The high rate of turnover has been a substantial problem in managing Chinese employees in joint ventures in the People’s Republic of China. Organizations operating in the PRC face a dilemma of whether it is worthwhile to invest in better compensation packages and training and development programs if their employees will leave the organizations anyway. This study argues that because traditional Chinese culture values loyalty, guanxi and pao, organizations will benefit in the long run if they cultivate employees’ organizational commitment. Data from two samples from the PRC and Hong Kong were analyzed to understand the role of organizational commitment in affecting other attitudinal antecedents (i.e., job satisfaction and turnover intention) to turnover. Results indicate that organizational commitment among Chinese employees has a much stronger effect on job satisfaction and turnover intention than results from studies conducted in the West. Our analysis provides strong support for the effect of Chinese traditional values in the modern Chinese workplace. Practical implications for organizations operating in China are discussed.
level managers because of the increased economic development over the past twenty years. This shortage has hindered many multinational corporations’ localization plans because local managers who have been trained for succession have usually ended up as the focus of aggressive recruiting efforts by other organizations (Wong & Law, 1999a). The second group of workers with high rates of turnover is the production line workers of manufacturing plants located in the newly developed coastal provinces. Many of these workers are peasants who came from rural areas, particularly the less-developed inland provinces. Tong (1995) reported that the “floating population” of migrant workers in Beijing, Shanghai, and Guangzhou comprised, respectively, 30%, 43.7%, and more than 60% of the urban areas’ working populations. Since the families of these floating migrants do not move to the coastal provinces, the workers’ objective is simply to earn as much money as possible in a short period of time. According to a nation-wide survey, the total time that these floating migrants spend away from their households averaged only 207 days in 1993 (Li & Han, 1994). It is quite clear that the ultimate objective of the migrants is to return to their families after a few years (Hare, 1999).

A high rate of turnover usually forces an organization to face difficult dilemmas. On the one hand, an organization may try to discourage turnover by providing better compensation packages and training opportunities for their employees. For example, multinational corporations operating in China may implement their localization plans by giving their local managers training and development opportunities. By doing so, they may face the risk that the newly trained managers will become attractive recruits for other corporations (Wong & Law, 1999a). There is no guarantee that the trained managers will remain with their organizations after the training programs. Thus, it is difficult for the organization to decide if training and development opportunities should be provided. The dilemma the joint ventures face regarding production line workers is different. As the supply of this type of manpower is abundant, it is easy to recruit new replacements. Many companies are attracted to invest in PRC because of the availability of relatively cheap labor. Thus, they are quite conscious in controlling labor costs to maintain competitive advantage. As production line workers are usually unskilled, many companies simply tolerate high turnover rates because they can hire replacements easily. Some companies attempt to improve the benefits (e.g., the living conditions) extended to their workers and organize more social activities to cultivate their workers’ sense of belonging to decrease the turnover rate. However, companies will never be certain that these investments are worthwhile in maintaining the current workforce.

We believe these organizations struggle with these dilemmas because of the potential benefits to the organizations from building long-term and positive relationships with their employees. Traditional human resource management theories recommend that organizations provide good compensation packages and training and development opportu-
nities because organizations will benefit in the long run (e.g., Ippolito, 1991; Kirrance, 1988; McManis & Leibman, 1988; Lawler, 1971). However, multinational corporations in China may wonder if these benefits can materialize because of the specific environment in China. They may be led to ask, “Should organizations invest more in cultivating Chinese employees’ commitment to the organization?”

From the point of view of traditional Chinese culture, the answer to this question should be “yes” because a positive relationship between two parties has important effects on the positive attitudes and behaviors of both parties. There are several reasons for these positive attitudes and behaviors. First, Chinese culture emphasizes loyalty and commitment. Loyalty and commitment are regarded as common moral standards for everyone. As common moral standards, these concepts are not limited to the subordinates’ loyalty to their superiors. They represent appropriate attitudes and behaviors towards other people and organizations (Wong & Kung, 1999). Thus, this concept has profound effects on Chinese attitudes and behaviors.

