Leadership behaviour and Organizational commitment: A comparative perspective, China – USA

Bachelor Thesis International Business
Organization and Strategy
Organizational Behaviour

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Chapter 1. Introduction and background

1.1 Cross-cultural management

Up until now there has been extensive research in the broad area of management, and all studies tap various themes that reflect different aspects of being a manager. None of the studies proposes an integrative framework for management in different cultural settings. Instead, each emphasizes only a part of being a manager.

As a manager you need to be a strong leader, to get people motivated, but you also have to select the optimal strategic decision making process. The optimal way of managing a firm can differ between different cultural environments, due to differences in the mindsets of employees. It is up to the manager to select the best practices in each cultural organizational environment, which will lead to highest firm performance.

This thesis aims to study the relationship between management and employees under different cultural settings. In order to provide a guideline for the international manager on how to establish a positive relationship with employees under different cultural settings, this thesis investigates different aspects of management.

From the leadership perspective, personal attributes of managers are studied (Silverthorne, 2000), and different leadership dimensions (Steyrer et al. 2008) will be discussed. For selecting the optimal decision making processes, the strategy making modes of Stuart Hart (1992) will be applied to different cultural settings.

Hofstede (1980) addressed the importance of different cultural settings with his cultural dimensions. This implies that different leadership behaviours may have different effects on employees of various cultural backgrounds, and will therefore impact differentially on their organizational commitment. Also, Javidan and House (2001) argue that global managers need to adapt to different cultural business settings, and be sensitive to different cultural settings.
It is really important for an executive manager in particular, to adjust his behaviour and methods according to the cultural environment he finds himself in, because executives can modify beliefs and attitudes held by employees by changing the flows of communications (Simon, 1947). This relates to the influence of leadership behaviour on employee commitment and involvement.

The concept of different outcomes of leadership behaviour will be discussed for China and the USA in this thesis, concentrating on the differences and similarities between leadership behaviours and strategy making processes, and why these differences and similarities occur. I chose China and the USA, because even though they are both economic giants, I expect to find very different results for these two countries due to their cultural differences which reflect in their organizational behaviour.
1.2 Problem statement:
How does culture affect the relationship between leadership behaviour and employee / organizational commitment?

1.3 Research Questions
- How does leadership relate to employee commitment?
- How does culture influence this relationship?
  - What strategy making modes are most suitable for China/USA?
  - What leadership dimensions are most effective in China/USA?
  - What personality dimensions are wished for in a leader in China/USA?
- What causes the differences?
- What decision making processes are most likely to ensure high performance in China/USA? What decision making strategy should management apply?

1.4 Relevance
From an academic perspective, my thesis aims to provide new insights in international comparative management and the dynamics of cultural organizational behaviour. It is more interesting however to look at it from a managerial perspective. The results of this review can contribute to the awareness of the importance of cultural differences in organizational settings. A manager will have to harmonize his/her decision making processes with the cultural environment in order to ensure high firm performance. In different countries, different decision making strategies will result in maximizing membership commitment, which in turn will lead to increased organizational performance. The variable determining the optimal decision making process is therefore culture.

1.5 Research Design
Type of research I conduct is exploratory and the specific method that I will use is a literature review. The main concepts will be: organizational behaviour, decision making theories, membership commitment, managerial roles, leadership behaviour, and international comparative management.

1.6 Structure of thesis
First, the theoretical framework will be presented in chapter 2; all the variables and relationships between the variables will be explained. Chapter 3 takes a Chinese perspective and chapter 4 an American perspective. In chapter 5 a comparison will be made and conclusions will be drawn in chapter 6.
Chapter 2. Theoretical framework
Interest is in the cross-cultural field of organizational behaviour. Two concepts will be investigated in this study. The first factors (2.1) that will be investigated are the different aspects of leadership behaviour: strategy making modes, leadership dimensions, and personal traits of the leader. The second factor (2.2) is employee commitment and involvement to the firm, which equals leadership effectiveness in this study. The relationship between these factors is moderated by culture (2.3). This thesis seeks to investigate the moderating effect of different cultural settings on the outcomes of different leadership behaviours.

2.1 Leadership behaviour
In this section the different aspects of management will be presented as they are used in this study.

