world; and,

second, it can also 'ingrain' employees with the organizational philosophy so that they can work towards the company's goals. As to the reward and compensation system, it is believed that only fair and flexible systems will enhance motivation and performance. There are adequate job performance review and appraisals to evaluate employees' performance, of which it is a primary factor of promotion and pecuniary reward. Planned career development is also provided for the employees by many large U.S. corporations in order to win the formers' motivation, satisfaction and commitment. In other words, HRM is a tool for facilitating strategic growth and changes. Indeed, research in Britain has consistently shown that in many British organizations, HR is not an independent function but combined with the general or line management and/or other organizational areas (Berridge, 1992).

2.3.3 Job Characteristics Model Theory

Employee satisfaction and commitment are the two important concepts in the U.S. (or western) HRM philosophy, and from many U.S. literature in this field, job characteristics has been one of the main focuses in inducing employee satisfaction and commitment. The main rationale is that if jobs are designed to be more interesting, more meaningful, and more significant, through the human psychological state, people will become more motivated, and consequently, becoming more committed and satisfied.

For many organizations, especially those under western practices, job design, such as job characteristics model, has been a powerful tool for enhancing employee job satisfaction and commitment. In fact, a number of researches have been conducted on the possible relation of job characteristics to certain behavioral aspects or certain human resource policies. For example, relation of job characteristics to job satisfaction (Loher, et al., 1985); relation of job characteristics to managerial style (Yeh, 1996); relation of job characteristics to employee affect, absence, turnover intention and health (Sector and Jex, 1991); and, effects of job characteristics and worker characteristics on pay (Schumann, et al., 1994). As Walton put it, employees today tend to have a greater need for self-development and achievement than their predecessors. They also tend to be more competent, carrying higher skills and expectations, and seek for responsibilities in their jobs (Walton, 1972). Moreover, they also require greater autonomy. Research shows that perception of job characteristics is an important predictor in employee

performance (Hackman and Oldham, 1975; Spector and Jex, 1991). One of the main concepts of sophisticated human relations approach is 'people-value', therefore, relating this concept of management style to the above employees' perceptions, it can be inferred that the linkage of sophisticated human relations (the high commitment model in Walton's concept) and job characteristics model is inherent.

The job characteristics theory assumes that jobs can be designed so that employees will 'regain the chance to experience the kick that comes from doing a job well, and... care about their work and about developing the competence to do it even better' (Hackman, 1976:103). The model identifies 5 core job characteristics and 3 psychological states (with various work outcomes --- see figure 2.3). The essence is that these core job dimensions affect employees psychologically, and will lead to a better work outcome (performance). However, this study will only focus on satisfaction and commitment.

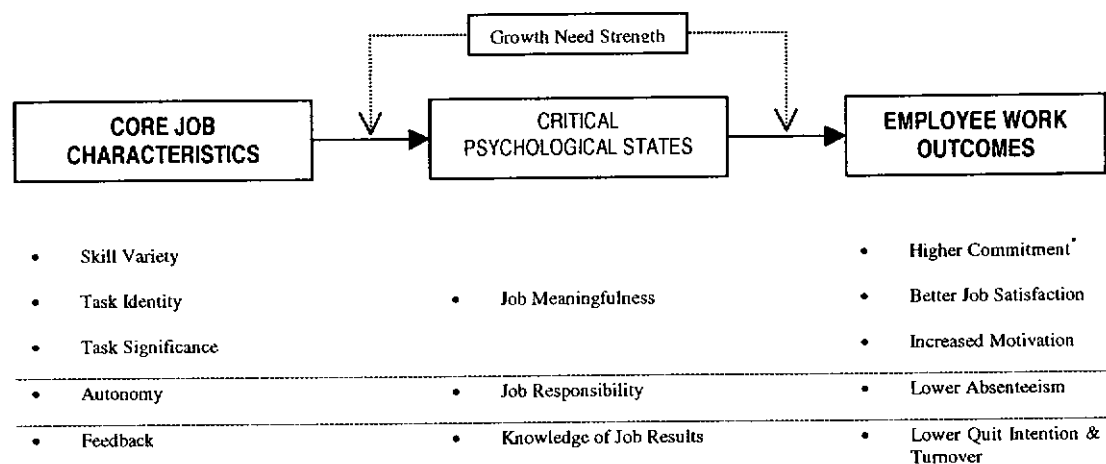


Figure 2.3 The Job Characteristics Model (Hackman and Oldham, 1975, 1980)

2.3.3.1 The Five-Core Job Dimensions & The Three-Psychological States

In figure 2.3, skill variety refers to the workers' breadth of skills and knowledge required by the job. Such a job may involve different activities that require different skills or talents in order to solve or handle. For example, a clerk in the credit department of a financial institution may not only have to know how to read the financial statements and

* The original JCM from Hackman and Oldham does not include commitment as part of the work outcome. But, in fact, one of the emphases of job design is to engender commitment. Therefore, it is justifiable to include commitment as a work outcome in this case.

how to do the accounting entries, but may also have to know how to deal with the customers and how to call up the delinquent accounts. Task identity refers to the extent to which the job requires the whole and identifiable task to be completed from start to finish. Task significance refers to the degree of impact in which a job has on other work or other people. It is believed a job constitutes these three characteristics will be considered important, valuable and worthwhile, which leads to the psychological state of job meaningfulness. Autonomy refers to the freedom and discretion that an individual employee has in planning and scheduling the work. According to the model, this job characteristic is believed to give the job incumbent a feeling of responsibility for the job. Feedback refers to the degree to which job provides the individual employee a clear and direct information about the effectiveness of his/her performance. The model implies that employees are viewed as Theory Y workers, that is, they are the people who will achieve internal reward when they learn (knowledge of results) that they personally (experienced responsibility) has performed well on a task that he cares about (experienced meaningfulness) (Hackman, 1976:129). To state it simply, the job characteristics model states that job motivation and productivity will be usually enhanced when the employees are allowed to have higher autonomy and greater control of their own work pace and methods (Baytos and Kleiner, 1995). Baytos and Kleiner also pointed out that, psychological and social needs of individual employees and requirements of the tasks will be satisfied by effective job design. For example, research shows that, in the context of western societies, many western organizations foster their employee commitment through careful job design, which then drive towards a better work performance (Nam, 1995).

The links between the job dimensions and the work outcomes are moderated by the individual characteristic of growth need strength (GNS). Growth needs are defined as needs or personal challenge and accomplishment, either for learning or for professional/career development (Graen et al., 1986). Employees with high GNS are more likely to experience the theorized psychological states and reactions to the core job dimensions, such as higher motivation and commitment, than those with less GNS. Consequently, they will enjoy the sense of achievement from the work outcomes as predicted by the model. On the other hand, employees with low GNS will not welcome a more challenging job, but will enjoy a more quiet life.

2.3.3.2 Job Characteristics: The Affective Outcomes⁵

According to the theory of JCM, the five core job dimensions result in higher job satisfaction and commitment. Such increase is caused by the psychological states of employees in influencing their personal and work outcomes. Job characteristics make work mentally more challenging, and mentally challenging job is one of the important factors conducive to job satisfaction (Locke, 1976). People are generally more committed and satisfied when they perceive their jobs to be more meaningful and when they feel they have more freedom and more responsibility for their work. As argued by Myers (1964), a challenging job brings the feelings of achievement, growth, responsibility, advancement, recognition, and work enjoyment to an employee, which in turn, leads to motivation. Curry, Wakefield, Price and Mueller (1986) further stated that jobs with some kind of variations would generate higher employee satisfaction than dull, repetitive jobs. To put it more simply, perceptions of the job and personal attributes shape the job evaluation.

Given the central theme of job design (also familial relationship for paternalism) is to induce employee satisfaction and commitment, it is worth to take a closer look on the latter two attitudes in the following section.

2.4 JOB SATISFACTION & ORGANIZATIONAL COMMITMENT

Job satisfaction and organization commitment are two major areas that most organizations have been concerned with. In western countries, there have been extensive researches on the relationship between satisfaction and commitment and other work or attitudinal behavior like quit intention and actual turnover (Michaels and Spector, 1982; Mowday et al., 1979). Satisfaction and commitment are closely related but distinguishable constructs (Dougherty et al., 1985). According to Norris and Niebuhr, (1983), organization commitment is a more stable and enduring attitude, while job satisfaction is more temporarily and associated with the affective response to the immediate work environment.

⁵ Since this study only focuses on satisfaction and commitment, therefore, other affective outcomes, that is motivation, absenteeism, quit intention and turnover, are not mentioned in this case.

2.4.1 Satisfaction

Satisfaction has long been focused on for its relationship between other attitudinal behaviors such as absenteeism, turnover, and actual performance and productivity (Wong and Chau, 1993). For example, it has been found that turnover intention is highly, but negatively, correlated with job satisfaction (Mowday et al., 1979; Michaels and Spector, 1982). The importance of satisfaction stems from the fact that it directly and indirectly influences employee productivity and performance. This is supported by Ostroff's finding that organizations with more satisfied workforce are apt to be more effective than those with less satisfied workforce (Ostroff, 1992).

Thierry and Koopman-Iwema (1984) defined satisfaction 'as the degree of well-being experienced in the work or work situation' (p.154). Locke has identified two major components of job satisfaction: intrinsic satisfaction and extrinsic satisfaction. Intrinsic satisfaction refers to the satisfaction with the work itself, whereas extrinsic satisfaction refers to the satisfaction not only with the work itself, but also with the work conditions (Locke, 1976). Warr, Cook, & Wall (1979) used the term 'intrinsic' to emphasize on personal achievement and task success; and, 'extrinsic' to refer to features like working conditions and the pay. Apart from the components of intrinsic and extrinsic, two satisfaction theories, *need fulfilment theory* and *discrepancy theory*, are also of particular interest in this study. The need fulfilment theory proposes that satisfaction is determined by 'the extent to which the individual's work and work situation afford his/her outcomes which s/he holds as valuable' (Thierry and Koopman-Iwema, 1984:155). The authors also pointed out that satisfaction did not only relate to the outcomes that have already been achieved, but also those perceived to be achieved or to be possibly avoided. This relates to the growth need strength (GNS) of individuals which mentioned in the section of job characteristics model. As to the discrepancy theory, it stresses the fit between personality and environment. Kahn states that satisfaction depends on the extent of attunement between the characteristics of the personality and the environment (e.g. colleague relations) (Kahn, 1981). This theory is of interest in this study because the eastern culture also stresses the importance of *guangxi* (relationship) between peers and supervisors. Thus, satisfaction is due to the mutual influence of individual and environmental characteristics.

2.4.2 Commitment

Like satisfaction, commitment has also been the area on which a great deal of attention focuses in the HRM field. Organizational commitment is defined as 'the relative strength of an individual's identification with and involvement in a particular organization' (Mowday et al., 1982:27). The central belief is that committed employees are self-directive and motivated, and so will make conscientious effort toward the organizational goals. That means, high level of employee commitment will lead to better performance (Walton, 1985). Conceptually, Mowday, Porter, and Steers (1982) have identified three factors to characterize the notion of commitment:

a strong belief in and acceptance of the organization's goals and values;
a willingness to exert considerable effort on behalf of the organization;
a strong desire to maintain membership in the organization.

In addition to these factors, Buchanan had identified three components of the concept of commitment:

Identification: pride in the organization and the identification and internalization of the goals and values of the organization.

Involvement: psychological absorption or immersion in the activities of one's job or work role; a willingness to invest personal effort as a member of the organization, for one's own satisfaction and for the sake of the organization.

Loyalty: a feeling of attachment to and affection for the organization; employees' willingness and sense of belongingness manifesting as 'a wish to stay'.

(Buchanan, 1974; Cook and Wall, 1980)

From the above commitment concepts, it can be seen that not only psychological thinking shapes individual's commitment, factors like organizational policies, business environment and even cultural values also affect the commitment level. For example, more alternatives in the job market may weaken the loyalty commitment to the organization, and moral attitudes certainly have a direct influence on the loyalty level.

3. RESEARCH FRAMEWORK & HYPOTHESES

3.1 THE RESEARCH FRAMEWORK

Recalling back to the literature review, management style is the general way an organization practices its human resource policies towards its employees. The top management actually controls the power to decide and design organizational policies, which then shapes the management style of the respective company. Because national culture shapes the way of thinking and behavior of individuals (the top executives in this case), as a result, culture of the top management can deeply influence the management style. Culture may also influence employees' responses, which in turn may shape the choice of management style. In other words, the national culture will play an important role in determining an organization's management style.

According to the existing literature, the management styles of western and eastern countries have been characterized with the approach of sophisticated human relations and paternalism. Sophisticated human relations approach emphasizes on the importance of job characteristics, believing that employees will be more satisfied and committed to the company by designing a more enriched job, that is, job with more meaningfulness, autonomy and performance feedback. Consequently, this will lead to better job performance (Mowday et al., 1974) and higher quality of work (Hackman and Oldham, 1976). This is consistent with the individualist culture in the West. On the other hand, the paternalism approach reflects the collectivist culture in the East and focuses on familial type of relationships, expecting for employees' loyalty and commitment by treating them like family members. Both of these two dimensions can serve as a factor of influencing employees' job satisfaction and organizational commitment.

Apart from job characteristics and familial relationship, the growth need strength (GNS) of an individual may also influence both satisfaction and commitment. GNS refers to the need for growth and development in one's job, and this may shape the 'seriousness' or dedication of individual in performing his/her job. In other words, the more enriched or complex the job is, the person with higher need for development will more satisfied (Hackman & Oldham, 1976; Cook and Wall, 1980). In addition, demographic

characteristics, such as age, gender, educational level; etc. may have psychological and/or biological effect on a person's attitudes towards his/her jobs and companies. In fact, many studies have found commitment is correlated to demographics factors. For example, commitment increases with age (Hrebiniak & Alutto, 1972); positive association with job position (Salancik, 1977) and job tenure (Luthans, Black, & Taylor, 1987). Furthermore, the quality of relationship between peers and supervisors may also have impact on employee satisfaction and commitment (Kahn, 1981). It is without any questions that the better such relationships, the happier the employees, and consequently, the more satisfied and committed they will be on their jobs and to their companies. Based on the literature, the research framework of this study is shown in figure 3.1.

Figure 3.1 shows that this study is divided into two phases: the exploratory phase and the attitudinal studying phase. From the literature, it is expected that management style is shaped by the national culture, and for the 'east' and the 'west', they have their respective style: paternalism and sophisticated human relations. Therefore, in the exploratory phase of this study, which represents the management side, it aims at investigating the management style employed in the eastern-owned and western-owned organizations. The two styles may lead to different level of employee satisfaction and commitment. Thus, in the attitudinal studying phase, which represents the employee side, the influence of paternalism and sophisticated human relations on employee satisfaction and commitment will be inspected. However, such influence is moderated by individual growth need strength. Besides the two management styles, the demographic factors and the horizontal and vertical relationship within the company may also have impact on employee satisfaction and commitment.

An important point to note here is that, in this research framework, since the 'core' dimension of paternalism is familial relationship, such relationship refers to the paternalistic tie of a company to its employees. That is, it involves more like the relationship between a senior and a junior family member, in which patrimonialism, authoritarianism, parent-like obligation, loyalty and discipline are more concerned. However, for the independent variable of lateral and vertical tie, it refers to the personal relationship among peers, or between peers and supervisors. It is more like a friend to a friend rather than a senior member to a junior member.

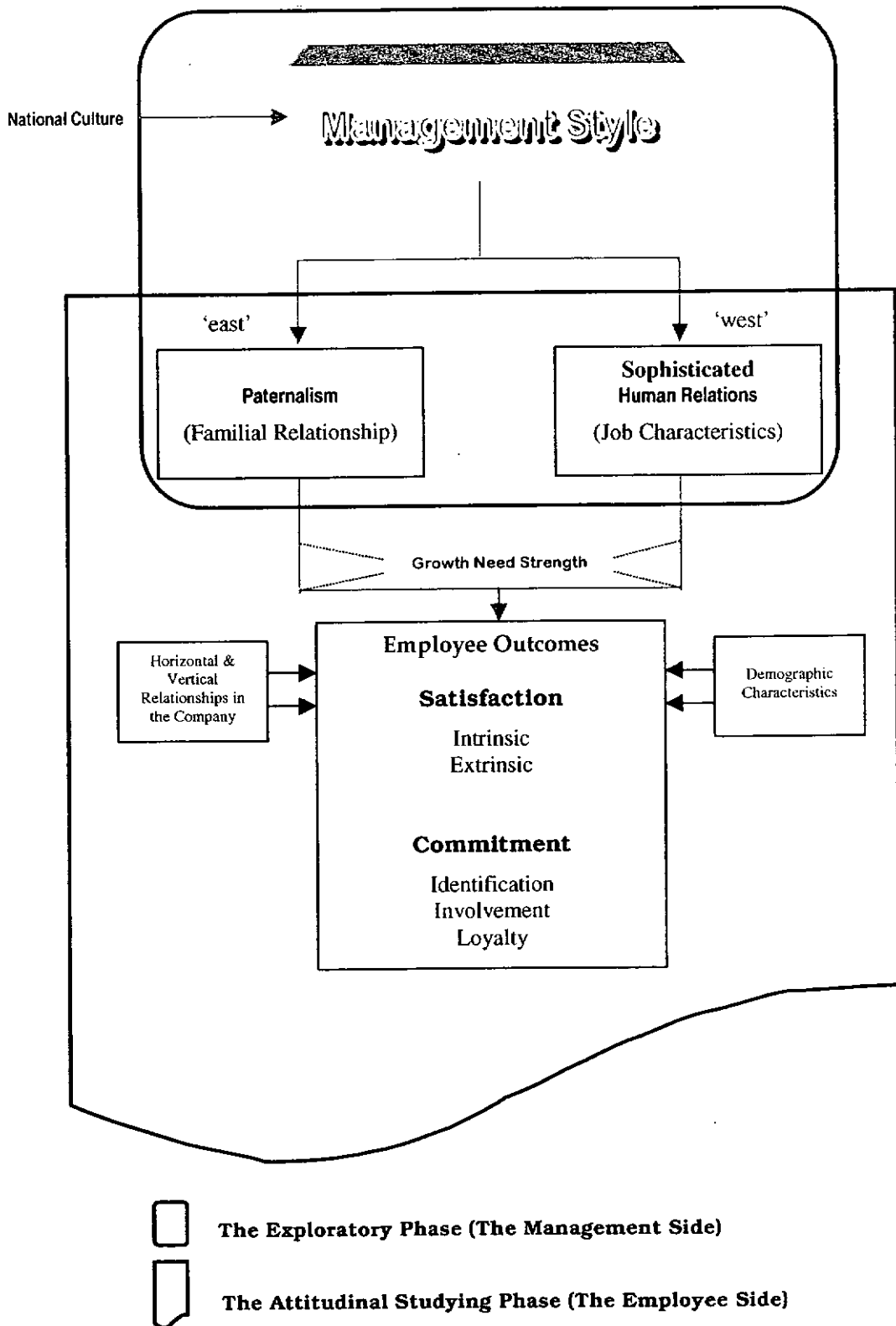


Figure 3.1. The Framework: From Management Styles to Employee Affective Outcomes

The working hypotheses of the exploratory phase and the hypotheses of the attitudinal studying phase are hypothesized in the following sections.

3.2 HYPOTHESES

3.2.1 The Exploratory Phase

The ideas of internal-external linkage and employee satisfaction and commitment have been the two important themes in the U.S. HRM movement. The 'people-first value' receives growing attention: many western organizations now perceive their employees as the most important asset, who deserve respect and trust. Many human resource policies are designed around employees, hoping that these policies will match with their values and maximize their satisfaction and commitment, and consequently, bring improvement in their performance. Recruitment and placement are carefully designed so that the right match between jobs and talents can be achieved. Training is also perceived to be a crucial factor for enhancing performance. Indeed, many, if not all, western (U.S.) firms hire employees who possess the skill and knowledge that matches with the job requirement from the external labor market; or, they will train them to achieve that skill. The culture of low power distance and high individualism make the organizational structure relatively decentralized. Communication channels are thus open and employees have the opportunities to express their opinions through the use of different methods like consultative counseling and some other open-door policies. Reward and compensation system is also equitable and performance-based. This system, together with employee development, are also viewed as the important factors to induce commitment and satisfaction, and of course, enhanced performance.

According to Laurent (1986), management philosophy is likely to be transferred when an organization operates overseas. This possibly of management transference plus the low level of unionization in Hong Kong make it reasonable to expect that western organizations will focus on the management style along the high individualism but low collectivism scale (management style) (refer to figure 2.1 on page 11). Therefore, it would be fair to hypothesize that:

Working Hypothesis 1: The management style of western-owned organizations operating in Hong Kong will reflect more of a sophisticated human relations orientation than will that of their eastern-owned counterparts.

On the same hand, management practice in eastern organizations operating in Hong Kong is also likely to be 'imported' from their home countries, which is typically characterized as autocratic and paternalistic management style. For example, Redding and Pugh (1986) noted that Hong Kong Chinese companies are lower in specialization, standardization and formalization. This is not surprising since the culture of high power distance keeps the senior executives away from delegating their perceived power to the lower-level management. This results in higher centralization in the organizational structure, control and decision-making authority in the eastern organizations than those companies from the western countries (Redding, 1986). Centralization means downward communication, and employees are not encouraged to express their views or opinions. Research finding also discovers that corporate welfarism⁶ is more commonly found in the organizations in Asia than in the West (Lincoln and Kalleberg, 1990). Even though Chinese people are getting individual-minded in recent years, the traditional culture of collectivism still plays an important role in the society and business. Guangxi (relationship or connection with other people) is still very, if not the most, important in the workplace. Individual training and career development is thus limited. In fact, research shows that training is tended to be less extensive in Chinese organizations than in other organizations which are open to western practices (Chow and Shenkar, 1989). Employees remain pecuniary oriented and are not yet ready to accept additional responsibilities or duties. Pressure for improving work condition is low (Graham and Leung, 1987; Kirkbride and Tang, 1989).

Even though the recent rapid economic development in the region and globalization have caused some western multinational corporations to bring some renovations into Asian HRM literature, however, eastern organizations are still expected to possess some paternalistic management practices in consistent with the their own (eastern) culture. Again, because of the likelihood of management skill transference, it will be reasonable

⁶ Welfarism is the philosophy of management to treat the employees like the members in the family: offer them a stable job, and reasonable pay and benefit in the hope for their loyalty, satisfaction and commitment, and performance in return. Welfarism falls into an aspect of paternalistic style of management.

to expect that eastern organizations will adapt the home practices in their operations in Hong Kong. For this reason, therefore, it is hypothesized that:

Working Hypothesis 2: Eastern-owned organizations operating in Hong Kong will employ a more paternalistic approach in their management styles compared to those in western-owned organizations.

