



Regional differences in a national culture and their effects on leadership effectiveness: A tale of two neighboring Chinese cities

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ABSTRACT

We argue that regional differences in a large culture influence leadership effectiveness. Studying the differences and their consequences on leader–member exchange (LMX) and the employee performances in two neighboring Chinese cities, our empirical results show significant differences between group supervisors in Hong Kong and those in Shenzhen. Hong Kong supervisors apply the LMX technique more aggressively, and also more successfully than their Shenzhen counterparts in terms of improving employee performance and reducing turnover.

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1. Introduction

Researchers have tried since the 1960s to conceptualize and measure the consequences of national culture (e.g., Haire, Ghiselli, & Porter, 1963; Hofstede, 1980, 1983, 1984, 1991; Laurent, 1983, 1986). According to previous research (e.g., Adler, 1986; Hofstede, 1991; House, Hanges, Javidan, Dorfman, & Gupta, 2004), national culture is defined as the values, beliefs and assumptions learned in early childhood that distinguish people in one nation from those in another. Research has shown that national culture can influence managerial decision-making, leadership style (e.g., Dorfman & Howell, 1988; Offermann & Hellmann, 1997) and human resource management (e.g., Luthans, Welsh, & Rosenkrantz, 1993). In addition, the greater relative importance of national culture compared with other levels of culture, such as organizational culture, has also been demonstrated (Adler, 1986). Numerous studies have suggested that in business organizations, management practices that reinforce the values of the employees' national culture are more likely to yield desired behaviors (Wright & Mischel, 1987), higher self-efficacy (Earley, 1994) and stronger performance (Earley, 1994).

Despite this research, it remains unclear whether a large national culture, such as the Chinese one, may have regional differences, and, if so, how these differences may affect the

application and effectiveness of managerial and leadership styles, such as LMX, in different regions. Taking the Chinese culture as an example, some authors have argued that traditional Chinese culture should facilitate the application of LMX, while others have argued that traditional Chinese culture may not be congruent with LMX (see more detailed discussion and citations in next section). It remains inconclusive how the Chinese culture may affect the effectiveness of LMX, given the possible cultural differences among different regions of the country.

We predict that the possible regional differences in Chinese culture may explain partially the discrepancy in research findings on the relationships between LMX and Chinese culture. No empirical research has been conducted on this issue, i.e., how the regional differences in culture may affect managerial and leadership effectiveness. To address this research gap, this paper tests the effects of the regional differences in Chinese culture on LMX in two neighboring Chinese cities, i.e., Hong Kong and Shenzhen. In the following sections, we first review prior research relevant to this issue. Based on this review, we propose a model and three hypotheses for empirical testing. After that, we report the results of our empirical study using data drawn from business organizations in the two cities. The paper concludes with a discussion of the findings and their implications for academic researchers and practitioners.

2. Literature review

2.1. The regional differences in Chinese culture

Previous research has tended to view national culture as a homogeneous and stable set of constructs (e.g., Kluckhohn &

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Strodtbeck, 1961). Research in cross-cultural management and cultural diversity has either implicitly or explicitly treated culture as a single constant, which can influence attitudes or behaviors (e.g., Hofstede, 1980). This approach to the study of culture has persisted despite increasing evidence that it is too simple or narrow. Such an approach to study culture often fails to take into account the regional differences in culture that have been documented in recent years (e.g., Li, Lam, & Qian, 2001). Indeed, there have been numerous studies suggesting that national culture in different regions can change partially in a relatively short period of time (e.g., Bond & King, 1985; Huo & Randall, 1991; McGrath & MacMillan, 1992; Ralston, Gustafson, Cheung, & Terpstra, 1993). For instance, data provided by Hofstede (1980) indicated that cultures in Chinese societies in East Asia, including those of Hong Kong and mainland China, are typically characterized by high power distance. This quality is consistent with the Confucian teachings stressing the value of hierarchical structures in society. The findings of other large-scale empirical studies conducted in the same period of time, including the work of Bond and his colleagues, support this observation (see *The Chinese Culture Connection*, 1987). Previous research also suggests that among the fundamental characteristics of Chinese cultures is the high value placed on collectivism (Hofstede, 1980, 1983; Hui & Triandis, 1986; Redding, 1980; *The Chinese Culture Connection*, 1987). Hofstede (1980) showed that all Chinese societies had low scores on individualism, and that while the United States had the highest individualism score among the 40 countries tested, Hong Kong and Taiwan had the lowest scores in the same sample.

