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**GOAL INTERDEPENDENCE AND LEADER-MEMBER RELATIONSHIP
FOR CROSS-CULTURAL LEADERSHIP IN FOREIGN VENTURES IN
CHINA**

CHEN YI-FENG NANCY

PHD

LINGNAN UNIVERSITY

2005

**GOAL INTERDEPENDENCE AND LEADER-MEMBER RELATIONSHIP
FOR CROSS-CULTURAL LEADERSHIP IN FOREIGN VENTURES IN
CHINA**

**by
CHEN Yi-feng Nancy**

**A thesis
submitted in partial fulfillment
of the requirements for the Degree of
Doctor of Philosophy**

Lingnan University

2005

ABSTRACT

Goal Interdependence and Leader-Member Relationship For Cross-Cultural Leadership in Foreign Ventures In China

By

CHEN Yi-feng, Nancy

Doctor of Philosophy

This study empirically examines the impact of goal interdependence and leader-member relationship on cross-cultural leadership in joint ventures in China. Its two research questions are how to facilitate leader-member relationships between foreign managers and Chinese employees in joint ventures in China, and how foreign managers and Chinese employees can develop cooperative goals in Chinese contexts.

Four hypotheses were generated. Hypothesis 1 examined the effects of leader-member relationship between foreign managers and Chinese employees on cross-cultural leadership. Hypothesis 2 studied the impacts of different goal interdependence on the leader-member relationship between foreign managers and Chinese employees. Hypothesis 3 and 4 investigated how foreign managers can make use of the basic elements of Chinese guanxi value to develop cooperative goal interdependence with Chinese employees.

This study applies the theory of cooperation and competition and the theory of LMX to develop responses to the research questions. We used different methods for different research questions. To answer the first research question, we used a survey to collect data for the first two hypotheses. Completed survey questionnaires were analyzed on a valid sample of 199. To answer the second research question, we conducted a 2x3 experiment with 120 participants to test hypothesis 3 and 4.

Results of our survey study supported the theorizing that cooperative goals between managers and employees can strengthen their leader-member relationships, which in turn facilitate cross-cultural leadership. Our results also extended this

theorizing to cross-cultural settings. Findings suggested that although the theory of cooperation and competition and the theory of LMX were developed in the West, they could be useful in Chinese contexts for understanding cross-cultural leadership. Results of our experiment indicated that communicating warm-heartedness rather than indifference, and structuring mutual rather than independent or comparative rewards, helped foreign managers develop cooperative goals, strong leader-member relationships with their Chinese employees and facilitated their leadership.

In summary, this study demonstrates that cooperative goals and strong leader-member relationship promote productive cross-cultural leadership in joint ventures in China. Foreign managers can use basic elements of Chinese guanxi value to develop cooperative goals and quality leader-member relationship for effective cross-cultural leadership in Chinese contexts.

I declare that this is an original work based primarily on my own research, and I warrant that all citations of previous research, published and unpublished, have been duly acknowledged.

CHEN Yi-feng

Date_____

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PART I INTRODUCTION

CHAPTER 1 INTRODUCTION

The importance of developing subsidiaries and joint ventures (JVs) in foreign countries to capture the benefits of the global marketplace has been well established (Buvik and Gronhaug, 2000; Charman, 2000; Cyr, 1995; Doz and Hamel, 1998; Hitt et al., 2001; Inkpen and Beamish, 1997; Lane et al., 2001). Many international companies are developing subsidiaries and joint ventures overseas to lower costs and to participate in the global marketplace. The boundaries of today's business are increasingly global (Javidan and House, 2002).

Since 1979, the most dramatic and consequential changes have taken place in China, with the active participation of foreign-invested enterprises (FIEs). China has become the largest receiver of foreign direct investment (FDI) during the first years of the twenty-first century (UNCTAD, 2002). Long-term success in China depends on the recruitment and retention of a local workforce (National Foreign Trade Council and Towers Perrin, 1998). Researchers have argued that, in these organizations, effective leadership between managers and employees is critical for joint venture success (Boyd and Taylor, 1998; Brower et al., 2000; Delugua, 1998; Graen and Uhl-Bien, 1995; House, Wright and Aditya, 1997; Setton et al., 1996; Schriesheim et al., 1998; Velsor, and Leslie, 1995). However, poor cross-cultural leadership often results in dissatisfaction and suboptimal performance of the employees (Kraimer, Wayne, and Jaworski, 2001; Shaffer and Harrison, 1998). To make these organizations effective, multi-national managers must successfully lead local employees. To facilitate their leadership, this study focuses on how foreign managers can effectively lead and work together with local Chinese employees.

1.1 RESEARCH QUESTIONS

The relationship between managers and employees has been considered critical for effective leadership, especially in collectivist Asia (Brower, Schoorman, and Tan, 2000; Graen and Uhl-Bien, 1995; House, Wright and Aditya, 1997; Hui and Law, 1999; Setton, Bennett, and Liden, 1996; Schriesheim, Neider, and Scandura, 1998; Uhl-Bien and Maslyn, 2000). High quality relationships have, for example, been found to predict to extra-role performance where employees complete useful tasks not prescribed by their own roles (Gerstner and Day, 1997; Howell and Hall-Merenda, 1999). However, developing quality relationship might be quite difficult, especially when the managers and the employees have diverse cultures. Working with people from different cultures appears to have considerable potential for misunderstandings and other kinds of conflicts (Earley, and Gibson, 2002; Earley and Mosakowski, 2000). Leading employees who have diverse cultural and national backgrounds may be particularly difficult. Therefore, it is important to know how to facilitate leader-member relationship cross cultural boundaries.

It is well documented in literature that national culture affects the way that people of different cultures interact (Haire, Ghiselli, and Porter, 1963; Hofstede, 1980, 1991; Triandis, 1982; Trompenaars, 1993). Researchers have found that a manager's culture strongly influences his/her attitude and behavior (Mason and Spich, 1987). Foreign managers in a successful joint venture in Guangzhou, China, confided that they were frustrated that their Chinese employees failed to take the initiative in improving product quality and maintaining a clean, efficient factory floor. The Chinese employees were in turn upset that their foreign managers were tough and impersonal, sometimes even condescending (Leung and Tjosvold, 1998). In the

failure of Beijing Jeep, Western managers criticized their Chinese partners but the Chinese managers could not accept these complaints as reasonable (Mann, 1989).

Considering all reasoning above, the first research question for this study is: how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China.

Developing an effective relationship between managers and employees who have diverse cultures is often challenging. An action that appears very reasonable to the manager can appear biased, illogical, and unfair when viewed from the perspective of an employee from another culture (Adler, 2002). However, to date, few studies have documented ways to promote effective relationships between people with different cultural backgrounds. We proposed that developing cooperative goals between managers and employees could help strengthen their leader-member relationship. However, further study is needed to explore how to reinforce cooperative goals between foreign managers and Chinese employees in Chinese contexts. Therefore, the second question for this study is: how can foreign managers and Chinese employees develop cooperative goals in Chinese contexts.

1.2 UNDERLYING THEORIES FOR THE STUDY

Considering the Asian emphasis on relationship (Tjosvold, Wong and Hui, 2002) and the importance of Chinese values of *guanxi* (relationship) in Chinese societies (Hwang, 1985, 1996), we apply the theory of leader-member exchange (LMX) and the theory of cooperation and competition to answer the questions raised in last section. We investigate the proposition that cooperative, rather than competitive and independent goals promote the relationship between foreign

managers and Chinese employees. This relationship, in turn, improves employee commitment and performance, facilitates leader effectiveness, future collaboration, open-minded discussion between foreign managers and Chinese employees, as well as their innovation.

Graen and his colleagues (e.g. Dansereau, et al., 1975; Graen and Schiemann, 1987; Liden and Graen, 1980) suggest that leaders usually develop close relationships with a few subordinates and share their personal and positional resources to help these employees perform. Researchers in the West and Asia have already recognized that leader-member relationship contributes to organizations by facilitating such issues as decision-making, teamwork and leadership. (Gersick, Bartunek, and Dutton, 2000; Gerstner and Day, 1997; Graen and Uhl-Bien, 1995; House, Wright, and Aditya, 1997; Howell and Hall-Merenda, 1999; Kramer and Messick, 1995).

Research on the theory of cooperation and competition has amassed a notable body of literature that has advanced our understanding of the multi-faceted benefits of cooperation. Cooperative goals have been consistently found to be positively related to quality leader-member relationship, organizational commitment, work performance, team effectiveness, employee empowerment, and organizational citizenship behaviors, in the Western (Alper, Tjosvold, and Law, 1998; Chen, Tjosvold, and Su, 2005; Johnson and Johnson, 1989; Tjosvold, 1985, 1989; Tjosvold, Hui, and Law, 1998; Tjosvold, Wong, and Hui, in press).

Although previous studies suggested the usefulness of theory of LMX and the theory of cooperation and competition, theories based on North American data cannot be assumed to apply in other cultural settings (Adler, 1983). Although the effect of the theory of cooperation and competition has already been well established,

the field still knows relatively little about whether it is useful for strengthening leader-member relationships in Chinese contexts. To address this topic, the present study tries to apply these two theories in Chinese contexts, and to find out how to facilitate cooperative goals between foreign managers and Chinese employees in Chinese contexts.

1.3 METHODOLOGY

We used different methods for different research questions. We used a survey to collect data for the first research question, and an experiment for the second research question.

1.4 SIGNIFICANCE OF THE STUDY

This study makes several contributions to the literature. In addition to testing the generalizability of the theory of LMX and the theory of cooperation and competition, to exploring ways for promoting effective relationship between foreign managers and Chinese employees in Chinese contexts, the present study also investigates the antecedents of the cooperative goals in Chinese contexts. This is a small, preliminary, empirical study addressing large issues. Its context is a society undergoing massive economic upheaval, and it relies on different research methods for different issues. The significances of this study lie on:

First, this study contributes to the existing literature by empirically documenting the utility of universal theories (namely the theory of cooperation and competition and the theory of LMX, by exploring the extent to which the proposed model (see Figure 1) can be applied in China.

Second, this study contributes to our understanding of cross-cultural leadership. It is a cross-cultural study of foreign managers and Chinese employees as well as a study of leader-member relationships between managers and employees in Chinese contexts. In addition to adding to the emerging empirical research on the value of quality relationships in China, this study contributes to knowledge about the conditions that facilitate effective relationship between foreign managers and Chinese employees in China.

Third, this study strengthens the cooperation literature by identifying the antecedents of cooperative goals. This study opens up a relatively unstudied area of organizational behavior. Heretofore, the study of Chinese value of *guanxi* has primarily focused on the explanation of what *guanxi* is and how foreigners can adapt to it. This study demonstrates how foreign managers can make good use of the basic elements of *guanxi* and foster cooperative goals with their Chinese employees in cross-cultural settings.

Fourth, this study empirically links the literatures on expressing affection and the distribution of rewards to research goal interdependence and cross-cultural leadership. The study tests the effects of the Chinese value of warm-heartedness on the development of cooperative goal and leader-member relationship and suggests that foreign managers can communicate this Chinese value credibly. Finally, it provides an example of how cross-cultural issues can be examined experimentally with random assignment to conditions.

1.5 STRUCTURE OF THE CHAPTERS

The structure of the chapters includes four parts: Introduction; Developing relationships between foreign managers and Chinese employees; Developing cooperative goals in Chinese context; Discussion and Conclusion. In Chapter 1, the introduction makes up the first part. This chapter outlines the research questions, basic theories, methods and the organization of this dissertation.

The second part is developing relationships between foreign managers and Chinese employees. This part includes Chapter 2 to Chapter 4. Chapter 2, Literature review and hypotheses development, explains basic concepts and the underlying theories, elaborates the relevant studies and develops the hypotheses; Chapter 3, Methodology, describes the survey method used in this study. Chapter 4, Results, reports the results of data analysis.

The third part is developing cooperative goals in Chinese context. It includes Chapter 5 to Chapter 7. Chapter 5, Literature review and hypotheses development, explains the Chinese contexts under which we investigated our hypotheses, the concept of Chinese guanxi, the relevant studies and the hypotheses proposed; Chapter 6, Methodology, describes the experimental method used to construct the experiment; Chapter 7, Results, reports the results we got from the

experiment.

The last part consists of Chapter 8 and Chapter 9. Chapter 8 is Discussion. This chapter discusses the results of the survey and the experimental studies, limitations and practical implications for practitioners. Chapter 9, Conclusion, provides the summary of the whole research.

PART II DEVELOPING RELATIONSHIPS BETWEEN FOREIGN MANAGERS AND CHINESE EMPLOYEES

CHAPTER 2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This chapter introduces the underlying theories used for the first research question, elaborates the relevant studies and shows the development of the hypotheses. As demonstrated in the last chapter, our research question for the first study is: how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China. To find out the solutions, this chapter reviews previous research on cross-cultural leadership, on the theory of LMX, the theory of cooperation and competition, based on which the hypotheses are proposed.

2.1 CROSS-CULTURAL LEADERSHIP

The global competition and cross-border business activity is increasing. While globalization offers numerous opportunities for cross-border synergies for Multi-national companies (MNCs), it also brings challenges against realizing its potential (Peterson and Hunt, 1997, p.209). For example, because of the unique characteristics of the relationship-oriented Chinese society, loyalty to another individual, particularly one's superior, may take on special meaning and importance, loyalty to supervisor seems to be very important for employee's in-role and extra-role performance (Chen, Tsui, Farh, 2002). To be successful, organizations must invest in developing leaders who have key competencies to understand and manage cultural differences at home and globally.

2.1.1 Challenges to Cross-Cultural Leadership

In today's global economy, managers and employees often have the additional complexity of their diverse cultural backgrounds (Earley, and Gibson, 2002; Earley and Mosakowski, 2000). In particular, what makes cross-cultural leadership difficult is that what is expected of and accepted by employees can and likely will vary based on the cultural backgrounds of the individuals (House, Wright and Aditya, 1997).

Cross-cultural leadership presents unique challenges for managers, as those with whom they interact bring to the table embedded cultural aspects that guide their attitudes and behaviors (Trice and Beyer, 1993). Diverse managers and employees confront a great deal of conflict as they learn and respond to each other's values, sensitivities, and interests (Adair, et al, 2001; Ratiu, 1983). In American society, with its heavy emphasis on the individual, one tends to attribute success to one's own talent and effort. In the Chinese tradition, however, individuals are expected to give credit not only to themselves but also to their family, colleagues, or even the whole society for "personal" success. To the Chinese managers, "personal satisfaction" may have a smack of selfishness or an unbecoming lack of modesty (Farh, Dobbins and Cheng, 1991). Regarding these cultural differences, researchers have argued that the most common cross-cultural management challenge is to facilitate how culturally diverse people work together (Adler, 1983; Adler et al., 1986; Child, 1994; Shaw and Meier, 1993; Cox and Blake, 1991). Leading culturally diverse people so that they are willing to collaborate requires special skills and sensitivities (Abrahamson and Lane, 1990; Earley, 1987; Shenkar and Zeira, 1987, 1990).