Second, the Chinese culture puts specific emphasis on relationships. This emphasis on relationship (or in Chinese term, “guanxi”) has received a lot of research attention in recent years (e.g., Law et al., 2000; Xin & Pearce, 1996). In general, empirical studies conducted so far support the important impact of specific forms of guanxi (e.g., relationship with supervisors) on employees’ behaviors and attitudes toward an organization. Furthermore, Beamer (1998) found that Chinese managers favor organizations which nurture friendships among their employees, indicating the importance of relationships in Chinese culture.

Third, reciprocity (or in Chinese, “pao”) is another important concept in traditional Chinese culture (King, 1981). The concept of pao (i.e., paying back those who treat you well) is a form of human emotional debt and has significant influence on one’s behaviors and attitudes (Chang & Holt, 1999). In Chinese culture, one is expected to remember others’ good deeds and to return the good deed through similar action. It is morally wrong for someone to forget others’ good deeds or not pay them back.

If these traditional Chinese cultural values (i.e., loyalty, guanxi, and pao) are still maintained in Chinese societies, it should be beneficial to organizations if employees perceive their employers as treating them well. In other words, promoting friendly relationships and cultivating employees’ commitment towards the organization will benefit the organization in the long run.

Thus, a key issue that organizations in China should understand is if traditional Chinese cultural values concerning loyalty, guanxi, and pao still prevail in today’s industrialized and commercialized China. If they do, then employees’ emotional attachment and sense of belonging to an organization will have positive and strong effects on their contributions to the organization. In other words, employees’ commitment to the organization will have a profound effect on employees’ work-related attitudes and behaviors. To examine whether the
effects of these values still prevail, we will compare the effect of commitment on other important job-related attitudes (i.e., job satisfaction and turnover intention) between Chinese employees and those found in Western literature. We will also examine the results found in Chinese and Hong Kong employees because Hong Kong has a more commercialized economy than China has. Its economical and business environment is much more similar to the West than China for more than 150 years. Under such environment, it is possible that Hong Kong employees may have work-related attitudes and behaviors closer to the West. If we find positive and strong effects of organizational commitment in Hong Kong, this would provide strong support for the effects of traditional Chinese cultural values on Chinese employees in the work place. In the following section, we will review Western literature concerning the role of commitment in affecting job satisfaction and turnover intention. Then we will report on the analysis of data from two Chinese samples, that is, one in China and one in Hong Kong.

WESTERN STUDIES ON EMPLOYEES’ ORGANIZATIONAL COMMITMENT

Organizational commitment has received extensive research attention in Western countries since this construct was proposed by Porter, Steers, Mowday, and their associates (e.g., Mowday, Steers & Porter, 1979; Porter et al., 1974). According to these researchers, organizational commitment represents an employee’s (a) strong belief in and acceptance of the organization’s goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership. Although this definition has been refined by more recent researchers (e.g., Meyer, Allen, & Smith, 1993), its basic concepts of the employee’s identification with and attachment to the organization’s values and practices have been accepted by most researchers.

Before the 1990s, Western researchers concentrated their efforts in identifying the antecedents and consequences of organizational commitment. For antecedents, organizational attributes (e.g., extent of decentralization, compensation practices), job details (e.g., job complexity) and personal characteristics (e.g., gender, age, tenure, and personality and values) have been proposed and investigated (e.g., Bateman & Strasser, 1984; Mowday, Porter, & Steers, 1982). As consequences, turnover, and job performance have been investigated as results of organizational commitment (Mathieu & Zajac, 1990). Similar studies have been conducted in Chinese societies and similar results have been found (e.g., Wong, 1991, 1997; Yang, 1982).

The most relevant research question raised in our present investigation is the relative effect of organizational commitment on turnover compared with that of job satisfaction. Just like organizational commitment, job satisfaction has been identified as an important attitudinal antecedent of turnover (e.g., Mobley, 1977). Although Muchinsky and Morrow (1980) identified three classes of antecedents to turnover (i.e.,
individual, economic opportunity, and
work-related factors), work-related fac-
tors are of particular importance in hu-
man resource management because they
can be influenced by various manage-
ment practices. The most important
work-related factors are attitudinal, in-
cluding job satisfaction, organizational
commitment, and turnover intention.