In recent decades, the results of empirical research conducted in Hong Kong indicate that partial changes have occurred in its culture (e.g., Huo & Randall, 1991; McGrath, Macmillan, Yang, & Tsai, 1992; Ralston et al., 1993; Westwood & Posner, 1997). Ralston et al. (1993) compared managerial values across China, Hong Kong, and the United States. Their data indicated that, in a period of ten years, several characteristics or dimensions of culture among Hong Kong managers changed. Specifically, managerial scores moved from relatively high to low on the dimensions of power distance and uncertainty avoidance. At the same time, the scores of these managers on the culture dimension of collectivism remained unchanged. Based on this data, the authors argued that the cultures in these societies had partially changed. This change may take place only in some regions of a culture, which leads to regional difference of the culture.

Similar changes have also been documented by other researchers. For instance, Westwood and Posner (1997) compared the cultural values among managers in Australia, Hong Kong and the United States. The authors predicted 14 dimensions along which managers from Hong Kong would differ from their counterparts in the U.S. and Australia. These predictions were largely based upon earlier research which suggested that the Chinese possess greater power distance and higher collectivism than their Western counterparts. However, the results indicated that among the differences predicted for the 14 dimensions examined, only seven were found to be in the predicted direction. Furthermore, only three dimensions had the predicted differences fully confirmed (i.e., statistically significant). The majority of the predictions in this study were not supported, including the prediction of the importance of co-workers, which is related to the value of collectivism, and the prediction of the importance of boss(es), which is related to the value of power distance. What is of particular interest in this study is that the data revealed more differences between Australian managers and U.S. managers (66.6% of the items) than between Hong Kong managers and their U.S. counterparts (48.5% of the items).

Recent research results from the GLOBE studies are consistent with these findings. Table 1 reports the cultural values in the two

Table 1

GLOBE culture dimensions and the differences between Hong Kong and mainland China.^a

	China		Hong Kong	
	S	R	S	R
"As is"				
Uncertainty avoidance	4.94	A	4.32	B
Future orientation	3.75	C	4.03	B
Power distance	5.04	B	4.96	B
Institutional collectivism	4.77	A	4.13	B
Humane orientation	4.36	B	3.90	C
Performance orientation	4.45	A	4.80	A
Group and family collectivism	5.80	A	5.32	B
Gender egalitarianism	3.05	B	3.47	A
Assertiveness	3.76	B	4.67	A
"Should be"				
Uncertainty avoidance	5.09	C	5.11	C
Future orientation	5.28	A	4.63	B
Power distance	5.32	C	5.32	C
Institutional collectivism	5.44	A	4.81	A
Humane orientation	3.67	C	4.35	B
Performance orientation	5.67	C	5.64	C
Group and family collectivism	3.10	B	3.24	B
Gender egalitarianism	4.56	B	4.43	C
Assertiveness	4.73	C	5.50	B

Note: S: score and R: ranking.

^a Data in this table are from the research of GLOBE project (see House et al., 1999).

Chinese societies discussed in this paper, Hong Kong and mainland China, showing their rankings among the 61 countries sampled in the GLOBE project. These scores and rankings are computed based on the data published by the GLOBE teams in the region, which can be downloaded from the website of the GLOBE project (<http://www.bsos.umd.edu/psyc/hanges/globe/>). The ranking, A, B, C or D was obtained from a data analysis conducted by the GLOBE project team in the United States. Below are some detailed discussions of the major findings.

On the dimension of uncertainty avoidance, China has a high score among the 61 economies sampled and is ranked as Level A (see Table 1). This score is only slightly lower than those of the northern European countries, such as Switzerland and Sweden. Hong Kong is ranked as a Level B in this dimension. Similarly, on the dimension of Institutional Collectivism, China scores as a Level A, while Hong Kong is Level B. This data suggests the regional differences in Chinese culture. In Hong Kong, the culture has been moving towards low personal relationship and low power distance. In mainland China, these cultural values remain basically unchanged.

In summary, research has demonstrated regional differences in the Chinese culture (e.g., Birnbaum-More, Wong, & Olve, 1995). Assuming that national culture influences individual and organizational behaviors in a society, we predict that the regional differences in Chinese culture should also influence LMX in Chinese societies. Before discussing this issue further, we will first provide a brief review of the relevant studies on LMX.

2.2. LMX and its external validity for Chinese societies

Considerable research has been conducted on the effects of LMX in Chinese societies. Some authors argue that the LMX construct is particularly important in China due to its collectivistic cultural values (e.g., Aryee & Chen, 2006). The reason is that the Chinese attach great importance to personal relationships in social activities. Other authors believe that many of the current research findings on LMX may not be applicable in China. The reason is that most of the current research is based on data from Western cultures, which have different cultural values from those in traditional Chinese societies. For instance, Chen and Fahr (2001)

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