However, cross-cultural leadership has been found to present a number of barriers and challenges (Adair et al., 2001; Rao and Hashimoto, 1996; Ratiu, 1983). For example, Western managers might be reluctant to initiate controversy because they have been told that Chinese people are committed to personal harmony because they are Asians are collectivists who have a strong sense of social face and want to protect their relationships (Trompenaars 1993;Tung 1991, 1982), and believe that Chinese are highly sensitive to the possibility of losing social face in public, they avoid conflict so that they and their potential conflict partners need not fear disrespect and alienation (Bond and Lee, 1981; Cocroft and Ting-Toomey, 1994; Gudykunst, Ting-Toomey, and Chua, 1988). However, the idea that people can maintain productive relationships and harmony without conflict is increasingly unrealistic (Leung and Tjosvold, 1998).

Most of the previous research has concentrated on cultural differences that may disrupt relationships that cross cultural boundaries (Hofstede, 1983; Cartwright and Cooper, 1993; Hofstede, 1983, 2001; House, Hanges, Javidan, Dorfman, and Gupta, 2004; Schwartz, 1992), and has focused on documenting the effects of value differences on interaction and outcomes (Smith et al., 1996). In spite of the confirmation of the difficulties and challenges in cross-culture management, few studies suggest how to facilitate it (Smith, 2003).

Cross-cultural researchers have recently noted that this emphasis on mapping value differences does not provide much guidance for effective relationship development (Bond, 2003; Smith, 2003). Therefore, a framework that facilitates

effective leadership between foreign managers and local employees is badly needed (Smith, 2003).

2.1.2 The Need for a Useful Framework for Cross-Cultural Leadership

Recently cross-cultural researchers have suggested that knowing how individuals are apt to differ in their values only provides general assistance in facilitating productive collaboration between culturally diverse individuals (Bond, 2003; Smith 2003). Managers do not simply act out of their national values nor just adopt the culturally endorsed approach of the employee (Tjosvold, Wong, Hui, 2002). Managers must have the abilities and procedures to apply their knowledge of cultural values in adaptive ways. Research is needed to clarify the nature of the effective leadership between foreign managers and local employees, identify the conditions that foster it (Smith, 2003), and develop frameworks that can help diverse people work together effectively (Bond, 2003; Smith, 2003). The Asian emphasis on relationship might be a key to developing a powerful, applicable framework in Asian countries, and could directly help diverse individuals work across cultural boundaries more productively (Tjosvold, Wong and Hui, 2002).

Cross-cultural researchers (Smith, 2003; Kimmel, 2000; Leung, in press) have argued that studying actual interaction would develop useful knowledge about cross-cultural management. They proposed that diverse cultures develop a common platform that can serve as the basis for productive intercultural interaction (Kimmel, 2000). Considering the Asian emphasis on relationship and a common, mutually acceptable frame can facilitate effective intercultural communication and interaction, our present study explores how to enhance effective leadership between foreign

managers and their Chinese employees. It proposes that the theory of LMX suggests major conditions affect whether foreign managers and local employees work together effectively. The next part describes the theories and the relevant research done before.

2.2 THEORY OF LEADER-MEMBER EXCHANGE (LMX)

Graen (2003) argued that leadership is a complex concept that includes at least a team leader, a team member, and an exchange relationship between---a Leader, a Member, and an Exchange (i.e., Leader-Member Exchange or LMX), without any one of these elements, leadership cannot be claimed. The leader-member exchange theory proposes that the quality of the relationship between a leader and individual employees determines leader effectiveness (Graen and Uhl-Bien, 1995). A leader must have at least one follower and a trusting respectful and committed “give and take” relationship with that follower (Graen, 2003). Graen and his colleagues (e.g. Dansereau, et al., 1975; Graen and Schieman, 1987; Liden and Graen, 1980) suggest that because of constraints of limited time and energy, leaders develop close relationships with a few subordinates and share their personal and positional resources to help these employees perform. Leaders tend to develop and maintain leader-member relationships with their subordinates that vary in quality, ranging from in-group to out-group. In-group exchange is a high quality relationship characterized by high levels of information, communication, mutual support, informal influence, trust and negotiating latitude. On the other hand, out-group exchange is a low quality relationship characterized by mistrust, formal supervision, little support and attention.

Researchers in the West and Asia have already recognized that leader-member relationships contribute to organizations by facilitating such issues as decision-making, teamwork and organizational citizenship behavior (Gersick, Bartunek, and Dutton, 2000; Gerstner and Day, 1997; Graen and Uhl-Bien, 1995; House, Wright and Aditya, 1997; Howell and Hall-Merenda, 1999; Kramer and Messick, 1995). Quality leader-member relationships appear to be so constructive because they foster interactions that help employees feel committed and motivated to contribute to the organization. To the extent that managers and employees develop a high quality relationship and interact effectively, the more likely those employees perform well. Considerable research has shown that high quality relationships result in organizational citizenship behavior (OCB) where employees perform useful tasks even though they are not prescribed by their roles (Bauer and Green, 1996; Boyd and Taylor, 1998; Delugua, 1998; Duarte, Goodson, and Klich, 1994; Gerstner and Day, 1997). Research also indicates that leader-member relationships very much affects discourse patterns (Fairhurst, 1993; Fairhurst, et al., 1987), persuasion strategies (Krone, 1992), conversational resources, i.e., interpretive and conversational procedures (Fairhurst and Chandler, 1989), and relational maintenance (Waldron, 1991).

In addition to research in the West documenting the value of strong leader-member relationships (Boyd and Taylor, 1998; Deluga, 1998; Gerstner and Day, 1997; Gersick, Bartunek and Dutton, 2000; Howell and Hall-Merenda, 1999), quality relationships have been found useful in collectivist China (Hui and Law, 1999). Previous studies suggested that strong relationships help managers and employees in Hong Kong believe they were powerful, productive, and democratic (Tjosvold, Hui, and Law, 1998). Researchers (Wakabayashi and Graen, 1984;

Wakabayashi, Graen and Graen 1988) argued that recently hired Japanese employees who had developed high quality leader-member relationships with their immediate supervisors were positioned as in-group members that made them central to the management system. In contrast, those who had failed to develop high quality leader-member relationships were positioned as out-group members and were outside the core of the management system. The quality of the vertical dyad exchange was found to have a major impact on motivating newcomers to work, mentoring their behavior toward the attainment of career goals, and contributing to their obtaining of promotions and bonuses. Based on this rationale, we hypothesize that quality leader-member relationships between Chinese employees and their foreign managers facilitate cross-cultural leadership in joint ventures in China.

Previous research demonstrated that good leadership was directly and positively associated with employee's performance, affective organizational commitment (Chen, Tsui, Farh, 2002; Burns 1978; Bass 1985; Yukl 1989), leadership effectiveness and team collaboration (Yang, Shao, 1996; Boas, Howell, 1999; Barling, Weber, and Kelloway, 1996) as well as the open communication within their teams (Farh, Leung, 1995; Kolzow, 1990; Robertson, 2001). Good leaders should also be able to shape the discussion and support innovation (Frosch, Heilmeier, Hillier, Kantrow, Manners Jr., Robb, Schmitt, Scolnick, 2000; Jassawalla, Sashittal, 2002; Kessler, Chakrabarti, 1996). However, no study has included these variables into the same research model or has tested the model using cross-cultural samples. Considering this rationale, we hypothesized that:

Hypothesis 1a: The greater the leader-member relationships between Chinese employees and their foreign managers, the more commitment Chinese employees have.

Hypothesis 1b: The greater the leader-member relationships between Chinese employees and their foreign managers, the more effectively Chinese employees perform.

Hypothesis 1c: The greater the leader-member relationships between Chinese employees and their foreign managers, the more likely Chinese employees find their managers effective leaders.

Hypothesis 1d: The greater the leader-member relationships between Chinese employees and their foreign managers, the more likely Chinese employees look forward to future collaboration.

Hypothesis 1e: The greater the leader-member relationships between Chinese employees and their foreign managers, the more open-minded discussion they have.

Hypothesis 1f: The greater the leader-member relationships between Chinese employees and their foreign managers, the more innovative Chinese employees are.

Despite the recognized value of strong leader-member relationships, developing quality relationships appears to be quite difficult even within one's

culture. It becomes even more difficult to develop a good relationship with foreigners. To develop good leader-member relationship, managers and employees with diverse cultures confront a great deal of difficulties (Adair, et al, 2001; Ratiu, 1983).

Considering the few suggestions on how foreign managers can develop leader-member relationships with their Chinese employees, we proposed that the theory of cooperation and competition help us build a common understanding on how foreign managers and their Chinese employees develop quality leader-member relationships in Chinese contexts. In the next section, we will introduce the theory of cooperation and competition, which may provide theoretical aid for developing leader-member relationships.

2.3 THEORY OF COOPERATION AND COMPETITION

Deutsch (1949, 1973) theorized that individuals are pursuing their goals self-interestedly, but that how they believe their goals are related with those of others greatly affects the dynamics and consequences of their relationship. The basic premise of the theory of cooperation and competition is that the way goals are structured determines how individuals interact, and that their interaction determines the outcome (Deutsch, 1949, 1973; Johnson and Johnson, 1989). He defined the alternatives as cooperation, competition and independence.

In cooperation, goals are considered positively related. Individuals believe that others' success facilitates their own success, when others move toward goal attainment, they also move toward their goals; others' goal attainment promotes their success, so they pursue a common vision and shared rewards. In belief that their goals are compatible, people discuss opposing positions open-mindedly, and try to

integrate their ideas, and work for a mutually acceptable solution, that in turn results in high-quality solutions to problems and productive work (Deutsch, 1973; Tjosvold, 1989). Recognizing their common goals and viewing conflict as a mutual problem that needs common consideration and solution, people have high concern for others and tend to use a cooperative approach. Emphasizing the shared rewards they can get from the cooperative conflict management, people exchange their ideas, combine their positions, and develop mutually beneficial solutions, so that they can solve their problems cooperatively (De Dreu, Evers, Beersma, Kluwer and Nauta, 2001).

In competition, people believe that their goals are negatively related, that is, one's goal attainment precludes, or at least makes others less likely attain their goals. Believing others' goal attainment interferes with their success, people pursue win-lose rewards. With the emphasis on competitive interests, individuals believe that they are better off when others act ineffectively, the more others achieve, the less likely they can get what they want, so they try to withhold information and ideas to increase their chance of winning the competition, attempt to coerce the other to do one's bidding but do not want to compromise themselves, and they may even actively obstruct the other's effective actions. Frustrating exchange, integration of different ideas and competitive goals often result in a deadlock or imposed solutions. These negative interactions result in mutual hostility and restricted communication. In the belief that their goals are incompatible, they try to mislead and hold others back as they want to "win" (Deutsch, 1973; Johnson et al., 1981).

In independence, goals are considered unrelated. As the goal attainments of others have no impact on their achievement, people pursue their goals individually. They conclude that whether they can succeed depends on their own effort. With

independent goals, people expect that others will work for their own goals with little regard for the goals of others. They tend to communicate the intention to apply one's abilities for one's own success without reference to enhancing or frustrating the other, and try to reach their goals by their own efforts. Believing they are promoting or obstructing the other's goal attainment has no impact on their own success, people have few incentives to use their abilities to assist each other, and withdraw from the interaction and become indifferent to the interests of others. Generally, independence has been found to have similar, though not as strong, effects on interaction and productivity as competition (Deutsch, 1973; Johnson et al., 1981).

Studies have specifically documented that cooperative relationships help managers and employees apply and develop their abilities for mutual success (Lawler and Yoon, 1993, 1996; Tjosvold, 1985, 1981; Tjosvold, Andrews, and Struthers, 1991). Managers with considerable ability to assist employees do so especially when they have cooperative goals (Liu et al., 2004). Managers with cooperative goals provided support and assistance and developed trusting and friendly attitudes (Tjosvold, 1991). By promoting an open-minded discussion of views, cooperative goals have been found to result in mutual solutions to problems (especially complex ones), and confidence in working together (Alper, et al., 1998; Johnson and Johnson, 1989). On the other hand, with competitive and independent goals people gave little assistance although they had the capacity to do so. Competitive goals have been found to be associated with frustration, and result in fragmented relationships and low performance, except on some simple tasks (Stanne, Johnson and Johnson, 1999). Experimental and field studies indicate that cooperative compared to competitive goals induce managers to provide greater support and assistance and develop trusting and friendly attitudes (Tjosvold, 1981, 1985; Tjosvold, et al, 1991). With cooperative

goals, people are forthright with their assistance because they see that they can succeed as they help the others. However, with competitive goals providing assistance makes one's own success less likely.

However, no studies to date have used the theory of cooperation and competition to understand the leader-member relationships between people from different countries. This research explores how cooperative goals affect leader-member relationships between Chinese employees and their foreign managers. It suggests that developing a high quality leader-member relationship based on cooperative goals between managers and employees with different cultural backgrounds facilitates successful interaction and contributes to organizations. Therefore, we hypothesize that: cooperative goals between Chinese employees and their foreign managers are expected to strengthen their leader-member relationships which contribute to cross-cultural leadership, while competitive and independent goals are expected to weaken their leader-member relationships.

Hypothesis 2a: Cooperative goals facilitate leader-member relationships
between foreign managers and Chinese employees.

Hypothesis 2b: Competitive goals undermine leader-member relationships
between foreign managers and Chinese employees.

Hypothesis 2c: Independent goals undermine leader-member relationships
between foreign managers and Chinese employees.

2.4 SUMMARY OF THIS CHAPTER

This chapter first reviewed the cross-cultural interaction research, which included the challenge of cross-cultural leadership and the need for a framework that facilitates it. Then it elaborated on the theory of leader-member exchange, the theory of cooperation and competition, and the previous research related to them. It also proposed the hypotheses. The visual hypothesized model for this study is as follows:

Figure 1 Hypothesized Model

The next chapter presents in detail the method we used to test the hypotheses listed above.

CHAPTER 3 METHODOLOGY

As mentioned in the previous chapters, our first research question is how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China. We have two hypotheses for this research question and use a survey to test them.

To test the hypothesized model (Figure 1) shown in the last chapter, we collected data through a survey.

3.1 PARTICIPANTS

Fifty-five Foreign-owned ventures in different cities (Beijing, Shanghai, Qingdao, Fuzhou, Xiamen) in Chinese Mainland, agreed to participate in the study. We got support from top and middle management teams, who were told the concepts we were discussing but not the underlying theory or the hypotheses, nor were they allowed to participate in the study.

