

JOB SATISFACTION OF THE CHINESE AND JAVANESE MANAGERS IN INDONESIA: THE ROLE OF ETHNIC CULTURE

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ABSTRACT

Considerable research attention has been devoted to study how culture influences control systems' impact on employee behavior in organizations. Many of these studies focus on national culture. But, national culture may not fully capture the cultural impacts on important organizational aspects such as control systems and employee behavior, because not all nations or national cultures are homogenous. Many national cultures comprise diverse or ethnic cultures. Therefore, it is important to understand the impact (if any) of an ethnic culture on control systems and employee behavior. Prior studies overlooked this issue. This study, conducted in a field setting in Indonesia, investigated the impact of ethnic (Chinese and Javanese) cultures on managers' behavior. A total of 104 department managers participated in the study. The results revealed that managers' ethnic cultural difference was reflected in their group difference with respect to personality type, level of participation in budgeting, and job satisfaction.

Keywords: Control system, Participation, Ethnic culture, Job Satisfaction

1. INTRODUCTION

Considerable research attention has been devoted to study how culture influences control systems' impact on employee behavior in organizations. Many of these studies (e.g, Hwang, 1989; Harrison, 1990; 1992; Chow et al, 1996; Lau, 2003) focus on national culture. But, only national culture may not fully capture the cultural impacts on important organizational aspects such as control systems. Hofstede (2001) for instance argues that nations are not the best unit for studying cultures and related impacts. We concur with Hofstede's (2001) comment as all nations or national cultures are not homogenous; diversities exist within many national cultures. For instance, Fontaine et al (2002) argue that treating Malaysian national culture as homogenous is incorrect because there are three major ethnic groups in the Country, having distinct ethnic cultures (see also, Hilley, 2001). Indeed, Fontaine et al (2002) report a significant difference among the different Malaysian ethnic cultures (Malay, Chinese, and Indians). Prior studies have overlooked the possible diversities that may exist within a particular national culture and the possible differential impact on behavior that such diversity might have.

We contend that significant diversities exist within Indonesian national culture also, as there are approximately three hundred native ethnic groups excluding the immigrant ethnic groups including Chinese, Indian, and Arab. Of the three hundred odd numbers of native ethnic groups, a major group is "Javanese". Each ethnic group has its own unique culture and in many cases these ethnic cultures are not compatible (Koentjaraningrat, 1975). Among the immigrant ethnic groups, the Chinese in Indonesia as a group is dominant because of their exceptionally successful business performance; the success distinguishes them from the other ethnic groups. We contend that significant differences exist between many ethnic cultures in Indonesia and such differences are likely to influence the impact of a management control system on the behavior of employees coming from different ethnic background. Specifically, we argue that participative budgeting will have differential impact on the behavior of Chinese and Javanese managers in organizations within Indonesia. We also argue that such differential impact is due to the differences between Chinese and Javanese cultures. Frucot et al (1991), for instance, suggest that culture influences values, and behavior of employees. There is a strong body of literature suggesting that budget is an important management control system in organizations. Hofstede (1987) argues that the view of "reality" held by members of a cultural group is expected to affect their perception of a control system process and the values that they place on participation in that process.

This study, conducted in a field setting in Indonesia, assesses whether managers from the two different ethnic cultures (Chinese and Javanese) in Indonesia are different from each other as a group and, if they are, whether such difference is reflected in their personality type, level of participation in budgeting and

their job satisfaction. Managers' personality type is assessed using Rotter's (1966) locus of control scale. On the locus of control scale, individuals can be categorized as 'internal' or 'external'. Individuals having the 'internal' type of personality believe in their own effort and have some control over events (Rotter, 1966). Employees having this type of personality are characterized by relatively high self-confidence, initiative, risk taking, hard working, motivation, speculation, and high intuition. Individuals having the 'external' type of personality believe that events are controlled by fate, luck, chance or powerful others (Rotter, 1966; Mc.Donald, 1976). Employees having 'external' type of personality are characterized by relatively low level of the above phenomenon (Durant and Nord, 1976; Brownell, 1979, Brownell, 1979, 1981; Mia, 1984, 1987). Participation in budgeting, and job satisfaction are assessed using already established instruments.