There is considerable debate con-
cerning the causal relationship among
these attitudinal antecedents to turnover
in the Western literature before the
1990s. Three potential relationships
among job satisfaction, organizational
commitment, and turnover intention
have been suggested. First, organiza-
tional commitment is hypothesized only
as a mediator on the job satisfaction-
turnover intention relationship (Porters
et al., 1974; Steers, 1977; Stevens,
Beyer, & Trice, 1978; Rusbult & Far-
rell, 1983). That is, job satisfaction will
affect organizational commitment,
which in turn will affect turnover inten-
tion. Second, job satisfaction is hypoth-
esized to mediate the commitment-
turnover intention relationship
(Bateman & Strasser, 1984). That is,
organizational commitment does not
have a direct effect on turnover inten-
tion. Its effect is on job satisfaction,
which in turn will affect turnover inten-
tion. Third, job satisfaction and orga-
nizational commitment are reciprocally
related (Farkas & Tetrick, 1989;
Mathieu, 1991), and both lead to turn-
over intention.

The third model of the reciprocal re-
lation received strongest empirical
support in Western studies (e.g., Farkas
&Tetrick, 1989; Mathieu, 1991; Wil-
liams & Hazer, 1986). Basically, exist-
ring evidence suggests that for Western
employees, job satisfaction and organi-
zational commitment will affect each
other and they both affect turnover in-
tention. These studies also provide sup-
port that the effect of job satisfaction on
organizational commitment is probably
greater than the reverse effect. This is
not a surprising result because Western
societies are more individualistic and
the employment relationships are re-
garded more as a rational and voluntary
choice. Employees will pay more atten-
tion to the specific job that they need to
perform than their feeling towards the
whole organization. Thus, although or-
ganizational commitment plays an im-
portant role in affecting turnover inten-
tion, its effect on turnover is smaller
than that of job satisfaction.

During the 1990s, Western research-
ers have developed three new lines of
research on organizational commit-
ment. The first concerns the dimension-
ality of organizational commitment that
enriches our understanding about the
exact bases of this construct. For exam-
ple, Meyer and Allen (1991) identified
three dimensions of organizational
commitment which allow researchers
and practitioners to examine why em-
ployees form greater commitment to-
wars their organizations. These dimen-
sions are “affective commitment” (i.e.,
commitment as an affective attachment
to the organization), “continuance com-
mmitment” (i.e., commitment as a per-
ceived cost associated with leaving the
organization), and “normative commit-
mnt” (i.e., commitment as an obliga-
tion to remain in the organization).

The second line of research concerns
foci of commitment. It investigates the
commitment towards specific constituencies such as supervisor, work group, top managers, and the overall organization (e.g., Becker, 1992; Becker et al., 1996). Some researchers have carried this line of research to Chinese societies and they have demonstrated that Chinese employees’ commitment towards their supervisors will develop faster and have effects on their overall organizational commitment (e.g., Chen, Farh, & Tsui, 1998; Wong & Kung, 1999).

Finally, in the 1990s, Western researchers have attempted to examine the psychological process through which employees develop their organizational commitment. Perceived fairness, job security and trust have been proposed and investigated as important underlying factors contributing to organizational commitment (e.g., Cropanzano & Folger, 1991; Davy, Kinicki, & Sheck, 1997; Sweeney & McFarlin, 1993). This line of research has recently been applied to Chinese societies. For example, Wong (2000) found out that for a sample of PRC employees, trust mediates the effect of perceived fairness on organizational commitment, which in turn affects job performance and turnover intention.

HYPOTHESIS AND PURPOSE OF THE PRESENT STUDY

If traditional Chinese cultural values concerning loyalty, guanxi, and pao may still prevail for Chinese employees in modern commercialized environment. If this is the case, then it is worthwhile for organizations operating in China to take a long-term perspective and attempt to cultivate employees’ commitment by improving their human resource management practices.

METHODS AND RESULTS

Study One: Managers and Production Workers in PRC

Model

To test our hypotheses, we need a sample of Chinese employees in the PRC. Preferably, both middle level managers and front-line workers from coastal provinces should be included in the sample because these are the two

H1: For Chinese employees, organizational commitment will have direct effects on job satisfaction and turnover intention.

H2: For Chinese employees, the effect of organizational commitment on job satisfaction will be greater than that of job satisfaction on organizational commitment.