In each company, we randomly distributed five copies of questionnaires to employees who volunteered to participate. A total of 275 copies of questionnaires were distributed, and 232 were returned. Then we selected valid responses according to the following criteria: a. each respondent had worked with their managers for at least six months so that they could give a relatively complete and accurate judgment;

b. the response from each participant should be complete. After selection, we got 199 valid copies from these 55 companies, including 99 copies finished by employees who had American managers and 100 copies completed by those who had Japanese managers. Among all the respondents, only two worked with the same Japanese managers.

Of all the respondents, 112 were male; the average age is 34.2 years, and 136 of them have worked with their managers for more than one year; 124 of them have bachelor's degrees and 39 of them have master's degrees or doctorates.

Of the 99 participants who had American managers (See Table 1), 51% were male, 74% had worked with their managers for more than one year, 70% had a bachelor's degree and 22% had either a master's degree or a doctorate.

Table 1 Demographic Information of Employees with American Managers

	Number of Participants	Percentage
Gender		
Male	50	51%
Female	49	49%
Years working with the manager		
.05-1	26	26%
>1	73	74%
Educational level		
Without Bachelor's degree	8	8%
College level	69	70%
Postgraduate level	22	22%

Of the participants who had Japanese managers (See table 2), 59% were males; 81% of them had worked with their managers for more than one year, 75% of them had a bachelor's degree and 17% of them had a master's degree or a doctorate.

Table 2 Demographic Information of Employees with Japanese Managers

	Number of Participants	Percentage
Gender		
Male	59	59%
Female	41	41%
Years working with the manager		
.05-1	19	19%
>1	81	81%
Educational level		
Without Bachelor's degree	8	8%
College level	75	75%
Postgraduate level	17	17%

3.2 MEASURES FOR SURVEY

Goal Interdependence

Scales for cooperative and competitive goal interdependence were developed from previous questionnaire studies conducted in China and North America (Tjosvold, 1995; Tjosvold, Andrews and Struthers, 1991; Liu et al., 2004). The five items for cooperation measured their common goals, common tasks and common benefits. A sample item for the cooperative goal scale is "My manager and I share compatible goals". (Appendix I has the items for all the scales.) The four competitive scale items measured the incompatibility of goals, tasks, and rewards. A sample item is "What helps me get in my manager's way". The five independent scale items measured the independence of goals, tasks and benefits. A sample item is "Both my manager and I do our own thing". Participants were required to rate on a

5-point scale (from 1=strongly disagree to 5=strongly agree) their level of agreement to the items. The scales demonstrated acceptable reliability; the coefficient alphas for the cooperative, competitive and independent goal scales were .84, .71, and .84, respectively (see Table 3).

Leader-member relationships

The scale on leader-member relationships was taken from LMX research (Graen & Uhl-Bien, 1995; Fairhurst et al., 1987; Fairhurst and Chandler, 1989). Since in China, interpersonal relationship is defined as dyadic and based implicitly on mutual interest and benefit (Hwang, 1987), we modified the items to measure leader-member relationship bilaterally. The five items measured whether or not the leader-member relationships were high quality. A sample item is “My manager and I strengthen our relationship by working together”. Respondents were required to rate on a 5-point scale (1=strongly disagree, 5=strongly agree) their level of agreement to the five items. The scale demonstrated acceptable reliability, the coefficient alpha was .83.

Outcomes

Employee Commitment: A 3-item scale was used to measure the extent to which respondents describe their commitment to their organization (Tjosvold, Sasaki and Moy, 1998). A sample item is “I have a strong sense of belonging to my company”. The scale demonstrated acceptable reliability, the coefficient alpha was .87.

Performance: A 3-item scale (Tjosvold et al., 1998) was used to measure the employees' performance. A sample item is "I concentrate and try my best on every assignment." The scale demonstrated acceptable reliability, the coefficient alpha was .78.

Leader Effectiveness: The scale measuring leader effectiveness was developed from previous research. A 3-item scale was used to measure leader effectiveness (Liu et al., 2004). A sample item is "My manager performs his leader roles appropriately". The scale demonstrated acceptable reliability, the coefficient alpha was .91.

Future Collaboration: A 3-item scale measured the extent to which the partners were willing to work together in the future (Tjosvold, Andrews and Struthers, 1991). A sample item is "I hope I can work with my manager in the future". Respondents were required to rate on a 5-point scale (from 1=strongly disagree to 5=strongly agree) their level of agreement to the statements. The scale demonstrated acceptable reliability, the coefficient alpha was .85.

Open-minded discussion: A 3-item scale (Tjosvold, 1998; Tjosvold et al., 1986) was used to measure the extent to which they were open to different ideas and positions. A sample item is "My manager and I listen to and consider each other's ideas even if we don't agree". The scale demonstrated acceptable reliability, the coefficient alpha was .82.

Innovation: A 3-item scale (Burpitt and Bigoness, 1997; Tjosvold, Hui, and Yu, in press) was used to measure the extent to which they were innovative. A

sample item is “My manager and I often innovate our approach to getting the job done.” The scale demonstrated acceptable reliability, the coefficient alpha was .70.

Table 3 Measures

Measures	Number of Items	Alpha
Cooperative goal	5	.84
Competitive goal	4	.71
Independent goal	5	.84
Leader-member relationships	5	.83
Employee commitment	3	.87
Performance	3	.78
Leader effectiveness	3	.91
Future collaboration	3	.85
Open-minded discussion	3	.82
Innovation	3	.70

3.3 QUESTIONNAIRE TRANSLATION AND PILOT TEST

Questionnaires originally written in English were translated into Chinese, and then checked by being translated back into English to ensure conceptual consistency. The translation and back-translation were undertaken by bilingual researchers who had studied in both Chinese and English, thus sufficiently educated in both languages as recommended by Bracken and Barona (1991).

The original questionnaire was first translated into Chinese by one researcher and translated back into English by another independent researcher as described by Brislin (1970) and Chapman and Carter (1979). The translator and back-translator met with the English speaking, monolingual researchers to examine the differences found in the back-translation. After considering their suggestions, some necessary modifications were made, completing the Chinese version of the questionnaire.

The first version of the questionnaire was pre-tested to make sure that every question was stated appropriately so that respondents could clearly understand every concept and question. The pilot-test was conducted among 40 employees (20 male and 20 female) in a multinational company in Shanghai. Based on their feedback, a few questions were rephrased for clarity, then, the final version was ready for data collection. All the items are shown in the appendix.

3.4 MULTI-SAMPLE ANALYSIS

After getting the data from the survey, our first step was to determine whether the general structure of the hypothesized model differed across the two groups of respondents: the Chinese employees with American managers and the Chinese employees with Japanese managers.

Table 4 Results of Multisample Analysis

	d. f.	Chi-square	Change of chi-square
Constraining equal Conditions	46	338.35	
Relaxing equal constraints	36	328.38	9.97

Table 4 shows results of the chi-square tests in the multi-sample analysis. The multi-sample analysis got a chi-square of 338.35 (df = 46) in which all structural coefficients were constrained to be equal. Relaxing all equality constraints gave a chi-square of 328.38 (df = 36). The difference in chi-squares (9.97) was lower than the critical value 18.31 (change of df = 10), which indicates that the structural models

of the two groups were not significantly different, so we combine the two sets of data into one.

3.5 COMMON METHOD VARIANCE

To address the issue of common method variance, we used Harman's Single Factor procedure. This is one of the most widely used techniques that has been used by researchers to address the issue of common method variance (Podsakoff and Organ, 1986; Podsakoff, Scott, Lee and Podsakoff, 2003). This approach has been used to assess common method variance problems in recent studies (e.g., McFarlin and Sweeney, 1992; Vandenberg and Scarpello, 1990). Confirmatory factor analysis is used to compare the fit of a single factor model (common method) to the multi-factor model under investigation (McFarlin and Sweeney, 1992). In comparison, indexes of model fit indicated that the hypothesized model fit the data significantly better than did the one-factor model (Bentler-Bonnett nonned fit index = .45; Comparative fit index = .51). None of the fit indices for the single factor model approached acceptable levels, whereas the hypothesized model fits well (Bentler-Bonnett nonned fit index = .89; Comparative fit index = .90). The very poor fit of the one factor analysis suggests that common method is not a likely explanation of the results; the common method variance did not pose a serious threat to interpreting our present findings.

3.6 SCALE VALIDATION

3.6.1 Factor Analysis

We conducted factor analyses to assess whether each scale has more than one dimension. All the items loading on their apriori scale were higher than .7. These results suggest that the measures are uni-dimensional.

3.6.2 Confirmatory Factor Analysis

Although most of the items used in this study were validated previously, we were still cautious and tested the factorial structure of the measurement items. We conducted confirmatory factor analyses for two reasons. First, the scales were developed in North America, where organizational forms and work values might be quite different than those in China. Second, the questionnaire was newly structured. Therefore, it was necessary to examine if it was appropriately organized.

We used a series of confirmatory factor analyses to test whether our respondents' ratings would load on five distinct factors, namely the three types of goal interdependence, mediator and the outcome. These series of confirmatory factor analyses were conducted at the individual level (N=199) in order to maximize the statistical power of the analyses.

The confirmatory factor analyses were conducted using EQS for Windows (Bentler and Wu, 1995). In order to reduce the number of parameters estimated and to develop parallel test forms (Nunnally, 1978), we simplified the structural model in the present study by reducing the number of indicators for the constructs. Specifically, we combined the items with the highest and lowest loading by averaging until we yielded three indicators for each construct. That is, the items with the highest and the lowest loadings were averaged to form a first new indicator. This is a common approach in the literature of structural equation analysis and was used in Mathieu and Farr (1991) and Mathieu, Hofmann and Farr (1993).

Table 5 Confirmatory Factor Analysis

Models	χ^2	<i>df</i>	$\Delta\chi^2$	NNFI	CFI
Hypothesized Model (M0)	517.57	177	-	.86	.90
Alternative 3- factor model (M1)	923.62	168	406.05	.75	.78
Alternative 4- facto model (M2)	944.58	205	426.43	.74	.77
Alternative 10- facto model (M3)	1117.34	268	599.77	.70	.71

Table 5 shows the results of these series of confirmatory factor analyses. Model M₀ in Table 5 shows that our proposed 5-factor model fits the data quite well. The Comparative Fit Index (CFI) and the Non-Normed Fit Index (NNFI) are .86 and .90, respectively. This 5-factor model was then compared to 3 different models. The first comparative model was the 3-factor model (M1), in which we merged the three types of different goal interdependence into one aggregate factor. The second comparative model was the 4-factor model (M2), in which we merged the competitive and independent goal interdependence into one aggregate factor, because competitive goal has high correlation with independent goal ($r = .64$). The third

comparative model was the 10-factor model (M3), which divided the outcome measures into six distinct factors.

Results in Table 5 show that model chi-squares increase significantly when we move from the 5-factor model to any of the three comparative models. The three comparative models had significantly worse fit indices than the hypothesized model. The comparisons of the model fits suggest that the 5-factors hypothesized model is a distinct measure of the constructs in our study.

Two indicators showed that the five-factor baseline model fit the data significantly better than the three alternative four-factor models. First, all the change in chi-square tests were significant at the .01 level, meaning that the baseline five-factor model fit the data significantly better than any of the three alternative comparative models. Second, following the traditional guideline that CFI greater than .90 shows good model fit, all three alternative models had goodness-of-fit indices below .90. We therefore concluded that our respondents distinguished the five constructs reasonably.

3.6.3 Hypotheses Testing

We first used within-and-between group analysis to test whether the different industries that participants were from had effects on the results. We divided all the participants into six sub-groups according to their industries. Results showed that there were no significant differences between participants from different

industries on the study's measures. Then we divided all the participants into two sub-groups according to their managers' nationality (American/Japanese). Results showed that there were no significant differences between participants with managers from different cultures on the study's measures.

Correlation analysis was used to test the hypotheses linking goal independence, leader-member relationships, and outcomes. To probe the theory more vigorously, structural equation analysis was used to explore the underlying relationship among goal independence, leader-member relationships and outcomes. The covariance structure analysis among these constructs was analyzed using EQS for Windows (Bentler and Wu, 1995).

The SEM analyses were conducted using EQS for Windows 5.7 b. We simplified the model in the present study by reducing the number of indicators for the constructs, because of computational limitations for models involving a number of indicators. Specifically, we combined the items with the highest and the lowest loading by averaging. That is, the items with highest and the lowest loadings were averaged to form the first new indicator, and the items with the next highest and the next lowest loadings were averaged to form the second new indicator, etc. This is a common approach in the literature of structural equation analysis and was used in Mathieu and Farr (1991) and Mathieu, Hofmann and Farr (1993).

Following the hypotheses, the interdependent goals--cooperation, competition and independence--were specified as exogenous variables. These three

goals would affect leader-member relationships, which in turn might affect cross-cultural leadership (employee's commitment and performance, leadership effectiveness and collaboration, open-minded discussion and innovation). The proposed hypothesized mediating effects model (M0) was first compared to the direct effects model (M1). (The comparison will be shown in Table 7 in the next chapter). The direct effects model posited that goal interdependence impacts outcomes directly whereas the mediating effects model proposes that the leader-member relationships mediate between goal interdependence and outcomes.

However, even if the hypothesized mediating model fits the data better than the direct model, other models may fit the data equally well. Hayduk (1987) encouraged testing of alternative models that are compelling. Considering this suggestion, we also compare the hypothesized model to some alternative models. Specifically, the first alternative model (M2) holds that both goal interdependence and leader-member relationships are the antecedents of dependent variables. A second alternative (M3) indicates that leader-member relationships come before goal interdependence which might impact the dependent variable. The third alternative (M4) posits that goal interdependence has direct impacts on leader-member relationships and cross-cultural leadership.

3.7 SUMMARY OF THIS CHAPTER

This chapter described the survey method we used for hypotheses testing. The next chapter reports how we analyze the data collected from the survey and the results of data analysis as well.

CHAPTER 4 RESULTS

This chapter reports how we analyze the data collected from the survey, and presents the results of data analysis. As described in last chapter, the first research question is how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China. We propose that cooperative goals between foreign managers can strengthen leader-member relationships, which in turn results in effective interaction. We used a survey to get the data. In the following paragraphs, we will describe how we analyzed the data and the results we got.

4.1 RESULTS OF THE SURVEY

To answer the first research question: how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China, we applied the theory of cooperation and competition and the theory of LMX. Previous chapters have explained the theories, measures and methods. Here, we analyze the data and present the results.

4.1.1 Correlation Analysis

As we can see from the hypothesized model in last chapter, we have ten variables: cooperative, competitive, and independent goals, leader-member relationships, employee commitment, performance, leader effectiveness, future collaboration, open-minded discussion and innovation. We first used correlation analysis to examine the relationships between them.