2.1.1 Strategy making modes
Hart (1992) proposes a framework consisting out of five strategy making modes: command, symbolic, rational, transactive, and generative. His framework is based on the varying roles top managers and organizational members play in strategy making processes. Not just the contrasts of these roles, but mainly the interaction of these roles is illustrated in the framework. Strategy making is viewed as an organization wide phenomenon.
Hart (1992) states that previous literature has either focussed on top managers or on organizational members, not on how their roles interrelate.

- 6 -
The five modes of strategy making that Hart defined are not supposed to be seen as mutually exclusive. Organizations may combine two or more modes into distinctive combinations of strategy making processes. These process modes and configurations may have significant implications for firm performance.

Three concepts are used to build the framework, namely rationality (both comprehensive and bounded), vision and involvement. The framework is constructed around the complementary roles that top managers and organizational members play in the making of strategy.

The five distinctive modes of strategy making that Hart defined are presented in table 1.

<table>
<thead>
<tr>
<th>Descriptors</th>
<th>Command</th>
<th>Symbolic</th>
<th>Rational</th>
<th>Transactive</th>
<th>Generative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Style</td>
<td>(Imperial)</td>
<td>(Cultural)</td>
<td>(Analytical)</td>
<td>(Procedural)</td>
<td>(Organic)</td>
</tr>
<tr>
<td></td>
<td>Strategy driven by leader or small top team</td>
<td>Strategy driven by vision and a mission of the future</td>
<td>Strategy driven by formal structure and planning systems</td>
<td>Strategy driven by internal process and mutual adjustment</td>
<td>Strategy driven by organizational actors' initiative</td>
</tr>
<tr>
<td>Role of Top Management</td>
<td>(Commander)</td>
<td>(Coach)</td>
<td>(Boss)</td>
<td>(Facilitator)</td>
<td>(Sponsor)</td>
</tr>
<tr>
<td></td>
<td>Provide direction</td>
<td>Motivate and inspire</td>
<td>Evaluate and control</td>
<td>Empower and enable</td>
<td>Endorse and support</td>
</tr>
<tr>
<td>Role of Organizational Members</td>
<td>(Soldier)</td>
<td>(Player)</td>
<td>(Subordinate)</td>
<td>(Participant)</td>
<td>(Entrepreneur)</td>
</tr>
<tr>
<td></td>
<td>Obey orders</td>
<td>Respond to challenge</td>
<td>Follow the system</td>
<td>Learn and improve</td>
<td>Experiment and take risks</td>
</tr>
</tbody>
</table>

Table 1. Strategy making modes, Hart (1992)

In chapters 3 and 4, respectively, the strategy making modes of China and the USA will be discussed.
2.1.2 Leadership dimensions

The GLOBE studies (Global Leadership and Organizational Effectiveness Program) studies the interacting effects of leadership, societal culture, and organizational culture. GLOBE research has identified 6 global dimensions of leadership, which are presented in table 2.

These global dimensions all have an effect on employees and their behaviours (organizational commitment dynamics), and Hofstede’s cultural dimensions (1980) will be used to explore the best suitable leadership dimensions for China and the USA.

<table>
<thead>
<tr>
<th>Dimension:</th>
<th>Brief explanation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Charismatic / value-based leadership</td>
<td>reflects the ability to inspire, to motivate, and to successfully demand high performance outcomes from others, on the basis of firmly held core values</td>
</tr>
<tr>
<td>(2) Team-oriented leadership</td>
<td>emphasizes effective team-building in the sense of mutual support and the creation of a common purpose</td>
</tr>
<tr>
<td>(3) Participative leadership</td>
<td>reflects the degree, to which managers involve others in making and implementing decisions</td>
</tr>
<tr>
<td>(4) humane-oriented leadership</td>
<td>describes supportive and considerate leadership behaviour</td>
</tr>
<tr>
<td>(5) autonomous leadership</td>
<td>reflects the differences between individualistic and collectivistic cultures</td>
</tr>
<tr>
<td>(6) Self-protective leadership</td>
<td>describes leadership behaviour that is self-centred, status conscious, procedural, and conflict-inducing</td>
</tr>
</tbody>
</table>

Table 2. Leadership dimensions (Steyrer et al., 2008)
2.1.3 Dimensions of personality

Hogan, Curphy and Hogan (1994) suggest that personality traits are an important component of effective leadership and that when used in combination with cognitive ability, simulations, and role playing in an assessment centre format are one way to forecast successful leadership.

The *Big five model of personality* is the basis of Silverthorne’s 2001 study, which uses the revised *NEO personality inventory* (Neo PI-R). This test is a concise measure of the five major dimensions of personality. The model is presented in table 3.