2. THEORY AND HYPOTHESES

The term 'ethnic culture' refers to the culture that is common among "people who perceive themselves as constituting a community because of ancestry, language, history, religion, or customs" (Riggins, 1992, p. 1). Ethnicity is a process of construction, which incorporates, adapts, and amplifies preexisting communal solidarities, cultural attributes, and historical memories (Conzen et al, 1992). It is directly concerned with group formation and a powerful psychological reality (Fitzgerald, 1991).

The use of organization culture to control behavior, as suggested in relevant organization literature, assumes that employees either already have, or can be inculcated with common values and beliefs. However, a common characteristic of today's industrial organizations especially in developing economies is the multicultural make-up of the work force (Woodworth and Said, 1996). Individual employee in an organization belonging to a particular culture may respond (in work environment) to various situations or events differently from another employee of the same organization belonging to another culture. As a result, it may be difficult (if not impossible) for an organization to infuse common culture in such a diverse workforce. We contend that recognizing the ethnic diversity in the workforce and adapting organizational governance to the cultural diversity of the work force is one way, perhaps a better way, to further organizational goals. Employees' attitude and perception are influenced by their ethnic cultural values. Hofstede (1984), Koentjaraningrat (1985), and Hariyono (1993) suggest that culture distinguishes individuals or members of one society or group of people from another with respect to their behavior. Following the literature, we posit that ethnic Chinese managers differ from their Javanese counterparts with respect to their personality type. The discussion below offers an explanation for the argument.

2.1. Chinese and Javanese cultural values, and managers' personality type.

The term "Chinese" in this paper refers to the people who are born Chinese and live in Java Island, Indonesia. Similarly, the term "Javanese" refers to the Javanese ethnic group who are born Javanese and live in Java Island (Koentjaraningrat, 1985 pp. 452-457) in Indonesia. We explain below how the difference between the ethnic Chinese and Javanese cultural values leading to the difference in personality type of managers from the two respective groups (see also, Koentjaraningrat, 1985).

The Chinese believe in maintaining "face" or reputation of their elders, parents and family, and showing their loyalty to the family and relatives. To them, losing job and failing to achieve objectives are "losing face" for the family (Hariono, 1993). Chinese believe in making 'effort' and sufferings and misfortune could be overcome by efforts or hard work (Koentjaraningrat, 1985). Instead of accepting the nature as it is, the Chinese try to control (subjugate) the environment or find a way around to take advantages of it and to attain their desired objectives (Sheh, 2001). Further the Chinese work hard to make a decent living, maintain reputation of the family (Thong, 1987). In contrast, the Javanese believe in 'ihitiyar' or 'trying to effort'. Following 'ihitiyar' the Javanese believe that life must "ingkang nrimah" meaning that "accept fate willingly" in life. They also believe in the expression "pasrah lan sumarah", which means "surrender and accept fate" (Koentjaraningrat, 1985, p. 436-437). For example the Javanese believe that natural disaster such as flood or volcanic eruption is taken as fate or luck. Besides the Javanese also believe in a philosophy "aja ngaya aja ngangsa" or don't overwork yourself, don't try too hard (Koentjaraningrat, 1985, p. 438). Javanese also believe speculation and overwork are signs of humiliation, since it shows greediness. Because of these cultural values, the Javanese and the Chinese are likely to have different views about themselves, therefore may have different type of personality.

Chinese are not procedural and their respect is not based on the social hierarchy. Unlike the Chinese, Javanese respect is based on their social hierarchy. The Javanese respect superiors at work; they usually do not confront superiors and avoid disagreement by either not responding or by agreeing humbly without expressing their opinion. Furthermore, to show their respect to their superior, Javanese always ask for instruction or guidance from their superior. Approval and rigid procedures are important to the Javanese managers (Koentjaraningrat, 1974). This social norm may make them procedural. Therefore, the Chinese and Javanese may have different working attitude. Table 1 below presents a summary of the above discussion.

Table 1. A comparison of ethnic Chinese and Javanese cultural values

Chinese	Javanese
Make effort (try).	Accept fate.
Hard work for maintaining "face"	Not to overwork
Have control over environment.	Accept the environment as divine (fate).
Less hierarchical, not procedural	Respect superiors, accept orders, rules and procedures.