Correlations (Table 6) among the scales support the overall framework that how the goals of leaders and Chinese employees are structured affects the leader-member relationships and outcomes.

Table 6 Correlations among Variables

	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) Cooperation	3.97	.69	(.84)									
(2) Competition	2.34	.78	-.30**	(.71)								
(3) Independence	2.58	.89	-.29**	.64**	(.82)							
(4) Leader-member relationships	3.59	.71	.38**	-.25**	-.40**	(.83)						
(5) Commitment	3.51	.85	.36**	-.36**	-.32**	.51**	(.87)					
(6) Performance	3.96	.75	.45**	-.36**	-.26**	.41**	.57**	(.78)				
(7) Leader effectiveness	3.62	.83	.48**	-.36**	-.45**	.67**	.63**	.47**	(.91)			
(8) Collaboration	3.57	.81	.49**	-.35**	-.38**	.57**	.62**	.47**	.73**	(.85)		
(9) Openness	3.61	.86	.31**	-.30**	-.28**	.67**	.60**	.48**	.62**	.53**	(.82)	
(10) Innovativeness	3.37	.79	.42**	-.40**	-.61**	.62**	.52**	.34**	.67**	.58**	.52**	(.70)

Note:

^a N=199

^b Values in bracket are reliability (coefficient alpha) estimates.

^c **p<.01; *p<.05.

Correlations between variables support H1a--H1f in that Chinese employees indicated that when they and their foreign managers had good leader-member relationships they were more committed ($r = .51$, $p < .01$), performed well ($r = .41$, $p < .01$), viewed their managers as effective leaders ($r = .67$, $p < .01$), looked forward to their future collaboration ($r = .51$, $p < .01$), had open-minded discussion ($r = .67$, $p < .01$) and were more innovative in their job ($r = .62$, $p < .01$).

Correlations also supported H2 in that cooperative goals were positively related to leader-member relationships ($r = .38$, $p < .01$). In contrast, employees with

competitive goals as well as independent goals with their foreign managers reported low levels of leader-member relationships ($r=-.25$, $p<.01$; $r=-.40$, $p<.01$).

4.1.2 Structural Equation Modeling Analysis

Structural equation modeling analyses through EQS were used to explore the relationship between goal independence, leader-member relationships, and the outcomes. We first compared the hypothesized model to some alternative models to see if the hypothesized model was the best.

4.1.2.1 Model comparison

Results (see Table 7) indicate that the hypothesized model statistics fits the data well. The χ^2 of the hypothesized model was 128.81 (d.f.=18), NFI and CFI were .89 and .90, respectively. Given the usually critical value of .90 (Bentler and Bonnett, 1980), results of the fit statistics suggested that the hypothesized model be accepted. In addition, there is no significant difference between the hypothesized model ($p=.12$) and saturated model.

However, even if the hypothesized model fits the data well, other models may fit the data equally well. Hayduk (1987) encouraged testing of alternative models that are compelling. Considering this suggestion, we also compared the hypothesized model to some alternative models (see Table 7). Specifically, the first alternative model (M1) is a direct model, in which the mediator was omitted. The second alternative model (M2) holds that both goal interdependence and leader-member relationships are the antecedents of dependent variables. The third

alternative model (M3) indicates that leader-member relationships come before goal interdependence which might impact the dependent variables. The fourth alternative (M4) posits that goal interdependence has direct impacts on leader-member relationships and the other six variables.

We can see the superiority of the hypothesized model after comparing the hypothesized model to the alternative models: (M1) which suggested that goal interdependence affected the six dependent variables directly, (M2) in which both goal interdependence and leader-member relationships are the antecedents of the six dependent variables, (M3) which holds that leader-member relationships come before goal interdependence, and (M4) which posits that goal interdependence has a direct impact on leader-member relationships and the other six variables.

Table 7 Hypothesized, Saturated, and Alternative Models

Models	χ^2	<i>df</i>	$\Delta\chi^2$	NFI	CFI
Hypothesized Indirect Model (M0)	128.81	18	-	.89	.90
Saturated Model (M)	0	0		1	-
Alternative model (M1)	368.28	15	239.44	.58	.58
Alternative model (M2)	202.45	15	73.64	.81	.82
Alternative model (M3)	617.04	24	488.23	.44	.44
Alternative model (M4)	516.26	21	387.45	.53	.54

Note:

1. p^a = p value for different models
2. Dashes indicate statistic cannot be computed for the saturated model.
3. NFI=normed-fit index; CFI=comparative fit index
4. The χ^2 of M1 was 368.25 (d.f.=15), and the NFI and CFI of it were .58 and .58. (See Table 7). These results indicate that omission of the mediating effects of leader-member relationships significantly deteriorated the hypothesized model. The χ^2 of M2 was 202.455 (d.f.=15), and the NFI and CFI of it were .81 and .82. The χ^2 of M3 was 617.04(d.f.=24), and the NFI and CFI were .44 and .44. The χ^2 of M4 was 516.26(d.f.=21), and the NFI and CFI were .53 and .54. These results indicate that these alternatives

significantly deteriorated the hypothesized model; the hypothesized model statistics fits the data best.

4.1.2.2 Structural equation modeling analysis for the hypothesized model

The path coefficients of the theorized model help to explore the findings more specifically (Figure 2). Findings on path coefficients generally provide good support for the study's hypotheses.

Figure 2 Result of SEM Analysis

Note:

1. ** $p < .01$; * $p < .05$
2. Model $\chi^2 = 128.81$; d.f.=18; NFI=.89; CFI=.90

These results suggest that our hypotheses for the first research question were all supported. Cooperative goals between foreign managers and Chinese employees reinforce their leader-member relationships, which in turn facilitate their interaction. With good leader-member relationships, Chinese employees were more committed, performed well, viewed their managers as effective leaders, looked

forward to their future collaboration, had open-minded discussion with foreign managers and tried to innovate in their job.

4.2 SUMMARY OF THIS CHAPTER

This chapter demonstrated the survey results, which supported our propositions for the first research question in that cooperative goals between foreign managers and Chinese employee can greatly strengthen their leader-member relationships, which in turn facilitate cross-cultural leadership. With strong leader-member relationship, Chinese employees were more committed, performed well, viewed their foreign managers as effective leaders and looked forward to their future collaboration. They were also more willing to discuss issues open-mindedly with their foreign managers and did well in innovation.

However, even though Chinese are regarded as collectivist and encouraged to develop and maintain relationships with others, it cannot be assumed that the collectivist values of China make developing cooperative goals and effective relationships between foreign managers and Chinese employees inevitable or even straightforward. Therefore, the follow-up question is how foreign managers and Chinese employees can develop cooperative goals in Chinese contexts. The next part introduces how we tried to answer this question.

PART III DEVELOPING COOPERATIVE GOALS IN CHINESE CONTEXT

CHAPTER 5 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The results of the survey shown in the last chapter supported our proposition that in JVs in China, the cooperative goals, but not competitive or independent goals between foreign managers and Chinese employees strengthen their leader-member relationships, which in turn facilitate cross-cultural leadership. However, we cannot assume that being regarded as collectivists, Chinese employees would certainly develop cooperative goals with their foreign managers. To find out how foreign managers and Chinese employees can develop cooperative goals in Chinese contexts, we should first know the specifics of Chinese contexts. This chapter reviewed the previous research on Chinese contexts and relevant studies, which help to develop our propositions for the second research question: how foreign managers and Chinese employees can develop cooperative goals in Chinese contexts. The next part introduces how we tried to answer this question.

5.1 CHINESE CONTEXTS

Although Chinese are regarded as collectivists who are encouraged to develop and maintain relationships with others, it cannot be assumed that the collectivist values of China make developing cooperative goals and effective

relationships between foreign managers and Chinese employees inevitable or even straightforward. Collectivist values tie people together by developing in-groups but also wall others into distant out-groups (Leung, 1997). People traditionally believe that Chinese have a much stronger tendency to divide people into categories and treat them accordingly. In Chinese society, *guanxi* helps to tie people together, but those who do not share *guanxi* are walled into a different social network (Hui and Graen, 1997). The tendency to treat people differently on the basis of one's relationship may make it difficult for foreign managers to develop cooperative goals in a Chinese context, as Chinese employees might tend to regard foreign managers as belonging to a different social network (Kiong, Kee, 1998). However, foreign managers may be able to foster cooperative goals while adapting to the culture of Chinese employees (Dorfman, Howell, Hibino, Lee, Tate, and Bautista, 1997). Scholars found that “*guanxi*” (interpersonal relationship) is central to managing in China (Hui and Lin, 1996). The Chinese value of *guanxi* might also help foreign managers develop cooperative goals with their Chinese employees.

5.1.1 Developing Cooperative Goals and Leader-Member Relationships in Chinese “Guanxi” Context

Compared to studies on the value of cooperative goals and leader relationships, few studies have investigated how cooperative goals and effective relationships between leaders and employees can be developed. Observers have

noted that in comparison with Westerners, Chinese have a much stronger tendency to divide people into categories and treat them accordingly; where they trust and assist their in-group members but ignore and dismiss out-group members (Hui and Graen, 1997). Considering a leader as out-group can very much disrupt joint work.

The danger of being considered out-group would appear to be particularly high for foreign managers working in China. To make good use of “guanxi” for cooperative goals and leader-member relationship, foreign managers must know more about “guanxi”.

5.1.2 Chinese Guanxi Value

Chinese people might know guanxi very well. It refers to personal connections or relationships between two or more people. However, categorical conception views guanxi as a particular type of personal relationship (Tsang, 1998; Yeung and Tung, 1996), which is further differentiated into different subtypes (Farh, Tsui, Xi and Cheng, 1998; Tsui and Farh, 1997; Yang, 2001a, 2001b). Guanxi can be divided into three subtypes depending on the social bases upon which guanxi is built (Jacobs, 1982): family ties (kinship), familiar persons (e.g. former classmates and colleagues), and strangers (with or without common demographic attributes).

Instead of classifying guanxi in terms of its bases, other scholars categorize

it according to the nature and purpose of interactions. For instance, Hwang (1985) classifies guanxi into three categories: socio-affective, instrumental, and mixed. Socio-affective guanxi refers to family and family-like relationships, whose social interactions involve primarily exchanges of feelings for the satisfaction of needs for love and belongingness. Instrumental guanxi refers to the market type of resources exchanges (sellers and buyers of goods and services) for the satisfaction of material needs. Mixed guanxi involves exchanges of both feelings and material benefits that often occur among classmates, colleagues, and people from a same region.

Although the ultimate types of guanxi as classified in Hwang (1985) seem different from the above social-based guanxi types (affective-family, instrumental strangers, and mixed-familiar persons), there appears to be agreement on some fundamental conceptions of guanxi: guanxi building involves socio-affective or instrumental exchanges or both after identifying a guanxi base. Yang (2001a, 2001b) argued that all social bases of guanxi (family, school, or workplace, etc.) involve the exchange of both materials and feelings, even though the extent to which a given type of exchange may vary depending on the type of guanxi. Therefore, in this study we defined guanxi as personal connections (relationships) that include socio-affective and instrumental exchanges.

Since all types of guanxi (family, school, or workplace, etc) involve the exchange of both materials and feelings (Yang, 2001a, 2001b), this study proposes that foreign managers can develop their cooperative goals and relationships with Chinese employees by strengthening their socio-affective and instrumental exchanges.

Recognizing that important traditional bases for guanxi in China are not available to foreign managers, this study examines how they can develop a strong relationship by using these two elements.

5.1.3 Socio-Affective Exchange: Warm-Heartedness and Indifference

In Chinese society, guanxi helps to tie people together. Individuals are supposed to be warm-hearted and help those with guanxi (Hui and Graen, 1997). Some studies in the West also suggested that the expression of warmth could be a good way to convey an intention for a cooperative relationship (Johnson, 1971a, 1971b; Tjosvold, 1984; Tjosvold and Sun, 2003). Chinese people have traditionally very much valued warm-heartedness (Bagozzi, Lee, Van Loo, 2001; Greenberger and Chen, 1996; Greenberger, Chen, Tally, and Dong, 2000; McGuinness and Campbell, 1991), but there is no definition that clearly states what warm-heartedness is. Warm-heartedness involves the direct expression of personal support and openness to another. It is thought to communicate that the other is accepted and their

relationship is valued. Indifference, on the other hand, expresses a disinterest in the relationship and little openness to the other person. Considering this rationale, for the purpose of this study, we define warm-heartedness as communication of genuine warmth to others. Although this concept looks similar to consideration and benevolence, it is originally from Chinese culture. Whereas both of the latter were developed in the West and involve concern for the welfare and interests of others (Roccas and Brewer, 2002), Warm-heartedness emphasizes more on the feelings of others, as well as verbal and nonverbal communication that the other person is accepted and their relationship is valued.

Although there is not much evidence about the effects of warm-heartedness in China, research in the West has investigated the expression of affection (Johnson, 1971a, 1971b; Tjosvold, 1984). Warm-heartedness would appear to communicate directly a positive regard that is experienced as rewarding and affirming and concretely reaffirms the relationship. The other person feels accepted as a person and concludes that they have a strong, open relationship, characterized by cooperative, compatible goals where by promoting the other's goals they also promote their own (Deutsch, 1973). On the other hand, indifference conveys little interest and valuing of the other person and the relationship. Indifference also makes the other feel

rejected and disconfirmed, so that the person concludes that they have a weak relationship without cooperative goals.

By reaffirming a cooperative relationship, warm-heartedness may very much affect the interaction and outcomes of leaders and employees. As documented by previous research (Deutsch, 1998; Tjosvold, 1998), the conclusion of a cooperative relationship can induce perception of cooperative goals and a good leader-member relationship, an open-minded discussion and integration of diverse views into their own thinking and decision-making and confidence in collaborative work.

In particular, this study experimentally tests the hypothesis of foreign managers' warm-heartedness compared to indifference. We hypothesize that:

Hypothesis 3: Communicating warm-heartedness, compared to indifference, can help foreign managers develop cooperative goals, good leader-member relationships with Chinese employees and facilitate their leadership as well.

5.1.4 Instrumental Exchange: Distribution of Rewards

The Chinese model of leadership imposes the moral obligation upon managers to consider and respond to the needs of their employees (Cheng, Chow, Wu, Huang, and Farh, 2004). Employees who believe their leader has not sufficiently

provided for them may withdraw from the relationship, albeit often in an indirect manner (Abroad, 2004; Bai, 1998; Chen 1995; Liu, 1998; Morris and Leung, 2000; Pun, 2001). Knowing the importance of instrumental exchange for Chinese guanxi value, foreign managers then may be able to develop their relationship by rewarding employees effectively.