I will use Silverthorne’s study to determine which personality traits are desirable for an American leader and a Chinese leader in chapters 3 and 4, respectively.

<table>
<thead>
<tr>
<th>Dimension:</th>
<th>Scale:</th>
<th>Brief explanation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The neuroticism dimension</td>
<td>N</td>
<td>relates to the emotional stability of the manager</td>
</tr>
<tr>
<td>(2) The extraversion dimension</td>
<td>E</td>
<td>reflects the extent to which a person is introvert or extravert</td>
</tr>
<tr>
<td>3) The openness dimension</td>
<td>O</td>
<td>relates to the extent an individual is open to experience and is related to creativity and intellect</td>
</tr>
<tr>
<td>4) The agreeableness dimension</td>
<td>A</td>
<td>indicative of fundamental agreeableness and willingness to cooperate</td>
</tr>
<tr>
<td>(5) The conscientiousness dimension</td>
<td>C</td>
<td>a high score on the C-scale is a sign of a conscientious person with a strong sense of achievement</td>
</tr>
</tbody>
</table>

Table 3. Dimensions of personality (Silverthorne, 2001)
2.2 Organizational commitment and performance

It is important for management to keep employees committed to the firm, and to have them involved with the firm. J. Steyrer et al. (2008) view organizational commitment as a mediating process between leadership and organizational performance. They showed that organizational commitment significantly predicts organizational performance, but they also emphasize that situational and/or environmental processes should not be ignored when examining the relationship between commitment and performance.

According to Meyer and Allen (1997), organizational commitment is best thought of as a psychological state linking employees to their organization. It causes employees to behave differently in terms of e.g. turnover, attendance at work, and job performance. In their 1997 book ‘Commitment in the Workplace’, they emphasize a point made earlier by Reichers (1986) and Becker & Billings (1993): when researchers measure commitment to the organization as a whole, they are probably measuring employees’ commitment to ‘top management’, or to a combination of top management and lower level supervisors. This is exactly the part of the organization this thesis seeks to investigate with respect to commitment: what the relationship is between management practice and the effects on the employees of the organization (under different cultural settings).

A useful model in assessing the commitment of employees is Meyer and Allen’s (1991) Three-Component Model of Commitment. The Three-Component Model identifies three different facets to organizational commitment: affective commitment, continuance commitment, and normative commitment.

As Meyer and Allen define the components in their 1991 study as three different constructs, affective commitment refers to the employee’s emotional attachment to, identification with, and involvement in the organization. Strong affective commitment indicates that the employee wants to continue employment with the organization.

Continuance commitment refers to an awareness of the costs associated with leaving the organization (need to stay with the organization), and normative commitment reflects a feeling of obligation to continue employment with the organization (employee feels that he/she ought to stay with the organization).
This thesis focuses on the *affective* component of organizational commitment of employees, because that is the component sensitive to different leadership behaviours. This is the component that, when positively affected by the chosen management style, can make employees *want* to stay with the organization and become more involved. This is also where the equalization of organizational commitment and leadership effectiveness comes in: this thesis investigates desirable management practices to positively influence employee commitment to the organization under different cultural settings.

Chen and Francesco (2003) have investigated the relationship between the Three-Component Model and employee performance in China. Results from their study show that the three components of organizational commitment are related, but yet distinct factors in their Chinese sample. Chen and Francesco found that this result is consistent with earlier results from American samples. They found that affective commitment relates to in-role performance and the two dimensions of organizational commitment behaviour (altruism and conscientiousness) in China, also similar to the USA. Chen and Francesco argue that management can possibly enhance employee performance outcomes under a Chinese organizational setting, by fostering affective/emotional attachment to the organization when normative commitment is low. Chinese employees in particular, tend to start regarding the organization as a family or in-group for which they might be willing to exert effort that will be manifested in improved in-role performance and organizational commitment behaviour outcomes, as a consequence of the low normative commitment and increased affective commitment.

Also, Cheng and Stockdale (2003) have investigated the Three-Component Model of commitment in a Chinese organizational setting. Their study compares the results for the Chinese sample with a Canadian sample, of which the results are expected to show similar differences with the Chinese sample as an American sample would have. This is expected because both Canada (English-speaking part) and the USA are in the Anglo cluster, as categorized by Dickson et al. (2003), and is therefore predicted to have similar mechanisms in place.
Their results show that **affective commitment is higher** in the Chinese sample than in the Canadian one, as well as **normative commitment**. The relatively high normative commitment of the Chinese sample is explained by the collectivistic culture, in which loyalty to the group is very important.