3.2.2 The Attitudinal Studying Phase

More than 90% of the population in Hong Kong is ethnic Chinese, and many of these people are ingrained with the traditional Chinese values and beliefs in some way or the other. However, on the other hand, Hong Kong has been colonized by the British for 150 years, and western culture has certainly placed a significant influence on Hong Kong societies. Chow (1994) characterized Hong Kong's civilization as the Chinese culture under strong western influence. For example, a large area in education is given in western doctrines or concepts; and, business environment has been perpetuated with the success of capitalist economy and entrepreneurialism. Therefore, many western business and management theories can actually applied to Hong Kong workplace, and many Hong Kong Chinese have already accustomed to these western practices and philosophies.

As it is already mentioned, in the western HRM literature, one major method to boost employee satisfaction and commitment is by job design. Therefore, western organizations in Hong Kong, under the home influence, will depend more on the job characteristic model to satisfy employees. Given such philosophical reason and the similar business cognition between Hong Kong people and the Americans (westerners), therefore, it is hypothesized that:

Hypothesis 1: Employees in western organizations will perceive their jobs to be more meaningful and having higher levels of autonomy and performance feedback than will employees in eastern-owned organizations.

On the other hand, because of the cultural value, eastern organizations are more likely to emphasize on paternalistic management and relationship with employees. Given the majority of population are under the influence of Chinese culture, therefore, the second hypothesis is that:

Hypothesis 2: Employees in eastern-owned organizations will perceive greater paternalism than will employees in western-owned organizations.

Many studies have shown that commitment is affected by organizational policies, which are determined by the management style. For example, job enrichment increases commitment (McEvoy and Cascio, 1985), and correlational studies find that employees holding complex jobs are less likely to quit (Price and Mueller, 1981). Employees will be more committed if their efforts are rewarded by improving their hierarchy of needs (career development). Lack of promotion opportunities also underlies decision to quit (Cotton and Tuttle, 1986) and weakens organizational commitment (Mathieu and Zajac, 1990). Fair procedures in the reward system bolster employees' faith and therefore encourage participation and performance (Folger and Konovsky, 1989). In addition, some researchers documented that feelings of job security (Davy et al., 1991) and feelings of equity in the reward system engender commitment. Ashford, Lee and Bobko (1989) discovered that employees who feared layoffs were less committed to the organization and more likely to leave.

Since sophisticated human relations provide more challenging and meaningful jobs, equitable, performance-based remuneration system, and prospective career development, it is reasonable to assume that employees under such management style will be more willing to invest their efforts, both for their own good and for the organization. Consequently, it is more likely that they will identify their own goals with the organizational goals, or vice versa. Hence, both identification and involvement commitment level will be higher.

Hypothesis 3: Employees in western-owned organizations will have higher identification and involvement commitment level than will employees in eastern-owned organizations.

On the other hand, the level of loyalty is affected by both cultural socialization and organizational socialization. The culture of harmony and moral attitude plus familial relationship should generate ethical attachment and obligation to remain in the organization. As a result, it is fair to deduce that higher cultural/familial relationship will engender a higher level of loyalty commitment.

Hypothesis 4: Employees in eastern-owned organizations will have higher loyalty commitment level than will employees in western-owned organizations.

According to the job characteristic model, employees are expected to prefer jobs that give them opportunities to use their skills and abilities, and offer a variety of tasks, freedom and feedback on how well they are doing. This implies self-directedness and motivation. Such 'mentally-challenging' implication reflects the liking of the job itself, and should be related to relatively high level of intrinsic job satisfaction. Since the U.S. HRM philosophy carries the 'people-first' value, employees can expect a good working environment in their workplace. Indeed, many offices of large western organizations in Hong Kong have nice working conditions. Therefore, it can be deduced that the extrinsic satisfaction level among the employees in western organizations should also be high.

Treating employees like family members strengthens the personal ties and relationship between staff. According to Robbins (1996), having supportive and friendly colleagues leads to increased extrinsic job satisfaction. Therefore, employees in eastern organizations are also expected to be extrinsically satisfied. However, since paternalistic style limits employee participation, career development, scope of job activity, etc., employees' intrinsic satisfaction level should be relatively lower when comparing to those whose management style is more sophisticated human relations oriented. As a result, it is fair to hypothesize that:

Hypothesis 5: Employees in western-owned organizations will experience a higher intrinsic satisfaction level than will those in eastern-owned organizations.

Sophisticated human relations approach provides opportunity for career advancement and personal growth, and the reward/promotion system is performance-based. Since GNS (growth need strength) is defined as strong needs for personal challenge and accomplishment, for learning and for professional development (Graen et al., 1986), as a result, employees with higher GNS are more likely to enjoy working in western organizations as they will see a better opportunity for both career development and personal achievement. Thus, it may be that those with higher GNS will more likely to choose to work for western-owned companies. However, individuals with lower GNS are more likely to remain content with things as they are already are, and prefer the management to act like a father, taking care of them by providing working guidelines and security. Therefore, it is reasonable to deduce that:

Hypothesis 6: Employees in western-owned organizations will have higher growth need strength than will those in eastern-owned organizations.

As reviewed in the literature, job characteristic has been one of the main focuses in western HR practice to induce employee satisfaction and commitment. Western HR philosophy believes that job characteristics provide more interesting, meaningful and significant jobs so that employees feel themselves to be more motivated and more important; consequently, more satisfied with the job and more committed to the company. Both intrinsic and extrinsic satisfaction involve the satisfaction with the job, therefore, it is expected that job characteristics will have positive impact on both intrinsic and extrinsic satisfaction. In addition, it is also more likely to make employees feel themselves to be more important, thus getting more involved in the their jobs. Since involvement commitment involves the willingness to invest in the organization; and, identification commitment refers to the pride to be the member of the organization and the internalization of the organizational goal, therefore, it is also expected that positive relationships exist between job characteristics and identification and involvement commitment.

On the other hand, however, eastern-owned companies emphasizes on paternalism, which rests on the ideology of Confucianism, that is, familial relationship, authoritarianism and harmony (Redding, 1990), to induce employee satisfaction and commitment. Eastern HR philosophy believes that by treating employees like family

members, employees should internalize themselves to the values of the organizations and should generate a sense of ethical attachment, which means loyalty, to the company. Moreover, harmony creates a positive and friendly working atmosphere, therefore, paternalism should be able to induce extrinsic satisfaction. However, because paternalism stresses the importance more on relationship rather than job design, employees are expected to have just regular and normal jobs, which should have no impact on intrinsic satisfaction. In addition, since relationship is a more important concept than individual performance under paternalism, this means opportunities for career development is more limited compare to western companies. As a result, employees are likely to be less involved in achieving good performance in their jobs, that is, negative relationship with involvement commitment. Therefore, hypotheses 7 and 8 are as follows:

Hypothesis 7: Job characteristics show positive influence on extrinsic and intrinsic satisfaction, identification and involvement commitment; and, the impact of such influences in western-owned organizations is greater than those in eastern-owned companies.

Hypothesis 8: Paternalism positively predicts extrinsic satisfaction and loyalty commitment but negatively predicts involvement commitment; and, the degree of such impact in eastern-owned organizations is greater than those found in western-owned organizations.

Finally, co-worker tie involves the quality of relationship among peers. Good personal and working relationship inside a company is quite likely to generate a positive feeling in the workplace and make employees feel like working together as a same group or family, which therefore increases the extrinsic satisfaction and identification commitment of employees. As for supervisory tie, it refers to the quality of relationship between a subordinate and a supervisor, a manager, or a boss. It is fair to deduce that, like the co-worker tie, a good relationship with the supervisors should also be able to create a good and positive feeling in the workplace and to the company. Therefore, it also increases the extrinsic satisfaction of employees. In addition, employees are more likely to express their wish to stay with the company if their supervisors or bosses treat them well, and provide them with opportunities and good work environments. In other words, it can be expected employees will be more committed in terms of loyalty.

Because the HR policies in western-owned firms provide more opportunities for individual achievement. Individual employees may concern more on their job performance than on the relationship between them. Therefore, it is expected the individualism (culture) value in western-owned firms is stronger than that in eastern-owned firms. In contrary, paternalism stresses authoritarianism and harmony, it is also reasonable to assume that the collectivism (culture) level in eastern-owned organizations is stronger than that in western-owned companies. This suggests that the level of co-worker tie and supervisory tie in eastern-owned companies should be greater than the level of such ties in western-owned companies. As a result, the final two hypotheses are:

Hypothesis 9: Co-worker tie is positively related to extrinsic satisfaction and identification commitment; and, the degree of such relationship is stronger in eastern-owned firms than in western-owned firms.

Hypothesis 10: Supervisory tie is positively related to extrinsic satisfaction and loyalty commitment; and, the degree of such relationship is stronger in eastern-owned organizations than in western-owned organizations.

4. METHODOLOGY

4.1 OVERVIEW

There are two aims in this study. The first aim is to explore the management styles employing by eastern and western organizations; and, to investigate the possible correlation between the management styles and the ownership of these organizations. The second aim is to measure employee affective outcomes (satisfaction and commitment) towards their jobs and relationship with peers and supervisors; and, to test several hypotheses concerning the impact of management style on these outcomes.

This study will involve two main phases: the exploratory phase (the management side --- to examine the HR design of the organization) and the attitudinal studying phase (the employee side --- to measure the employee satisfaction and commitment towards their jobs and companies). On the management side, the management style of a number of eastern- and western-owned organizations, in the retail and banking sectors, will be investigated through examining their human resource policies and practices. For the employee side, assessment will be looking into the employees' perception of, and their general attitudes towards, their jobs and the relationship between co-workers and supervisors.

As mentioned in the previous chapter, the so-called western and eastern organizations actually means those organizations owned by economical and technological advanced countries in the west and the east hemisphere: in particular, under the U.S. business influence in the west hemisphere and under the Chinese Confucian influence in the east hemisphere. Practices from these countries are of particular interest in this case because, first, Hong Kong is ingrained with both eastern and western cultures; and it is interesting to see which kind of approach will suit Hong Kong employees. Second, these countries usually have more financial or economic influence on Hong Kong's economy. However, apart from the ownership, the nature of business and the size of the organization also play a critical role in designing a firm's HR policies. This creates a potential problem because given the difficult access to research in Hong Kong companies, controlling the industrial sector and the size of the sample firm is rather difficult.

4.2 METHODOLOGY

4.2.1 The Management Side

One objective of this study is to explore the type of management style and identify the HR practices in each sample firm. For this exploratory stage, a total of 48 eastern- and western-owned companies from both retail and banking industries were requested for a formal and structured interview; and, only 9 of them participated. The sample firms chosen were all large local or foreign multinational corporations in the above two business industries. For the multinational corporations, only the HR practices in Hong Kong will be asked for. The person(s) who conducted the interviews were either the HR/personnel managers or directors from the respective company. Each interview lasted about 45 minutes to 1.5 hours, depending on how much information that company was allowed to or that HR personnel was willing to disclose. The interviews covered the areas of:

- Recruitment and staffing
- Organizational structure
- Salary, fringe benefit and compensation
- Performance evaluation
- Employee development / promotion opportunity
- Employee voice system
- Communication and consultation policy
- Foreseeable changes and/or improvements

The interviews were conducted in either English or Cantonese. In case of Cantonese, it was back translated into English. The back translation was done to make sure the accuracy between the two different versions.

In addition to the company interviews, the original idea was also to request the interviewed companies to help conduct a cross-company employee survey, so that not only the HR practices, but also the employee attitudes of these organizations could be compared. However, because of large company sizes and the involvement of much work, only 3 of the 9 interviewed companies were willing to do such survey.

Unfortunately still, among these three companies, two were western-owned retail firms and one was eastern-owned banking firm. Therefore, no fair comparison could be made due to the different business nature. The results were thus turned to individual case studies, in the hope that these results would at least provide some insight on the employee attitudes in these companies.

4.2.2 The Employee Side

For the employee side, several variables were measured: satisfaction and commitment level, their attitudes and perceptions of their jobs, and their relationship with co-workers and supervisors. To measure these aspects, a combined version of questionnaire will be used, which included questions for satisfaction, commitment, job characteristics, GNS score, and paternalistic values. In addition, demographic characteristics of the employees and brief background information of the company were also measured. These questions had been proved to be valid and reliable, and had been used in other studies.

Because different ownership and industrial sectors were involved, the sample size of this general survey had to be reasonably large. The response number was aimed at about 300. Most respondents were chosen from postgraduate and undergraduate classes in universities or higher institutes to ensure a high response rate. The content of this general survey was identical to the one used in the case study (the cross-company survey which was mentioned in the above section), except for the background information of individual respondent's company, in which there was no need to be included in the cross-company survey.

Because of the English proficiency of some junior staffs in the participated companies, therefore, the questionnaires were printed in both English and Chinese. The Chinese version was translated from the English one. In order to make sure the accuracy, the translation was actually done separately by two persons, and then compared together. In case of any uncertainties, a third party was asked for opinion. The English version was sent to more senior grade staffs whereas the Chinese one was sent to the more junior grade staff.

The numbers of the questionnaire sent out were as follows:

general survey – 650 copies;
western-owned retail company 1 – 750 copies;
western-owned retail company 2 – 100 copies; and,
eastern-owned bank – 250 copies.

4.3 SECTIONS OF THE QUESTIONNAIRE

The sample of the questionnaire used in the general survey is shown in Appendix 1. It covered the following areas:

Job Satisfaction

Section A of the questionnaire contained the Job Satisfaction Questionnaire (JSQ) developed by Warr, Cook and Wall (1979). It was used to measure the employees' satisfaction level towards their jobs. This questionnaire contained 15 questions. The format employed a 7-point Likert scale, with the anchors of extremely dissatisfied; very dissatisfied; moderately dissatisfied; not sure; moderately satisfied; very satisfied; and extremely satisfied. Among the 15 questions, 8 of them assessed the extrinsic satisfaction ($\alpha = .73$) and 7 of them assessed the intrinsic satisfaction ($\alpha = .84$).

Organizational Commitment

Organizational commitment was measured in Section B of the questionnaire. This part of the survey was originally designed by Cook and Wall, and was used in their (1980) article. There were 9 questions measuring the three components of commitment: identification commitment; involvement commitment; and loyalty commitment, with 3 questions for each component; and, alphas = .65, .69, and .57 respectively. The response format also employed a 7-point Likert scale, with the anchors from strongly disagree to neither agree nor disagree/not sure to strongly agree.

Perceived Intrinsic Job Characteristics

Section C contained the 10 questions of the revised version of the Job Diagnostic Survey (JDS) designed by Hackman and Oldham. This modified version was designed by and

adopted in Warr, Cook and Wall (1979) article. The reason to modify the original version was that the five factors of Job Characteristic Model (JCM), which were job variety, task identity, task significance, autonomy and feedback, often turned out to be moderately inter-correlated. Therefore, the authors standardized those five aspects into a single brief measure of the presence of job characteristics that might give rise to intrinsic satisfaction. Also, it was done to keep the questionnaire short, so as to improve the response rate ($\alpha = .87$).

Growth Need Strength (GNS)

Section D included 6 'would-like' questions which measured the individual growth need strength. This was selected from Section 5 of the short-form of the Job Diagnostic Survey designed by Hackman and Oldham (1980). The alpha in this case is .94.

Paternalism

Section E measured the paternalistic orientation of the management behavior perceived by the employees ($\alpha = .67$) and the quality of tie with co-workers ($\alpha = .81$) and with supervisors ($\alpha = .80$). There are totally 14 questions and these instruments were taken from Chang (1985) and Lincoln and Kalleberg (1990). The scale varies from 4-point to 7-point response scales, aiming at measuring the extent of employee perception to which their organizations foster a familial and supportive work environment.

Demographic Characteristics and Company's Brief Background Information

Finally in Section F, questions about demographic and social characteristics of the employees/respondents were asked for. Demographic and social characteristics of the employees served the purpose of verifying whether the different outcomes and perceptions were actually caused by the variations in the HRM practices (which was shaped by management style), or by the different background or personal characteristics of the employees. In addition, the demographic and social characteristics of the staff could also provide information on the general practices of these organizations. For example, a staff profile could give a general picture on the policy in recruitment and selection by looking at the education level and length of relevant experience of the employees. The demographic data upon collection included the following:

- Gender
- Age
- Marital status
- Educational level
- Number of dependants
- Tenure in the company and position

For the general survey, the basic background of the company also had to be found out because difference in organization size, ownership, and business nature could all influence the HR practices of the firm. In order to control these variables, the main activity, number of staff employed, and the main ownership of the organization were asked to the respondents in the final part of the questionnaire. Note that this final part would not be included in the questionnaire survey for individual case study, as the company's background was already known.

5. RESEARCH FINDINGS (Company Interviews)

The aim of the first stage of the research model is to explore the management styles of the 'eastern' and 'western' companies. These are investigated through interviews with 9 different organizations; 4 in the retail sector and 5 in the banking sector. Among the retail sector, 3 are western companies and 1 is eastern company. As to the banking sector, 3 are western banks and 2 are eastern banks. The interviews are conducted with either the HR managers or the HR directors. The analysis of the information from the interviews is described in the following section.

5.1 COMPANY ANALYSES

Due to different business nature, the analyses of the retail companies and the banks are conducted separately. The areas of the interview, that is, the areas to be explored follow those in table 1 in chapter 2: style features; organizational structures; job design principles; recruitment and selection policies; training and employee development policies; and, employee communication and voice policies. However, labor-management relations is not of particular concern in this case because of the immaturity of the labor union or labor association in Hong Kong.

Among the participated retail companies, one is locally- (Hong Kong) owned, one is French and two are UK retail companies. As for the banks, one belongs to Hong Kong; one to Thai; one to the Swiss; one to Canadian; and, one to French. Detailed policy information of individual companies is presented in Appendix 1. Summaries of the general comparison between the eastern- and western-owned retail firms and between the eastern- and western-owned banking firms are shown in table 5.1 and 5.2 respectively; and, descriptions of the HR policies of these interviewed companies are then followed in the next two sections.

<i>Areas of HR Practices</i>	<i>EASTERN RETAIL FIRM</i>	<i>WESTERN RETAIL FIRMS</i>
Style Feature	<ul style="list-style-type: none"> - believes that employee satisfaction can bring organizational success - take care of employees well with standard benefit, but discretionary bonus is only given to senior management 	<ul style="list-style-type: none"> - emphasize on the caring side of the employees, that is, 'people-value' approach - emphasize on people-job fit - treat employees well and fairly – up to the market standard
Organizational Structure	<ul style="list-style-type: none"> - evidence showing that the company supports the informal and decentralized structure: encourage communications between and across departments and between staff 	<ul style="list-style-type: none"> - adopt decentralized structure and informal networking* - encourage small-team work and the working relationship within and/or between departments
Job Design Principle	<ul style="list-style-type: none"> - emphasizes teamwork - views co-operation between staff and departments as one very important factor to the company's success 	<ul style="list-style-type: none"> - emphasize on people-job match - broadly defined and designed jobs - emphasize on teamwork
Recruitment & Selection Policy	<ul style="list-style-type: none"> - internal referrals for open jobs are somewhat common - advertisement is the main recruitment technique - several rounds of interviews are given to select more junior staff; for more senior staff, personal and psychological tests are also applied 	<ul style="list-style-type: none"> - very few internal referrals - advertisements and employment agencies are used for recruitment - few formal employee tests because - business simulations or exercises and other assessments are used in making selection decision
Training & Employee Development Policy	<ul style="list-style-type: none"> - encourages internal promotion - provides adequate training for employees on their job and career development 	<ul style="list-style-type: none"> - emphasize on internal promotion and employee development - will look for internal staff to fill up the vacant position before searching from external labor force - provide a lot of training to staff
Employee Communication & Voice Policy	<ul style="list-style-type: none"> - encourages open communication - also encourages not just downward, but also lateral and upward evaluation and feedback - regular meeting and frequent contacts are held for employees in different departments or units 	<ul style="list-style-type: none"> - open communication and co-operation is emphasized** - regular meetings are held for employees to communicate on company issues - employee scheme is also provided

Table 5.1: General Comparisons on the HR Policies Between Eastern-Owned and Western-Owned Retailing Firms

* Despite the decentralized structure, a lot of power is resided in the hands of the department heads in the French retail company. This is perhaps due to the French power distance. In addition, the company puts more emphases on open communication within department rather than between departments.

** Again except for the French company, which emphasizes on communication within departments rather than between departments.