In Chinese societies, where guanxi is generally so important, the dynamic to keep a continuous guanxi is the mutual interest people can get from their guanxi and avoidance of being selfish (Luo, 1997; Xin and Pearce, 1996; Chen, Chen and Meindl, 1998). Although it is often assumed that Chinese leaders are autocratic and unilateral, recent research has emphasized that Chinese managers are expected to reciprocate employee loyalty or risk losing their support (Tjosvold and Wong, 2000).

But how should foreign managers distribute rewards so that employees consider them fair and enhancing? Research in the West has investigated reward distribution and, in particular, has shown that a critical justice consideration involves the principles by which tangible outcomes of rewards and burdens should be distributed among group members (Folger and Greenberg, 1985; Greenberg, 1990). Distributions considered unjust provoke objections, withdrawal, and aggression (Colquitt, Colon, Wesson, Porter, and Ng, 2001; Rawls, 1999; Simons and Roberson, 2003).

Equity is an influential normative approach to determining the fairness of the distribution of outcomes. Equity solutions occur when the people are rewarded to the extent that their individual contributions to the joint activity are valued. The more they contribute as individuals, the more rewards they believe they should be given. Considerable evidence indicates that the equity principle operates in many situations, including those in China (Cohen-Charash, 2001; Colquitt, et al, 2001; Fields, Pang, and Chiu, 2000; Lam, Schaubroeck, and Aryee, 2002).

There are two distinct ways that individuals can be rewarded based on their own performance. People can be rewarded based on individual performance evaluated against pre-established criteria. They are awarded to the extent that their performance fails to meet, meets, or exceeds these standards. The rewards of one do not impact the rewards of others. All individuals could be rewarded generously if they all contributed according to the criteria whereas all could be lightly rewarded if their contributions were considered below the standards. This study labels this distribution as independent rewards.

Rewards can also be based on individual performance relative to others. Individuals are rewarded to the extent that they contribute more than others. Here, individuals are evaluated and rewarded in comparison to others. Typically, some

people would be highly rewarded whereas others would be lightly rewarded. This distribution is labeled comparative rewards.

Equity is not the only principle operating within organizations (Chen, Choi, and Chi, 2002). Rewards can be distributed mutually where everyone receives rewards to the extent that the group as a whole succeeds (Deutsch, 1985). The emphasis is on everyone being rewarded when the group meets or exceeds its standard and no one when it fails. Mutual rewards do not require that everyone receive the identical outcomes, only that people are better rewarded, the more they achieve together.

Deutsch (1985) argued that these reward distribution principles have profound effects on relationships and interaction among group members. Mutual distribution emphasizes cooperative goals where people understand that, as they will succeed or fail together, it is to their own interest to help each other be effective. They believe they can rely upon each other, and, therefore, are open and supportive of each other. However, equity distributions based on independent rewards or comparative rewards do not strengthen cooperative relationships among group members. Researchers (Deutsch, 1973; Tjosvold, 1986; Johnson and Johnson, 1989) also argued that shared reward was an important antecedent of goal interdependence. In particular, when team/group members have joint share in rewards, they will see

positive goal linkages, engage in teamwork and resource sharing, and cooperate toward goal achievement. In contrast, reward people based on their individual performance will foster competition (Lawler and Yoon, 1996, 1993). The rewards of team members or groups are perceived to be incompatible, teams and groups will be characterized by goal conflict, hostility, and competition for resources.

Based on the reasoning, we hypothesize that structuring mutual rewards, compared to independent and comparative rewards can help foreign managers develop cooperative goals, leader-member relationships with Chinese employees and facilitate their interaction.

Hypothesis 4: Distributing rewards mutually, rather than independently or comparatively, can help foreign managers develop cooperative goals, good leader-member relationships with Chinese employees and facilitate their leadership as well.

5.2 SUMMARY OF THIS CHAPTER

This chapter reviewed the previous studies on Chinese values of Guanxi and proposed that communicating warm-heartedness and distributing rewards mutually can help foreign managers develop cooperative goals, quality leadership relationship with Chinese employees and facilitate cross-cultural leadership as well.

The next chapter describes the experimental method we used to test hypotheses 3 and 4.

CHAPTER 6 METHODOLOGY

To answer the second research question: how can foreign managers and Chinese employees develop cooperative goals in Chinese contexts, we proposed that communicating warm-heartedness and distributing rewards mutually can help foreign managers develop cooperative goals, quality leadership relationship with Chinese employees and facilitate cross-cultural leadership as well. This chapter reports how we test the two hypotheses experimentally.

To explore whether warm-heartedness and reward distribution are antecedents for developing cooperative goals and good leader-member relationships between foreign managers and Chinese managers in Chinese context, we created six experimental conditions to test hypothesis 3 and hypothesis 4.

6.1 PARTICIPANTS

One hundred and twenty undergraduates recruited from a university in Guangzhou, China, volunteered to participate in a study on communication in decision-making and signed a consent form indicating that the study involved risks but that the experimenter believed the possibilities of long-term harm were low. They were randomly assigned to six conditions, 20 in each condition. They received 10 RMB, (approximately US\$1.25) for their participation and one chance in a lottery for 500 RMB (US\$42).

6.2 INDEPENDENT VARIABLES

Warm-heartedness and indifference and the reward distribution of mutual reward, independent reward and comparative reward were crossed to form six conditions. (Figure 3)

Figure 3 Conditions for Goal Interdependence

Warm-heartedness: The warm-heartedness induction was implemented through confederate behavior and a mid-discussion questionnaire. The confederates communicated their warm-heartedness towards the workers verbally and nonverbally. To show their warm-heartedness towards the employees verbally, supervisors indicated that they were interested in listening to problems and difficulties faced by employees. Throughout the discussion, supervisors also expressed their warm-heartedness nonverbally through eye contact, smiling, leaning forward, and by

using a soft voice and open gestures (Mehrabian, 1968). On the mid-discussion questionnaire (Appendix II), they wrote “I want to listen to the difficulties and problems faced by the employees and consider them as we solve the job rotation issue” to the first question, and wrote “maintain this relationship” to the second question.

Indifference: In the indifference condition, the confederates communicated their indifference towards the workers verbally and nonverbally. They indicated that they were not interested in listening to problems and difficulties faced by employees. Through the discussion, supervisors also showed their indifference to listening to the workers’ problem nonverbally by avoiding eye contact and through a serious facial expression, leaning away, an impassive voice and closed gestures (Mehrabian, 1968). For the mid-discussion questionnaire (Appendix II), they wrote “I don’t want to know about the difficulties and problems faced by employees”, and wrote “maintain this relationship” to the second question.

Mutual reward: The reward distribution inductions were based on justice distribution norms (Deutsch, 1985). In the mutual reward condition, participants read the instruction that their company has a history where supervisors and employees are genuinely committed to the idea that both supervisors and employees should be rewarded when they succeed. They believe supervisors and employees share the

credit when they solve problems with solutions accepted by both. They feel good when they work together for their mutual reward. They have found that they can be more effective when they maintain this relationship. The confederates reinforced this condition by commenting that the supervisors and employees were working for mutual rewards. In addition, the number of chances they would earn for the lottery depended upon promoting their and their supervisor's mutual rewards.

Independent reward: In the independent reward condition, participants read the instruction that the organization has a history where employees and supervisors are rewarded based on their individual performance. The employees have a special responsibility to work for their own independent rewards. They have found that they can be more effective in solving the problem when they only consider and work for their individual rewards. Confederates argued that they should solve the problem for their own reward and interest. Therefore, the number of chances they would earn depended upon their promoting their own independent reward.

Comparative reward: In the comparative reward condition, participants read that the organization has a history where rewards are only given to those who outperform others. Employees believe that if they contribute more to the company than their supervisors, they then deserve higher rewards. The employees realize that they have a special responsibility to solve the problems and obtain more rewards than

supervisors. They have found that they can be more effective in solving problems by demonstrating that their solution deserves more rewards than their supervisors. Confederates argued that only those who have better ideas deserve the reward. In addition, the number of chances they would earn depended upon their outperforming their supervisors.

6.3 MANIPULATION CHECK

Participants provided ratings in the post-discussion questionnaire (Appendix III) using 7-point Likert-type scale questions to check on the effectiveness of these inductions (see Table 8). Participants in the warm-heartedness condition ($M=4.26$, $SD=2.00$), compared to the indifferent condition ($M=2.35$, $SD=1.50$), indicated that their supervisors were warm-hearted, $F(1, 118) = 7.21$, $p < .01$. Participants in the indifference condition ($M=5.48$, $SD=1.98$), compared to the warm-heartedness condition ($M=3.67$, $SD=1.97$), indicated that their supervisors were indifferent, $F(1, 118) = 5.51$, $p < .01$. Therefore, it can be concluded that the warm-heartedness and indifference inductions used to test the hypotheses were successful.

Participants in the mutual reward condition ($M=4.73$, $SD=1.64$), compared to independent reward condition ($M=3.54$, $SD=1.76$) and comparative reward condition ($M=4.00$, $SD=1.64$), indicated that they tried to reach agreements for the

reward of both supervisors and employees, $F(2, 117) = 6.61, p < .01$. Participants in the independent reward condition ($M=5.63, SD=1.56$), compared to the mutual reward condition ($M=5.10, SD=1.61$) and comparative reward condition ($M=5.04, SD=1.71$), indicated that they and the supervisors were willing to work for their own independent reward, but this difference was only marginally significant, $F(2, 117)=2.21, p < .10$. Participants in the comparative reward condition ($M=4.52, SD=1.63$), compared to the mutual reward condition ($M=3.81, SD=2.00$) and independent reward condition ($M=4.03, SD=1.82$), indicated that the rewards for supervisors and employees were relative, but this difference was not statistically significant, $F(2, 117) = 1.59, ns$. Although the results on the reward inductions were not as strong as expected, overall they indicate the inductions needed to test the reward distribution hypotheses were largely successful.

Table 8 Manipulation Check

Conditions	MR-W (1)	MR-I (2)	IR-W (3)	IR-I (4)	CR-W (5)	CR-I (6)	F (5,114)
1. Mutual Rewards	5.16	4.30	4.53	2.55	4.70	3.30	MR>CP>IR, 6.61***
	1.61	1.66	1.71	1.82	1.66	1.63	
2. Individual Rewards	5.25	4.94	6.20	5.06	4.67	5.41	IR>MR>CR, 2.21**
	1.73	1.49	1.08	2.11	2.00	1.42	
3. Comparative Rewards	3.56	4.06	3.47	4.59	4.22	4.82	CR>IR>MR, ns
	1.86	2.14	1.64	2.00	1.59	1.67	
4. Warm Heartedness	4.26	2.70	4.53	2.00	4.00	2.35	W>I, 7.21****
	2.02	1.66	2.27	1.49	1.72	1.46	
5. Indifference	3.16	5.60	3.60	5.60	4.25	5.25	I>W, 5.51***
	1.95	1.73	2.19	2.19	1.77	2.02	

Note: the first row presents mean values; the second row presents standardized deviations.

6.4 DEPENDENT VARIABLES

There are eight dependent measures, which include cooperative goals, leader-member relationships, employee commitment, performance, leader effectiveness, future collaboration, open-minded discussion and innovation (Appendix IV). The items used for these eight scales are the same with those tested in the survey study.

To measure the participants' view of cooperative goals, participants responded to five questions to measure perceived cooperative goals (Alper, Tjosvold, Law, 1998). A sample item is: "To what extent do you and the supervisor share compatible goals".

They then rated five items to indicate their leader-member relationships (Fairhurst et al., 1987; Fairhurst and Chandler, 1989). A sample item is: "To what extent did you strengthen your relationship with the supervisor by working together".

To measure employee commitment, participants rated a three-item scale to indicate how much they are committed to their job (Tjosvold, Sasaki and Moy, 1998). A sample item is "To what extent does this interaction strengthen your sense of belonging to the company". A two-item scale (Tjosvold et al., 1998) was used to

measure the employees' performance. A sample item is "To what extent did you have great interest and enthusiasm in solving the problem."

A three-item scale was used to measure whether or not the participants viewed their foreign managers as effective leaders (Liu, Tjosvold and Wong, 2004). A sample item is: "To what extent do you believe the supervisor performs his leader roles appropriately". A three-item scale measured the extent to which the partners were willing to work together with the foreign managers in the future (Tjosvold, Andrews and Struthers, 1991). A sample item is: "To what extent do you hope you can work with this supervisor in the future".

A three-item scale (Tjosvold, 1998; Tjosvold et al., 1986) was used to measure the extent to which participants had open-minded discussion with their foreign managers. A sample item is: "To what extent do you and the supervisor listen carefully to each other".

A three-item scale (Burpitt and Bigoness, 1997; Tjosvold, Hui, and Yu, in press) was used to measure the extent to which they innovated in their working ways. A sample item is: "To what extent do you and the supervisor innovate your approach to getting the issue solved". To test how the participants tried to innovate in their job, we also checked whether they integrated their diverse views for innovation. After the

discussion, the participants made their decision and indicated how many arguments provided by the other were accepted. The number of arguments that the participants accepted was the measure of acceptable arguments. Participants' decisions were coded as 1 if they reflected only the participant's assigned position, 2 if they reflected some arguments from the opposing view and 3 if they extensively incorporated the other's position for an innovative solution.

6.5 CONFEDERATES

Four male foreign students were recruited to be confederates. They were given 15 hours of training in how to induce participants' involvement and commitment in the experimental situation and how to negotiate in a standard manner and carry out the experimental inductions.

The experimental materials were originally written in English. To provide bi-lingual materials, several bi-lingual researchers translated them into Chinese (Mandarin). They reached agreement on the translated version (Brislin, 1970). The participants read bi-lingual materials and discussed in English with the foreign confederates.

6.6 PROCEDURE

The experiment was conducted in three phases: Participants prepared for a discussion about a work distribution issue with a partner, discussed the issue with a person with an opposing position, and were debriefed. Two participants and two confederates (posing as participants) were scheduled at each session.

To begin Phase 1, the experimenter divided them into two groups, each with one participant and one confederate. She escorted them into different rooms and outlined that the research studied communication between persons in decision-making and they would take the role of employees at East Asian Electronics. They were to read the written instructions and discuss them with each other to understand the situation and their role.

To make the experiment appear close to reality rather than contrived, the participants read that as employees they had to meet with their foreign supervisors about job rotation. The employees had developed a practice of trading their positions every hour. The supervisor, as a representative of management, opposed this job rotation as inefficient and participants were also given a briefing sheet outlining six arguments supporting their position. The inductions were introduced at this time.

To begin Phase 2, the confederates exchanged rooms and were introduced as the supervisor representative. They were reminded to present their opening positions in two minutes and then to discuss freely for the remainder of 18 minutes. Eight minutes into the discussion, the experimenter entered the room and asked them to complete the questionnaire that included part of the inductions. Then she unexpectedly exchanged the questionnaire “to increase communication” so that the participant could read the confederate’s ratings. The experimenter asked them to continue discussing and later gave them a warning of two minutes. Then the experimenter entered the room, asked the participant to complete the decision report form and the post-discussion questionnaire, and escorted the confederate out of the room.