Another result of Cheng and Stockingdale’s 2003 study is that in the Chinese sample, **all three organizational commitment components are positively correlated with each other**. They point out that this result is remarkable because in previous research (Meyer & Allen, 1996) continuance commitment is typically uncorrelated with the other two components. The reasoning behind the positive correlation is as follows: loyalty and commitment have become part of the culture, like a habit, and therefore it is generally accepted. Next, a link between high normative commitment and the unwillingness to leave an organization (high continuance commitment) on one side and the internalization of commitment as reflecting the employees own values (high affective commitment) on the other side is made to further explain the high correlation of the components of organizational commitment.

A consequence, which Cheng and Stockingdale (2003) identify of this high correlation, is that an increase in one of the components will also lead to an increase in both other components of commitment. An increase in overall commitment level can thus be made by the amelioration of any of the three components of organizational commitment. As a general result for both the Chinese and the Canadian sample, Cheng and Stockingdale (2003) state that affective commitment is the strongest predictor of job satisfaction and turnover intentions. They found that in the Chinese sample, **normative commitment** was more important as a predictor of **turnover intentions** of employees than in the Canadian sample. This is also explained by the high loyalty to the organization which is generally present in the Chinese culture.
2.3 Cultural dimensions

Hofstede (1980) has identified five cultural dimensions, which are presented in table 4. These dimensions will be used to moderate the effects of different leadership behaviours under different cultural settings (Chinese and American culture).

<table>
<thead>
<tr>
<th>Dimension:</th>
<th>Brief explanation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Individualistic / collectivist</td>
<td>focuses on the degree to which the society reinforces individual or collective achievement</td>
</tr>
<tr>
<td>(2) Power distance</td>
<td>the extent to which a society accepts the fact that power in institutions and organizational is unequally distributed</td>
</tr>
<tr>
<td>(3) Masculinity / femininity</td>
<td>focuses on the degree to which the society reinforces the traditional masculine work role model of male achievement, control and power.</td>
</tr>
<tr>
<td>(4) Uncertainty avoidance</td>
<td>refers to the degree to which members in a society feel uncomfortable with uncertain situations, and take preventive steps</td>
</tr>
<tr>
<td>(5) Long / short term orientation</td>
<td>indicates a society's time perspective and an attitude of perseverance (e.g., the society's willingness to overcome obstacles over time)</td>
</tr>
</tbody>
</table>

Table 4. Cultural dimensions (Hofstede, 1980)

2.3.1 How do these cultural dimensions relate to leadership?

The first dimension of individualism / collectivism Hofstede identified is seen as a meaningful dimension at the individual, team, organizational, and societal levels of analysis, but can also be linked to leadership. In collectivist cultures, employees are expected to be more prone to identify with their leaders’ goals and the common purpose of the group and organization, and typically exhibit high levels of loyalty (Jung, Bass, & Sosik, 1995). They tend to have stronger attachment to the organization and be more willing to subordinate their individual goals to group goals (Dickson et al., 2002). In individualistic countries, people are more motivated to achieve their personal goals and may be more motivated by short term focused leadership (Dickson et al., 2002).
Power distance in society is directly related to leadership, it has an impact on subordinates expectations and preferences regarding leadership (e.g., people want and expect more guidance in societies with more power distance) as well as on acceptable or typical patterns of leader behaviour (e.g., autocratic leadership is more acceptable and effective in high power distance societies) (Dickson et al., 2003).

Also the use of formal rules and procedures is related to the power dimension of the country, in countries with high power distance managers report more use of formal rules and procedures set by the top in handling day-to-day events (Smith, Peterson, and Misumi, 1994; Smith et al., 2002).

People tend to prefer leadership that is more egalitarian when power distance is low. When power distance is high, leaders tend to be less participative, less approachable, and more authoritarian and directive. Such directive leadership is also more effective in a high power distance context and employees are more inclined to gain support from those in authority before carrying out new plans (Dickson et al., 2003).

Uncertainty avoidance has an impact on the characteristics associated with outstanding leadership and it influences the expectations leaders have of subordinates. In high uncertainty avoidance contexts, planning and detailed agreements are the norm, whereas in low uncertainty avoidance contexts flexibility and innovation are more prominent (Dickson et al., 2003).