Areas of HR Practices	EASTERN BANKING FIRMS	WESTERN BANKING FIRMS
Style Feature	<ul style="list-style-type: none"> - take care of employees well with standard benefit package, but compensation according to performance is insufficient - focus on employee development within the company and expect them to stay and develop their careers within the company 	<ul style="list-style-type: none"> - believe that HR functions lead to the achievement of business objectives - also believe that people are the major asset of the company - provide total compensation policy and full employee benefit package
Organizational Structure	<ul style="list-style-type: none"> - centralized structure and virtually top-down communication - status and authority is playing a significant role and power distance is emphasized 	<ul style="list-style-type: none"> - have clear, decentralized and democratic management structure - HR department serves as facilitator – to facilitate the cooperation and communication between different departments
Job Design Principle	<ul style="list-style-type: none"> - jobs are narrowly defined - employees are expected to take on their jobs for a long period of time, and are not given the opportunities to try out different jobs or to take up different responsibilities 	<ul style="list-style-type: none"> - emphasize on teamwork - put good effort in placing the right people to the right job - carefully design and define jobs
Recruitment & Selection Policy	<ul style="list-style-type: none"> - internal referral is often the case for clerical to officer but not for more senior grade staffs - internal staff have the opportunities to take up the open jobs before the external candidates have the chance - newspaper advertisements and personnel agencies are the main recruitment techniques for junior staff, and executive search firms are for more senior staff - only one or two interviews for junior candidates; but more interviews and aptitude tests for senior applicants 	<ul style="list-style-type: none"> - look for the most appropriate candidates to fill up the open jobs (either from internal or external) - very few internal referrals and small success rate - newspaper advertisements and employment agencies are used for more junior jobs, and executive firms are used for more senior jobs - qualification and relevant experience are of first priority - different kinds of interview and selection tests are employed
Training & Employee Development Policy	<ul style="list-style-type: none"> - less intensive training is provided to employees - guangxi and seniority play an important role in development - high internal promotion rate 	<ul style="list-style-type: none"> - employees are given different opportunities to try out different jobs - employees are also provided with good training and career prospect
Employee Communication & Voice Policy	<ul style="list-style-type: none"> - communication system is virtually top-down - employees are not granted voice in company's policies and direction - suggestion scheme is not popular - junior staff usually do not involve in regular meetings 	<ul style="list-style-type: none"> - open communication and informal networking is encouraged - freedom is given to employees to raise their voices, either criticisms or suggestions, or opinions - feedback and evaluation is emphasized

Table 5.2: General Comparisons on the HR Policies Between Eastern-Owned and Western-Owned Banking Firms

5.1.1 Retailing Companies

Style Feature

The information shows that, in general speaking, western retailing companies pursue active HR functions, and put a lot of emphases on the 'caring' side of the employees. In order to make sure that their human resource policies are at least competitive, Western retailing company 1 and western retailing company 2 actually do market research on their HR policies and compensation and compare them with those in some very large companies like Cathay Pacific Airways and Hongkong Bank. In fact, one of the HR objectives of the above two companies is to treat their employees well and fairly, and at least up to the market standard. Reasonable, if not very good, benefits are provided. For example, western retailing company 1 cares about the importance of equal opportunities and wants to further improve employee benefit package in the very near future. Although the HR policies in western retailing company 3 are not as sophisticated as the above two companies, efficient management and fairness are still important keys to the organizational success. For instance, the discretionary bonus based on individual performance rather than the company's business performance. According to the Finance Manager, employees with good performance and evaluation will get his/her deserved amount of bonus no matter whether the company is making profit or not.

The eastern retailing firm also adopts a relative sophisticated HR approach. The company believes that goals and objectives can be reached by gaining employee satisfaction from the employees. However, the compensation package in the company seems not as good as that in the western retailing companies. The discretionary bonus is only for senior management at the executive level or above; more junior employees do not get any bonus. Nonetheless, employees are still well taken care of. Standard benefits like medical allowance and overtime payment are provided to those junior staffs.

Organizational Structure

All western retail companies emphasize on informal and decentralized structure, and encourage open communication and co-operation between employees and between departments. In western retailing company 1, management spends a lot of time in

talking to and consulting with more junior staffs to listen more to their ideas and opinions. Focus groups and quality teams are formed in western retailing company 1 and western retailing company 2 respectively so that employees can meet regularly to talk about their jobs or to come up with new ideas. Occasionally, the more senior staffs will organize lunch meetings with the more junior staffs in order to closer the hierarchical gap.

Like in western retailing company 1 and western retailing company 2, the structure in western retailing company 3 is also very decentralized. Each department is viewed as a small team and has its own management. Most of the HR functions are decided and arranged by department heads. In other words, different departments have different HR policies. Actually, a lot of power is resided on the hands of the department heads, and the rationale is that the department heads should know their subordinates well enough so that they can come up with the policies that fit the staffs. However, despite such relatively flat and decentralized organizational structure, some centralization is in fact going on within individual departments. In addition, while the management of western retailing company 3 emphasizes on working relationship and communication within individual departments, it places less emphasis on the communication between departments. Different departments are viewed as individual units having individual functions or jobs with little relations; therefore not much communication between departments is required.

In eastern retailing company, although it has not been mentioned that the company emphasizes on informal and decentralized structure, evidences are there to support such belief. The company puts a strong emphasis on communication between departments, between bosses and subordinates, and among peers. Departments have frequent contacts to better understand the jobs or functions of other departments. Also, the company adopts a 360-degree evaluation, that is, apart from the usual downward evaluation, lateral feedback among departments and peers are also encouraged. In addition, subordinates also get the chance to evaluate their bosses or supervisors so that the latter know their subordinates' perception on them. Despite such upward evaluation, however, status may be somewhat highlighted in the company, as the discretionary bonus is only given to the senior employees with executive grade or above.

Job Design Principle

All the interviewed companies stress the importance on teamwork and internal working relationship. For example, western retailing company 1 believes teamwork and internal relationship is very important to the company. In addition to teamwork, western retailing company 1 also emphasizes on the people-job match. One of its job design principles is to fit the right person to the right job, based on the job criteria set by the company and the employee's experience. Western retailing company 3 views each department as a small team, and encourages a good internal relationship within departments (small teamwork). One point to note here is that western retailing company 3 only encourages teamwork and co-operation within departments, and not across departments. The rationale, as said in the above section, is that it believes each department has its own job. For instance, department of electronics sells electronic products, whereas department of men's clothing sells men's fashion. There is no relationship and no conflict. As a result, there is no need for much communication across departments.

Besides the western companies, the eastern retailing firm also emphasizes on teamwork. It views the co-operation between staffs and between departments as one very important key to the success of the company.

Recruitment and Selection Policies

The recruitment policy in western retailing company 1 and western retailing company 2 is quite similar. There are very few internal referrals. Both of these companies use newspaper advertisements and personnel agencies for junior grade staffs; and, executive search firms or head-hunters for managerial or other senior positions. Such policy is to make as sure as possible that the recruited personnel fits the criteria of the job. Western retailing company 3 does not mention about its recruitment policy in very details, but it states that advertisements are used for recruitment. As to the selection procedure, both western retailing company 2 and western retailing company 3 do not have formal employee tests. Western retailing company 2 believes that the employment agencies or the executive search companies will perform the appropriate tests and do the appropriate screening. As to western retailing company 3, the department heads are believed to be

able to understand well enough that what kind of people is appropriate for the job and the company, and therefore should be able to make the appropriate judgment. For western retailing company 1, it does more in screening and selecting its staffs. Besides the job interviews, the company also organizes some assessment centers for management trainee candidates. Candidates are required to do some business exercises or simulations, and their performance will be assessed for selection decisions.

For the recruitment policy in eastern retailing company, internal referral for open jobs is more common than in western retailing firms. The company may even invite for staff referrals. Although internal referrals are more common, the selection system of the company is still relatively sophisticated. In addition to several rounds of interviews, some skill tests are adopted for more junior grade staffs, and some personality or psychological tests are employed for more senior level of employees.

Training and Employee Development

All the interviewed companies claim that they heavily emphasize on internal promotion and employee development. Employees are expected to develop their careers in the company and a lot of training will be provided. For example, western retailing company 1 will train and develop its employees into managerial or even management level. It claims that 60-65% management positions are filled from store manager grade; and, some store managers are actually promoted from very junior level. Western retailing company 2 claims that about 1/3 of the managers and about 1/5 supervisors are promoted from within. In other words, internal promotion rate is 25 to 33%. Western retailing company 3 wants to keep employees aggressive and move up the career ladder within the company. Therefore, whenever vacancy comes up, the company will first look for internal staffs to fill the position.

A lot of training is also provided to employees in the eastern retailing firm. In order to emphasize on employee development, open vacancy is open to internal staffs first. Although the internal promotion rate is not available for eastern retailing company, however, from the information given, the company looks after its employees and encourages internal promotion. Therefore, at least a reasonable number of opportunities for career development should be present. In addition, due to the business nature (retail

service), intensive training is provided not only for the purpose of employee development, but also for the purpose of providing quicker responsiveness and higher quality service to the customers.

Employee Communication and Voice Policies

Actually, all the interviewed retailing companies emphasize on open communication and co-operation between staffs and departments. In western retailing company 1, regular meetings are held for employees to have more chance to raise their voices and communicate on their jobs and other company issues. Employee suggestion scheme is also provided for employees. In western retailing company 2, regular departmental meetings and informal communication between departments are encouraged. However, in the case of western retailing company 3, only communication within departments is encouraged. The company does not care much about the relationship between departments. Furthermore, even though there are regular departmental meetings for employees on the updated or upcoming issues about the company's business and direction, the department heads actually control the amount of information to be released to lower-level staffs.

In the eastern retailing firm, open communication is also emphasized. There are frequent contacts between departments and all executives meet once every two weeks to talk about departmental and company issues. Moreover, departments are encouraged to evaluate each other with feedback so that improvements can be made.

5.1.2 Banking Firms

Style Feature

All western banking firms believe that HR functions will help the company lead to its business goals and objectives. They also believe that people are a very important factor towards the success of the company, and therefore, emphasizing on the value of their staffs. In fact, all three western banks highly emphasize on 'people-value' approach, that

is, they view their employees as one of the major assets to the bank. They also believe that such approach leads to employee satisfaction and commitment, which consequently leads to good performance. In western banking firm 3, total compensation philosophy is employed, and the company sets its policies by referring to the market practice, in order to stay competitive. Apart from western banking firm 3, full employee benefit package is also provided in western banking firm 1 and western banking firm 2. The latter company also shows a lot of respect for individual employees. It encourages equal opportunity and discourages discrimination.

The eastern banks are quite centralized, and employees are informed, rather than asked for, about the company policies or change by senior management. Yet, they take care of their employees well, and provide them with standard benefit package. They focus on employees' welfare and compensation and they also expect their employees to stay and develop their careers within the company. Internal promotion rate is very high. For instance, in eastern banking firm 1, 100% of all supervisory and managerial positions were filled from within the company a few years ago. Even the vacancies are now more open to the public (to attract more talented employees), 75% of these positions are still filled internally. The internal promotion rate in eastern banking firm 2 is also quite high, with about 70 to 75% of the managerial staffs are promoted from within the company. However, compensation according to individual performance is not as good as that in the western banks. For example, eastern banking firm 1 does not have any discretionary bonus in eastern banking firm 2 is only a very standardized one. In addition, even though they try to be as fair as possible, their attempts in differentiate individual's performance are still smaller than those in the western banks.

Organizational Structure

Because the interviewed western banks emphasize on 'people-value' approach, these banks therefore have a clear and democratic organizational/management structure. Decentralization is the key word in these cases. For example, western banking firm 1's HR philosophy is that the HR department serves as a facilitator, that is, to facilitate the staffs of different departments to work together as a whole organization, so that every member of staff can make contribution to the company. These banks also emphasize on and employ a very open control and communication system and informal networking.

Regular meetings are held and suggestion scheme is provided for the staff members. Employees are therefore granted voice, not only criticisms and complaints, but also ideas and recommendations for improvement. Evaluation system is transparent and feedback is encouraged, which means that employees (or the appraisees) understand every single criterion on how they are being rated on the appraisal form; and, the results on their performance on each of them. In western banking firm 3, the rating is actually 360-degree. That is, employees will receive not only evaluations from managers and director's report, but also from peers in different departments, both with direct and indirect working relationships.

Whereas in the eastern banking firms, the organizational structure is more centralized. Communication is virtually top-down. Employees in lower-level do not have much voice on the company's policies. In case of new changes in business issues and policies, employees' are not asked for opinions, instead, they are just informed by their bosses or senior management. In eastern banking firm 2, the junior staffs actually do not have regular meetings unless the managers have something to announce. Although there is employee suggestion scheme in eastern banking firm 1 for upward communication, status and authority still play a significant role; and power distance is emphasized when comparing with the western banks.

Job Design Principle

When comparing to the eastern banks, the jobs in the western banks are more carefully designed and broadly defined. For example, in western banking firm 3, job content and people-job match are emphasized. The bank puts a good effort in placing the right people to the right job. Employees are given the opportunity to try out different jobs by internal transfer or even to work abroad. In western banking firm 2, although job rotation is limited because of the tight budget, employees can request to change their job by internal transfer. In addition, all the western banks lay heavy emphases on teamwork. In western banking firm 2, the bank discourages individual heroism but encourages teamwork. In western banking firm 1, members in a department are required to team up and form groups for a particular project, something similar to the quality teams or circles.

In eastern banking firm 2 and eastern banking firm 1, jobs are more narrowly defined. Employees will stay on their jobs for a very long period of time, and are expected to develop their career within the scope of their present duties. Internal transfer and promotion is often vertical rather than horizontal in terms of jobs and responsibilities. Also, there is not much job rotation or enlargement in both eastern banks.

Recruitment and Selection Policies

The recruitment and selection policies in western banking firms are rather sophisticated. For example, in western banking firm 3, before recruitment, manpower planning is developed in order to be consistent with the company's business plans and budgeting. For the recruitment strategies, even though these banks encourage internal referrals for open jobs, meanwhile, they will also look for external candidates. Their main point is to find someone (either from inside or from outside) who will fit the job well. Internal referral is often not the case, and such success rate is rather small. Qualification and relevant experience of the candidates are of first priority. The method of recruitment is through newspaper advertisements and personnel agency for more junior jobs; and, executive search firms for more senior jobs.

In terms of selection, different interviewing techniques and selection tests are employed. The number of interviews actually depends on the position level; it ranges from 2-6 rounds in western banking firm 2. In extreme cases in western banking firm 2, the candidates may be required to travel to the regional headquarter in Singapore, or to have videoconference, to interview. But of course, that only applies to some very senior or critical positions. Furthermore, employee tests are given, if necessary, to the job candidates in these western banks. For example, in western banking firm 3, psychological assessment and competency-based interviews are given to management trainee candidates.

As to the eastern banks, the recruitment and selection policies are not as sophisticated as those in the western banks. From clerical to officer level, internal referral is often the case and the success rate is high. Not only do these eastern banks accept staff referrals, they also ask for such recommendations from employees. When an open job in such level comes up, these two banks will first look for internal staffs to fill up the post, either

through internal transfer or promotion, before going for the external labor market. The main external recruitment techniques are through newspaper advertisements and personnel agencies. As to more senior positions, internal referral is less often the case. Both eastern banks will either promote the employees internally or to recruit candidates through the use of employment consulting firms or agencies, rather than by employee's word-of-mouth. In terms of the selection procedure, it is rather simple. For more junior level of staffs, it usually involves only one to two interviews. However, more interviews and even some aptitude tests will be applied for candidates in the more senior or managerial levels.

Training and Employee Development

In western banks, training is strongly emphasized. In western banking firm 3, for instance, both technical and managerial training are provided, and employees have the opportunities to try out different jobs, or even to work abroad. Career prospect and promotion opportunities are there for employees. In fact, all the western banks claim that they emphasize a lot on staff development. According to the HR Director in western banking firm 3, it is not surprising to see a competent and aggressive talent to reach up to the directorship level in his/her early thirties.

Training is also provided in the eastern banks, but is less intensive and only within the employee's present job areas. However, opportunities for career advancement are always present in these banks. For example, in eastern banking firm 1, 100% of supervisory and managerial staffs were promoted from within the company in the past few years. Even nowadays, the internal promotion rate for supervisory or managerial posts still reaches about 75%. As to eastern banking firm 2, the rate is about 70%. Even though the western banks claim that they emphasize on internal promotion, their internal promotion rate is lower than that in the eastern banks. For instance, the internal promotion rate in western banking firm 1 is only 50%: a satisfactory percentage, yet, it is not as high as the rate in either eastern banking firm 1 or eastern banking firm 2. Nonetheless, promotion in these eastern banks only occurs vertically, that is, the promotion involves more responsibilities and duties of the existing job areas rather than other job areas. In addition, apart from good performance, year of experience in these banks (seniority) is also a very important factor for promotion.

Employee Communication and Voice Policies

Western banks emphasize on open communication system and informal networking. In western banking firm 2, freedom is given to department heads to decide their own way or method of communication. Also, as mentioned in the above section of organizational structure, employees in western banks are given opportunities to raise their voices. They are not only welcomed to give criticisms, but also to express their ideas or opinions. Evaluation and feedback are also encouraged.

On the other hand, in eastern banks, communication system is virtually top-down. Management committee is formed only by senior managers. In case of policy change or amendment, employees' opinions will not be sought for; instead, they will just be notified by their managers or department heads. Suggestion scheme is present, but not very popular. Regular meetings are held, but announcement and instruction is more often the case rather than discussion and expression. On top of it, in eastern banking firm 2, junior staffs actually do not have regular meetings.

5.2 SUMMARY OF INTERVIEW FINDINGS

Working hypothesis 1 states that the management style of western-owned organizations operating in Hong Kong will be more sophisticated human relations-oriented than that in eastern-owned organizations. The findings from the interviews show that western companies pursue the HR policies with the features of sophisticated human relations approach. For instance, these organizations view their employees as a valuable asset and believe that company's goals and objectives can be accomplished through employee satisfaction and commitment. Informal and decentralized structure is adopted and open communication system between staffs and between departments is encouraged; employees are actually welcomed to express their voice. Jobs in these companies are relatively more broadly defined and more carefully design, and selection is made more carefully to achieve people-job match. Employees are expected to develop their careers within the company, and plenty of training and promotion or development opportunities are given to employees. There are few internal referrals for open jobs, and the success

rate is small. One interesting observation found is that there is power distance going on in the HR policies of the French company when comparing to those of the UK companies. However, this is not surprising since France, according to Hofstede, scores considerably higher on power distance than UK does (Hofstede, 1983). This supports the idea that national culture shapes management style. Nonetheless, the basis of the French HR strategy is still not much different from the doctrines of sophisticated human relations approach. From the above findings, it is reasonable to assume that the first working hypothesis is confirmed. *The management styles of these western organizations operating in Hong Kong are sophisticated human relations oriented.*

According to the findings, it can be seen that the eastern retailing company also adopts a relatively employee-centered approach, even though it is not as sophisticated as that in the western retailing and banking companies. The company structure is decentralized and informal. Open communication is also encouraged. However, internal referrals are more common; the company not just accepts but may also invite for employee referrals - -- *guangxi* is still an important factor. In addition, although employees are well taken care of with standard benefit package, the discretionary bonus is only given to those staff with executive level or above. Such policies suggest that, although on one hand the company is adopting a more 'western management' approach, on the other hand, some Chinese cultural aspects (*guangxi* and seniority) are still the important concepts in the eastern-owned company.

On the other hand, however, the two eastern banks employ a paternalistic approach. They take care of their employees' basic needs well, with standard compensation package. The structure is centralized, with status and seniority playing an important role. Jobs are more narrowly defined, and training is less intensive than those in the western organizations. Internal referrals are encouraged for open positions and the internal promotion rate is very high. Relationship (*guangxi*) in the company is thus important. Employees are expected to develop their careers in the company and are also expected to be loyal to senior grade staffs.

The second working hypothesis states that eastern organizations operating in Hong Kong employ a more paternalistic approach in management style. From the above findings, it can be seen that the eastern banks are quite paternalistic in their HR policies. Many policies contain the features of paternalism. Even though the HR practices in the eastern

retailing firm is more on the sophisticated human relations approach basis, but still, some paternalistic features remain. For example, *guanxi* and seniority are still important notions. Furthermore, the fact that only senior management will receive the discretionary bonus shows that power distance is playing a quite significant role in the management philosophy. As a result, it is also reasonable to conclude that *eastern-owned organizations operating in Hong Kong employ a more paternalistic approach in their management styles compared to those in western-owned organizations*. Thus, working hypothesis 2 is confirmed.

6. RESEARCH FINDINGS (General Survey)

After exploring the general management styles of the 'eastern' and 'western' companies (the first stage of the research model) in the previous chapter, the second part comes the attitudinal-studying phase. The findings of the employees' attitudes towards job satisfaction and organizational commitment from the general survey will be discussed in this chapter. The characteristics of the sample are first examined so that a general idea of the background of the data is acquired. Subsequently, the hypotheses are tested by t-tests, and finally, multiple regression analysis is conducted to evaluate the influence of different variables (including the demographic factors) on employee satisfaction and commitment.

6.1 DESCRIPTIVE STATISTICS OF THE SAMPLE

A total of 650 questionnaires were sent to part-time students at different universities or tertiary institutions. The levels of respondents range from candidates of certificate in business to doctoral program. Among the 650 copies, 202 were returned. The response rate is 31%, which is acceptable. The crude ownership data of the respondents is shown in table 6.1.

From the above data, it can be seen that a majority of the respondents are working in Hong Kong firms, then is in U.S. companies. Among the 202 responses, 121 are working in Asian organizations and 72 are working in either European or North American organizations. The business activities of these organizations comprised of different areas from secondary to tertiary sectors, which include:

- Manufacturing
- Public Utility
- Construction
- Food Service / Catering
- Wholesale / Retail
- Trading / Import & Export
- Computing
- Communication / Telecommunication
- Financial Service / Insurance
- Business / Professional Service
- Real Estate
- Community / Social / Personal Service
- Hotel

Types of Ownership	Frequency	Percentage
Hong Kong	86	42.6
Chinese (PRC)	15	7.4
Japanese	6	3.0
Taiwanese	11	5.4
Korean	1	0.5
Singaporean	2	1.0
American (US)	31	15.3
Canadian	4	2.0
British (UK)	24	11.9
German	2	1.0
Australian	5	2.5
Swiss	2	1.0
Swedish	3	1.5
Dutch (Netherlands)	1	0.5
Not Specified	9	4.4
Total	202	100

Table 6.1: Crude Ownership Data of the Present Companies of the Respondents

In this context, Asian companies are defined as 'eastern-owned' and European and North American companies are defined as 'western-owned' companies:

Ownership	Frequency	Percentage
Eastern	121	59.9
Western	72	35.6
Not Specified	9	4.5
Total	202	100

Table 6.2: 'Defined' Ownership of the Present Companies of the Respondents

The size of these companies ranges from less than 25 employees to over 10,000 staff, as summarized in table 6.3:

Employee No	Frequency (Eastern)	Frequency (Western)
Fewer than 25	21	4
26-50	16	5
51-100	17	13
101-500	17	21
501-1,000	10	10
1,001-5,000	17	15
5,001-10,000	7	2
Over 10,000	14	1
<i>Total</i>	<i>119</i>	<i>71</i>

Missing Observations: 12

Table 6.3: Size of the Companies of the Respondents

As for the respondents, 47.5% are male and 52.5% are female. The majority of the respondents are between the age of 26 to 35, which accounts for 62%. Ages below 25 and between 36 to 45 account for 12% and 24% respectively. Single respondents (both males and females) constitute of 58% (both not married or divorced) whereas 42% are married persons. The information is summarized in Table 6.4 (which consists of three separate sub-tables).