The above discussion leads us to posit that the Chinese managers differ from their Javanese counterparts. Following Rotter (1966), we explain the difference in terms of 'internal-external' personality. Hypothesis one below formally presents the proposition.

H₁: The Chinese and Javanese managers in Indonesia differ with respect to their personality type.

2.2. Participation in budgeting and job satisfaction.

Budgetary participation and job satisfaction relationship has long been recognized as an important issue in organizations. This is perhaps one of the reasons why the relationship has been central to so much organizational research for more than fifty years since the study by Argyris (1952). For instance, Shields and Shields' (1998) review of the literature on budgetary participation reveals that a large number of the 47 studies on budgetary participation, investigated the participation – job satisfaction relationship. The relevant research suggests that effects of participation in budgeting, is contingent upon the presence of contextual factors. We contend that national culture and ethnic or subculture within a national culture, are among the contextual variables, which will impact the relationship between budgetary participation and job satisfaction.

There have been a number of studies (Harrison, 1992, 1993; Lau et al 1995; O'Connor, 1995, Lau 2000) investigating the impact of national culture on behavioral impact of budgetary participation. However, in spite of considerable research on the relationship between managerial participation in budgeting and job satisfaction, potential impact of ethnic culture on the above relationship is still not known. We argue that differences in ethnic cultural values, reflected in personality (internal-external) might impact the effectiveness (in terms of job satisfaction) of managers' participation in budgeting. For example, Frucot and Shearon (1991) report that internal managers, compared to the external managers are more positively affected by budgetary participation. We argue that since Chinese and Javanese managers may possess different personality type, their involvement (participation) in budgeting will result different job satisfaction. Hypotheses H₂ below summarizes the discussion.

H₂. There is a significant difference in the level of budgetary participation and job satisfaction of the Chinese and Javanese managers in Indonesia

3. RESEARCH METHOD

3.1. The Sample and data collection.

The data for the study were collected from the managers in charge of accounting and finance, administration, sales and marketing, and production departments in manufacturing firms in Indonesia. In total, 250 such firms with 100 or more employees were selected to participate in the study. The general managers (GMs) of 250 selected firms with 100 or more employees, approached to nominate the department managers to participate. Of the 180 nominated department managers, 104 fully completed and returned the questionnaire. Thus, the final sample of the study was 104. with 100 or more employees The final sample of managers comprised accounting and finance (20%), HRM (18%), sales and marketing (19%), production departments (20%), maintenance (17%), information systems (12%).

3.2. Measurement of Variables

3.2.1. Locus of Control. Rotter's (1966) locus of control dimension of personality type was used to assess the difference between the Chinese and the Javanese managers' personality. On the locus of control scale, individuals can be categorized as 'internal' or 'external'. The scale comprises 29 paired (including six pair of filler) statements – each pair includes one internal statement and one external statement. Respondents are asked to tick item from each pair. One point is given for ticking an 'external' statement and zero for ticking the 'internal' statement of each pair except the six pairs of filler statements, which are given no point. So, the score could vary from zero to 23; lower the score, greater is the 'internal' personality. Table 1 presents the descriptive statistics for the variable.

Table 1: Descriptive Statistics (n = 104).

Panel A (Overall)

Variables	Mean	Std.dev	Actual Range		Theoret. Range	
			Min	Max	Min	Max
Locus of control	12.00	6.71	0.00	21.00	0	21
Budgetary participation	3.33	1.03	1.00	5.00	1	5
Job satisfaction.	2.64	1.05	1.00	5.00	1	5

3.2.2. Budgetary Participation. Milani's (1975) six-item instrument was employed to measure the department managers' budgetary participation on a 7-point Likert-scale anchored at both ends. On the scale, '1' represented a 'low' and '7' represented a 'high' participation. A manager's overall score for his/her budgetary participation was the average of the manager's score for each of the six items. A reliability check of the instrument for the study produced a Cronbach (1951) alpha of 0.89, which is considered satisfactory. Table 1 presents the descriptive statistics for the variable.

