



The Significant Role of Chinese Employees' Organizational Commitment: Implications for Managing Employees in Chinese Societies

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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 work place. Practical implications for organizations operating in China are discussed.

The high rate of turnover has been a substantial problem in managing Chinese employees in joint ventures in the People's Republic of China (PRC;

Beamer, 1998; Sensenbrenner & Sensenbrenner, 1994). This is particularly true for two groups of employees. First, there has been shortage of middle-

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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-

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