Gender	Frequency	Percentage
Male	96	47.5
Female	106	52.5
<i>Total</i>	<i>202</i>	<i>100</i>

Age	Frequency	Percentage
25 or below	25	12.4
26-35	126	62.4
36-45	49	24.2
46-55	2	1
56 or above	0	0
<i>Total</i>	<i>202</i>	<i>100</i>

Marital Status & Gender	Frequency	Percentage
Single Male	43	21.3
Single Female	73	36.1
Married Male	53	26.2
Married Female	31	15.4
Divorced Male	0	0
Divorced Female	2	1
Total	202	100

Table 6.4: Demographic Information of the Respondents (Gender, Age and Marital Status)

Since the respondents are all part-time students at either universities or tertiary institutions, therefore, their education level is quite high. 36% are either postgraduates or above, and almost 18% are undergraduates. That calculates to over half of the respondents possess a university degree. In addition, 50% of the respondents are holding managerial grades, from junior to senior, in their companies. The major tenure in companies is between 0 to 5 years, which counts for 61%. The information is summarized in the table 6.5 (which also consists of three separate sub-tables):

Educational Level	Frequency	Percentage
Secondary (F.1 – F.5)	28	13.9
Secondary (F.6 – F.7)	23	11.4
Post-Secondary (non-degree)	41	20.3
Undergraduate	36	17.8
Postgraduate/Doctorate	73	36.1
Not Specified	1	0.5
Total	202	100

Job Position	Frequency	Percentage
Top/Board-Level Management	2	1
Senior Manager	25	12.4
Middle Manager	38	18.8
First-Line Manager	38	18.8
Supervisor/Officer	56	27.7
Junior Grade Staff	29	14.4
Professional/Technical Specialist	9	4.4
Secretary	1	0.5
Others/Not Specified	4	2
Total	202	100

Tenure in Present Organization	Frequency	Percentage
0-2 Years	67	33.1
3-5 Years	57	28.2
6-8 Years	20	9.9
9-12 Years	22	10.9
13-15 Years	2	1
16-20 Years	8	4
Over 20 Years	3	1.5
Not Specified	23	11.4
<i>Total</i>	<i>202</i>	<i>100</i>

**Table 6.5: Demographic Information of the Respondents
(Education Level, Job Position and Tenure in Present Company)**

Before testing hypotheses, it is essential to check for the inter-item reliability of both independent and dependent variables; and, consequently, to ensure how reliable the result findings will be. The reliability coefficients (Cronbach's alphas) of the variables are shown in the following table:

<i>Variable</i>	<i>No. of Cases</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Alpha</i>
Extrinsic Satisfaction	195	4.32	0.73	0.7293
Intrinsic Satisfaction	200	4.34	0.91	0.8438
Identification Commitment	200	4.10	1.08	0.6419
Involvement Commitment	201	4.69	1.04	0.6891
Loyalty Commitment	198	3.85	1.07	0.5668
Overall Commitment*	197	4.30	0.73	0.7059
Job Characteristics**	202	3.28	0.60	0.8685
Paternalism	202	3.74	1.04	0.6692
Tie with Co-workers***	201	3.57	0.95	0.8134
Tie with Supervisors****	202	1.58	0.94	0.8004
Growth Need Strength	201	5.16	1.23	0.9362

* overall commitment = the average of identification commitment + involvement commitment + loyalty commitment

** five-point scale

*** different measuring scale (3 questions with 7-point scale and 1 with 4-point scale)

**** different measuring scale (2 questions with 7-point scale and 3 with 4-point scale)

Table 6.6: Descriptive Statistics & Reliability Coefficients (Cronbach's Alphas)

Table 6.6 shows that the Cronbach's alphas in this study range from 0.57 to 0.94. With the exception of paternalism and the three components of commitment, that is, identification commitment, involvement commitment, and loyalty commitment, all alphas are greater than 0.7. This indicates the inter-item consistency is quite reliable. In fact, for those exceptions, apart from the loyalty commitment, the reliability of these three variables (paternalism, identification commitment, and involvement commitment) is found to be higher than 0.64, which is still in the acceptable range.

6.2 HYPOTHESES TESTING

Ten hypotheses were generated as stated in earlier chapter:

- Hypothesis 1: Employees in western organizations will perceive their jobs to be more meaningful and having higher levels of autonomy and performance feedback than will employees in eastern-owned organizations.
- Hypothesis 2: Employees in eastern-owned organizations will perceive greater paternalism than will employees in western-owned organizations.
- Hypothesis 3: Employees in western-owned organizations will have higher identification and involvement commitment level than will employees in eastern-owned organizations.
- Hypothesis 4: Employees in eastern-owned organizations will have higher loyalty commitment level than will employees in western-owned organizations.
- Hypothesis 5: Employees in western-owned organizations will experience a higher intrinsic satisfaction level than will those in eastern-owned organizations.
- Hypothesis 6: Employees in western-owned organizations will have higher growth need strength than will those in eastern-owned organizations.
- Hypothesis 7: Jobs characteristics show positive influence on extrinsic and intrinsic satisfaction, identification and involvement commitment; and, the impact of such influences in western-owned organizations is greater than those in eastern-owned companies.
- Hypothesis 8: Paternalism positively predicts extrinsic satisfaction and loyalty commitment but negatively predicts involvement commitment; and, the degree of such impacts is greater than those found in western-owned organizations.

Hypothesis 9: Co-worker tie is positively related to extrinsic satisfaction and identification commitment; and, the degree of such relationship is stronger in eastern-owned firms than in western-owned firms.

Hypothesis 10: Supervisory tie is positively related to extrinsic satisfaction and loyalty commitment; and, the degree of such relationship is stronger in eastern-owned organizations than in western-owned organizations.

6.2.1 T-Test

The first six hypotheses are tested by the use of t-tests: to test whether the difference between the means of the two sets of scores (eastern and western ownership) is statistically significant. The results are summarized in the following table:

<i>Variable</i>	<i>Ownership</i>	<i>No. of Cases</i>	<i>Mean</i>	<i>Mean Difference</i>	<i>Std. Dev.</i>	<i>2-Tail Sig.</i>
Job Characteristics	Eastern	121	3.1818	.2640	.594	.00
	Western	72	3.4458			
Paternalism	Eastern	120	3.8200	.2950	.994	.03
	Western	72	3.5250			
Identification Commitment	Eastern	119	3.9356	.3978	1.044	.01
	Western	72	4.3333			
Involvement Commitment	Eastern	120	4.5917	.2046	1.153	.15
	Western	72	4.7963			
Loyalty Commitment	Eastern	119	3.7619	.1905	1.190	.20
	Western	70	3.9524			
Intrinsic Satisfaction	Eastern	120	4.2095	.3539	.948	.01
	Western	71	4.5634			
Growth Need Strength	Eastern	120	5.1542	.1167	1.227	.51
	Western	72	5.2708			

Table 6.7: T-Tests for Independent Samples of Eastern & Western Ownership

The above data show that the average mean score for job characteristics in western organizations (3.45) is higher than that in eastern organizations (3.18), with the probability level of less than .05. This shows that employees in western companies

generally feel their jobs to be more meaningful, and have greater autonomy and performance feedback. Therefore, hypothesis 1 is confirmed. The data also report that respondents in eastern firms score higher average mean score in the item of paternalism than those in western firms, with the significance level of only 0.03 ($<.05$). This indicates that employees in eastern organizations feel their companies to be more paternalistic in style than those in western companies. Thus, hypothesis 2 is also substantiated.

Hypothesis 3 states that employees in western organizations will have higher identification and involvement commitment level than those employees have in eastern organizations. The average mean score of identification commitment in western companies is greater than that in eastern companies (4.33 vs. 3.94), and the significance level is $<.05$. This shows that employees in western organizations do possess higher identification commitment. However, the probability level for involvement commitment is not significant. Therefore, only part of hypothesis 3 is substantiated.

The probability level for loyalty commitment is also not significant, so hypothesis 4 is also not confirmed. Yet, employees in western companies do have higher intrinsic satisfaction (4.56) than those in eastern companies (4.21), with the significance level of $<.05$. As a result, hypothesis 5 is also verified. Finally, because the value is not significant for growth need strength, therefore, hypothesis 6 is not substantiated.

6.2.2 Regression Analysis of the Survey

The substantiated hypotheses in the last section indicate that employees in western organizations perceive higher aspects of job characteristics in their jobs. On the other hand, employees in eastern organizations perceive their company's management style to be more paternalistic. The last four hypotheses are tested by the use of multiple regression analysis, which is used to investigate the direction and the strength of the relationship between the independent and dependent variables under eastern and western ownership. In addition to working on the four main independent variables (job characteristics, paternalism, co-worker tie, and supervisory tie), however, it would be interesting to test whether the demographic characteristics of the respondents have independent effect on satisfaction and commitment. Moreover, it is also necessary to

evaluate the modifying effect the moderating variable (GNS) has on the relationship between the four main independent variables and the dependent variables in each of the ownership.

However, before conducting the multiple regression analysis, the Pearson correlation coefficients are worked out to examine the association between the study variables and their bivariate relationships. This process helps distinguish how close the association between the variables is: whether the relationship is too closed to identify as different independent variables. The correlation matrix for eastern and western ownership is shown in figure 6.1 and 6.2 respectively. Furthermore, demographic variables are re-coded for the correlation matrix. The coding is shown in table 6.8.

Although the correlation matrix for general study shows that job position has a positive prediction on involvement commitment, however, such prediction is found to be negative instead of positive for western retailing firm 2 (table 7.1 (b)) and no prediction for eastern bank (table 7.1(c)). Since, there is no distinguishable pattern found to be existed in both general survey and case study between the demographic variables and the dependent variables, it is reasonable to believe that the demography of employees does not show much impact on employees' satisfaction and commitment.

Independent Variables	Coding
Gender	0 = male 1 = female
Age	0 = 35 or below 1 = 36 or above
Marital Status	0 = single 1 = married
Education Level	0 = below undergraduate level 1 = undergraduate level or higher
Job Position	0 = below managerial grade 1 = managerial grade or above
Tenure in Company	0 = 3 years or below 1 = 4 years or above

Table 6.8: The Coding Description of Variables of Demographic Characteristics

	Mean	Std. Dev	Int. Sat	Ext. Sat	Id. Com	Inv. Com	Loy. Com	Job Char	Pat	Co. Tie	Sup. Tie	GNS	Gender	M. Status	Age	Ed. Level	Job Post.	Ten. Org.	
Intrinsic Satisfaction	4.21	.95	1.00																
Extrinsic Satisfaction	4.28	.78	.58**	1.00															
Identification Commitment	3.94	1.04	.53**	.52**	1.00														
Involvement Commitment	4.59	1.15	.28**	.18	.41**	1.00													
Loyalty Commitment	3.76	1.19	.33**	.28**	.21*	-.04	1.00												
Job Characteristics	3.18	.59	.61**	.37**	.49**	.17	.19*	1.00											
Paternalism	3.87	1.10	.01	.09	-.06	-.49**	.23*	.44**	1.00										
Tie with Co-workers	3.52	1.05	.39**	.54**	.41**	.13	.23*	.44**	.10	1.00									
Tie with Supervisors	1.58	.99	.45**	.53**	.48**	.01	.37**	.55**	.27**	.53**	1.00								
Growth Need Strength	5.15	1.23	-.14	-.20	.05	.21*	-.25**	.13	-.18	.13	-.01	1.00							
Gender	.55	.50	-.03	-.15	-.19*	-.09	.09	-.03	-.14	-.12	-.11	-.25**	1.00						
Marital Status	.38	.49	.06	.05	.09	.09	.09	.01	-.01	.09	.11	.03	-.12	1.00					
Age	.21	.41	-.01	.07	.15	.17	.15	.03	-.16	.14	.02	.02	-.05	.11	1.00				
Education Level	.57	.50	-.17	-.16	.02	.15	-.11	-.04	-.08	-.04	-.12	.35**	-.28**	.23*	.12	1.00			
Job Position	.50	.50	-.04	-.03	.07	.24*	.09	.05	.06	-.05	-.14	.32**	-.20*	.23*	.27**	.65**	1.00		
Tenure in Organization	.41	.49	-.04	-.05	.19	.06	-.07	.22*	-.07	-.01	.08	.07	-.07	.01	.29**	-.01	.12	1.00	

Figure 6.1(a). The Correlation Matrix (Eastern-Owned Firms-General Survey)

	Mean	Std. Dev	Int. Sat	Ext. Sat	Id. Com	Inv. Com	Loy. Com	Job Char	Pat	Co. Tie	Sup. Tie	GNS	Gender	M. Status	Age	Ed. Level	Job Post.	Ten. Org.	
Intrinsic Satisfaction	4.56	.79	1.00																
Extrinsic Satisfaction	4.40	.65	.72**	1.00															
Identification Commitment	4.33	1.06	.52**	.57**	1.00														
Involvement Commitment	4.80	.81	.33**	.31**	.58**	1.00													
Loyalty Commitment	3.95	.83	.40**	.29**	.40**	.28*	1.00												
Job Characteristics	3.45	.58	.67**	.43**	.46**	.19	.44**	1.00											
Paternalism	3.55	.90	.40**	.43**	.30**	.39**	.25*	.34**	1.00										
Tie with Co-workers	3.62	.69	.43**	.37**	.47**	.44**	.44**	.25*	.21	1.00									
Tie with Supervisors	1.59	.81	.42**	.31**	.24*	.18	.40**	.37**	.34**	.57**	1.00								
Growth Need Strength	5.27	1.12	.32**	.42**	.41**	.15	.10	.18	-.09	.23	.06	1.00							
Gender	.46	.50	-.09	-.12	.00	-.08	.04	-.04	-.11	-.12	-.17	.13	1.00						
Marital Status	.49	.50	.11	-.02	.13	.11	.22	.12	-.11	.22	.23*	.05	-.45**	1.00					
Age	.33	.47	.15	-.01	.08	.11	.17	.09	-.18	.00	.03	-.01	-.24*	.43	1.00				
Education Level	.53	.50	.06	-.01	.04	.22	.22	.10	-.06	-.03	-.08	.23	-.13	.20	.08	1.00			
Job Position	.54	.50	.24*	.21	.23	.35**	.20	.20	.23	-.24*	.01	.13	-.44**	.34**	.30**	.41**	1.00		
Tenure in Organization	.51	.50	-.12	-.11	-.04	-.01	.13	.04	.01	-.05	.01	-.21	.15	.03	.16	.03	.20	1.00	

Figure 6.1(b). The Correlation Matrix (Western-Owned Firms-General Survey)

* p <= .05
 ** p <= .01
 *** p <= .001

6.2.2.1 Multiple Regression Analysis: The Main Effect and the Interaction Effect

Having too many variables in the regression equation at initial stage can make the interpretation difficult and confusing, because that may involve too many variables with an effect on the dependent variables. In order to avoid such situation, '2-step multiple regression' is conducted. In the research framework, the demographic characteristics are predetermined to be the independent variables that may have relationship with job satisfaction and organizational commitment. However, such predetermination is not significant as the correlation matrices (figure 6.1(a)-(b) and 7.1(a)-(c)) show that the relationships between the demographic and dependent variables are irregular. Due to such an irregular pattern of relationship, it is assumed that the demographic characteristics do not have significant impact on employees' satisfaction and commitment. Therefore, it is not necessary to regress the demographic variables on their own. As a result, the first step of multiple regression is to evaluate the magnitude of the main effect of the four main independent variables and the moderating variables (namely, job characteristics, paternalism, co-worker tie, supervisory tie; and, plus GNS) on satisfaction and commitment under both types of ownership to test the last four hypotheses. Then, the interaction variables between GNS and job characteristics and between GNS and paternalism are put into the equation to measure if there is any interaction effect. The reason for doing the analysis in two stages is that the explanatory power of each group of variables can be evaluated step by step, that is, to include identifiable blocks of variable in turn. That will also make the interpretation and explanation clearer and easier.

Hypotheses 7-10 are tested in the main effect stage of analysis, and the result of the regression is shown in table 6.9. Table 6.9 shows that job characteristics have positive impact on intrinsic satisfaction and identification commitment in both western-owned and eastern-owned companies. Yet, beta values show that the magnitude of impact is not stronger in western-owned than in eastern-owned firms, as assumed in hypothesis 7. However, job characteristics also show positive prediction on extrinsic satisfaction and loyalty commitment only in companies under western ownership. Furthermore, one interesting finding here is that the independent variable does not have prediction on involvement commitment in either case. This suggests that it is something else, rather than characteristics in jobs, makes employees involve in their work.

Dependent Variable	Variables	Western-Ownership		Eastern-Ownership	
		Beta	Sig. T	Beta	Sig. T
Extrinsic Satisfaction	Job Characteristics	.2268	.0294	.0876	.3338
	Paternalism	.3788	.0003	-.1312	.0885
	Co-worker Tie	.1941	.0931	.3744	.0000
	Supervisory Tie	-.0378	.7567	.3259	.0010
	GNS	.3801	.0002	-.2788	.0003
	Multiple R (R ²)	.6947 (.4826)		.6736 (.4538)	
F (Sig. F)	11.94 (.0000)		17.95 (.0000)		
Intrinsic Satisfaction	Job Characteristics	.4989	.0000	.5321	.0000
	Paternalism	.1944	.0334	-.1632	.0284
	Co-worker Tie	.2003	.0528	.1285	.1299
	Supervisory Tie	.0425	.6879	.1307	.1697
	GNS	.1947	.0259	-.2453	.0009
	Multiple R (R ²)	.7601 (.5777)		.6800 (.4624)	
F (Sig. F)	17.79 (.0000)		19.27 (.0000)		
Identification Commitment	Job Characteristics	.3056	.0041	.3061	.0016
	Paternalism	.2067	.0450	-.2092	.0104
	Co-worker Tie	.3880	.0011	.1527	.1052
	Supervisory Tie	-.1864	.1205	.2846	.0072
	GNS	.2917	.0035	-.0363	.6481
	Multiple R (R ²)	.6761 (.4571)		.6013 (.3616)	
F (Sig. F)	11.11 (.0000)		12.57 (.0000)		
Involvement Commitment	Job Characteristics	.0197	.8647	.1834	.0655
	Paternalism	.3690	.0017	-.5039	.0000
	Co-worker Tie	.4608	.0006	.0886	.3640
	Supervisory Tie	-.2220	.0985	.0038	.9715
	GNS	.0857	.4293	.8097	.2800
	Multiple R (R ²)	.5667 (.3212)		.5481 (.3005)	
F (Sig. F)	6.24 (.0001)		9.62 (.0000)		
Loyalty Commitment	Job Characteristics	.3158	.0091	4.287E	.9968
	Paternalism	.0390	.7367	.1332	.1373
	Co-worker Tie	.3098	.0195	.1015	.3317
	Supervisory Tie	.0927	.4918	.2684	.0228
	GNS	-.0297	.7873	-.2304	.0103
	Multiple R (R ²)	.5650 (.3193)		.4651 (.2164)	
F (Sig. F)	6.00 (.0001)		6.13 (.0000)		

Table 6.9: Multiple Regression Analysis: The Main Effect

The first part of hypothesis 7 states that job characteristics have positive influences on both satisfaction and identification and involvement commitment, which is mostly true in both cases. However, the second part of the hypothesis states that the degree of such impact is stronger in western-owned firms than in eastern-owned firms, which is rejected.

Hypothesis 8 states that paternalism has positive effect on extrinsic satisfaction and loyalty commitment, but negative impact on involvement commitment. Interestingly, unlike what is proposed in the hypothesis, result indicates that paternalism is quite a strong negative predictor of involvement commitment in eastern-owned firms only ($\beta = -.50$; $p < .05$). It shows positive prediction on the dependent variable in western-owned firms. In addition, paternalism also shows no predicting power on loyalty commitment in both cases. Yet, it positively affects intrinsic satisfaction in both western- and eastern-owned organizations; positively affects extrinsic satisfaction only in western-owned companies; and, negative predicts identification commitment in eastern-owned companies. As a result, most of the hypothesis 8 cannot be confirmed.

Co-worker tie shows positive prediction to identification, involvement and loyalty commitment in western-owned companies; on the other hand, it shows positive prediction on extrinsic satisfaction only in eastern-owned companies. Hypothesis 9 states that co-worker is positive related to extrinsic satisfaction and identification, and the degree of such prediction is stronger in companies with eastern ownership than in western ownership. Results indicates that most of this hypothesis is not substantiated. For hypothesis 10, supervisory tie shows positive relationship with extrinsic satisfaction identification and loyalty commitment only in eastern companies, with no prediction power on the dependent variables in the western firms. Therefore, hypothesis 10 is partly verified.

Finally, GNS is found to have impact on both extrinsic and intrinsic satisfaction in both cases. It is also found to have impact on identification commitment in western companies and on loyalty commitment in eastern companies. However, the interesting finding is all the impacts in western-owned firms are positive; whereas all the impacts in eastern-owned firms are negative. Such result indicates that employees with higher GNS in western-owned firms are more extrinsically and intrinsically satisfied and show more pride in internalizing themselves with the organizational values. However, on the other

hand, employees with higher GNS in eastern-owned companies are less satisfied and less loyally committed. Yet, the finding is consistent with the literature. Individuals with higher GNS strive for personal growth and development; and, in western firms there are usually more opportunities for those individuals to strive for career development. Therefore, employees with higher GNS will be more committed and satisfied. On the contrary, relationship is usually more important or emphasized than job performance in eastern organizations. Thus, employees with higher need to success are more likely to be less satisfied and will leave whenever and wherever opportunities present, causing lower level of loyalty commitment as well.

The second step of the analysis is to add the interaction into the regression equation to examine whether or not these variables 'insert' any impact (interaction effect) to the original relationship between the dependent and the independent variables in both types of ownership. The result is presented in table 6.10. Because the association between the variables of job characteristics, paternalism and GNS is high, therefore, centering has been performed to these three variables.