Offermann and Hellmann (1997) found that managers from high uncertainty avoidance countries, compared to low uncertainty avoidance countries, tended to be more controlling, less delegating and less approachable.

Within the masculinity / femininity dimension, two elements related to leadership are highlighted in the research of Dickson et al. (2002): gender egalitarianism and assertiveness. They conclude that more gender egalitarian cultures endorse charismatic leader characteristics (foresight, enthusiastic, self-sacrificial) and participative leader attributes (egalitarian, delegator, and collectively oriented). They describe assertiveness as a style of responding that implies making ones wants known to another, in some
countries conversational directness is valued; in others they prefer conversational indirectness.

The last dimension that was added by Hofstede is long / short term orientation. Values associated with long term orientation societies are thrift and perseverance, values associated with short term orientation are respect for tradition, fulfilling social obligations, and protecting one’s ‘face’.\footnote{http://www.geert-hofstede.com/hofstede_china.shtml} This concept will be elaborated in subsequent chapters: first China will be investigated in chapter 3, the USA in chapter 4.
Chapter 3. China

This chapter aims to provide an elaborate overview of the Chinese organizational culture and its management practices. First the Chinese culture will be defined in terms of Hofstede’s cultural dimensions. Then the different aspects of leadership behaviour will be discussed as they are desirable in Chinese organizational settings. The findings of this chapter will be used in chapter 5 to compare China and the USA, and to draw conclusions in chapter 6.

3.1 Chinese culture

The Chinese culture has a Confucian heritage, which is named after Confucius, who was, besides a great educationist and thinker, but an unsuccessful politician, first of all an intellectual with noble morality. He pursued truth, kindness and perfection throughout his life and his success and failure were largely due to his character, which had an everlasting impact on Chinese intellect. He lived around 551-479 B.C.E.²

3.2 Cultural dimensions China

I used the analysis of the itim International company³, complemented by the analysis of Simon Kriss (2006)⁴, to investigate the Chinese culture along the five cultural dimensions Hofstede (1980) defined.

First, two graphs are presented that will support the analysis of the cultural dimensions of China. The first graph shows China’s scores, the second graph shows the world average.⁵

² http://www.travelchinaguide.com/intro/religion/confucianism/
³ itim Culture and Management Consultancy, http://www.itim.org/
⁴ http://www.customerthink.com/article/hofstedes_five_cultural_dimensions
⁵ http://www.geert-hofstede.com/hofstede_china.shtml
The Chinese culture scores high on the collectivist dimension (low IDV), high on long-term orientation (high LTD) and knows a high power distance (high PDI). These three specific dimensions are very distinctive for the Chinese culture, for example when we compare these outcomes to the Western culture; we see that the Western culture opposes all three of those outcomes (see the graph in chapter 4 of the American dimensions of culture).

**High long term orientation** ranks highest in China – 118 – and reflects in leadership behaviours that show respect for tradition, fulfilling social obligations, and protecting one’s ‘face’, this stems from the Confucian heritage of China. The collectivistic culture comes from the communist background of the country. To be part of a committed member group is very important, and loyalty is paramount. Everyone takes responsibility for fellow members of their own in-group. China’s relative **high power distance** – 80, compared to world average of 55 – indicates a high level of inequality of power and wealth within the society. This is not necessarily seen as a bad thing by the Chinese society, but it is rather just accepted by it as cultural heritage.

The Chinese culture does align itself with the rest of the world in the **masculinity / femininity** dimension. In Chinese business, women are also important, just as in the western business world.

The final dimension, **uncertainty avoidance**, focuses on the level of tolerance for uncertainty and ambiguity within a society. The Western culture scores low on the uncertainty avoidance dimension, but a deceiving result is that the Chinese culture scores even lower. This would indicate that the Chinese culture is an even more liberal society than the Western culture, which is not true. China has not always placed a lot of emphasis on laws and the official religion is atheism, though their culture is characterized by cultural expectancy, named ‘guanxi’, which controls everyone’s behaviour. Even if you might not get punished by law for your actions, you and your family will be disgraced and shunned in society.
3.3 Strategy making modes China

In his 1992 paper, Hart gives some examples of companies who successfully implemented the different strategy making modes he identified. Unfortunately he does not have many examples from countries in Asia. Only Matsushita from Japan is mentioned as a successful company having implemented the symbolic strategy making mode.