If these hypotheses are supported, we may conclude that the effects of traditional cultural values of guanxi and pao may still prevail for Chinese employees in modern commercialized environment. If this is the case, then it is worthwhile for organizations operating in China to take a long-term perspective and attempt to cultivate employees’ commitment by improving their human resource management practices.
groups of employees with greatest turnover rates in PRC. We believe the study by Chen, Hui, and Sego (1999) provided suitable data for testing our hypothesis. We describe the relevant information for this study. Interested readers can find full details in Chen et al. (1999). To test the reciprocal relationship between job satisfaction and organizational commitment, it is necessary to have antecedents that will have differential effects on these two variables. Apart from age, gender, and tenure, Chen et al. (1999) also suggested two potential antecedents. First, rewards associated with employment (e.g., “This job has more positive aspects than most people have at their places of employment”) were measured. These rewards represent the commitment of the employers and thus they should induce employees’ organizational commitment. Second, investment put into the job (e.g., “In general, I have put a lot into my job”) was measured. As this investment represents the hard labor and effort that the employees have to put into their job, it may have a negative effect on job satisfaction. Figure 1a shows the model that can be tested by this sample.

**Sample**

Chen, Hui, and Sego (1999) collected data from 205 middle-level managers and technical workers in four joint ventures and seven locally owned enterprises in Hainan Province of the PRC. None of these enterprises was state or government owned. These enterprises manufacture diversified products from construction materials to computer diskettes to bottled mineral water. The sample had 51% male with a mean age of approximately 28.7 years. Sixty-one percentage of the sample was unmarried and the average job tenure was two years. Concerning education background, 7% of the sample had not completed high school, 43% had a high school degree, 7% had attended some college while the remaining 43% had received a four-year undergraduate or higher degree.

**Sampling Procedures**

Data collection was conducted by personal visits to the collection site.
Presidents, managers, and personnel officers were interviewed in the first visit. In the second visit, questionnaires were distributed personally to each respondent and the completed questionnaires were collected on-site.

**Measures**

Age, gender, and job tenure were measured by single items. Organizational commitment was measured by the 15-item Organizational Commitment Questionnaire (OCQ; Porter et al., 1974; e.g., “I am willing to put in a great deal of effort beyond that normally expected to help this organization be successful”, “I find that my values and the organization’s values are very similar”, “I am proud to tell others that I am part of this organization”). Job satisfaction was measured by a single item, “All things considered, I am satisfied with my current job.” Turnover intention was measured by the three items from Cameron, Fichman, Jenkins, and Klesh (1979). These items were modified so that the Likert-type response scale could be used (e.g., “I will probably look for a new job in the next year”). As mentioned in the previous paragraph describing the model, rewards associated with employment and investment put into the job were measured by three and two items from Rusbult and Farrell (1983), respectively. Judging from the estimates of their internal consistency reliability (Nunnally, 1978), the reliabilities of these measures were acceptable in scientific research.

**Study Two: Longitudinal Data for Hong Kong Chinese**

**Model**

Although Study One can provide evidence for our hypotheses for Chinese employees in the PRC, we need further evidence because Study One uses cross-sectional data of PRC employees only. To examine causal relationships, longitudinal data are usually preferred over cross-sectional data (Wong & Law, 1999b). Specifically, Mathieu (1991: 617), after examining the causal relationship between job satisfaction and organizational commitment using cross-sectional data, recommended that “the relationship between satisfaction and commitment is best examined in a longitudinal framework.” Furthermore, we have argued that the emphasis on loyalty and commitment is a core cultural value of the Chinese. If this is true, the more important role of organizational commitment should be valid in other Chinese societies and our hypotheses should be tested in these societies. Fortunately, we found panel data in a Hong Kong study that allowed us to test our hypotheses. Hong Kong is a more westernized and commercialized society because it had been under the British rule for over 150 years before 1997. Economically, it practices a free market system. If similar results are found in Hong Kong as those found in China, we can have much stronger support for the important role of organizational commitment for Chinese employees. Figure 2a shows the longitudinal model that can be used to test our hypothesis.
Sample

Data for this study is the panel data collected by Wong, Hui, and Law (1998). We describe the relevant information for this study. Interested readers can find full details in Wong et al. (1998). Participants were 245 graduates of a major university in Hong Kong from 1986 to 1990 and all of them had earned their undergraduate degrees in Hong Kong. The mean age of the participants was 28.54 (SD = 2.4) when this survey was completed. About 49% were male and the majority (75%) was unmarried. The mean job tenure was 4.15 (SD = 1.31) years. With few exceptions, participants worked for different organizations. The most common job positions included secondary school teachers, accountants, social workers, marketing and sales executives, engineers, reporters, programmers, human resource executives, and middle-level administrators in the banking industry.