Although the experiment is free of any threat to the participants, they were fully debriefed and were asked to comment on the experiment before leaving. No one was judged to be suspicious of the procedures. They were thanked and asked not to discuss their experience with others who might participate. All participants were then paid and given one chance in the lottery.

6.7 SUMMARY OF THIS CHAPTER

This chapter shows how we conducted the experiment to see whether warm-heartedness and reward distribution are antecedents for developing

cooperative goals and good leader-member relationships between foreign managers and Chinese managers in Chinese context. The next chapter reports the results we got after analyzing the experiment data.

CHAPTER 7 RESULTS

To answer the second research question: how can foreign managers and Chinese employees develop cooperative goals in Chinese contexts, we applied the Chinese value of *guanxi* to structure the experiment. The previous chapter described the experimental method used. This chapter explains how we analyzed the data got from the experiment and the results.

7.1 ANOVA ANALYSIS

The analysis of variance results (see Table 9) provides strong support for the study's major argument that in organizations in China, warm-heartedness can very much affect the dynamics and outcomes. In particular, the findings support the hypothesis that warm-heartedness helps Chinese employees perceive cooperative goal interdependence with their foreign supervisors.

Table 9 Comparisons among Conditions

Variables	MR-W (1)	MR-I (2)	IR-W (3)	IR-I (4)	CR-W (5)	CR-I (6)	Comparisons	F (5,114)
Cooperative Goal	4.78	3.97	4.39	3.37	4.44	3.52	W>I	14.46**
	1.26	1.37	1.50	1.43	1.01	1.23		
Leader-member relationships	4.79	3.23	4.41	2.65	4.28	3.14	W>I	43.93**
	1.23	1.46	1.16	1.22	1.09	1.10		
Commitment	5.25	5.20	5.52	4.78	5.52	4.61	W>I	6.35**
	1.17	1.09	.91	1.11	1.09	1.65		
Performance	6.00	5.92	5.82	4.95	5.85	5.43	W>I	5.92*
	.86	1.03	.92	1.22	.95	1.16	MR>IR>CR	3.12*
Leader Effectiveness	5.33	4.26	5.13	3.48	4.90	3.28	W>I	35.45**
	1.00	1.64	1.48	1.46	1.08	1.20	MR>IR>CR	2.97*
Future Collaboration	5.29	3.59	4.80	2.80	4.57	3.12	W>I	37.39**
	1.25	1.89	1.90	1.41	1.31	1.15		
Open-minded discussion	5.95	5.40	6.05	4.70	5.70	4.90	W>I	11.60***
	.94	1.35	.94	1.84	1.38	1.92		
Innovation	5.90	5.42	5.80	4.55	6.00	4.90	W>I	12.43**
	1.07	1.80	1.32	1.39	1.41	1.65		
Integrated Decision	2.35	2.4	1.87	1.35	1.35	1.25	MR>IR>CR	28.74***
	.81	.75	.66	.49	.49	.64		
Acceptable arguments	.56	.56	.54	.41	.42	.42	MR<IR<CR	2.49(<.10)
	.22	.27	.31	.18	.28	.28		

7.1.1 Warm-Heartedness vs. Indifference

Experimental evidence provides good support for hypothesis 3 which stated that communicating warm-heartedness, compared to indifference, can help foreign managers develop cooperative goals, good leader-member relationships with Chinese employees and facilitate their leadership as well. Results suggested that Chinese employees whose foreign managers communicate warm-heartedness, compared to indifference, develop cooperative goals, good leader-member

relationships. They were also more committed, performed well, viewed their managers effective, hoped to collaborate with their managers in the future, had open-minded discussion with their managers and tried innovation.

Data summarized in Table 9 suggest that participants in the warm-heartedness condition, compared to in the indifference one, were more confident that they had a strong relationship with their foreign supervisors. They indicated that they had cooperative goals, $F(1,114)=14.46, p<.01$, and good leader-member relationship with their foreign supervisors, $F(1,114)=43.93, p<.01$.

Participants in the warm-heartedness condition demonstrated high commitment, $F(1,114)=6.35, p<.01$, and performed their tasks actively, $F(1,114)=5.92, p<.05$, compared to those in the indifferent condition. Participants in the warm-heartedness condition, compared to those in the indifferent one, rated the other to be an effective leader, $F(1,114)=35.45, p<.01$, and looked forward to the future collaborative work with the other, $F(1,114)=37.39, p<.01$.

Warm-heartedness was found to facilitate open-minded discussion and innovation. Participants in this condition were confident that they could be open to different positions, $F(1,114)=11.60, p<.01$. They also tried to find new innovative

solutions than did those in indifference condition, $F(1,114)=12.43, p < .01$.

Therefore, hypothesis 3 was fully supported.

7.1.2 Reward Distribution: Mutual Reward vs. Independent Reward vs. Comparative Reward

Experimental evidence provides support for hypothesis 4, which stated that distributing rewards mutually, rather than independently or comparatively, can help foreign managers develop cooperative goals, good leader-member relationships with Chinese employees and facilitate their leadership as well.

As shown in Table 9, the participants in the mutual reward condition performed better than those in the independent and comparative reward conditions, $F(2,114)=3.12, p < .05$. The t-test results (Table 10) showed that participants in the mutual reward condition ($M= 5.96$) performed better than those in the comparative reward condition ($M=5.38, t=2.44, p < .05$).

The participants in the mutual reward condition also appreciated the other's leader effectiveness more than those in the independent and comparative reward conditions, $F(2,114)=2.97, p < .01$. The t-test results (Table 10) showed that participants in the mutual reward condition ($M= 4.79$) regarded the other as an effective leader more than those in the comparative reward condition ($M=4.08, t=2.23, p < .05$).

Importantly, participants in the mutual reward condition, compared to those in the independent and comparative reward conditions, were found to integrate their managers' diverse views into their decision-making for innovative solutions. They made innovative decisions by integrating opposing views more than participants in independent reward and comparative reward conditions, $F(2,114)=28.74, p < .01$. The t-test comparisons (Table 10) indicated that participants in the mutual reward condition ($M=2.38$) made more integrated decisions than those in the independent reward condition ($M=1.60, t=4.86, p < .01$) and in the comparative reward condition ($M=1.30, t=2.25, p < .05$). Participants in the comparative reward condition ($M=1.30$) made less integrated decision than those in the independent reward condition ($M=1.60, t=7.10, p < .01$).

Participants with mutual rewards, compared to independent and comparative ones, accepted more diverse arguments to innovate, although this difference was only marginally significant, $F(2,114)=2.49, p < .10$. Results from t-test comparisons (Table 10) showed that participants in the mutual reward condition ($M=.56$) accepted more diverse arguments than those in the comparative reward condition, ($M=.42, t=2.28, p < .05$). Therefore, hypothesis 4 was partially supported in that distributing rewards mutually, rather than independently or comparatively, can facilitate employees' performance, leader effectiveness and

employees' decision for innovation, but do not have statistically significant effect on cooperative goals development and the leader-member relationships between foreign managers and Chinese employees.

Table 10 Comparisons among Different Reward Conditions

	Mean & S.D.			<i>t</i> value		
	MR	IR	CR	MR vs. IR	IR vs. CR	MR vs. CR
Performance	5.96 .94	5.38 1.16	5.64 1.07	2.44*	-1.00	1.45
Leader effectiveness	4.79 1.44	4.30 1.67	4.08 1.40	1.41	.62	2.23*
Integrated decision	2.38 .77	1.60 .63	1.3 .56	4.86**	2.25*	7.10**
Arguments accepted	.56 .24	.48 .26	.42 .26	1.46	.84	2.28*

7.2 SUMMARY OF THE EXPERIMENT RESULTS

The experimental findings indicate that, in a Chinese context, warm-heartedness and mutual rewards can help foreign managers and employees develop cooperative goals and leader-member relationships, and improve employee commitment and performance. They can also help employees review their manager's effectiveness, look forward to future collaboration, have open-minded discussion with their foreign managers, and innovate effectively in their work. The next chapter discusses the results we got from the survey study and the experiment.

PART IV CONCLUSION

CHAPTER 8 DISCUSSION

This study investigates two research questions about cross-cultural leadership: 1. how to facilitate leader-member relationships between foreign managers and Chinese employees in joint ventures in China.; 2. how foreign managers and Chinese employees can develop cooperative goals in Chinese contexts. We used the survey method for the first question and an experiment for the second. The previous parts of the thesis describe how the survey and the experiment were conducted and the results obtained. This chapter discusses how to facilitate cross-cultural leadership based on our findings about the research questions. This chapter also discusses the generalizability of the underlying theories, the advantages of the methods used, the limitations and the practical implication of this research.

8.1 FACILITATING CROSS-CULTURAL LEADERSHIP BETWEEN FOREIGN MANAGERS AND CHINESE EMPLOYEES

8.1.1 Theoretical Frameworks for Cross-Cultural Leadership

Recently, researchers have argued that culturally diverse people need theoretical frameworks for how to deal with barriers and obstacles and interact effectively (Bond, 2003; Smith, 2003). Our overall findings provide empirical support for using the theory of cooperation and competition and the theory of LMX to guide the development of leadership that crosses cultural boundaries. This study draws upon previous research but extends this research by applying the theory in

cross-cultural leadership settings. The theory of cooperation and competition develops a framework for understanding how goal interdependence affects interaction dynamics and how these dynamics affect outcomes.

Findings obtained from the survey support the proposition that the theory of cooperation and competition can provide a common framework for understanding the leader-member relationship that affects the extent to which foreign managers and Chinese employees work together effectively. Specifically, results support the study's overall model that cooperative, but not competitive or independent, goals help foreign managers and Chinese employees develop quality leader-member relationship that in turn result in effective cross-cultural leadership. Results suggest that Chinese employees, despite their different cultures and unequal status, can develop cooperative goals with their foreign managers. These goals are a foundation upon which Chinese employees can overcome their cultural distance and develop a strong leader-member relationship with foreign managers.

Results of the survey study also support the theorizing that the quality of the relationships between managers and employees affects cross-cultural leadership, and extend this theorizing to cross-cultural settings. Findings emphasize that quality leader-member relationships between managers and employees are a foundation for cross-cultural leadership. With leader-member relationships, Chinese employees are committed to the foreign ventures operating in China and perform well. They view their foreign managers as effective leaders and look forward to future collaboration. They are also more open to their managers' positions and opinions and tend to be more innovative. These results suggest that the theory of cooperation and

competition and the theory of LMX can provide a framework for how to deal with barriers and obstacles between foreign managers and Chinese managers.

8.1.2 Developing Cooperative Goals for Leader-Member Relationships and Cross-Cultural Leadership

In addition to supporting the theorizing that the theory of cooperation and competition and the theory of LMX can help to develop the frameworks for cross-cultural leadership, survey results directly contribute to knowledge and practice of cross-cultural leadership. Cooperative but not competitive or independent goals were strongly predictive of quality relations between Chinese employees and their foreign managers. When Chinese employees believed that their goals with foreign managers were cooperative, but not competitive or independent, they were much more likely to develop quality leader-member relationships with their managers. These quality leader-member relationships appear to be constructive because they foster productive interaction that helps employees feel committed and motivated to collaborate with foreign managers and to contribute to the organizations.

As cross-cultural researchers have argued, maps of cultural differences may only be general guides for diverse people (Smith et al., 1996). In addition to understanding general value differences that may impact their interaction, culturally diverse people need to know how to deal with barriers and obstacles and interact effectively (Bond, 2003; Smith, 2003). Knowledge of the obstacles to overcome as well as ways of overcoming them may be quite useful. Despite their different cultures and unequal status, Chinese employees can develop cooperative goals and quality leader-member relationships with their foreign managers. These goals and relationships are a foundation for Chinese employees to overcome their cultural

distance and help them feel commitment, perform and collaborate with foreign managers.

8.2 THE EFFECTS OF WARM-HEARTEDNESS AND REWARD DISTRIBUTION FOR COOPERATIVE GOALS AND CROSS-CULTURAL LEADERSHIP IN CHINA

Results of the experimental study also support the reasoning that, in Chinese guanxi contexts, foreign managers can communicate warm-heartedness and structure mutual rewards to improve their effectiveness in China. Warm-heartedness was found to induce employees to believe that they had cooperative goals and good leader-member relationships, to perform well, become confident in their collaborative work with their foreign managers, and to have a more open mind for innovative solutions. Structuring mutual rewards, compared to independent and comparative rewards, was found to encourage employees to have good performance and collaboration, and tended to integrate their foreign managers' diverse views for innovation.

Results obtained from the experiment also indicate that expressing warm-heartedness and structuring rewards complement each other. By expressing warm-heartedness and structuring mutual rewards, foreign managers can both strengthen their overall relationship with Chinese employees and be regarded as effective leaders, as well as encourage Chinese employees to perform and collaborate well, and incorporate different ideas for innovation.

8.2.1 Communicating Warm-Heartedness for Cooperative Goals and Cross-Cultural Leadership

Experimental results further support that Chinese people very much value warm-heartedness; expressing warm-heartedness is not only a part of guanxi but can also be a basis for developing leader-member relationships (Bagozzi, Lee, Van Loo, 2001; Greenberger and Chen, 1996; Greenberger, et al, 2000; McGuinness and Campbell, 1991). Chinese people appeared to believe the expression of warm-heartedness was both credible and confirming, even when communicated by a foreigner. In addition to developing their relationship with Chinese employees, expressing warm-heartedness, it can be speculated, may show that foreign managers have some knowledge and appreciation of Chinese culture.

Research has concentrated on documenting the value of quality relationships between managers and employees, but fewer studies have identified the conditions and dynamics by which these relationships can be developed, especially when managers have a different cultural background. Results of this study support the reasoning that foreign managers can communicate warm-heartedness to improve their effectiveness in China. Warm-heartedness was found to induce employees to believe that they had cooperative goals and good leader-member relationships.

Although it had a range of positive, strong effects on the employees' relationship with their foreign managers, warm-heartedness was not found to affect

employee integration of the foreign manager's ideas for innovative solutions. Previous research had suggested that, by discussing opposing views within a cooperative relationship, warm-heartedness would result in integrative decision-making (Tjosvold, 1998). It may be that warm-heartedness also communicated that the foreign manager was very open toward the employee's position as well as the employee as a person. Employees may have thought that the warm-hearted foreign managers would eventually accept the employee-oriented decision as reasonable. Employees with indifferent managers, although they did not have a cooperative relationship, may have concluded that they should make at least a somewhat integrative solution so as not to alienate the indifferent foreign manager further. Future research is needed to investigate this speculation.