Dependent Variable	Variables	Western-Ownership		Eastern-Ownership	
		Beta	Sig. T	Beta	Sig. T
Extrinsic Satisfaction	Job Characteristics	.2932	.0044	.0992	.3064
	Paternalism	.3383	.0009	-.1240	.1171
	Co-worker Tie	.1502	.1840	.3617	.0001
	Supervisory Tie	-.0388	.7458	.3382	.0007
	GNS	.4003	.0000	-.3097	.0002
	GNS/Job Interaction	.0943	.3057	-.0751	.3634
	GNS/Pat Interaction	-.2481	.0066	.0374	.6326
	Multiple R (R ²)	.7395 (.5469)		.6782 (.4600)	
F (Sig. F)	10.69 (.0000)		12.90 (.0000)		
Intrinsic Satisfaction	Job Characteristics	.5134	.0000	.5120	.0000
	Paternalism	.1825	.0547	-.1711	.0255
	Co-worker Tie	.1877	.0832	.1334	.1258
	Supervisory Tie	.0451	.6842	.1334	.1653
	GNS	.2002	.0246	-.2658	.0008
	GNS/Job Interaction	.0309	.7245	.0019	.9813
	GNS/Pat Interaction	-.0506	.5526	.0791	.2968
	Multiple R (R ²)	.7621 (.5808)		.6840 (.4678)	
F (Sig. F)	12.47 (.0000)		13.81 (.0000)		

Dependent Variable	Variables	Western-Ownership		Eastern-Ownership	
		Beta	Sig. T	Beta	Sig. T
Identification Commitment	Job Characteristics	.3224	.0032	.3677	.0003
	Paternalism	.1665	.1132	-.1778	.0296
	Co-worker Tie	.3368	.0057	.1151	.2245
	Supervisory Tie	-.1426	.2470	.3043	.00402
	GNS	.3067	.0023	-.0590	.4930
	GNS/Job Interaction	.1541	.1159	-.1504	.0874
	GNS/Pat Interaction	-.0337	.7196	-.1120	.1378
	Multiple R (R ²)	.6918 (.4786)		.6230 (.3881)	
	F (Sig. F)	8.39 (.0000)		9.88 (.0000)	
Involvement Commitment	Job Characteristics	-4.615E	.9969	.2717	.0077
	Paternalism	.3678	.0026	-.4609	.0000
	Co-worker Tie	.4565	.0011	.0383	.6915
	Supervisory Tie	-.2020	.1493	.0275	.7932
	GNS	.0842	.4436	.0720	.4134
	GNS/Job Interaction	.0317	.7731	-.1884	.0368
	GNS/Pat Interaction	.0880	.4089	-.1938	.0200
	Multiple R (R ²)	.5740 (.3295)		.5950 (.3540)	
	F (Sig. F)	4.49 (.0004)		8.61 (.0000)	
Loyalty Commitment	Job Characteristics	.3081	.0134	.0300	.7876
	Paternalism	.0758	.5280	.1485	.1054
	Co-worker Tie	.3577	.0101	.0824	.4417
	Supervisory Tie	.0435	.7563	.2787	.0196
	GNS	-.0428	.6994	-.2452	.0128
	GNS/Job Interaction	-.1486	.1859	-.0786	.4255
	GNS/Pat Interaction	-.0087	.9354	-.0505	.5781
	Multiple R (R ²)	.5818 (.3385)		.4718 (.2226)	
	F (Sig. F)	4.53 (.0004)		4.46 (.0002)	

Table 6.10: Multiple Regression Analysis: The Interaction Effect

The data in table 6.10 indicates that adding the GNS/job characteristics interaction and GNS/paternalism interaction to the equation virtually only has no or very little effect on the R² values. This indicates that the interactions have either no or very weak significant explanation power in explaining the variables of extrinsic and intrinsic satisfaction and identification, involvement and loyalty commitment. The relatively noticeable changes are on extrinsic satisfaction for western-owned firms and on involvement commitment in eastern-owned firms. GNS/Pat interaction is found to show negative prediction on

extrinsic satisfaction (beta = -.25) in western companies. This suggests that individuals in western-owned companies with higher GNS will show lower level of extrinsic satisfaction if the company pursue a paternalistic management style. Additionally, one interesting finding is that both interactions between GNS and job characteristics and between GNS and paternalism show negative prediction on involvement commitment in eastern-owned firms (beta = -.19 in both cases).

6.3 SUMMARY OF HYPOTHESES TESTING

Table 6.11 summarizes which hypotheses are substantiated and which are not.

HYPOTHESIS		RESULTS ✓ = substantiated ✓x = partly substantiated x = rejected
H1	Employees in western organizations will perceive their jobs to be more meaningful and having higher levels of autonomy and performance feedback than will employees in eastern-owned organizations.	✓
H2	Employees in eastern organizations will perceive greater paternalism than will employees in western organizations.	✓
H3	Employees in western organizations will have higher identification and involvement commitment level than will employees in eastern organizations.	✓x
H4	Employees in eastern organizations will have higher loyalty commitment level than will employees in western organizations.	x
H5	Employees in western organizations will experience a higher intrinsic satisfaction level than will those in eastern organizations.	✓
H6	Employees in western organizations will have higher growth need strength than will those in eastern organizations.	x

HYPOTHESIS		RESULTS
		✓ = substantiated ✓x = partly substantiated x = rejected
H7	Jobs characteristics show positive influence on extrinsic and intrinsic satisfaction, identification and involvement commitment; and, the impact of such influences in western-owned organizations is greater than those in eastern-owned companies.	✓x
H8	Paternalism positively predicts extrinsic satisfaction and loyalty commitment but negatively predicts involvement commitment; and, the degree of such impacts is greater than those found in western-owned organizations.	x
H9	Co-worker tie is positively related to extrinsic satisfaction and identification commitment; and, the degree of such relationship is stronger in eastern-owned firms than in western-owned firms.	x
H10	Supervisory tie is positively related to extrinsic satisfaction and loyalty commitment; and, the degree of such relationship is stronger in eastern-owned organizations than in western-owned organizations.	✓x

Table 6.11: Summary Table of Hypotheses Testing

7. RESEARCH FINDINGS (Case Studies)

In chapter 5, the management practices in eastern and western retail firms and banks have been explored. From the interviews, it is found that in general, western firms adopt a more sophisticated human relations approach in their HR management style, whereas eastern companies are relatively less sophisticated in terms of such 'modern' HR management style. Eastern banks, in particular, are especially paternalistic.

Then, in chapter 6, some of the employees' background information and attitudes towards their present job and companies have been looked into through the general survey, from the perspective of western type and eastern type of ownership. The impacts of the independent variables, demographic characteristics of the respondents and moderating variables on job satisfaction and organizational commitment have also been measured. Having evaluated the results from the general pool of respondents in the previous chapter, it would be helpful and interesting to further look into the employees' attitudes and the relationship between the dependent, independent, and moderating variables at individual organizations. The aim is to see whether such impacts at individual companies match with earlier findings in the general survey.

Two western retailing companies and one eastern bank have participated in this case study. The questions answered by the respondents in these three companies were exactly the same as those questions asked in the general survey, except the questions concerning the company information. Results of the three participated companies are first compared. In the second part of this chapter, the findings of these three companies are compared with the confirmed hypotheses in chapter 6 to see if there is similarity exists between the two cases. Finally, the relationship between the dependent and independent variables in these three companies will be examined individually.

One point to note here is the different business nature in the western and the eastern firm, which involves the retail sector and the financial sector respectively. Because different business may have different pace of response to the market demand or policy change, comparison between different business sectors may not be very accurate. However, due

to the unwillingness of the eastern firms to participate in cross-company survey, this limitation is better than no comparison.

7.1 RESULTS FOR THE THREE CASE STUDY COMPANIES

The total numbers of questionnaires sent to the three participated companies and returned by the respondents are as follows:

- western retail company 1: 750 questionnaires were sent; 250 were returned
(response rate = 33.3%)
- western retail company 2: 100 questionnaires were sent; 39 were returned
(response rate = 39%)
- eastern bank: 250 questionnaires were sent; 214 were returned
(response rate = 85.6%)

As confirmed by the working hypotheses in chapter 5, management style of eastern- and western-owned companies is quite different. Together with the dissimilar business industries, therefore, it can be expected that employees' attitudes in the western case studying companies to be different from the eastern case study company. Since there are more than two companies, one-way analysis of variance (ANOVA) is used to compare the mean values of the dependent variables of the three participated companies. In addition, Scheffe test (list-wise) was performed to determine whether there is any true difference among the companies. The statistical data are shown in Table 7.1, 7.2, and 7.3. The result provides a more 'in-depth' insight (since it is a cross-company survey) on the employee attitudes in the three case study companies.

Table 7.1(a): Job Characteristics

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1*	3.06	.63	10.37	.0000	Significant
Western Retail Co. 2*	3.18	.55			
Eastern Bank *	2.83	.58			

Table 7.1(b): Paternalism

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1	3.96	1.48	.11	.90	Not Significant
Western Retail Co. 2	3.86	.79			
Eastern Bank	3.94	.80			

* indicates significant difference with the company with •

** with the significance level .05

Table 7.1: One-way ANOVA (Job Characteristics and Paternalism)

It is observed in table 7.1(a) that the two western retailing firms get a higher mean score in job characteristics than the eastern bank does, with the significant level of $<.05$. In addition, the Scheffe test shows that the job characteristics in the eastern bank are significantly different from that in the two western retailing firms. However, in table 7.1(b), the F-probability for paternalism is .90, indicating that no significant difference exists between the three groups. The Scheffe test also shows that no two companies are truly different in paternalism at .05 level.

As to the area of employee commitment, figures in table 7.2(a) show that the mean score of identification commitment is higher in western retailing company 1, but there is no apparent difference in western retailing company 2 and eastern bank. In addition, Scheffe test indicates that western retailing company 1 is significantly different, in terms of identification commitment, from western retailing company 2 and eastern bank. In other words, no significant difference is found to exist between the western company 2 and the eastern firm.

Yet, the F-probability for involvement and loyalty commitment is .22 and .09 respectively, indicating that the difference between the three companies in these two areas is not significant (table 7.2(b) and 7.2(c)). Also, Scheffe test reveals that no two companies are significantly different in both involvement and loyalty commitment.

Table 7.2(a): Identification Commitment

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1 •	4.87	.91	20.41	.00	Significant
Western Retail Co. 2*	4.28	.92			
Eastern Bank*	4.30	1.10			

Table 7.2(b): Involvement Commitment

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1	4.82	.84	1.53	.22	Not Significant
Western Retail Co. 2	5.01	.90			
Eastern Bank	4.87	1.00			

Table 7.2(c): Loyalty Commitment

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co..1	4.14	.98	2.37	.09	Not Significant
Western Retail Co. 2	3.75	1.01			
Eastern Bank	4.05	1.12			

* indicates significant difference with the company with •
 ** with the significance level .05

Table 7.2: One-way ANOVA (Identification, Involvement & Loyalty Commitment)

Table 7.3(a) shows that the mean scores of intrinsic satisfaction in the western companies are comparatively higher than that in the eastern company, with the significance level of .03. It can be seen from the Scheffe test that western company 1 is significantly different from the eastern bank. However, for extrinsic satisfaction, western company 2 reports the lowest mean score, with the probability level of .05 (table 7.3(b)). Yet, Scheffe test shows that no two companies are significantly different in this area. Finally, in table 7.3(c), the F-probability for growth need strength is insignificant; and, Scheffe test shows that no true difference exists for any two companies in this area.

Table 7.3(a): Intrinsic Satisfaction

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1*	4.41	.88	3.51	.03	Significant
Western Retail Co. 2	4.28	1.12			
Eastern Bank •	4.19	.86			

Table 7.3(b): Extrinsic Satisfaction

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1	4.60	.72	2.99	.05	Not Significant
Western Retail Co. 2	4.38	.81			
Eastern Bank	4.46	.74			

Table 7.3(c): Growth Need Strength

Company	Mean	Std. Dev.	F-Ratio	F-Probability	Scheffe Test**
Western Retail Co. 1	4.98	1.28	.48	.62	Not Significant
Western Retail Co. 2	5.18	1.40			
Eastern Bank	4.97	1.29			

* indicates significant difference with the company with •

** with the significance level .05

Table 7.3: One-way ANOVA (Intrinsic & Extrinsic Satisfaction and Growth Need Strength)

7.2 COMPARISON OF THE RESULTS FROM THE THREE CASE STUDY COMPANIES WITH THE HYPOTHESES

Hypotheses 1-6 test the perception of employees in western-owned and eastern-owned companies. It is actually like comparing employees' feeling like how much job characteristics or paternalistic values they perceive having in their jobs, or how much commitment levels they have towards their jobs or companies. Since this involves comparison of three individual companies, analysis of variance (ANOVA) is used to test these hypotheses. Hypotheses 7-10 test the impact of the four main independent variables on employees' satisfaction and commitment. Multiple regression analysis is performed company by company so that the impacts in each of the three companies can be examined.

7.2.1 Analysis of Variance (ANOVA) --- (Hypotheses 1-6)

In chapter 6, hypotheses 1 and 2 confirm that employees in western organizations perceive their jobs to have more elements of job characteristics; and employees in eastern organizations perceive higher paternalistic management style. Such finding is partially supported by the above data. Table 7.1(a) shows that the mean score of job characteristics in the two western retailing companies is apparently higher than that in the eastern bank, with the significance level of less than .05. The Scheffe also shows that there is true difference between the two western companies and the eastern bank. This finding supports hypothesis 1. However, for paternalism, the F-probability is insignificant. In addition, Scheffe test does not show significant difference between any

two companies. That is, the assumption that employees in eastern organizations perceive higher paternalistic management style (hypothesis 2) does not hold in this case study.

Part of hypothesis 3 in chapter 6 is substantiated: employees in western firms possess higher identification commitment than those in eastern organizations. The result of this case study partially holds such assumption. Statistical figure in table 7.2(a) indicates the mean score for identification commitment in western company 1 is apparently higher. However, the score for western company 2 and eastern bank is not much different. Moreover, Scheffe test reports the difference does not lie between the two western companies and the eastern bank, but between the western company 1 and western company 2 & the eastern bank. Figures in table 7.2(b) and 7.2(c), for involvement and loyalty commitment respectively, are not significant. This insignificance matches the second part of hypothesis 3 (employees in western firms have higher involvement commitment) and hypothesis 4 (employees in eastern firms have higher loyalty commitment) in the previous chapter: both are not substantiated.

Hypothesis 5 states that employees in western organizations experience higher intrinsic satisfaction than employees do in eastern firms. This is supported by the result of this case study. Table 7.3(a) indicates that the mean scores for intrinsic satisfaction is higher in the western companies than in the eastern bank. Besides, Scheffe test shows the true difference lies between the western company 1 and the eastern bank. Finally, both the F-probability and the Scheffe test are not significant for growth need strength, and such finding is the same as in the general survey, which rejects hypothesis 6 that employees in western firms have higher growth need strength than employees in eastern firms.

The above comparisons (between the two western retailing companies and one eastern bank) are under the assumption that business nature of retailing and banking does not play a role in affecting the variance of the dependent variables. Whether or not such difference in industries impacts on employees' satisfaction and commitment will have to be investigated by further research.

Variables	Mean	Std. Dev	Int. Sat	Ext. Sat	Id. Com	Inv. Com	Loy. Com	Job Char	Pat	Co. Tie	Sup. Tie	GNS	Gender	M. Status	Age	Ed. Level	Ten. Org.
Intrinsic Satisfaction	4.40	.88	1.00	1.00													
Extrinsic Satisfaction	4.60	.72	.73***	.57***	1.00												
Identification Commitment	4.87	.91	.56***	.38***	.52***	1.00											
Involvement Commitment	4.82	.84	.39***	.55***	.53***	.41***	1.00										
Loyalty Commitment	4.14	.98	.48***	.47***	.46***	.35***	.39***	1.00									
Job Characteristics	3.06	.63	.73***	.28***	.11	.26***	.26***	.25***	1.00								
Paternalism	3.89	.90	.27***	.44***	.42***	.38***	.38***	.45***	.18*	.42***	1.00						
Tie with Co-workers	3.74	1.00	.36***	.41***	.33***	.39***	.37***	.32***	.19	.31***	.16*	1.00					
Growth Need Strength	4.96	1.25	.19**	.21***	.16*	.22***	.10	-.00	-.02	-.01	-.05	-.15	1.00				
Gender	1.80	.40	.03	-.03	-.09	.02	-.10	.05	.02	-.09	-.05	-.17**	.13*	1.00			
Marital Status	1.43	.52	.03	-.01	.03	.08	.10	-.01	.04	-.04	-.04	.04	.09	.29***	1.00		
Age	1.73	.63	.01	.03	.04	.09	.00	-.01	.00	.08	-.03	.26***	-.13*	-.19**	-.02	1.00	
Education Level	1.95	1.33	.11	.05	.06	.06	-.05	.05	.05	.08	-.03	-.05	.07	.27***	-.11	-.11	1.00
Tenure in Organization	3.22	3.20	.09	.03	.06	.14*	.17*	.16*	.01	.08	.11	-.05	.20**	.27***	.07	-.11	1.00
Job Position	5.37	1.61	.30***	.12	.27***	.20**	.14*	.36***	.19**	.13*	.01	.30***	-.20**	.12	.09	.27***	.20*

Figure 7.1(a) Correlation Matrix (Western Retail 1)

Variables	Mean	Std. Dev	Int. Sat	Ext. Sat	Id. Com	Inv. Com	Loy. Com	Job Char	Pat	Co. Tie	Sup. Tie	GNS	Gender	M. Status	Age	Ed. Level	Ten. Org.
Intrinsic Satisfaction	4.28	1.12	1.00	1.00													
Extrinsic Satisfaction	4.38	.81	.83***	.63***	1.00												
Identification Commitment	4.28	.92	.57***	.22	.22	1.00											
Involvement Commitment	5.10	.90	.16	.40*	.31	-.01	1.00										
Loyalty Commitment	3.75	1.01	.57***	.46**	.53***	.15	.49**	1.00									
Job Characteristics	3.18	.55	.68***	.42**	.41**	.14	.49**	.41*	1.00								
Paternalism	3.86	.79	.57***	.42**	.41**	.14	.49**	.41*	.35**	1.00							
Tie with Co-workers	3.47	1.22	.48***	.60***	.49***	-.07	.41*	.53***	.41**	.65***	1.00						
Tie with Supervisors	1.69	.95	.62***	.59***	.49**	-.09	.36*	.54***	.12	.03	-.03	1.00					
Growth Need Strength	5.18	1.40	.06	-.00	.18	.44**	-.10	.26	.28	-.21	-.08	-.28	1.00				
Gender	1.53	.51	.00	-.11	-.21	.28	.08	-.10	.03	-.21	.39**	.31	.16	1.00			
Marital Status	1.53	.51	.00	-.11	-.21	.28	.08	-.10	.03	-.21	.39**	.31	.16	.28	1.00		
Age	2.11	.69	-.16	-.09	.24	.02	-.15	.06	-.04	.27	.07	.11	-.22	.20	.20	1.00	
Education Level	2.92	1.62	.10	.20	.31	.48***	-.14	.04	.02	.10	.10	.59***	-.17	.30	-.32	-.41**	1.00
Tenure in Organization	4.07	3.89	-.13	-.22	.00	-.57***	-.14	.18	-.03	-.10	-.13	-.21	.32	.02	-.32	-.41**	1.00
Job Position	4.95	1.82	-.11	.02	.37	.06	.09	.13	-.05	.15	-.02	-.43**	-.54***	.23	.51***	.61***	-.06

Figure 7.1(b) Correlation Matrix (Western Retail 2)

Variables	Mean	Std. Dev	Int. Sat	Ext. Sat	Id. Com	Inv. Com	Loy. Com	Job Char	Pat	Co. Tie	Sup. Tie	G
Intrinsic Satisfaction	4.19	.86	1.00									
Extrinsic Satisfaction	4.46	.76	.67***	1.00								
Identification Commitment	4.30	1.10	.49***	.64***	1.00							
Involvement Commitment	4.87	1.00	.35***	.31***	.61***	1.00						
Loyalty Commitment	4.05	1.12	.39***	.49***	.55***	.29***	1.00					
Job Characteristics	2.83	.58	.72***	.47***	.50***	.41***	.31***	1.00				
Paternalism	3.94	.80	.16**	.21**	.26***	.16**	.27***	.18**	1.00			
Tie with Co-workers	3.74	1.04	.41***	.45***	.46***	.32***	.25***	.43***	.14*	1.00		
Tie with Supervisors	1.63	.93	.43***	.41***	.43***	.28***	.33***	.52***	.24***	.46***	1.00	
Growth Need Strength	4.97	1.29	.14*	.05	.06	.24***	-.02	.21**	.11	.14*	.07	1.00
Gender	1.61	.49	-.11	-.05	.02	.00	-.09	-.04	-.06	-.16	-.13	-.11
Marital Status	1.42	.51	.07	.16*	.17*	.03	.20**	-.02	.16**	.06	.10	-.21
Age	1.86	.98	.09	.20**	.17*	.07	.24***	-.02	.07	.11	.13	-.21
Education Level	1.76	1.14	.09	-.09	-.06	.10	-.19**	.20**	-.13	.08	.01	-.26
Tenure in Organization	7.26	7.84	.13	.07	.07	-.09	.26***	.04	.08	-.01	.03	-.25
Job Position	5.63	.68	.09	.07	.03	.06	.12	.13	.04	.08	.01	.04

Figure 7.1(c) Correlation Matrix (Eastern Bank)

7.2.2 Multiple Regression Analysis --- (Hypotheses 7-10)

Multiple regression analysis is used to test the first part of hypotheses 7-10 for each of the participated companies. The second part of hypotheses 7-10 are not evaluated because the main aim of the case study is to see if the findings from these case studying companies match with those in the general survey and not to compare the magnitudes of impact between the western and eastern type of ownership like in chapter 6. As mentioned in the previous chapter, no regular significant correlation is found between the demographic and the dependent variables. The correlation matrices for the three participated companies are shown in figure 7.1(a)-(c). Like the process of 2-step multiple regression analysis in chapter 6, the four main independent variables plus GNS will be put into the equation first to see if any main effect exists. In the second step, interactions between GNS and job characteristics and between GNS and paternalism will be added in the analysis. By following the same pattern as the process in the previous chapter, the findings between the individual case and the general survey can be compared more systematically.

Table 7.4 consists of five sub-tables, which show the stages 1 and 2 of the analysis for western retailing company 1.