The command mode is described as having a strong individual leader or a few top managers exercise total control over the firm. Strategy making is centralized at the top of the organization; the top manager is the commander in this mode of strategy making. The organizational members are seen as good soldiers who execute the strategy. This could be a successful strategy making mode in China, because of the collectivist culture and high power distance of the society.

In the rational mode top management is very concerned with controlling and monitoring the activities of the employees. Due to high loyalty and long term employment, that is unnecessary in common Chinese business practices. The only aspect of the rational mode that applies to the Chinese culture is the importance of planning.

The transactive mode also only applies to the Chinese culture partly, this mode embraces employee involvement. High collectivism makes everybody take responsible for other people’s actions next to their own, so involvement is high.

Generative mode is not likely to be successful in China, because that mode relies on fully autonomous behaviour of employees and on employee initiative. This contrasts with the high power distance of the Chinese culture.

3.4 Leadership dimensions China

A study by Dickson, Den Hartog and Mitchelson (2003) presents an overview of previous studies in the field of leadership, some of which provide us with insights over best practices with respect to leadership dimensions in China. In the study, countries are divided into 10 different culture clusters. China is represented in the Confusian Asia cluster, along with Hong Kong, Japan, Singapore, South Korea, and Taiwan.
The Dickson et al. (2002) study draws some conclusions about the appropriate leadership dimensions in China. Their results state that, within cultures that score high on collectivism and humane orientation with high levels of uncertainty avoidance, team oriented leadership attributes are particularly critical for effective leadership. In China people will therefore appreciate team oriented leadership. Because of the fact that uncertainty avoidance, assertiveness and power distance are negatively related to the endorsement of participative leadership, this will not be an effective leadership style to practice in Confucian China. Although self-protective leader attributes are seen as extremely inhibiting to effective leadership in Nordic and Germanic European cultures, this is not so much the case for Asian cultures. Being self-centred, status conscious, and face saving is not seen as bad management practice in China.

Smith et al. (2002) found that managers in countries characterized by collectivism, cultural embeddedness, hierarchy, power distance, mastery, and masculinity tended toward a reliance on supervisors and rules. China is a good example of such a country.

3.5 Dimensions of personality China
Silverthorne’s study (2001) tested the five factor model in China, and it shows us that Chinese effective leaders are more emotionally stable, more extraverted, more agreeable and more conscientious as compared to non-effective leaders. Less support for the O scale was found than for the other dimensions; this is explained by Silverthorne (2001) by the strong sense of tradition in the Chinese culture, as that enhances following the appropriate rules and traditions.

Silverthorne compares his results to the results from McCrae et al. (1996), and concludes that their results are quite similar: the N, E, A, and C factors are important in Chinese culture, but the last factor Openness is supported only limitedly. Silverthorne (2001) proposed the idea of researching a four-factor approach (excluding the O-scale), or maybe try to identify an additional factor(s) unique to the Chinese culture.
3.6 Conclusion China

In short, the Chinese culture is highly collectivist, knows a high power distance, and is oriented on the long term. Only the symbolic strategy making mode has proven to be successful in an Asian country (Japan). Chinese employees appreciate team-oriented leadership, and also self-centred leadership is not seen as bad practice. The participative leadership style, on the contrary, is not likely to be very effective in the Chinese culture. Leaders should be emotionally stable, extravert, agreeable, and conscientious to be an effective leader of a Chinese organization. Chinese do not really emphasize the importance of openness to experience of a leader.
Chapter 4. United States of America

This chapter aims to provide an elaborate overview of the American organizational culture and its management practices. First the American culture will be defined in terms of Hofstede’s cultural dimensions (1980). Then the different aspects of leadership behaviour will be discussed as they are desirable in American organizational settings. The findings of this chapter will be used in chapter 5 to compare the USA and China, and to draw conclusions in chapter 6.

4.1 Cultural dimensions USA

I used the analysis of the itim International company, complemented by the analysis of Simon Kriss (2006), to investigate the American culture along the five cultural dimensions Hofstede (1980) defined.

First, a graph is presented that will support the analysis of the cultural dimensions of the USA. It shows the American scores on the cultural dimensions.

Very distinctive result for the culture of the United States of America is the high score on individualism dimension, the short-term orientation focus and low power distance.