Sampling Procedure

Participants responded to three surveys over two consecutive years. The questionnaires used in the three surveys were the same, except that at the end of the second and third questionnaires, participants were asked to indicate whether they had changed their jobs since the previous survey. The first questionnaire, with reply envelopes, was sent to all the 4274 graduates of the university over five years (i.e., 1986–1990) in September 1991, and 1687 questionnaires (39.5%) were returned. One year later (i.e., September, 1992), the same questionnaire was sent to the participants whose responses were obtained in the first survey, and 785 questionnaires (46.5%) were returned. In September 1993, questionnaires were sent to participants whose data were obtained in the second survey, and 485 questionnaires (61.8%) were returned. In all three surveys, participants were asked not to complete the questionnaire if they did not hold a full-time job. The response rate is comparable to most cross-sectional and longitudinal field studies (Baruch, 1999; Roth & BeVier, 1998). A total of 304 participants did not change their jobs over the 24-month period. After listwise deletion of missing variables, 245 subjects could be used for the analysis.
Measures

Organizational commitment and turnover intention were measured by the same items as in Study One. Job satisfaction was measured by the short form of the Minnesota Satisfaction Questionnaire (MSQ; Weiss et al., 1967). This included 20 job aspects (e.g., “The chance to work alone on the job”, “The way my boss handles his men”, “My pay and the amount of work I do”, “The way my co-workers get along with each other”) and respondents were asked to indicate the extent of their satisfaction towards each of these aspects. Judging from the estimates of the internal consistency reliability (Nunnally, 1978) for the items of organizational commitment, job satisfaction, and turnover intention used in this study, the reliabilities of these measures were acceptable in scientific research.

Analytic Strategy

We employed structural equation modeling using LISREL 8.14 to examine the causal models in both Studies One and Two (Jöreskog & Sörbom, 1993). The standard procedure of nested model testing (Anderson & Gerbing, 1988; Bollen, 1989; James, Mulaik, & Brett, 1982; Kenny 1979), which had been used in past studies (e.g., Mathieu, 1991; William & Hazer, 1986), was employed. Specifically, we compared various causal models with the one shown in Figures 1a and 2a that specify reciprocal relationships between organizational commitment and job satisfaction, respectively, for Study One and Study Two. In these models, the alternative causal relationships (e.g., organizational commitment is the cause of job satisfaction but not vice versa; job satisfaction is the cause of organizational commitment but not vice versa) were specified. By comparing these alternative models with formal statistical tests, we can conclude which model best fits the data.

Results

In Study One, the model and its parameter shown in Figure 1b were found to fit the data best. For Study Two, the final accepted model and its parameters are shown in Figure 2b. For both studies, the final accepted models provide strong support for our hypotheses. That is, organizational commitment has direct effects on job satisfaction and turnover intention, while job satisfaction has no effect on organizational commitment and turnover intention.

Discussion

Key Findings

Contrary to the findings of studies conducted on samples in the West that job satisfaction has a stronger effect on organizational commitment and turnover intention, we find that organizational commitment is the predictor of both job satisfaction and turnover intention in two Chinese samples, whereas job satisfaction has no predictive power over either organizational commitment or turnover intention. This result is consistent for samples in PRC and Hong Kong. We believe these results provide strong implications for managing employees in Chinese societies.
support for our argument that traditional cultural values of loyalty, guanxi and pao still play an essential role in affecting Chinese employees’ work-related attitudes and behaviors.