Table 7.4(a): Extrinsic Satisfaction (Western Retailing Company 1)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.1894	.0040	.1878	.0050
Paternalism	.2761	.0000	.2707	.0000
Tie with Co-workers	.2401	.0002	.2375	.0002
Tie with Supervisors	.2027	.0013	.2041	.0012
GNS	.0109	.8490	.0181	.7633
GNS/Job Interaction			.0347	.6176
GNS/Pat Interaction			-.0138	.8391
Multiple R (R ²)	.6408 (.4106)		.6414 (.4114)	
F (Sig. F)	29.68 (.0000)		21.07 (.0000)	

Table 7.4(b): Intrinsic Satisfaction (Western Retailing Company 1)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.6383	.0000	.6264	.0000
Paternalism	.1481	.0028	.1271	.0101
Tie with Co-workers	.0599	.2616	.0458	.3831
Tie with Supervisors	.0732	.1662	.0846	.1043
GNS	-.0693	.1554	-.0263	.5983
GNS/Job Interaction			.1773	.0031
GNS/Pat Interaction			-.0501	.3906
Multiple R (R ²)	.7559 (.5714)		.7694 (.5919)	
F (Sig. F)	57.33 (.0000)		44.13 (.0000)	

Table 7.4(c): Identification Commitment (Western Retailing Company 1)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.2401	.0008	.2204	.0021
Paternalism	.1772	.0043	.1659	.0083
Tie with Co-workers	.2620	.0001	.2566	.0002
Tie with Supervisors	.0859	.1965	.0936	.1577
GNS	-.0026	.9668	.0312	.6215
GNS/Job Interaction			.1028	.1633
GNS/Pat Interaction			.0324	.6540
Multiple R (R ²)	.5588 (.3123)		.5716 (.3267)	
F (Sig. F)	19.71 (.0000)		14.90 (.0000)	

Table 7.4(d): Involvement Commitment (Western Retailing Company 1)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.0941	.2028	.0721	.3316
Paternalism	.1057	.1019	.1050	.1099
Tie with Co-workers	.1802	.0105	.1687	.0162
Tie with Supervisors	.2264	.0012	.2379	.0007
GNS	.1132	.0773	.1537	.0212
GNS/Job Interaction			.0767	.3314
GNS/Pat Interaction			.0696	.3711
Multiple R (R ²)	.4909 (.2410)		.5070 (.2570)	
F (Sig. F)	13.97 (.0000)		10.77 (.0000)	

Table 7.4(e): Loyalty Commitment (Western Retailing Company 1)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.1778	.0177	.1620	.0326
Paternalism	.2102	.0014	.2162	.0013
Tie with Co-workers	.0855	.2269	.0791	.2650
Tie with Supervisors	.1788	.0113	.1854	.0089
GNS	.0313	.6270	.0540	.4229
GNS/Job Interaction			.0131	.8698
GNS/Pat Interaction			.0766	.3317
Multiple R (R ²)	.4846 (.2349)		.4916 (.2417)	
F (Sig. F)	13.38 (.0000)		9.83 (.0000)	

Table 7.4: Multiple Regression Analysis for Western-Owned Retailing Company 1

Table 7.4 shows that the result findings in western retailing company 1 are quite consistent with those found in western-owned firms in the general survey. Job characteristics positively predict both extrinsic and intrinsic satisfaction and identification and loyalty commitment. The prediction on intrinsic satisfaction is particularly strong, with the beta value of 0.64. Paternalism is also found to have positive association with both extrinsic and intrinsic satisfaction and identification commitment, just like what is found in the western type of ownership in the general survey. Co-worker tie has positive impact on both identification and involvement commitment.

Unlike the result findings in the western type of ownership in the general survey, paternalism is found to show positive influence on loyalty commitment in western retailing company 1 rather than on involvement commitment. Co-worker tie is found to positively associate with extrinsic satisfaction but not with loyalty commitment. Finally, tie with supervisors in western retailing company 1 shows positive significant influence on extrinsic satisfaction, involvement and loyalty commitment; whereas no significant prediction is found between supervisory tie and the dependent variables in the general survey under the western type of ownership.

Nonetheless, in western retailing company, findings match with most of hypothesis 7 and 8, which state that job characteristics show positive influence on both extrinsic and

intrinsic satisfaction and identification and involvement commitment; and, paternalism positively predicts extrinsic satisfaction and loyalty commitment respectively. Interestingly, there is no significant relationship between job characteristics and involvement commitment. Co-worker tie has positive effect on extrinsic satisfaction, identification and involvement commitment. Supervisory tie also has positive prediction on extrinsic satisfaction, involvement and loyalty commitment. Although the magnitudes for such relationships are not very strong (with the beta ranging from .18 to .23), hypotheses 9 and 10 still hold true, stating that in western retailing company 1, co-worker tie positively related to extrinsic satisfaction and identification commitment; and, supervisory tie positively related to extrinsic satisfaction and loyalty commitment. Finally, no significant relationship is found between GNS and the dependent variables.

Adding the interactions into the equation does not change the R^2 value at all (.02 at maximum), indicating such interactions do not 'insert' any influence on satisfaction or commitment. However, GNS is turned to positively influence involvement commitment. The higher GNS an individual possesses indicating the higher need for growth that individual has for his/her career. As a result, the more likely s/he will like and be involved in the job, leading to higher level of involvement commitment.

The findings of the multiple regression analysis for western retailing company 2 is shown in table 7.5(a) – (e).

Table 7.5(a): Extrinsic Satisfaction (Western Retailing Company 2)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.0715	.6775	.2528	.2223
Paternalism	.1385	.3566	.2159	.1728
Tie with Co-workers	.4192	.0293	.2893	.1440
Tie with Supervisors	.2378	.2121	.3002	.1175
GNS	-.1261	.3620	-.2185	.1338
GNS/Job Interaction			-.3273	.0732
GNS/Pat Interaction			.1265	.4004
Multiple R (R^2)	.7160 (.5126)		.7550 (.5700)	
F (Sig. F)	6.10 (.0006)		5.11 (.0009)	

Table 7.5(b): Intrinsic Satisfaction (Western Retailing Company 2)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.4286	.0043	.4977	.0059
Paternalism	.2844	.0251	.3169	.0212
Tie with Co-workers	.0167	.9086	-.0361	.8203
Tie with Supervisors	.2943	.0574	.3264	.0457
GNS	-.1156	.3068	-.1670	.1883
GNS/Job Interaction			-.1472	.3257
GNS/Pat Interaction			.0752	.5599
Multiple R (R ²)	.8071 (.6514)		.8149 (.6640)	
F (Sig. F)	11.59 (.0000)		8.19 (.0000)	

Table 7.5(c): Identification Commitment (Western Retailing Company 2)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.1999	.2614	.5544	.0034
Paternalism	.1473	.3390	.1964	.1559
Tie with Co-workers	.3739	.0475	.2506	.1353
Tie with Supervisors	.0989	.6008	.1584	.3364
GNS	.0557	.6926	-.1423	.2772
GNS/Job Interaction			-.5757	.0007
GNS/Pat Interaction			.0412	.7578
Multiple R (R ²)	.6714 (.4507)		.7992 (.6388)	
F (Sig. F)	5.09 (.0016)		7.33 (.0000)	

Table 7.5(d): Involvement Commitment (Western Retailing Company 2)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	-.3726	.0836	-.3190	.2152
Paternalism	.2051	.2600	.2457	.2118
Tie with Co-workers	.0409	.8487	-.0294	.9023
Tie with Supervisors	-.0039	.9860	.0424	.8547
GNS	.4491	.0103	.4118	.0314
GNS/Job Interaction			-.1365	.5404
GNS/Pat Interaction			.1157	.5494
Multiple R (R ²)	.5133 (.2635)		.5273 (.2780)	
F (Sig. F)	2.15 (.0870)		1.54 (.1946)	

Table 7.5(e): Loyalty Commitment (Western Retailing Company 2)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.3710	.0489	.1533	.4672
Paternalism	.3423	.0371	.3607	.0333
Tie with Co-workers	.1802	.3443	.1950	.3263
Tie with Supervisors	-.0969	.6206	-.0900	.6460
GNS	-.2520	.0915	-.1574	.3147
GNS/Job Interaction			.2793	.1373
GNS/Pat Interaction			.1171	.4652
Multiple R (R ²)	.6410 (.4109)		.6946 (.4825)	
F (Sig. F)	4.32 (.0042)		3.86 (.0044)	

Table 7.5: Multiple Regression Analysis for Western-Owned Retailing Company 2

In western retailing company 2, job characteristics are only found to positively predict intrinsic satisfaction and loyalty commitment, stating that hypothesis 7 is virtually rejected. Paternalism shows positive influence on intrinsic satisfaction and loyalty commitment, but not on extrinsic satisfaction. As a result, hypothesis 8 is partly confirmed. Co-worker tie positively associates with extrinsic satisfaction and identification commitment; and, supervisory tie neither predicts satisfaction nor commitment. Therefore, hypothesis 9 is confirmed and hypothesis 10 is rejected. To quite a large extent, such result findings do not match with those in the western type of ownership in the general survey. GNS is found only to show positive association with involvement commitment, not with other dependent variables.

A quite significant change in R² is observed for extrinsic satisfaction, identification, involvement, and loyalty commitment when adding the interactions to the regression. The most significant one is for identification commitment: R² reaches from .45 to .64. This suggests that, in western retailing company 2, the four main independent variables plus GNS only explain 45% of the variance; yet, with the presence of the interactions, 64% of the variance is significantly explained. In fact, GNS/job characteristics interaction is found to be pretty strongly negatively affected identification commitment (beta = -.58). Such outcome is unexpected because it indicates that, in western retailing company 2, employees with higher GNS will have less identification commitment when

they face more meaningful and challenging jobs, with higher autonomy and performance feedback (with job characteristics). This is opposite to what earlier researches suggest.

Table 7.6(a): Extrinsic Satisfaction (Eastern Bank)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.2904	.0002	.2976	.0002
Paternalism	.0906	.1567	.0929	.1508
Tie with Co-workers	.2457	.0006	.2435	.0008
Tie with Supervisors	.1181	.1202	.1149	.1362
GNS	-.0770	.2240	-.0825	.2120
GNS/Job Interaction			-.0234	.7210
GNS/Pat Interaction			.0011	.9866
Multiple R (R ²)	.5480 (.3003)		.5485 (.3008)	
F (Sig. F)	15.97 (.0000)		11.31 (.0000)	

Table 7.6(b): Intrinsic Satisfaction (Eastern Bank)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.6595	.0000	.6254	.0000
Paternalism	.0060	.9084	-.0042	.9359
Tie with Co-workers	.1101	.0589	.1187	.0414
Tie with Supervisors	.0262	.6755	.0430	.4932
GNS	-.0233	.6524	.0042	.9374
GNS/Job Interaction			.1088	.0405
GNS/Pat Interaction			.0084	.8683
Multiple R (R ²)	.7262 (.5273)		.7335 (.5380)	
F (Sig. F)	41.95 (.0000)		30.94 (.0000)	

Table 7.6(c): Identification Commitment (Eastern Bank)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.3045	.0001	.3058	.0001
Paternalism	.1301	.0368	.1304	.0384
Tie with Co-workers	.2381	.0007	.2379	.0008
Tie with Supervisors	.1190	.1093	.1183	.1163
GNS	-.0448	.4670	-.0459	.4747
GNS/Job Interaction			-.0034	.9567
GNS/Pat Interaction			-.0021	.9724
Multiple R (R ²)	.5739 (.3294)		.5740 (.3294)	
F (Sig. F)	18.57 (.0000)		13.12 (.0000)	

Table 7.6(d): Involvement Commitment (Eastern Bank)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.2706	.0009	.2554	.0025
Paternalism	.0705	.2932	.0715	.2898
Tie with Co-workers	.1298	.0836	.1289	.0874
Tie with Supervisors	.0520	.5188	.0604	.4582
GNS	.1720	.0104	.1872	.0073
GNS/Job Interaction			.0198	.7726
GNS/Pat Interaction			.0770	.2422
Multiple R (R ²)	.4675 (.2185)		.4740 (.2247)	
F (Sig. F)	10.51 (.0000)		7.70 (.0000)	

Table 7.6(e): Loyalty Commitment (Eastern Bank)

VARIABLES	MAIN EFFECT		INTERACTION EFFECT	
	Beta	Sig. T	Beta	Sig. T
Job Characteristics	.1684	.0406	.1729	.0419
Paternalism	.1817	.0086	.1735	.0121
Tie with Co-workers	.0784	.3056	.0857	.2620
Tie with Supervisors	.1746	.0341	.1707	.0388
GNS	-.1043	.1274	-.1134	.1102
GNS/Job Interaction			.0388	.5778
GNS/Pat Interaction			-.1294	.0535
Multiple R (R ²)	.4209 (.1771)		.4411 (.1946)	
F (Sig. F)	8.14 (.0000)		6.45 (.0000)	

Table 7.6: Multiple Regression Analysis for Eastern Bank

Table 7.6(a)-(e) shows the regression findings for the eastern bank. In consistent with the findings in eastern type of ownership in the general survey, job characteristics are found to positively predict intrinsic satisfaction and identification commitment; co-worker tie positively predicts extrinsic satisfaction; and, supervisory tie positively associates with loyalty commitment. Other than the above findings are different from those found in the previous chapter.

In the eastern bank itself, job characteristics are found to positively predict all the dependent variables. The magnitude is particularly strong for the job characteristics – intrinsic satisfaction prediction, with a pretty high beta value of .66. Co-worker tie is found to positively predict extrinsic satisfaction and identification commitment. Thus,

hypotheses 7 and 9 are confirmed. Paternalism shows positive impact on identification and loyalty commitment, however, no significant relationship (positive or negative) is found on neither extrinsic satisfaction nor involvement commitment, therefore, hypothesis 8 is virtually not substantiated. As for supervisory tie, positive impact on loyalty commitment is observed, but not on extrinsic satisfaction. Therefore, hypothesis 10 is only partly substantiated. GNS positive predicts involvement commitment

Like in the general survey and western retailing company 1, adding the interactions into the regression equation virtually has no effect on the R² values of step 1 analysis (the maximum difference is smaller than .02). GNS/job characteristics interaction is only found to have positive prediction on intrinsic satisfaction, despite the magnitude is not very strong. This indicates that individuals with higher GNS facing jobs with more job characteristics will have higher intrinsic satisfaction, which is not surprising. However, no significant prediction is found on GNS/paternalism interaction with the dependent variables.

The significant relationships between the dependent and the independent variables in both general survey and case study are summarized in the following tables according to the type of ownership.

	<u>General Survey (Western Ownership)</u>	<u>Western Retailing Co. 1</u>	<u>Western Retailing Co. 2</u>	<u>General Survey (Eastern Ownership)</u>	<u>Eastern Bank</u>
Extrinsic Satisfaction	Job Characteristics Paternalism	Job Characteristics Paternalism Co-worker Tie Supervisory Tie	Co-worker Tie	Co-worker Tie Supervisory Tie	Job Characteristics Co-worker Tie
Intrinsic Satisfaction	Job Characteristics Paternalism	Job Characteristics Paternalism	Job Characteristics Paternalism	Job Characteristics Paternalism*	Job Characteristics
Identification Commitment	Job Characteristics Paternalism Co-worker Tie	Job Characteristics Paternalism Co-worker Tie	Co-worker Tie	Job Characteristics Paternalism* Supervisory Tie	Job Characteristics Paternalism Co-worker Tie
Involvement Commitment	Paternalism Co-worker Tie	Co-worker Tie Supervisory Tie		Paternalism*	Job Characteristics
Loyalty Commitment	Job Characteristics Co-worker Tie	Job Characteristics Paternalism Supervisory Tie	Job Characteristics Paternalism	Supervisory Tie	Job Characteristics Paternalism Supervisory Tie

* indicates negative influence

Table 7.7: Variables with Significant Relationship with Identification, Involvement & Loyalty Commitment

7.3 SUMMARY OF HYPOTHESES TESTING

Table 7.8 summarizes the results of the hypotheses testing for the case study companies, that is, which substantiated and which do not. For hypotheses 7-10, only the first part is tested in this case (see Section 7.2.2).

HYPOTHESIS		RESULTS		
		✓ = substantiated ✓✗ = partly substantiated ✗ = rejected		
H1	Employees in western organizations will perceive their jobs to be more meaningful and having higher levels of autonomy and performance feedback than will employees in eastern-owned organizations.	✓		
H2	Employees in eastern-owned organizations will perceive greater paternalism than will employees in western-owned organizations.	✗		
H3	Employees in western-owned organizations will have higher identification and involvement commitment level than will employees in eastern-owned organizations.	✓✗		
H4	Employees in eastern-owned organizations will have higher loyalty commitment level than will employees in western-owned organizations.	✗		
H5	Employees in western-owned organizations will experience a higher intrinsic satisfaction level than will those in eastern-owned organizations.	✓		
H6	Employees in western-owned organizations will have higher growth need strength than will those in eastern-owned organizations.	✗		
		Western Retail 1	Western Retail 2	Eastern Bank
H7	Jobs characteristics show positive influence on extrinsic and intrinsic satisfaction; and, identification and involvement commitment.	✓✗	✓✗	✓
H8	Paternalism positively predicts to extrinsic satisfaction and loyalty commitment but negatively predicts to involvement commitment.	✓	✗	✗
H9	Co-worker tie is positively related to extrinsic satisfaction.	✓	✓	✓
H10	Supervisory tie is positively related to extrinsic satisfaction and loyalty commitment.	✓	✗	✓✗

Table 7.8: Summary Table of Hypotheses Testing (for the three participated companies)

8. DISCUSSION & CONCLUSION

The first part of this chapter discusses the findings of the research and attempts to explain both the expected and the unexpected results. The second part draws the conclusion and focuses on the limitation of the study.

8.1 DISCUSSION

8.1.1 Management Styles

The primary purpose of the exploratory phase of this study is to explore the management style implemented by the eastern-owned and western-owned corporations in Hong Kong. Based on the HRM literature regarding the management style under cultural context, it is expected that the eastern-owned firms adopt a more paternalistic approach in their HR management; and, the western-owned firms adopt a more sophisticated human relations approach. As expected, results from the company interviews support the above literature. The HR approaches of the interviewed 'eastern' and 'western' firms are evidently different, especially for the banking firms. This is consistent with earlier research stating that corporate welfarism/paternalism is a more common form of organizational culture in Asia than in the West (e.g. Kearney, 1991). The HR philosophy of the interviewed eastern-owned banking firms is typically paternalistic in style. Employees are reasonably well-taken care of, with reasonable salary and compensation, a relatively secured job and reasonable career development opportunities within the company. Just like a father looking after his son, providing his expenses and bringing him up. The son is expected to listen, respect, loyal and be filial to his father in return. In fact, the cross tabulation of the three case studying companies indicates that employees have longer tenure in the eastern bank than in the two western retailing firms, meaning a higher loyalty level. 42% of the respondents in the eastern bank have been working in the company for 6 years or above; whereas the percentage is only 16% and 17% for western retailing firm 1 and 2 respectively.

However, also like a traditional Chinese father-son relationship, in which the father usually possesses all the decision-making power and all the sayings, junior staffs in

eastern banks do not have many opportunities to participate in company meetings or to raise their voices. Only senior grade employees are provided with discretionary bonus. Furthermore, according to the interviewee and survey respondents, it takes quite a number of years to promote to one level up. The internal promotion rate in the two eastern banks is also very high; for one bank, it was 100% several years ago, meaning no one, no matter how competent, would get into the banks at the supervisory or managerial grade. Every employee started from junior level in the company and worked their way up. Such policies highlight the centralized structure and positional hierarchy and fully reflect the importance of power distance and seniority. *Guangxi* (relationship) within the company are also an important factor for career development and performance. This finding is not surprising in a collectivist culture and somehow upholds Chang's earlier finding in 1985 which stated that Chinese managers agreed more strongly than Americans that socializing with colleagues will improve managerial effectiveness (Chang, 1985).

On the other hand, the structures in the western-owned banks are much more decentralized. Like their 'eastern' counterparts, these banks also take care of their employees well and fairly to engender their satisfaction and commitment, but from a different perspective. They view their employees as one of their most important assets and believe that employee satisfaction and commitment can be obtained through enriched job design. In consistence with this viewpoint, employees in western-owned banks are actually given more opportunities to try out different jobs, both vertically and horizontally, than those in eastern-owned banks. This conforms that western firms frequently rely on various forms of job enrichment to motivate employees towards higher levels of commitment and performance (Nam, 1995). Compensation and opportunities for career development are based on job performance rather than relationship or seniority like in the eastern banks.

The management style of the eastern retailing firm is more sophisticated when comparing to that in the eastern banks. However, it is still not as sophisticated as that in the western retailing firms and still reflects the importance of power distance, one of the most typical dimensions in eastern culture. For example, discretionary bonus is only given to senior grade managers in the eastern retailing company, whereas lower grade staff in the western retailing firm are also entitled to such bonus according to their performance. In fact, one of the western retailing firms claims that employees will get

the discretionary bonus as long as they are performing well, despite of the company's overall financial performance. As in the interviewed western banks, western retailing firms also adopt an informal and decentralized organizational structure, and believe that 'employee-value' approach brings employee satisfaction and commitment, which in turn leads to better job performance.

The result in the general survey supports the above interview finding and the literature that employees in western-owned firms actually perceive their jobs to be with more aspects of job characteristics: more meaningful, more autonomous, required more skills and knowledge, and more performance feedback than their counterparts in eastern-owned firms. On the other hand, employees in eastern-owned firms perceive higher paternalistic management style than employees in western-owned companies. However, one interesting finding is that result in case study only confirms the former but not the latter outcome. As expected, employees in western retailing firm 1 and 2 are shown to perceive their jobs to be higher with job characteristics aspects than employees in eastern bank. However, employees in eastern bank are not found to perceive a higher paternalistic value in their company's management style than employees in both western retailing firms. This is perhaps due to some kind of company uniqueness bringing about either that the paternalistic style in eastern bank is not very distinctive or 'penetrable' to employees; or, the paternalistic style is pretty strong and 'penetrable' in western retailing firms, making the one in the eastern bank not particularly noticeable. Another possibility may arise from the 'comparability' between firms in two different industries: retailing vs. banking.

8.1.2 Employee Outcomes

The aim of the attitudinal-studying phase is to measure the employee outcomes in both eastern-owned and western-owned firms and to examine which main variables in the research framework engender job satisfaction and organizational commitment. T-test from the general survey indicates that employees in western organizations experience a higher level of intrinsic satisfaction and identification commitment than employees do in eastern organizations. Such finding is consistent with earlier researches (e.g. Loher, et al., 1985; Hackman and Oldham, 1975) that good design of job creates more meaningful and challenging jobs, which generate a sense of achievement and a feeling of being



important among employees; which in turn induce satisfaction and organizational commitment. Western organizations are more prone to have job design to engender employee satisfaction and commitment. Thus, it is not surprising to see employees in western-owned firms to be more intrinsically satisfied and more identifiably committed than their counterparts in eastern-owned firms.