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6 itim Culture and Management Consultancy. http://www.itim.org/
7 http://www.customerthink.com/article/hofstedes_five_cultural_dimensions
8 http://www.geert-hofstede.com/hofstede_united_states.shtml
Only seven counties score highest on individualism, the USA scores 91. This indicates a society with an individualistic attitude and relatively loose relationships with others. People in the USA are more self-reliant and look out for themselves and their close family members. The American culture is very short term oriented – 29, compared to 45 world average – and this shows in their belief in meeting their obligations and tendency to appreciate cultural traditions. Also power distance is low – 40, compared to 55 world average – which is indicative of greater equality between societal levels, government, organizations, and within families, which leads to a more stable cultural environment in the American society.

The American society scores substantially higher on the masculinity dimension than world average – 62 vs. 50 respectively – and therefore traditional gender roles are more prevalent in the USA. Men dominate business generally, but women are shifting toward the male role model.

The final dimension, uncertainty avoidance, ranks very low in the American society – 46, compared to 64 world average – which reflects in a higher degree of tolerance for new ideas, thoughts, and beliefs. Fewer rules are in place and people do not feel the need to control all outcomes and results.
4.2 Strategy making modes USA
In his 1992 paper, Hart gives some examples of companies who successfully implemented different strategy making modes he has identified. These examples are summarized in the table below.

<table>
<thead>
<tr>
<th>Strategy making mode</th>
<th>Successful example company USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Command</td>
<td>Ford Motor Company (Henry Ford), IBM (Tom Watson), Microsoft (Bill Gates), Apple (Steve Jobs)</td>
</tr>
<tr>
<td>Symbolic</td>
<td>-</td>
</tr>
<tr>
<td>Rational</td>
<td>General Electric, IBM, Texas Instruments</td>
</tr>
<tr>
<td>Transactive</td>
<td>Motorola, Xerox, Ford</td>
</tr>
<tr>
<td>Generative</td>
<td>3M Company</td>
</tr>
</tbody>
</table>

Table 5. Empirically successful strategy making modes USA

These successful companies prove that in the USA different strategy making modes can lead to high firm performance. Only the symbolic strategy making mode does not have strong representing companies in the USA according to Hart (1992).

4.3 Leadership dimensions USA
The USA is placed in the Anglo cluster, together with Australia, Canada (English-speaking), England, Ireland, and New Zealand.

The study by Dickson et al. (2003) shows that the Anglo, Germanic, and Nordic clusters all score high on the endorsement of charismatic / value-based leader attributes.

It also states that gender egalitarianism and performance orientation are strong positive predictors of participative leadership. Therefore we can conclude that employees in the USA will be very supportive of participative leadership.
Smith et al. (2002) found that managers in countries characterized by high individualism, cultural autonomy, egalitarianism, low power distance, harmony and femininity tended to favour more participative sources of guidance, such as experience and subordinates. The USA is a good example of such a country.

4.4 Dimensions of personality USA
Silverthorne’s results for the USA sample show that effective and non-effective leaders score differently on the five factors. When compared to leaders that are not effective, effective leaders are more emotionally stable, more extraverted, more open to experience, more agreeable and more conscientious. There was only one factor though, which did not show any variation in the responses. Every effective leader scored low on the N scale, and all non-effective leaders scored high, no overlap. This means that neuroticism is most predictive of leadership potential, out of all five personality factors. Silverthorne’s study suggests that the presence of these personality traits in an American person indicates that this person has potential for leadership.

4.5 Conclusion USA
In short, the American culture is highly individual, knows a low power distance, and is oriented on the short term. The command, rational, transactive, and generative mode have all proven to be successful strategy making modes. Americans appreciate charismatic and value-based leadership, and also the participative leadership style. Leaders should most importantly be emotionally stable, but also extravert, open to experience, agreeable, and conscientious to be an effective leader of an American organization.
Chapter 5. Comparison USA and China

In this chapter the findings of previous chapters will be used to compare China and the USA with regard to important variations in management practices due to different cultural environments. Conclusions about desired management practices for both countries will be drawn in the next chapter.

5.1 Differences in cultural dimensions

China and the USA differ most on the individualistic / collectivist, power distance, and long / short term orientation. This reflects in their organizational behaviour. In China, employee loyalty is very high, despite of great inequalities of power distributions, and leadership behaviours that show respect for tradition, fulfilling social obligations, and protecting one’s ‘face’ prevail. In the USA, powers are more evenly distributed over a highly masculine oriented society, and focus is short term.

This is summarized in the table below.