3.2.3. Managers' Job satisfaction. The department managers' level of satisfaction with their current job was measured using a 2-item instrument (see Dewar and Werbel, 1979) on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The score for a manager's job satisfaction was the average of the manager's score under each of the two items. The inter-item correlation as a check of internal reliability was found to be 0.73, which compares favorably with Dewar and Werbel (1979). Table 1 presents the descriptive statistics for the variable.

4. RESULTS

Table 2 presents the correlation between variables in the model of the study. The results indicate absence of any multicollinearity.

Table 2: Inter-correlation matrix for the variables

Variables	1	2	3
1. Participation	1.00		
2. Locus of control	0.09	1.00	
3. Job satisfaction	0.36**	0.05	1.00

* Significant at $p < 0.05$, ** Significant at $p < 0.01$; two tailed.

4.1. Test of the Hypothesis

Recall, hypotheses H_1 predicts a significant difference between the Chinese and Javanese managers with respect to their personality type (internal-external). Hypothesis one was tested using Leven's test to assess the mean difference. The results presented in Table 3 indicate that the mean score on personality type (internal-external) for the Chinese managers was significantly lower than the score for the Javanese managers. In other words, the Chinese managers' personality type was more of 'internal' compared to their Javanese counterparts. The results, therefore, support the hypothesis.

Table 3: Test of hypothesis H₁ Personality Difference - Chinese and Javanese Managers

		n	Group Means	Std Dev.	Leven's Test	
					F	Sig. p<
	Chinese	53	9.85	7.28		
Locus of control					36.12	001
	Javanese	49	14.26	5.20		

Hypothesis H₂ predicts that the Chinese managers, compared to their Javanese counterparts, would have higher participation in budgeting and higher job satisfaction. The hypothesis was tested using Leven's test to compare the group mean scores on budget participation and job satisfaction of the Chinese and Javanese managers. It can be observed from the results presented in Table 4 that a significant difference exists between the group mean scores for job satisfaction, but not for participation. Therefore, the results support hypothesis partly.

Table 4: Test of hypothesis H₂ The Chinese and Javanese Managers participation and job satisfaction difference -

		n	Group Means	Std Sev.	Leven's Test	
					F	Sig. p<
	Chinese	54	3.33	1.10		
Bud. participation.					1.37	0.25
	Javanese	50	3.33	0.96		
	Chinese	54	3.36	0.83		
Job satisfaction					5.30	0.020
	Javanese	50	2.98	1.00		

5. DISCUSSION AND CONCLUSIONS

This study set out to empirically assess whether managers from the two different ethnic cultures (Chinese and Javanese) in Indonesia are different from each other as a group and, if they are, whether such difference is reflected in their personality type, level of participation in budgeting and job satisfaction. Following the relevant literature on culture we predicted a significant difference between the Chinese and Javanese managers' personality. The results confirm the prediction. We found that the Chinese managers' personality type as a group was 'internal' while that of the Javanese managers was 'external' on Rotter's (1966) locus of control scale. The results support our argument that the Chinese managers, due to their cultural values, are likely to have 'internal' type personality.

On the assessment of whether the difference between the two groups of managers' personality type is reflected in their level of participation in budgeting and job satisfaction, the results revealed that the groups mean scores of Chinese and Javanese managers were the same while those on job satisfaction were significantly different. An explanation for the same group mean scores for both groups on participation in budgeting is that department managers in the sample firms might have been expected to participate in budgeting as a matter of policy. Given that the Chinese managers possess 'internal' type personality, they viewed their firm's participatory policy as an opportunity for having a control (influence) in their work environment. However, the Javanese managers, on the other hand, viewed the same policy as a source of stress in their work environment, therefore the difference in job satisfaction. Based on the discussion, we consider that the results support our overall argument that ethnic culture influences employee involvement in control systems process and behavior at work.

A practical implication of the results is that the top management in firms may consider recognizing ethnic cultural diversity in the workforce, and adapting organizational governance (rules and systems) to the diversity is one way, perhaps a better way, to further organizational goals. This study contributes towards theory development by extending previous research on culture. Prior studies on national culture have

overlooked the possible diversities that may exist within a particular national culture and the possible differential impact on behavior that such diversity might have.

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