Literature on satisfaction and commitment has consistently revealed that job characteristics and quality of ties (relationships) are found to have positive predicting power in predicting satisfaction and commitment (e.g. Tai and Cheng, 1994; Li and Guisinger, 1991; Steers, 1977). As expected, to the very large extent, results in both general survey and case study show that job characteristics positively predict intrinsic satisfaction, identification commitment, and interestingly, loyalty commitment. In fact, to a smaller extent, job characteristics also positively associate with extrinsic satisfaction (refer back to table 7.7). Employees are generally satisfied with their jobs and committed to their organizations if they are content with the nature of the work itself (Reed et al., 1994). One interesting finding here is that job characteristics are found to have positive impact on loyalty commitment. A possible explanation may be because job characteristics generate more meaningful and challenging jobs, which then provide opportunities for them to use their unique skills, abilities and potentialities, and allow them to exercise control and autonomy (Mendonca and Kanungo, 1994). Consequently, this increases the employees' willingness to remain with the company, thus causing a higher level of loyalty commitment. Another interesting finding in this case is that the effect of job characteristics in eastern organizations is as 'effective' as in western organizations, showing that job design should also engender the above satisfaction and commitment among employees in eastern-owned companies operating in Hong Kong.

Besides job characteristics, co-worker tie is also found to be a positive significant determinant of identification commitment and extrinsic satisfaction. Such outcome is also consistent with the literature. Good quality of lateral relationship creates friendly and supportive atmosphere in the workplace, and such positive climate creates positive feeling for employees that they are actually working together like a big team and thus making efforts together for the sake of the company. This supports the proposition of Luthans, Wahl, & Steinhaus (1992), which found that feelings of warmth, support, and job identity are related to higher levels commitment. This also agrees with the discrepancy theory of satisfaction, which states that colleague relationship play an

important role in inciting satisfaction (Kahn, 1981). On the other hand, relationship with supervisors is not found to have much generalized relationship with either satisfaction or commitment, apart from the loyalty commitment to a certain extent (not in the western-owned firms in the general survey, however). One possibility is that employees usually do not spend too much time or do not have too many chances to get along or work with their bosses or supervisors. However, the chance of getting along or working with colleagues is a lot higher. Therefore, the effect of lateral relationship on satisfaction and commitment is higher than that of vertical relationship. Yet, good bosses (good quality of vertical relationship) still strengthens employees' willingness to remain with the organization, thus, causing higher level of loyalty commitment.

Eastern HR philosophy emphasizes on paternalistic approach, taking care of employees parentally and looking for loyalty in return. Indeed, this is supported by interview finding: eastern-owned organizations are found to be more paternalistic in their HR management styles than are western-owned companies. In the general survey and the case study, paternalism is found to have predicting power on intrinsic satisfaction, identification commitment and, to a smaller extent, loyalty commitment. But one interesting yet unexpected finding is that paternalism is found to have negative, instead of positive, association with both intrinsic satisfaction and identification commitment in eastern-owned organizations in the general survey. Such finding suggests that the higher the paternalistic value employees perceive in eastern-owned firms, the less intrinsically satisfied and less identifiably committed these employees are. However, on the contrary, the higher the paternalistic value employees perceive in western-owned companies, the more intrinsically satisfied and more identifiably committed these employees are. This is inconsistent with the literature and earlier proposition. It is difficult to explain why paternalism is found to have negative effect on both intrinsic satisfaction and identification commitment in eastern-owned companies, in which paternalism is emphasized in engendering satisfaction and commitment. One possible explanation is that these 'eastern' companies may perhaps possess other characteristics which are not very desirable and result in such negative association. For example, relatively smaller company size or some traditional authoritarian management style. In addition, the independent variable also has some positive significant prediction power on loyalty commitment in the three case studying companies. Again, loyalty commitment refers to the degree of loyalty and the willingness to stay with the company; satisfaction and attachment is built when the management takes care of the employees paternalistically

well, just like members in a family. As a result, it is not surprising to have observed that the more paternalism the employees perceive, the more willing they are to stay with the company.

8.1.3 Demographics Characteristics & GNS and its Interactions

Apart from job position, there is no regular or generalized correlation found to exist between demographic characteristics and GNS and the main dependent variables (satisfaction and commitment) in the general survey and case study. Such research finding is inconsistent with earlier studies, such as commitment increases with age (Hrebiniak and Alutto, 1992); with job tenure (Luthans, et al., 1987); and, with job position (Salancik, 1977). Such finding is surprising and unexpected; however, it brings up an issue that employee satisfaction and commitment is built on the company policies rather than on employees' demography. Job position is positively correlated with involvement commitment in both eastern-owned and western-owned companies in the general survey, and, in western retailing firm 1 in the case study. Despite that no such correlation is found in the other two case studying companies, in general case, the higher the position in the company, the higher the involvement in the job.

Like the demographic characteristics, GNS and its interactions with job characteristics and paternalism have no generalized correlation with satisfaction and commitment. Adding the interaction variables, that is, GNS/job characteristics interaction and GNS/paternalism interaction, into the regression equation does not show distinctive change in the correlational pattern between the main independent and dependent variables. This indicates that the interactions have either no or very weak significant explanation power in explaining the dependent variables. Employees with high GNS are not more satisfied nor committed under the enriched job or paternalistic environment. Such result finding is also inconsistent with previous study (Hackman and Oldham, 1976), which found that persons with higher GNS would be more satisfied if they were given more enriched jobs, that is, jobs with more job characteristics aspects. Like demographic factors, satisfaction and commitment do not depend on the GNS of the employees and its interactions, but rather, on the company's HR policies and practices.

8.2 LIMITATIONS

There are a number of limitations in this research that may affect the accuracy of this study. Firstly, due to the difficulty in asking companies in Hong Kong to participate in the research project, only 9 firms are actually included in the company interviews. Because it is particularly difficult to get eastern organizations to get involved, therefore, the number of eastern companies is less than that of western companies: 3 western retail firms vs. 1 eastern retailing firm; and, 3 western banks vs. 2 eastern banks. The difference in number may cause the comparison somewhat unfair, especially for the retail industry. In addition, also because of such difficulty, only 3 companies are willing to participate in the cross-company survey. The number is not adequate for good comparison. Also, because of the difference in the business nature (2 western retailing companies and 1 eastern bank), it is unfair to strictly compare retailing companies with banks, since they are doing different business and have different business environments. What fits one does not mean that it will fit the other. Furthermore, number of staff in these companies varies greatly, with over a thousand in western retailing company 1 and eastern bank, but less than 200 in western retailing company 2. Size difference is a potential problem and can cause bias, because different size means different resources, and consequently, different types or extent of HR policies that can be implemented.

Secondly, during the interviews, some companies are willing to provide more detailed information, while some are more reluctant to disclose their policies. Therefore, for some details, the comparison cannot be made as accurately as it could have been.

Thirdly, both more senior and junior respondents answer the questionnaire with identical questions. Because difference in position usually involves different standpoint (senior grade staff may stand on the company side, whilst more junior grade staff may stand on the employee side). Therefore, these respondents may interpret the same questions from different perspective. However, it will be virtually impossible to make the questions according to position of each individual employee, with the alphas, validity and reliability unaffected. Moreover, besides the possible difference in standpoint, different people also have different attitudes and perceptions. Since the surveys for the general pool of respondents and the case study rely on self-reporting questions, these differences may also probably cause response bias. In fact, one of the most important Chinese

cultural values is 'Chung Yung'⁷, therefore, central tendency may also be a problem: what they rate in the questionnaire may actually not be the same as what they think. Furthermore, because both independent and dependent variables are actually measured from a single questionnaire, common method may cause bias in comparing the data together. Since it is the same person providing the measurements of both variables, there is a possibility that any true correlation may be overstated.

Finally, this study is cross-sectional. Hence it is not possible to demonstrate the direct causal relationship between the independent and dependent variables. Longitudinal research should be conducted to answer some important questions regarding the causal relationships among the variables.

8.3 FINAL CONCLUSION

This study attempts to explore the HR management style of eastern-owned and western-owned companies operating in Hong Kong; and, to examine the effectiveness of four main variables of this study (namely, job characteristics, paternalism, co-worker tie and supervisory tie) on employee satisfaction and commitment. Demographic characteristics and GNS of the employees plus the interaction between GNS and job characteristics and between GNS and paternalism are also investigated to see if any effect on employee satisfaction and commitment is present. Although the model and the hypotheses are not totally substantiated, result findings still uphold the main frame of the research model, and most of the outcomes are within expectation.

From the management styles of eastern-owned and western-owned organizations, finding indicates that the HR policies in these companies are actually followed home practices to a pretty large extent. Eastern-owned and western-owned firms are found to be in the style of paternalism and sophisticated human relations respectively, as stated in the literature. In fact, some of the interview companies claim that they have to inform their headquarters when setting or deciding HR policies. One point to note in this case is that

⁷ The term 'Chung Yung' is translated from Chinese words. Such value has long been advocated by Taoists, Confucians and Buddhists. This doctrine teaches to take the mean- or the balanced- of life and of nature. It teaches the Chinese to hold a balanced life by pursuing a middle-course between the extremes of theory and practice, action and inaction, and to control the emotions of pleasure, anger, sorrow, and joy in the state of balance and equilibrium (Tang, 1985).

information from interview reveals the paternalistic management style seems to be slowly giving way to sophisticated human relations. For example, some of the HR policies in the eastern retailing firm are actually quite sophisticated, and with the same rationale as those in the western companies. In addition, the interviewed eastern banks are showing changes in their management policies towards more open and professionalized way. For instance, the internal promotion rate in these banks reached 100% several years ago. This means that in the past, no 'outsiders' could get into or bring new ideas to these banks. Every supervisor and manager worked their career up and learned the company's philosophy from junior level. In recent years, however, these banks are more open to the public for open jobs, and begin to emphasize more on people-job match.

Although the management style of eastern-owned firms is changing slowly, yet, no measures or comparisons have been made on the financial performances between eastern-owned and western-owned companies. Hence, there is no direct evidence stating that the style of sophisticated human relations suits Hong Kong employees better than paternalism. However, there must be some positive reasons for eastern firms to shift their policies slowly. Nonetheless, Jennings and Moore stated that each country faces a unique set of circumstances surrounding its workforce, companies must implement or develop practices that are in keeping with that country's traditions (Jennings and Moore, 1995). Therefore, despite of changes in HR policies taking place, eastern-owned firms operating in Hong Kong are still expected to remain some paternalistic values in their management styles while professionalizing their HRM philosophies; and, western-owned firms in Hong Kong are still expected to follow (or even go further) the sophisticated human relations approach, as in their home countries.

The ultimate point of management is to maximize employee performance and output and minimize cost. From the western perspective, enriched job concept engenders satisfaction and commitment, which in turn enhances job performance; from the eastern perspective, satisfaction and commitment is incited when employees are treated paternalistically well, which also consequently enhances job performance. Although there seems to be some evidence that the HR philosophy in Hong Kong is moving along the western stride, findings in this study indicate that the predicting power of job characteristics and paternalism on satisfaction and commitment is quite similar and generalizable. With the exception of the eastern-owned companies in the general survey,

both of them are found to have significant association with intrinsic satisfaction, identification commitment and loyalty commitment. One possible explanation is that Hong Kong is actually a place that are under both the traditional Chinese culture and Western culture: the majority population are Chinese, but, at the same time, it has been under the British influence for 150 years and with so many Hong Kong people receiving education from the US or UK. Therefore, employees in Hong Kong do not only retain the eastern value (like being treated paternalistically well), but they also possess the western thinking (like to have more enriched and meaningful jobs, more autonomy and performance feedback). However, inconsistent with the literature and above explanation, paternalism in eastern-owned firms in the general survey surprisingly lowers intrinsic satisfaction and identification and involvement commitment. It is reasonable to deduce that paternalism and traditional management styles are losing effectiveness in these eastern-owned firms as the society becomes more modernized. However, the question of why paternalism still has positive impact on the above satisfaction and commitment in western-owned companies and the case studying eastern bank remains to be answered.

Besides job characteristics and paternalism, co-worker tie is also found to have positive predicting power on extrinsic satisfaction and identification commitment. According to Lincoln and Kalleberg, positive identification is what motivates individuals to strive for organizational ends, and this is the component with the clearest link to job performance (Lincoln and Kalleberg, 1996). Research findings consistently suggest that satisfied and committed workers are self-directed and motivated, and identify organizational outcomes with their personal success and failure issue. Clearly, these types of employees play an important role in increasing organizational effectiveness through reducing turnover and absenteeism, and engaging in 'extra-role' behavior such as higher creativeness or innovativeness in work and dedication to the company (Hunt, et al., 1989; Katz and Kahn, 1978). In addition, companies could save substantial costs in terms of time, energy, and dollars associated with controlling and monitoring employee behaviors. Both increasing job performance and decreasing costs are often what keep an organization competitive.

In order for an organization to stay competitive, it is necessary to find out what types of costs and benefits individuals consider as important, especially those lead to employee job satisfaction and organizational commitment. Satisfaction and commitment of employees in Hong Kong, according to the research findings, arise from the job itself,

paternalistic value of the management, and ties with co-workers (and with supervisors for loyalty commitment). Work should be designed for groups; foster personal relationships that promote task performance. It should also be more enriched to motivate employees, make they feel themselves viewed as important to facilitate the identification commitment between the employees and the company.

This study fails to find out the antecedents of involvement commitment in Hong Kong employees. It is interesting to see that no relationships are found to exist between job characteristics, paternalistic value of the management, relationship with colleagues and employees' involvement in their jobs and the companies. The reason behind this and what actually causes involvement for Hong Kong employees leave room for further investigation. In addition, evidences of the success of these two types companies (may be in terms of financial performance or other areas) will have to be measured in future study. Finally, the reason that paternalism has positive impact on satisfaction and commitment in western-owned companies but negative effect in eastern-owned firms remains to be answered in future research.

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APPENDICES

Appendix 1: Survey Questionnaire

Appendix 2: HR Policies of Individual Interviewed Company

A. Please answer each of the following items by circling the number which most applies to you and your feelings about your job and organization.

1= I'm extremely dissatisfied 4= I'm not sure 5= I'm moderately satisfied
 2= I'm very dissatisfied 6= I'm very satisfied
 3= I'm moderately dissatisfied 7= I'm extremely satisfied

	<u>Extremely</u> <u>Dissatisfied</u>					<u>Not</u> <u>Sure</u>		<u>Extremely</u> <u>Satisfied</u>
	1	2	3	4	5	6	7	
1. The physical work conditions.....	1	2	3	4	5	6	7	
2. My immediate boss or supervisor.....	1	2	3	4	5	6	7	
3. Industrial relations between management and workers in my organization.....	1	2	3	4	5	6	7	
4. My hours of work.....	1	2	3	4	5	6	7	
5. The recognition I get for good work.....	1	2	3	4	5	6	7	
6. The opportunity to use my abilities.....	1	2	3	4	5	6	7	
7. The attention paid to suggestions I make.....	1	2	3	4	5	6	7	
8. My fellow workers.....	1	2	3	4	5	6	7	
9. My rate of pay.....	1	2	3	4	5	6	7	
10. The way my organization is managed.....	1	2	3	4	5	6	7	
11. My job security.....	1	2	3	4	5	6	7	
12. The freedom to choose my own method of working.....	1	2	3	4	5	6	7	
13. The amount of responsibility I am given.....	1	2	3	4	5	6	7	
14. My chance of promotion.....	1	2	3	4	5	6	7	
15. The amount of variety in my job.....	1	2	3	4	5	6	7	

B. Please answer each of the following items by circling the number which most applies to you.

1= strongly disagree 4= neither agree nor disagree/
 2= moderately disagree not sure 5= slightly agree
 3= slightly disagree 6= moderately agree
 7= strongly agree

	<u>Strongly</u> <u>Disagree</u>					<u>Neither</u> <u>Agree Nor</u> <u>Disagree/</u> <u>Not Sure</u>		<u>Strongly</u> <u>Agree</u>
	1	2	3	4	5	6	7	
16. I am quite proud to be able to tell people whom it is I work for.....	1	2	3	4	5	6	7	
17. I sometimes feel like leaving this employment for good.....	1	2	3	4	5	6	7	

	<u>Strongly Disagree</u>				<u>Neither Agree Nor Disagree/ Not Sure</u>			<u>Strongly Agree</u>
18. Even if the organization were not doing too well financially, I would be reluctant to change to another employer.....	1	2	3	4	5	6	7	
19. I'm not willing to put myself out just to help the organization.	1	2	3	4	5	6	7	
20. In my work I like to feel I am making some effort, not just for myself but for the organization as well.....	1	2	3	4	5	6	7	
21. I feel myself to be part of the organization.	1	2	3	4	5	6	7	
22. The offer of a bit more money with another employer would not seriously make me think of changing my job.....	1	2	3	4	5	6	7	
23. I would not recommend a close friend to join our staff.....	1	2	3	4	5	6	7	
24. To know that my own work has made a contribution to the good of the organization would please me.....	1	2	3	4	5	6	7	

C. Please think about how much you feel each feature is present in the job you are doing. Circle the number that you think is the most appropriate.

1= There's none of that in my job

2= There's just a little of that in my job

3= There's a moderate amount of that in my job

4= There's quite a lot of that in my job

5= There's a great deal of that in my job

	<u>None</u>	<u>Just A Little</u>	<u>Moderate Amount</u>	<u>Quite A Lot</u>	<u>A Great Deal</u>
25. The freedom to choose my own method of working.....	1	2	3	4	5
26. The amount of responsibility I am given.....	1	2	3	4	5
27. The recognition I get for good work.....	1	2	3	4	5
28. Being able to judge my work performance, right away, when doing the job.....	1	2	3	4	5
29. The opportunity to use my abilities.....	1	2	3	4	5
30. The amount of variety in my job.....	1	2	3	4	5
31. My chance of promotion.....	1	2	3	4	5
32. The attention paid to suggestions I make.....	1	2	3	4	5
33. The feeling of doing something which is not trivial, but really worthwhile.....	1	2	3	4	5
34. Doing a whole and complete piece of work.....	1	2	3	4	5

D. Please indicate the degree (by circling the number) to which you would like to have each characteristic present in your job.

	<u>Would like having this only a moderate amount (or less)</u>		<u>Would like having this very much</u>		<u>Would like having this extremely much</u>		
	1	2	3	4	5	6	7
35. Stimulating and challenging work.....	1	2	3	4	5	6	7
36. Chances to exercise independent thought and action in my job	1	2	3	4	5	6	7
37. Opportunities to learn new things from my work.....	1	2	3	4	5	6	7
38. Opportunities to be creative and imaginative in my work.....	1	2	3	4	5	6	7
39. Opportunities for personal growth and development in my job	1	2	3	4	5	6	7
40. A sense of worthwhile accomplishment in my work.....	1	2	3	4	5	6	7

E. Please answer each of the following question by circling the number that you think is the most appropriate. (Note: for this section, the scales used are not the same)

	<u>Strongly Disagree</u>		<u>Neither Agree Nor Disagree/ Not Sure</u>		<u>Strongly Agree</u>		
	1	2	3	4	5	6	7
41. My company/boss helps with the employees' personal problems.....	1	2	3	4	5	6	7
42. My company takes care of its employees and treats them like family members.....	1	2	3	4	5	6	7
43. My company helps with society's problems.....	1	2	3	4	5	6	7
44. My company will transfer employees regardless of the inconvenience to the employee.....	1	2	3	4	5	6	7
45. My company considers productivity over job security.....	1	2	3	4	5	6	7
46. People in my work unit are friendly and helpful.....	1	2	3	4	5	6	7
47. I feel that I am really a part of my work group.....	1	2	3	4	5	6	7
48. I have confidence and trust in the people in my work group....	1	2	3	4	5	6	7
49. My supervisor is someone I can confide in about my personal life.....	1	2	3	4	5	6	7
50. My supervisor encourages teamwork.....	1	2	3	4	5	6	7

	<u>Not At All Satisfied</u>		<u>A Little Satisfied</u>		<u>Quite Satisfied</u>		<u>Very Satisfied</u>	
	1	2	3	4	5	6	7	
51. How satisfied are you with your co-workers?.....	1	2	3	4				
52. How satisfied are you with your supervisor?.....	1	2	3	4				

	<u>Never or Seldom</u>	<u>Occasionally</u>	<u>Quite A Lot</u>	<u>Daily</u>
53. How often do you talk with your supervisor about your work?.....	1	2	3	4
54. How often do you talk with your supervisor about things other than work?.....	1	2	3	4

F. Please circle the appropriate answer or fill in your particulars as appropriate.

55. Your Gender: Male..... 1
Female..... 2
56. Marital Status: Single..... 1
Married..... 2
Divorced..... 3
Widowed..... 4
57. Your Age: 25 or below..... 1
26-35..... 2
36-45..... 3
46-55..... 4
Over 55..... 5
58. Educational Level: Secondary (F.1 to F.5)..... 1
Secondary (F.6 to F.7)..... 2
Post-secondary (non-degree)..... 3
Undergraduate..... 4
Postgraduate/Doctorate..... 5
59. Number of Dependents: _____
60. Your Position: Top/Board-level management..... 1
Senior manager..... 2
Middle manager..... 3
First-line manager..... 4
Supervisor / Officer..... 5
Junior grade staff..... 6
Professional / technical specialist..... 7
Other (please specify)_____
61. Tenure (in years): In present organization..... _____
In present position..... _____
62. Your Nationality: _____
63. Are you an expatriate: Yes..... 1 (go to Q.64)
No..... 2
64. What is the main ownership of your firm? (*please tick the appropriate answer*)
- | | | | | | | | |
|---------------|---|-------------|---|---------------|---|------------|----|
| Hong Kong | 1 | Taiwanese | 4 | American (US) | 7 | German | 10 |
| Chinese (PRC) | 2 | Korean | 5 | Canadian | 8 | Australian | 11 |
| Japanese | 3 | Singaporean | 6 | British (UK) | 9 | Swiss | 12 |
- Other (please specify): _____

65. What is the main activity of your firm?

Manufacturing.....	1	Communication / Telecommunication....	8
Public Utility.....	2	Financial Service / Insurance.....	9
Construction.....	3	Business / Professional Service.....	10
Food Service / Catering.....	4	Real Estate.....	11
Wholesale / Retail.....	5	Community / Social / Personal Service...	12
Trading / Import & Export.....	6	Hotel.....	13
Computing.....	7		

Other (please specify): _____

66. How many people are currently employed by your organization in Hong Kong?
(please tick the appropriate answer)

Fewer than 25.....	1	101-500.....	4	5,001-10,000.....	7
26-50.....	2	501-1,000.....	5	Over 10,000.....	8
51-100.....	3	1,001-5,000.....	6		

67. So far as you know, how long has your organization been operating in H.K.? _____ (in years)

***** Thank you very much for your participation in this survey *****
Please return it in the envelope provided

If you have any further question or comment, please write them on the following page.