<table>
<thead>
<tr>
<th>Cultural dimensions</th>
<th>China</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Individualistic / collectivist</td>
<td>Highly collectivist</td>
<td>Highly individualistic</td>
</tr>
<tr>
<td>(2) Power distance</td>
<td>High power distance</td>
<td>Low power distance</td>
</tr>
<tr>
<td>(3) Masculinity / femininity</td>
<td>Both</td>
<td>High masculinity</td>
</tr>
<tr>
<td>(4) Uncertainty avoidance</td>
<td>Low uncertainty avoidance</td>
<td>Low uncertainty avoidance</td>
</tr>
<tr>
<td>(5) Long / short term orientation</td>
<td>Long term orientation</td>
<td>Short term orientation</td>
</tr>
</tbody>
</table>

Table 6. Cultural dimensions China and the USA.
5.2 Differences in strategy making modes

The table below summarizes the findings on successful strategy making modes of the previous chapters about China and the USA.

<table>
<thead>
<tr>
<th>Strategy making mode</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Command</td>
<td>++</td>
<td>+ -</td>
</tr>
<tr>
<td>Symbolic</td>
<td>- -</td>
<td>+ +</td>
</tr>
<tr>
<td>Rational</td>
<td>++</td>
<td>+ -</td>
</tr>
<tr>
<td>Transactive</td>
<td>++</td>
<td>-</td>
</tr>
<tr>
<td>Generative</td>
<td>+</td>
<td>- -</td>
</tr>
</tbody>
</table>

Table 7. Successful strategy making modes China and the USA.

5.3 Differences in leadership dimensions

The table below summarizes the findings of chapter 3 and 4 on the different leadership dimensions that will be successful in China and the USA up to a certain extent.

<table>
<thead>
<tr>
<th>Leadership dimensions</th>
<th>China</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Charismatic / value-based leadership</td>
<td>+</td>
<td>+ +</td>
</tr>
<tr>
<td>(2) Team-oriented leadership</td>
<td>+ +</td>
<td>+ -</td>
</tr>
<tr>
<td>(3) Participative leadership</td>
<td>- -</td>
<td>+ +</td>
</tr>
<tr>
<td>(4) humane-oriented leadership</td>
<td>+ -</td>
<td>+ -</td>
</tr>
<tr>
<td>(5) autonomous leadership</td>
<td>- -</td>
<td>+ -</td>
</tr>
<tr>
<td>(6) Self-protective leadership</td>
<td>+ +</td>
<td>- -</td>
</tr>
</tbody>
</table>

Table 8. Expected success of leadership dimensions in China and the USA.
5.4 Differences in personality dimensions

The five factor model does apply to both China and the USA; although not to the same extend in both countries. Differences in the Chinese and USA sample were very strong on the *emotional stability* and the *conscientiousness* scale. Silverthorne explains this with Redding and Wongs study (1986), it follows the expectations with regard to the Confusian culture of China, in which social order, correct behaviour and personal relationships are very important.

Silverthorne (2001) also found differences on the *extraversion* and *agreeableness* scales, he classifies these differences as being statistically significant, but not that distinctly different and with greater variability than was found in the USA sample.
6. Conclusion

As seen in the previous chapters of this thesis, China and the USA are very different places to practice day-to-day management. This need for variation in management practices is explained by different cultural environments of the organization and its members.

The Chinese culture is highly collectivist, knows a high power distance, and is oriented on the long term. Only the symbolic strategy making mode has proven to be successful in an Asian country (Japan). Chinese employees appreciate team-oriented leadership, and also self-centred leadership is not seen as bad practice. The participative leadership style, on the contrary, is not likely to be very effective in the Chinese culture. Leaders should be emotionally stable, extravert, agreeable, and conscientious to be an effective leader of a Chinese organization. Chinese do not really emphasize the importance of openness to experience of a leader.

The American culture is highly individual, knows a low power distance, and is oriented on the short term. The command, rational, transactive, and generative mode have all proven to be successful strategy making modes: only the symbolic mode does not have any successful companies as an example in Harts 1992 paper. Americans appreciate charismatic and value-based leadership, and also the participative leadership style. Leaders should most importantly be emotionally stable, but also extravert, open to experience, agreeable, and conscientious to be an effective leader of an American organization.

7. Discussion

Further research should use a wide variety of empirical data to verify the theoretical conclusions this study, as it is limited to a literature review. Also more recent data should be included in the research, as globalization processes might change cultural relations.
8. References