An alternative explanation for our findings concerning the stronger effect of commitment on turnover intention is that the measures of the two variables overlap. One of the components of organizational commitment tested in the OCQ is the desire to remain with the organization. Using this dimension to predict turnover intention may represent only a form of alternate test reliability and not causal relationships. Thus, Williams and Hazer (1986) suggested that future studies of the commitment-turnover relationship should exclude this dimension. To examine the statistical effects of the desire to remain component of organizational commitment on the present findings, we reanalyzed our data using a revised scale of organizational commitment. In this revised scale, all items measuring the desire to remain component were removed. We then retested all the models. Using the same statistical tests, the final accepted model was the same except that the effects of organizational commitment were weakened. That is, the path coefficients from organizational commitment to turnover intention become smaller but they are still statistically significant. The coefficients are −.25 and −.20 for Study One and Two, respectively. Thus, the findings of the present study cannot be attributed to the overlap between the desire to remain component of organizational commitment and turnover intention.

Practical Implications

The main implication of this study should be direct and clear. That is, organizations operating in Chinese societies should try their best to build up positive long-term relationships with their employees. Once organizational commitment of the Chinese employees is cultivated, they will have long-term positive attitudes and behaviors towards their organizations. They will perceive their job situation as better and there will be less chance that they will leave their organizations. Thus, they can have greater contributions to their organizations. Based on our present understanding of organizational commitment and Chinese employees, we believe the following recommendations will be effective in cultivating employees’ commitment in China.

Employers’ Long-term Perspective

Whenever possible, organizations should take a long-term perspective when they invest in Chinese societies. As we have mentioned before, Chinese value the concept of “pao” and mutual commitment. If investors are looking for fast money, they probably cannot gain commitment from their Chinese employees. We have seen foreign investors with different perspectives. Some of them still regard China as a source of cheap labor with high business risks. Thus, they try to minimize their expenses in providing better training opportunities to their Chinese managers and benefits to their production workers such as housing and recreational arrangements. Some other investors are taking a longer perspective
and are willing to provide much more training and benefits to their employees beyond what the laws and regulations in China require. For example, we have interviewed a foreign investor who built much better accommodations for the company’s production workers in the Pearl River Delta Region. The average accommodation is twice as large as what other investors provide. It has a basketball court and other recreational facilities as well. As a result, the turnover rate is much lower than the market average. We believe that this latter approach will become more effective in China, especially after China becomes a member of the World Trade Organization (WTO). WTO membership means that China is willing to integrate into the global economy by adapting itself to fit international standards of doing business. Another important reason for employers to take a long-term perspective is that organizational commitment requires time to develop. Organizational commitment can be developed only when the person forming this attitude has a chance to understand the organization and thus a long-term perspective of the employer is essential.

**Fair Human Resource Practices**

Similar to results from Western research, recent studies in Chinese societies have found that both distributive and procedural justice has positive effects on employees’ organizational commitment. Furthermore, trust plays an important role in determining employees’ organizational commitment (Wong, 2000). Thus, foreign investors may benefit by incorporating more human management practices that emphasize more transparent, open and fair procedures for communicating with employees and for allocation of material rewards. From our experience, some foreign investors use extremely harsh regulations and disciplinary practices to prevent employee misconducts such as stealing or fighting. Although these practices may be effective in the short-run, it is impossible to build up a trusting relationship in the long run if these practices become the norm. It may be worthwhile for organizations operating in China to invest more in education programs and in creating communication channels to prevent employees’ misconduct rather than harsh disciplinary regulations.

**Supervisors’ Training**

A recent study has determined that commitment to supervisors has a direct effect on organizational commitment and Chinese employees may establish their commitment to their supervisors before developing commitment to the whole organization (Wong, 2000; Wong & Kung, 1999). Thus, supervisors may play a salient role in cultivating employees’ organizational commitment. Research also indicates that supervisor-subordinate guanzi may will affect their administrative decisions such as bonus allocation (Law et al., 2000). We recommend that organizations operating in China provide better training to supervisors about the organizational culture and the importance in treating their subordinates fairly to cultivate employees’ organizational commitment. This should be targeted at all levels of supervisor-subordinate rela-
tionships so that employees at all levels will develop their commitment towards their supervisors and the organization.

In conclusion, this study has provided evidence that because of traditional Chinese values, employees’ commitment towards the organization is an important attitude that organizations should try to cultivate. From recent research findings, taking a long-term perspective, implementing fair human resource practices and providing better supervisory training are recommended to organizations operating in China.

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