8.2.2 Reward Distribution for Cooperative Goals and Cross-Cultural Leadership

As expected, the distribution of rewards was found to affect the integrativeness of employee decisions. Structuring mutual rewards, compared to independent and comparative rewards helped employees to perform, to integrate opposing positions for innovative solutions and to regard their foreign managers as effective leaders.

It was argued that mutual rewards would encourage such innovation by developing strong, cooperative relationships with employees as they disagreed. However, employees in the mutual reward condition, compared to those in the independent and comparative reward conditions, did not indicate significant higher

levels of cooperative goals and leader-member relationships nor were they confident in collaborative work. Of course, relationships could have mediated the results but the study's measures were not sensitive enough to document the strengthened relationship. However, the measures were sensitive enough to measure the effects of warm-heartedness. Perhaps employees in the mutual rewards condition assumed that combining their ideas with the managers was more consistent with the mutually responsive practices within the group, even if they did not have a particularly close relationship. Future research is also needed to investigate this speculation.

Participants in our experiment understood the mutual rewards induction and reacted differently than did those in the independent and comparative rewards. However, participants did not seem to distinguish much between the independent and comparative rewards. Employees in both reward conditions reported low levels of cooperative goals and leader-member relationships. It seems that, although independent and comparative reward distributions can be distinguished theoretically, they can easily be seen and responded to similarly. Similarly, research has often found that independent and competitive goals are highly related as if people find them very compatible with each other (Stanne, Johnson, and Johnson, 1999).

8.3 DYNAMICS OF GUANXI FOR CROSS-CULTURAL LEADERSHIP

Guanxi has long been considered critical for understanding interaction in Chinese settings. Our findings provide insight into the dynamics of guanxi and suggest a modification of the theorizing about guanxi. Typically, the concept of guanxi is used to explain why Chinese employees are obedient and subdued. However, results of our study suggest that, communicating warm heartedness and mutual reward were found to be a solid foundation for developing cooperative goals and quality leader-member relationships, and facilitate collaboration and integration of different positions for innovation. These results further challenge the traditional notion that Chinese people avoid conflict and support recent theorizing that Chinese people are willing to discuss conflict directly in order to develop genuine harmony (Leung, 1996, 1997).

The findings of this study may seem contrary to the general conclusion that Chinese people emphasize harmony and avoid conflict (Bond and Lee, 1981; Earley, 1997; Ho, 1994, 1975; Hu, 1944; Hwang, 1985; Kirkbride, Tang, and Westwood, 1991; Redding and Ng, 1982; Triandis, 1990; Triandis, McCusker, and Hui, 1990). The results also seem to contradict traditional assumptions that avoiding divisive issues is prevalent and culturally appropriate for China as a collectivist culture (Graham et al. 1988; Kirkbride et al., 1991; Tse et al., 1994). Their collectivism leads

them to be hesitant about engaging in aggressive interaction that may communicate a lack of respect for others (Kirkbride, Tang, and Westwood, 1991; Tse, Francis, and Wall, 1994). However, Leung (1997, 1996; Leung et al., 2002) has argued that in addition to avoiding discussing potential interpersonal problems (Hwang, 1996), harmony motives in China can also refer to the desire to strengthen relationships and solve problems out of a genuine concern for harmony as a value in and of itself. Consistent with this reasoning, this study demonstrated that, warm-heartedness and mutual reward help Chinese people make good use of the opportunity to discuss potential problems with their foreign manager and build up their cooperative goals and leader-member relationships.

Leung (Leung, Koch, and Lu, 2002) has recently argued that Chinese values on harmony may not be so inimical to open approaches to conflict management as traditionally portrayed. Chinese people as collectivists value harmony but distinguish contrasting motives. One form of harmony motivation, disintegration avoidance, is instrumental in nature in that the maintenance of harmony is a means to other ends, where people avoid conflict as a way to further their self-interest and avoid potential interpersonal problems. With this motive, harmony is a technique to serve other ends. However, harmony enhancement motivation refers to the desire to engage in behaviors that strengthen relationships and recognizes that conflicts must often be dealt with in order to develop true

harmony. This motivation represents a genuine concern for harmony as a value in and of itself and involves feelings of intimacy, closeness, trust, and compatible and mutually beneficial behaviors. With this motive, harmony is a goal. Results of this study indicate that Chinese employees, provided their managers communicate warm-heartedness and structure mutual rewards, can respond positively to discussing opposing views with their foreign manager by developing a cooperative, strong relationship and by incorporating the opposing views into their own thinking.

8.4 GENERALIZABILITY OF THE UNDERLYING THEORIES

Although theories based on North American data cannot be assumed to apply in other cultural settings (Adler, 1983), results of this study suggest the usefulness of the theory of cooperation and competition in China and the theory of LMX. Although developed in the West, the theories proved useful for understanding leadership dynamics in East Asia (Deutsch, 1973). Goal interdependence was found to affect leader-member relationships between foreign managers and Chinese employees, as well leader effectiveness cross-culturally.

8.5 THE ADVANTAGES OF THE METHODS

The research approach of identifying conditions that impact organizational dynamics and outcomes across cultures with a theory with universal aspirations may be a viable addition to the traditional alternatives of comparing samples from

different cultures and exploring a cultural variable with an indigenous theory (Bass, 1997; Leung, 1997). The research approach used in this study can both probe general theories and improve understanding of organizational dynamics of cooperative dynamics in international ventures.

This study also provides an example of how experiments with random assignments can be used in cross-cultural research. Important cross-cultural studies have used experiments to develop behavioral data but typically have compared samples drawn from different cultures (Tinsley, 2001; Tinsley and Pillutla, 1998). Without random assignment though, the results do not provide high internal validity in that age, experience, and other differences between the samples are reasonable alternative explanations for the observed differences. This experiment randomly assigned Chinese people to different conditions and then had them discuss with foreign people serving as confederates. Although this kind of experiment has its own limitations, especially in terms of external validity, it provides a model for developing findings with high internal validity that then can be investigated along with surveys and other methods for generalizability.

Spector and Brannick (1995) have argued that the most effective way to overcome methodological weaknesses is to test ideas with different methods. The survey and experiment used to test related propositions complemented each other and

thus contributed to the methodological strength of this research.

8.6 LIMITATIONS

8.6.1 Limitation of the Survey

The operations and sample, of course, limit the validity of the findings. The results of many tests, though statistically significant, do not suggest the variables account for a great deal of variance.

This study is also limited by common method problems. The survey data are self-reported and subject to biases, and may not be accurate, although recent research suggests that self-reported data are not as limited as commonly expected (Spector, 1992). It would be useful to assess directly and compare the perspective of foreign managers as well as Chinese employees. However, recent studies suggest that common method variance may not be as much of an artifact as commonly assumed (Avolio, Yammarino and Bass, 1991; Spector, 1987). Research evidence indicates that people often accurately perceive and report their work environment, especially when the purpose is for research rather than for their evaluation (Balzer and Sulsky, 1992; Crampton and Wagner, 1994; Murphy, Jako, and Anhalt, 1992; Spector, 1992).

Our survey data are correlation based and do not provide direct evidence of causal links between goal interdependence, leader-member relationships and the

outcomes of cross-cultural leadership. It would be desirable to provide direct verification of the role of goal interdependence and other variables. For this reason, in the second study, we used an experiment to document causally how foreign managers can develop cooperative goals. The experiment dealt with common method problem and correlational finding shortcomings of the survey. Therefore, together this research has internal and external validity.

The samples are not representative of all Chinese employees with foreign managers. Results should be considered tentatively, as the samples are not representative, and the data are correlated and do not provide direct evidence of causal links between goal interdependence, leader-member relationships and the outcome measures.

8.6.2 Limitations of the Experiment

Although our experimental study support the hypotheses on the dynamics and outcomes of warm-heartedness and structuring rewards, the sample and operations of the experiment also limit the results. A few results did not quite reach the traditional standard of .05 significance level. Participants had a shorter time perspective and fewer tangible outcomes involved than most organizational members.

Spector and Brannick (1995) have argued that the most effective way to overcome methodological weaknesses is to test ideas with different methods. Field studies and experiments testing the role of warm-heartedness and mutual rewards in Chinese organizations would be very useful to test the generalizability of the study's findings.

Research using different methods, larger and more representative samples is needed to test and refine the propositions argued here (Spector and Brannick, 1995).

8.7 PRACTICAL IMPLICATIONS

Our survey and experiment results supported our hypotheses that cooperative goals between foreign managers and Chinese employee can greatly strengthen their leader-member relationships, which in turn facilitate cross-cultural leadership. To develop cooperative goals and quality leader-member relationships in Chinese contexts, foreign managers can make good use of Chinese guanxi values. Communicating warm-heartedness and distributing mutual rewards can help foreign managers and employees develop cooperative goals and good leader-member relationships, which reinforce cross-cultural leadership.

In addition to developing theoretical understanding, these hypotheses, if they can continue to be supported, have important practical implications for

promoting effective leadership across cultural groups, especially in China and perhaps other collectivist cultures. Overall, our findings provide the empirical support for using the theory of cooperation and competition and the theory of LMX to guide the development of leadership that crosses cultural boundaries. This study draws upon previous research but extends this research by applying the theory in cross-cultural leadership settings. The theory of cooperation and competition develops a framework for understanding how goal interdependence affects interaction dynamics and how these dynamics affect outcomes.

8.7.1 Developing Leader-Member Relationship for Cross-Cultural Leadership

Joint ventures and multi-national companies can provide foreign managers and Chinese employees with training on how to develop quality relationships with each other, as well as opportunities for members of different culture to develop relationships. Results of our study support the theorizing that the quality of the relationships between managers and employees facilitates cross-cultural leadership and extend this theorizing to cross-cultural settings.

Although developing strong relationships between managers and employees who are culturally diverse, may be particularly difficult, our findings suggest that leader-member relationships matter and have implications for expatriate managers regarding the willingness of Chinese employees to collaborate with expatriate managers. Developing high quality leader-member relationships in China may be quite useful for organizations to facilitate the adaptation and application of

multi-national expertise to local conditions. In addition to developing theoretical understanding, continued support for the hypotheses can have important practical implications for strengthening leader-member relationships.

8.7.2 Using Cooperative Goals to Strengthen the Relationships between Foreign Managers and Chinese Employees

In addition to supporting the theorizing that cooperative goals can enhance leader-member relationships and extend it to cross-cultural settings, results directly contribute to international organizational behavior knowledge and practice. Cooperative but not competitive or independent goals were strongly predictive of quality relations between Chinese employees and their foreign managers. When Chinese employees believe that their goals with foreign managers are cooperative, but not competitive or independent, they are much more likely to develop quality leader-member relationships with their managers.

JVs and MNCs can provide foreign managers and Chinese employees with training on how to develop and use cooperative goal to strengthen their relationships. Results suggest that Chinese employees, despite their different cultures and unequal status, can develop cooperative goals for overcoming their cultural distance and develop strong leader-member relationships with foreign managers.

Our finding that goal interdependence might set off a causal chain is useful in that goal interdependence is a variable over which leaders have some control. Previous research provides guidance for developing cooperative goals (Tjosvold and Tjosvold, 1995). Cooperative, competitive and independent goal measures can help managers and employees identify the extent they have on barriers to quality

leader-member relationships. Training managers and employees can help them convey that the goals between foreign managers and Chinese employees are compatible. Managers may have the goal to please an important customer and the employee may have the goal to demonstrate his or her competence; but if they believe that their goals are compatible, our results suggest that this experience enhances their relationship. However, if they believe these goals are incompatible—for example, the employee believes he has to demonstrate his competence by documenting that he was right and the customer wrong—then these incompatible goals disrupt a high quality relationship. By establishing compatible common goals, they can build close leader-member relationships from cooperative goals and to develop key skills for building high quality relationships. Helping them to realize that their goals are to help each other get what each other really needs and values, and not try to win or outdo each other.

The leader-member relationship between multi-national managers and local employees may be very critical for cross-cultural leadership. However, cross-cultural interaction especially between people with different status can be particularly challenging. The theory of cooperation and competition may be a basis for managers and employees in developing a common approach to strengthening their leader relationship.

8.7.3 Using Appropriate Reward Systems for Cooperative Goal Development

Our findings suggest that mutual reward systems are potentially very critical for developing cooperative goals. Appropriate reward systems can improve cooperative goals by ensuring that employees' effort is directed towards shared goals.

Managers and employees compensation could be based in part on joint success (Hambrick, 1994; Hanlon, Meyer, and Taylor, 1994; Li, Xin, Tsui, and Hambrick, 1999; Pearce, 1997). Realizing that their goal is to help each other get what each other really needs and values, they work cooperatively for mutual benefit. JVs and MNCs can provide foreign managers and local employees with feedback and insights about how people from different cultures work together, and also reward them for developing the competencies required.

Foreign managers can also communicate that they want to share the credit when they solve problems together. Then they reward employees as well as themselves when they work together and find mutual agreements to solve a problem. Group bonus and profit sharing plans appear to be human resource management practices that structure mutual rewards (Hanlon, Meyer, and Taylor, 1994). Shared goals, integrated roles, common tasks, team identity, personal relationship, and shared reward distributions reinforce cooperative goals (Hambrick, 1994; Hanlon, et al, 1994; Li, Xin Tsui, and Hambrick, 1999; Pearce, 1997).

Training programs can inform employees about the shared goals, but reward systems must convince employees that the organizations reward and recognize the performance that contributes to achieving shared goals. Often organizations provide training but do not mandate full participation nor do they reward employees who apply the training lessons in their work (Jackson and Schular, 2003). In addition to contributing to employee's performance in technical aspects of

their jobs, reward systems can improve cross-cultural leadership by ensuring that employees' efforts are directed towards shared goals, and rewarding them for developing the competencies required.

8.7.4 Communicating Warm-Heartedness for Cooperative Goal Development

Although our results documented the value of expressing warm-heartedness to Chinese employees, people doubt whether warm-heartedness can be trained. Interests in behavioral change have continued to be strong since the pioneering research done in 1974 (Goldstein & Sorcher, 1974). A meta-analysis carried out by Burke and Day (1986) found that behavior modeling was one of the most effective training methods. Subsequent reviews continue to support the utility of this method (Latham, 1989; Mayer & Russell, 1987; Robertson, 1990).

Training programs can be given to help foreign managers model successful examples, to communicate their interest in listening to the problems and difficulties faced by employees. They can ask questions and convey their intent not to harm the employees. In addition, they can learn the nonverbal skills of communicating their interest in listening to the workers' problem through eye contact and show to the workers their warmth through smiling, leaning forward, and using a soft voice and open gestures.