WESTERN RETAILING COMPANY 1

Ownership:	- British
Years of Establishment:	- Established in U.K. for 120 years - about 8 years in Asia
Nature of Business:	- Department Store
Size in Hong Kong	- 9 stores in Hong Kong - around 1,000 staff and 40 HR staff
Style Characteristics:	- heavy emphasis on getting the right people and fitting these people to the right jobs - want to be among the top quarter employer; the company compares the policies with practices of large organizations like Cathay and Hong Kong Bank - dividing the right sort of people according to their right experience of business
Job Design Principle:	- teamwork and internal relationship is very important - for each recruitment, the company will identify the specific criteria of the job (the interview criteria) and the job interview will be based on these criteria to see whether the candidate is appropriate for the job
Recruitment and Selection Policies:	- for experienced managerial level — head hunting and job-search agents, and can be through the recruitment of management trainees and train and develop them into managers - sales assistance or more junior grade — newspaper, advertisement, and labor department - for management trainees, the selection evaluation will be based on the performance in the job interviews and assessment center (in the assessment center, there will be an 8-hour period of business exercise. The candidates will actually act on a series of business exercises or simulations, and their performance will be evaluated)
Compensation and Pay Policies:	- 13-month salary + discretionary bonus - discretionary bonus is based on the company's performance, then is the individual performance - employee benefits include health insurance, meal allowance, P-fund and hair-dressing allowance
Pay Raise Policies:	- refer to the market standard or practice - inflationary review and individual performance review
Performance Evaluation Policies:	- criteria for appraisal is set upon the core areas of the job (or the job profile) - evaluation is based on point system; points are assigned to each item (or criterion) on the evaluation form
Employee Promotion and Development:	- about 60 to 65% of the management positions are filled from store managers - some store managers are promoted from very junior grade, e.g. sales assistance - management would like to train and develop employees, e.g. management trainees, into managerial or management level
Communication and Voice System:	- heavy emphasis on communication between employees and departments - regular meetings and training sessions (focus-groups) - employee suggest scheme (through focus-groups) - management team spends about 6% of its time to consult and talk to sales assistants or group representative (e.g. through regular or lunch meetings) - the management will consult staff widely and early
Future Change or Further Improvement:	- further improve employee benefit package, e.g. health care policy and to introduce flexible benefit package - further improve standards of training and staff development - further improve communication between each store, even though it is working well already - would like to see some changes / improvements in Hong Kong on the areas of equal opportunities, such as discrimination and disability

WESTERN RETAILING COMPANY 2

Ownership:	- British
Years of Establishment:	- established in about 1967 (30 years)
Nature of Business:	- Retailer (Fashion, Boutique, Men's Accessories)
Size in Hong Kong	- 7 retail outlets + several retail counters in different department stores - about 200 staff - 2 HR staff
Style Characteristics:	- autonomous from head office — each region designs its own HR policies - quality of service is important and staff can be improved through training - emphasize on employee fairness and treat employees at least up to market standard (hopefully to be in the top quarter of Hong Kong firms in terms of employee terms and benefits) - put a lot of emphasis on the 'caring side' of the HR management - organizational structure is very informal
Job Design Principle:	- grade is determined based on the size of the job, the level of seniority and all other things
Recruitment and Selection Policies:	- for junior staff — newspaper, personnel agency - for managerial level — executive search - very few internal referrals - no formal employee tests because the management believes the executive search companies will do the appropriate screening
Compensation and Pay Policies:	- use market practice and research as the guideline - 13-month salary - major benefits include retirement scheme, medical insurance, staff discount for company products, and for clerical staff, overtime payment - some special allowance for sales ladies such as hair allowance and travel allowance - standard bonus (every employee, no matter what the grade is, get the same bonus — 2 weeks, 3 weeks, or 4 weeks)
Pay Raise Policies:	- general speaking, every employee gets the same pay increase, some exception occasionally - the company will refer the market practice for the level of pay-increase
Performance Evaluation Policies:	- evaluation is done on one-to-one basis within a department - the appraisee will understand every item and result on the appraisal
Employee Promotion and Development:	- about 1/5 supervisors and 1/3 managers are promoted from within - regular training is provided, especially for the retail department
Communication and Voice System:	- very few company meetings - regular meetings, or even lunch meetings, are arranged by the staff in the department or the department head - informal communication between departments; they talk to each other at any time
Future Change or Further Improvement:	- no major change — already changing all the time - further improve staff quality of performance by providing more training

WESTERN RETAILING COMPANY 3

Ownership:	- French
Years of Establishment:	- the company has been operated for around 30 years
Nature of Business:	- hypermarket
Size in Hong Kong	- 2 stores - about 280 staff - no HR staff — HR functions are run by department heads
Style Characteristics:	- very decentralized / autonomous management structure (no HR department) - each department has its own technique of managing - heavy emphasis on department head — the rationale is that the department heads should be able to know their staff / subordinates well, and therefore act as HR staff to staff employees - regular HR functions, like checking annual leave, are operated by the departments of accounting and finance and personnel administration - organizational structure and efficient management are the important keys to the success of the company - heavy emphasis on interpersonal skills for managerial level of staff
Job Design Principle:	- emphasize on small teamwork (in fact, each department is operated as a team)
Recruitment and Selection Policies:	- advertisement - applications are screened by department heads - no employee tests, only job interviews — believing that the department head should know what kind of employee is required by the job or is appropriate for the company
Compensation and Pay Policies:	- fixed pay scale for different positions - each grade may have several levels of pay (e.g. at department head level, there are 3 levels); from one level to another level, purely based on performance - 13-month salary - discretionary bonus, based on individual performance, then the company's business performance
Pay Raise Policies:	- mainly based on individual performance; business performance is not as important
Performance Evaluation Policies:	- evaluation is based on complicated internal set of coefficients (around the jobs)
Employee Promotion and Development:	- emphasize on internal promotion - will look for internal employees first, then go for external candidates, when a vacancy comes up - want to keep employees to be aggressive and move up the career ladder (average age of human structure is around 25 years old) — (tenure of employees is not long)
Communication and Voice System:	- again, depends on department heads; some have regular meetings, and some have other ways of managing business - the department heads also control the amount of information to be released to lower-level staff - notice board - not too care about or does not encourage the relationship between departments because different departments are actually different groups with different jobs
Future Change or Further Improvement:	- already has the right combination and the right equation, therefore, no major change is anticipated - no real need for HR department; the department heads and the division heads can perform HR functions actively

EASTERN RETAILING COMPANY

Ownership:	- Hong Kong
Years of Establishment:	-
Nature of Business:	- clothing boutique / outlets
Size in Hong Kong	- around 100 retail outlets - around 1,500 staff - 27 HR staff, and these are divided into several groups, each responsible for different HR functions
Style Characteristics:	- HR functions help company achieve its objective or mission; lead employees on what to do and what not to do to reach the overall direction of the company goals - high emphasis in helping the company in recruiting staff, i.e. serving other departments - HR serves as a third party to oversee or check whether the functions of different departments are implemented appropriately - heavy emphasis on communication between boss and subordinates, and among peers or between departments
Job Design Principle:	- although some jobs are done individually, the company emphasizes on teamwork - teamwork and co-operation between departments are treated in a very important way to the company
Recruitment and Selection Policies:	- internal transfer or promotion first - also invites staff referrals for job openings - exact success rate unavailable; but some referrals can take up the job this way - different employee tests for different positions; some skills tests for more junior or professional staff, and some personality / psychological tests executive grade staff - for supervisory level or above, there are around 3-4 interviews
Compensation and Pay Policies:	- 13-month salary - discretionary bonus for executive level or above, and the increment is based on a percentage of the basic salary - benefits include medical allowance and overtime allowance for those staff below executive level
Pay Raise Policies:	- economic environment and the company's business performance are very important factors; then follow by individual performance - tenure of staff in the company will not be considered for the level of increase
Performance Evaluation Policies:	- evaluation standards are set and reviewed by the department itself; sometimes reviewed by other departments or even senior management - appraiser and appraisee will sit together to go through every item in the appraisal form and then the appraiser will give the score - a 360 degree evaluation — apart from downward evaluation, there are also upward evaluation (subordinates will evaluate their supervisors or bosses) and peer evaluation
Employee Promotion and Development:	- emphasize on employee development; would open to staff first should a vacancy occurs - a lot of training is provided to employees - provide counseling skill for supervisors and store managers to take up the leadership role
Communication and Voice System:	- have something like quality teams to meet regularly to review the particular progress or issue; or to come up with some new ideas - different departments will evaluate each other with feedback - encourage feedback, improvement, and communication - frequent contact between departments to better understand the jobs or functions - all executives will meet once every two weeks
Future Change or Further Improvement:	- further improve working environment and staff care program to gain employee satisfaction - further improve company policies, e.g. operational procedures and guidelines to certain areas - further enhance the corporate HR culture

WESTERN BANK 1

Ownership:	- France
Years of Establishment:	- has been established in Hong Kong for about 40 years
Nature of Business:	- Banking
Size in Hong Kong	- round 850 - 900 staff - 16 HR staff
Style Characteristics:	- HR serve as facilitator --- facilitate the staff to work together with the department / team head so that the whole workforce will contribute to the company - emphasize on HR functions --- lead to the achievement in business goals - believe that people are important to the company - clear management structure and encourage teamwork - important for HR functions to meet business needs
Job Design Principle:	- encourage teamwork; will team up members within a department to do a certain / special project
Recruitment and Selection Policies:	- encourage internal application for the vacant job (allow internal mobility) and will also look for external candidates to see which is better for filling up that particular job - few internal referrals; very small percent of success rate - number of interviews depends on the applied post; from two to more - candidate may be required to interview for several areas; and also there may be some employee selection tests
Compensation and Pay Policies:	- pay-scale is determined by, in addition to the job-level, the responsibility and the market condition - experience is a reference point - basic salary + two bonuses (one is clear target bonus: certain job for certain target and certain target for certain performance; the other is discretionary bonus: performance based on the result of the evaluation) - cash allowance and some jobs have some types of commission - special campaigns for special rewards - full employee benefit includes medical allowance, shift allowance, low-interest rate housing loan
Pay Raise Policies:	- a budget is set according to the company's performance - the distribution of the budget to employees is determined by individual performance
Performance Evaluation Policies:	- different sets of competence scales - 2-level evaluation. Employees are first evaluated by their immediate supervisors, then the report is sent to next level up - guidelines of performance standard are set - the appraisee is required to sign the appraisal form (after evaluation is made and has been gone through together by the appraiser)
Employee Promotion and Development:	- roughly speaking, it's half-half for internal promotion - for supervisory grade, more internally promoted than selected from outside
Communication and Voice System:	- regular meetings for quality circles, departments and even divisions - e-mail and newsletter - suggestion scheme (with some awards); the company does not just want to hear criticism, but also recommendation for improvement
Future Change or Further Improvement:	- in past few years, the company had done a lot on communication and employee benefit - however, the company believes that the HR policy is still under the 'optimal' point --- would like to do something to improve the employee pay-level

WESTERN BANK 2

Ownership:	- Canada
Years of Establishment:	- around 1976-1979 (around 20 years)
Nature of Business:	- banking (corporate, investment and structure finance)
Size in Hong Kong	- one office (on different floors) -- (because no retail banking) - about 110 staff - 3 HR staff
Style Characteristics:	- believe that the philosophy of the company and its people are very important factors towards the success of the company - emphasize a lot on the respect on individual -- encourage equal opportunity and discourage discrimination - emphasize on teamwork and not encourage individual heroism - the HR functions are very sophisticated in the head office (in Toronto). There are more than 200 HR staff, and every role is set and divided very clearly. However, given the small size of Hong Kong office, it cannot afford such a HR sophistication
Job Design Principle:	- job rotation is not usual (the Company is not that big and cannot afford the luxury to have job rotations)
Recruitment and Selection Policies:	- recruitment strategy is to look for those people with relevant experience - internal posting for in-house staff first, then go for external pool of people - newspaper, employment agency and employee referrals (the success rate of internal referral is about 10%) - for more senior positions -- search firm - which recruitment channel depends on the job - number of interviews ranges from 2 to 6, depends on the job. If necessary, the candidate will be required to travel to the regional office in Singapore. Sometimes, radio conference may be used instead of the actual traveling - interviews technique includes panel interviews; the interviewers can include staff from different departments (internal clients) to see whether the candidate is the appropriate person to serve them
Compensation and Pay Policies:	- salary range is based on the market practice and condition, and depends on individuals' years of experience and past record on salary history - 13-month salary + a guarantee bonus for more junior staff - for some more senior staff, they may participate in special incentive programs like company sharing plan - very competitive (in the industry) benefit package - seniority will be recognized in benefit policy, that is, the longer the tenure, the more the benefit the employee will be entitled
Pay Raise Policies:	- bonus is determined by: i) company performance; ii) department performance (teamwork is emphasized); iii) individual performance; and iv) market practice - market survey is conducted every year to make sure the existing salary range is competitive with that in the market
Performance Evaluation Policies:	- a standard evaluation form for different level employees - everyone has to do a self-evaluation to review the past year performance and then reviewed and endorsed by the immediate supervisor (because day-to-day operation involves immediately boss, and not the department head) - the supervisor will write down his/her opinions/comments on that employee and give recommendation or solid action plan to help the employee improve - the supervisor and the employee will sit down and talk about each item on the evaluation form, and the employee will be asked to sign the form
Employee Promotion and Development:	- the Company will look whether there is appropriate employee in the department to take up the vacancy. If not, it will look at people from other department, then is the external candidate. Enough promotion/development chances are given to employees
Communication and Voice System:	- regular departmental meetings - freedom is given to individual department to communicate with the staff in its own way. It is up to the department head on choosing his/her communication method - informal networking (the informal leader of the group/department)
Future Change or Further Improvement:	- communication can be further improved (both the communication system and employee contact)

WESTERN BANK 3

Ownership:	- Switzerland
Years of Establishment:	- established in early 1970; has been in Hong Kong for more than 20 years
Nature of Business:	- Investment Banking
Size in Hong Kong:	- only one office in Hong Kong; occupies 7 floors in One Exchange Square - 680 staff - 26 HR staff (for Hong Kong office)
Style Characteristics:	- not centralized, a democratic organization - highly emphasize on the 'people-value'; view employees as a major asset of the Bank - believe that commitment and motivation of employees will lead to good performance - emphasize on the professionalism of the employees
Job Design Principle:	- emphasize on job content: right job to fit the right person - due to constant mergers and acquisitions, employees have the opportunity to try out new jobs. Internal transfer is also possible
Recruitment and Selection Policies:	- recruitment and selection method is rather sophisticated. For graduate recruitment, there will be psychological assessment and competency-based interview sections. For normal interview, there will be team interview and specific assessment interviews - before recruitment, plan or manpower planning will be developed in order to be consistent with the business plan and budgeting process - the company believes recruiting the right people is a very important aspect
Compensation and Pay Policies:	- 12-month salary - other allowances include discount on vacation, relocation allowance and lump sum allowance to help employee get into the new environment - total compensation philosophy: basic salary and discretionary bonus - discretionary bonus is heavily based on individual performance and activities; could be many times higher than the base salary --- in order to motivate employees to perform
Pay-Raise and Bonus Policies:	- individual performance is highly emphasized, can exceed the importance of company performance when comes to the determination for pay-raise - performance is divided into: client contribution; people contribution; institutional contribution; functional contribution, and economical contribution - will refer the market condition, and stay competitive
Performance Evaluation Policies:	- every employee will have the performance review at least once a year, some may even do it quarterly, depending on the department - every employee will receive a written evaluation and feedback from his/her manager. All staff will receive their own rating - it is a 360 degree rating, a very transparent process, i.e. employee will receive evaluations from the managers, director's report, peers, internal and external clients
Employee Promotion and Development:	- a large proportion of managers and directors are promoted from within the company - strong training for employees is provided, which includes technical training and managerial training courses, and hope to grow them within the Bank - constantly provide employees the opportunity to work abroad
Communication and Voice System:	- very open communication system, include both formal and informal - very occasional cross-departmental meetings; intra-departmental meetings are much more common - e-mail is very popular
Future Change or Further Improvement:	- to organize and re-engineer the HR process better - further improve the modern information technology so that to improve the HR management information system

EASTERN BANK 1

Ownership:	<ul style="list-style-type: none"> - Hong Kong. - majority shares are held by the founder and his family - 10% shares are held by the business partner — Singapore Development Bank (Singaporean government owns 60% shares)
Years of Establishment:	<ul style="list-style-type: none"> - has been established for 64 years
Nature of Business:	<ul style="list-style-type: none"> - banking and finance
Size in Hong Kong	<ul style="list-style-type: none"> - 33 local branches - 1300 staff - 15 HR staff
Style Characteristics:	<ul style="list-style-type: none"> - quite centralized. Monthly meetings are held between the senior management and managers, so that the managers will understand the business direction of the Bank - department heads or managers will also hold a monthly meeting with their subordinates to notify them what's going on in the Bank - take care of employees, and expect them to develop their careers within the Bank
Job Design Principle:	<ul style="list-style-type: none"> - employees will stay at their jobs for a very long period of time - the company will develop employees' careers in their particular areas / departments
Recruitment and Selection Policies:	<ul style="list-style-type: none"> - job description (based on the duty and responsibility of the job, and the requirements for qualification and experience) is written in order to be able to recruit an appropriate candidate - if there is a vacancy, the Bank will look for internal staff first, either internal transfer or promotion - staff referrals (both active and passive). Active referral means the Bank will ask for employees' recommendations/introduction of candidate for the post. Passive referral refers to the introduction/recommendation made by the staff themselves - recruitment and selection method is not too sophisticated, with usually only two interviews. For managerial level, more interviews and aptitude test may be applied
Compensation and Pay Policies:	<ul style="list-style-type: none"> - 13-month salary - standard benefit package includes medical allowance, Overtime for junior staff, and low interest rate housing loan - salary range is in accordance with the grade hierarchy - the 'pay-gap' between more senior and more junior employees will be reviewed annually
Pay Raise Policies:	<ul style="list-style-type: none"> - salary is reviewed based on individual performance (within a given budget for salary increment) - the Bank tries to measure the employees' performance as accurate as possible, and be fair to all employees - no bonus
Promotion and Development:	<ul style="list-style-type: none"> - expect employees to develop their careers in the company - there used to be 100% of all supervisory and managerial positions were internally promoted - nowadays, there is still 75% of all the supervisory and managerial posts are internally promoted - if a vacancy comes out, the Bank will look for internal staff first, either by internal transfer or promotion
Communication and Voice System:	<ul style="list-style-type: none"> - for top-down communication: circular and memo - monthly meetings between the top management and managers; and monthly meetings between the managers and subordinates - for upward communication: employee suggestion scheme. All the suggestions are viewed by the general manager
Future Change or Further Improvement:	<ul style="list-style-type: none"> - further improve employee compensation management; to introduce the incentive plan - also to further improve staff development policy, to provide more training

EASTERN BANK 2

Ownership:	- Thailand
Years of Establishment:	- has been established for 43 years
Nature of Business:	- banking
Size in Hong Kong	- 3 branches (Central, Sheung Wan, and Yau Ma Tei) - 250 staff - 3 HR staff
Style Characteristics:	- centralized. Management does not seem to ask for employees' opinions; and just notify them whenever there is new policies or changes - take care of staff, develop them within the Bank and within their own departments - emphasize on fairness to employees; relative low turnover rate (below 10%)
Job Design Principle:	- not much at all for job rotation and enlargement / enrichment - employees are expected to take up an area of job and develop in that area
Recruitment and Selection Policies:	- newspaper, employment agency; and headhunter - for clerical to officer trainee level, the company will ask for internal referrals when a vacancy comes up; but for managerial level, internal referral is often not the case, but through employment consultant or agency - recruitment and selection technique is not sophisticated. For clerical positions, usually only one interview - no employee tests
Compensation and Pay Policies:	- 12-month salary + bonus (the main incentive, usually not less than 2 months salary) - a pay-scale for each particular level - salary scale will be compared with the market standard - salary for newly recruited staff will be based on seniority and work experience - for existing staff, salary will be reviewed annually. If for whatever reason the salary of a new staff (of the same grade) is higher than that of an existing staff, there will be salary adjustment on top of the annual increment — to make it fair - normal benefit package which includes low-interest housing loan, non-staff contributory pension fund, medical insurance, staff preferential deposit interest rate, paid annual leave, etc.
Pay Raise Policies:	- the most important factor to determine pay increase is the performance of the Bank - second important factors: the inflation rate in H.K. and the performance of the staff - the market (banking industry) performance is also important - salary increment for employees in the same grade will be based on a particular amount rather than the percentage — employees will consider that they are doing the same job with same responsibility, so they should receive the same amount, which is fairer than the same percentage because of high-low end of the scale continuum - special consideration will be given to very outstanding staff for additional increase
Performance Evaluation Policies:	- subordinates will be appraised by the department head. The evaluation will then go to the next level, to the division head for final confirmation; and a score will be assigned - no face-to-face appraisal - employees will not know their scores until they receive the percentage of their salary increase (the percentage reflects the score) - in case for evaluation problem, employees can talk to the department head for reason
Employee Promotion and Development:	- about 70% of the supervisors or managers are promoted from within the company - promotion usually only occurs within the employee's department, that is, a person in Department A will not be promoted to Department B, but only within Department A - some training is provided, but around the staff's job area - employees are expected to be developed within their own areas
Communication and Voice System:	- senior staff from different departments make up the management committee, and have regular meetings to talk about jobs and issues - junior staff do not involve with regular meetings. Their bosses will talk to them in case problems come up - for top-down communication: briefings — for management to notify and explain staff any new changes on company policies, and to answer employees' questions - e-mail: but suggestion scheme is not popular
Future Change or Further Improvement:	- focus more on employees' welfare: employee fringe benefits. For example, shorten the service period to get the housing loan, and improve medical insurance