Modeling warm-heartedness can ensure that managers and employees provide and receive the feedback in an appreciative way. Managers and employees can also be trained to express their ideas, positions, and feelings openly, directly, and warmly. Warm-heartedness can also help them to realize that cooperative

goals can benefit both, and help them learn to put themselves in each other's shoes and see the problem from other perspectives, so that they are willing to be open to different positions and be more innovative.

Foreign managers and local employees can also be trained in the skills of being warmhearted. They can try to communicate their warm-heartedness towards each other verbally and nonverbally, to show their warm-heartedness towards the others, and to indicate that they are interested in listening to problems and difficulties of each other. They can also learn to express their warm-heartedness nonverbally through eye contact, smiling, leaning forward, and by using a soft voice and open gestures. By doing so, they might be more willing to express their ideas and positions, ask each other for more information and arguments, and integrate their best ideas to create effective solutions. In addition to developing theoretical understanding, continued support for the hypotheses can have important practical implications for structuring leadership and stimulating innovation in foreign operations. Foreign managers and local employees can, in addition to showing their warm-heartedness and consideration, combine their norms, motives, and cognitive processes, develop common tasks, warm attitude, complementary roles and shared rewards that build cooperative goals and leader-member relationships (Tjosvold and Tjosvold, 1995, 1994).

CHAPTER 9 CONCLUSION

For joint venture success, organizations must invest in developing leaders who are capable of understanding and managing cultural differences and work with culturally diverse people effectively. Researchers have argued that, in JVs and MNCs, leading local employees effectively is critical for joint venture success (Boyd and Taylor, 1998; Brower et al., 2000; Delugua, 1998; Graen and Uhl-Bien, 1995; House et al., 1997; Setton et al., 1996; Schriesheim et al., 1998; Velsor, and Leslie, 1995). The foreign manager–local employee relationship may be quite useful for successful cross-cultural leadership. But developing productive relationships between managers and employees who are also culturally diverse may be particularly difficult (Earley, and Gibson, 2002; Earley and Mosakowski, 2000). Previous research has emphasized the value of relationships between managers and employees for leadership and the difficulties of forming such relationships, especially across cultural boundaries (Brower, et al., 2000; Graen and Uhl-Bien, 1995; House, Wright and Aditya, 1997; Hui and Law, 1999).

Yukl (1998) points out that most of the research on leadership during the past half century has been conducted in the United States, Canada, and Western Europe. Hofstede (1993, p.81) states: "In a Global perspective, US management theories contain a number of idiosyncrasies not necessarily shared by management

elsewhere. As a result there is a growing awareness of need for a better understanding of the way in which leadership is enacted in various cultures and a need for an empirically grounded theory to explain differential leader behavior and effectiveness across cultures" (House, 1995, p. 443-444; see also Bass, 1990a; Boyacigiller and Adler, 1991; Dorfman, 1996; Dorfman and Ronen, 1991).

Applying the theory of LMX and the theory of cooperation and competition, this research tried to answer these two questions: 1. how to facilitate leader-member relationship between foreign managers and Chinese employees in joint ventures in China; 2. how can foreign managers and Chinese employees develop cooperative goals in Chinese contexts. We hypothesized that cooperative goals between foreign managers and Chinese employees help to improve their leader-member relationship, which in turn facilitated cross-cultural leadership. Foreign managers could make good use of Chinese *guanxi* value to construct cooperative goals with Chinese employees, so that they could have good leader-member relationship and effective leadership.

Data obtained from surveys in China supported our propositions that, in joint ventures in China, cooperative goals between foreign managers and Chinese employees can greatly strengthen their leader-member relationships, which in turn facilitate cross-cultural leadership. With leader-member relationships, Chinese

employees were more committed, performed well, viewed their foreign managers as effective leaders and looked forward to their future collaboration. They were also more willing to discuss issues open-mindedly with their foreign managers and did well in innovation. Our experiment suggested that to develop cooperative goals and quality leader-member relationships in Chinese contexts, foreign managers can make good use of Chinese guanxi values. Communicating warm-heartedness and distributing mutual rewards can help foreign managers and employees develop cooperative goals and good leader-member relationships, which reinforce cross-cultural leadership.

Our findings provide overall support for the theory of cooperation and competition and the theory of LMX. Although the theory of cooperation and competition and the theory of LMX were developed in the West, we have found them useful for predicating behaviour in Chinese contexts regarding cross-cultural leadership. Foreign managers working in joint ventures in China can use the basic elements of Chinese guanxi values. They can communicate their warm-heartedness and distribute mutual rewards for cooperative goal development and leader-member relationships, both of which construct the framework for cross-cultural leadership.

APPENDIX I MEASURES USED IN THE SURVEY STUDY

Cooperative Goals

1. My manager and I share compatible goals
我和我上司有共同的目标
2. I take interest in the things my manager wants to accomplish
我对我上司希望取得的成绩很感兴趣
3. My manager and I want each other to succeed
我和我上司都希望彼此能够取得成功
4. I am pleased when my manager succeeds
我对我上司的成功感到喜悦
5. My manager's goal attainment contributes my achievement
我上司的成功（实现他/她的目标）有助于我的进步（实现我的目标）

Competitive Goals

1. What helps me gets in my manager's way
对我有帮助的事情通常是对我上司的阻碍
2. My manager and I have a win-lose goal
我与我上司的目标是“你赢我输”的
3. I structure things in ways that benefit my goals rather than my manager's
我的处事方式是以自己的目标而不是以我上司的目标为中心
4. I care about my goal attainment, not my manager's accomplishment
我关心的是自己能否完成工作目标，而不是我上司的成就

Independent Goals

1. My manager does not know what I want to accomplish
我的上司并不知道我想达到什么目标
2. My manager and I each do our own thing
我和我上司都各顾各的事
3. I do best when I work alone rather than with my manager
我表现最出色的时候是自己工作而不是和上司合作
4. My manager and I work for our own separate interests
我和我上司各自为自己的利益工作
5. My manager's success is unrelated to my success
我上司的成就与我的成就互不相干

Leader-member Relationships

1. My manager and I strengthen our relationship by working together

我和我上司在一起工作的过程中增强了彼此间的关系

2. My manager and I care about the work problems and needs of each other
我和我上司关心彼此工作中出现的问题以及对方所需要的帮助
3. My manager and I recognize each other's potential
我和我上司都很清楚彼此的潜力
4. My manager and I are inclined to pool our available resources to solve the problems in my work
我和我上司通常会一起努力，倾尽能得到的一切资源解决我工作中出现的问题
5. My manager and I am satisfied with each other's work
我和我上司对彼此的工作感到满意

Employee Commitment

1. I do have a strong sense of belonging to my company
我对公司有很强的归属感
2. I do feel "emotional attached" to this form
我对公司有很深的感情
3. I am highly committed to the goals of my company
我对公司的目标有很高的忠诚度

Performance

1. I have great interest and enthusiasm in my job
我对自己的工作极感兴趣，热情也很高
2. I concentrate and try my best on every assignment
我集中精力、尽最大努力完成每一项任务
3. I am never lazy and have great work endurance
我从不偷懒，在工作时有很强的耐久力

Leader Effectiveness

1. My manager performs his leader roles appropriately
我上司的所作所为符合他/她作为领导的角色
2. My manager exercises his responsibilities well as a leader
我上司能够很好地履行他/她的领导职责
3. I am satisfied with my manager's overall effectiveness as a leader
我对上司的总体领导效率感到满意

Future Collaboration

1. I hope I can work with my manager in the future

我希望以后还能和我上司共事

2. I will try to seek opportunity to work with my manager in the future
我会努力寻找机会以便日后还能与我上司一起共事
3. I would be very pleased if my manager continued to be my manager in the future
如果我上司以后还能一直是我的领导，我将非常高兴

Open-minded Discussion

1. My manager and I listen carefully to each other
我和上司都会专心倾听对方的意见
2. My manager and I express our own views directly to each other
我和上司都会毫无隐瞒地向对方直接表达自己的观点
3. My manager and I consider each other's ideas even if we don't agree
我和上司都会考虑对方的意见，哪怕我们的观点并不一致

Innovation

1. My manager and I often innovate our approach to getting job done
我和上司经常创新工作方法去完成工作
2. My manager and I are committed to ongoing innovation
我和上司对不断革新热诚很高
3. My manager and I are open to innovative ideas
我和上司对有新意的观点持开放的态度

Name: _____

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APPENDIX III MEASURES FOR MANIPULATION CHECK

1. To what extent do the supervisors and employees like to solve the problem for their mutual rewards?

你在多大程度上认为工人和管理者愿意为了共同的奖赏一起解决问题?

A very little 1 2 3 4 5 6 7 A great deal

2. To what extent do the supervisors and employees like to solve the problem for their individual rewards?

你在多大程度上认为工人和管理者在解决问题的时候只考虑自己的奖赏?

A very little 1 2 3 4 5 6 7 A great deal

3. To what extent do you believe the supervisors and employees have win-lose rewards?

你在多大程度上认为工人和管理者将要得到的奖赏是“你输我赢”的?

A very little 1 2 3 4 5 6 7 A great deal

4. How much do you believe that the supervisor is warm-hearted?

你在多大程度上认为和你进行讨论的管理者对工人的处境较为热心?

A very little 1 2 3 4 5 6 7 A great deal

5. How much was your supervisor interested in the problems of the employees?

和你进行讨论的管理者在多大程度上对工人面临的问题感兴趣?

A very little 1 2 3 4 5 6 7 A great deal

APPENDIX IV MEASURES USED IN THE EXPERIMENTAL STUDY

Cooperative Goals

1. To what extent do you believe you and the supervisor share compatible goals
你在多大程度上相信管理者和工人有共同的目标
2. To what extent do you take interest in the things your supervisor wants to accomplish
你在多大程度上对管理者希望取得的成绩感兴趣
3. To what extent do you and the supervisor want each other to succeed
你和管理者在多大程度上都希望彼此能够取得成功
4. To what extent are you pleased when the supervisor succeeds
你在多大程度上对管理者的成功感到喜悦
5. To what extent do you believe the supervisor's goal attainment contributes to your achievement?
你在多大程度上相信管理者的成功（实现他/她的目标）有助于你实现自己的目标

Competitive Goals

1. To what extent do you believe what helps the supervisor gets in your way
你在多大程度上相信对管理者有帮助的事情通常是对你的阻碍
2. To what extent do you and the supervisor have a 'win-lose' relationship
你在多大程度上相信你和管理者之间是“你赢我输”的关系
3. To what extent do you structure things in ways that benefit employees rather than the supervisors
你在处理问题的时候在多大程度上考虑工人的利益而不是管理者的利益
4. To what extent do you care about the goal of the employees, not of the supervisors?
你在多大程度上只关心工人的利益而不是管理者的利益

Independent Goals

1. To what extent do you and the supervisor do not know what each other want to accomplish
你和管理者在多大程度上并不清楚对方想要达到的目标
2. To what extent do you and the supervisor only care about your own position
你和管理者在多大程度上只关心自己的立场
3. To what extent do you believe it would be better to work alone than with the supervisor

你在多大程度上认为独自解决问题比和管理者一起解决问题更好

4. To what extent do you and the supervisor work for your own separate interests
你和管理者在多大程度上只考虑各自的利益
5. To what extent do you and the supervisor have unrelated goals
你和管理者的目标在多大程度上互不相干

Leader-member Relationships

1. To what extent do you believe the interaction strengthen the relationship between you and the supervisor
你在多大程度上认为这个实验的互动增强了你和管理者之间的关系
2. To what extent do you believe you care about the problems and needs of each other
你在多大程度上认为你和管理者关心彼此面对的问题以及对方的需要
3. To what extent do you believe you and the supervisor recognize each other's potential
你在多大程度上认为你和管理者清楚彼此的潜力
4. To what extent do you believe you and the supervisor are inclined to pool your available resources to solve the problem
你在多大程度上认为你和管理者能倾尽彼此的一切资源去解决问题
5. To what extent do you believe you and the supervisor are satisfied with each other's work
你在多大程度上认为你和管理者对彼此的工作感到满意

Employee Commitment

1. To what extent does this interaction strengthen your sense of belonging to the company
这个实验的互动在多大程度上增强了对公司的归属感
2. To what extent does this interaction strengthen emotional attachment to the company
这个实验的互动在多大程度上增强了对公司的感情
3. To what extent does this interaction strengthen your commitment to the goals of the company
这个实验的互动在多大程度上增强了对公司目标的忠诚度

Performance

1. To what extent did you have great interest and enthusiasm in solving the problem
你在多大程度上对解决这个问题（实验中的工作轮换问题）有兴趣和热情
2. To what extent did you concentrate and try your best on the issue

你在多大程度上集中精力、尽最大努力去解决这个问题

Leader Effectiveness

1. To what extent do you believe the supervisor performs his leader roles appropriately
你在多大程度上认为这个管理者的所作所为符合他/她作为领导的角色
2. To what extent do you believe the supervisor exercises his responsibilities well as a leader
你在多大程度上认为这个管理者能够很好地履行他/她的领导职责
3. To what extent are you satisfied with the supervisor's overall effectiveness as a leader
你在多大程度上对这个管理者的总体领导效率感到满意

Future Collaboration

1. To what extent do you hope you can work with this supervisor in the future
你在多大程度上希望以后还能和这个管理者共事
2. To what extent will you try to seek opportunity to work with this supervisor in the future
你在多大程度上会努力寻找机会以便日后还能与这个管理者一起共事
3. To what extent would you be very pleased if the supervisor continued to be you supervisor in the future
你在多大程度上将为这个管理者能一直是你的领导而感到高兴

Open-minded Discussion

1. To what extent do you and the supervisor listen carefully to each other
你和管理者在多大程度上专心倾听对方的意见
2. To what extent do you and the supervisor express your own views directly to each other
你和管理者在多大程度上毫无隐瞒地向对方直接表达自己的观点
3. To what extent do you and the supervisor consider each other's ideas even if you don't agree
你和管理者在多大程度上考虑对方的意见，哪怕你们的观点并不一致

Innovation

1. To what extent do you and the supervisor innovate your approach to getting the issue solved
你和管理者在多大程度上试图通过创新工作方法来解决这个（实验中工作轮

换) 问题

2. To what extent do you and the supervisor are committed to ongoing innovation
你和管理者在多大程度上对不断革新热诚很高
3. To what extent do you and the supervisor are open to innovative ideas
你和管理者在多大程度上对有新意的观点持开放的态度

Acceptable Arguments

1. Write below as many arguments of the supervisors as you can. Place an "R" by the arguments you think are reasonable and ones you are thinking of accepting. Place a "U" by those arguments of the supervisors you think are unreasonable and you are not planning to accept as your own.

请尽可能多地写下管理者提出的论点或者意见。在你认为合理或者可以接受的论点或者意见前写"R"；在你认为不合理或者不可以接受的论点或者意见前写"U"。

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