

# When Does High Performance Work Systems Reduce Psychological Contract Violation?

## —Examining the Joint Moderating Effects of Authoritarian Leadership and Independent Self-Construal

Yaqing Lin<sup>1</sup> Pucheng Lan<sup>2</sup>

(1. School of Public Policy, Xiamen University;

2. School of Public Affairs, Xiamen University)

### **Abstract:**

**Purpose:** Based on social exchange theory, prior literature believes that high performance work systems (HPWS) is the key measure to reduce employees' psychological contract violation. The argument above ignores the complexity of the exchange action between individuals and organizations. Firstly, according to the perspective of multifoci social exchange theory, due to the "virtuality" of the organization, the exchange relationship between employees and organizations is usually expressed as the exchange relationship between employees and multiple specific agents of the organization, and one of the quality of exchange relationships is affected by employees' judgment on the quality of the other exchange relationship. HPWS and direct leaders are the main agents of the organization, while the direct leaders are usually "closer" to employees comparing with the other organizational institutions. Therefore, direct leaders may strengthen or weaken the exchange signal sent by the HPWS. Secondly, because the content and process of social exchange are usually not negotiated by both parties, and the nature and time of return are uncertain, the actual effect of social exchange initiated by the organization will also be affected by the cognition of the other party being exchanged, that is, the employees himself. Thus, due to the complexity above-mentioned, the study proposes that there is some uncertainty in the inhibitory effect of HPWS on employees' psychological contract violation. In view of this, this paper analyzes how employees perceive the social exchange signal released by the HPWS affects their psychological contract violation, and constructs the joint moderating model of authoritarian leadership and independent self-construal on the relationship above.

**Methodology:** We acquired the valid questionnaires from 1923 employees in Shandong, Jiangsu, Fujian and Guangdong province. The questionnaire is mainly distributed in two ways: on-site questionnaire survey and survey with the assistance of the government. In statistical analysis, we first use confirmatory factor analysis to test the reliability and validity of main variables' measurement scales; Then, the basic situation of the samples is presented through descriptive statistical analysis and correlation analysis between variables; Thirdly, the joint moderating model is used to test the joint moderating effect of authoritarian leadership and independent self-construal on the relationship between HPWS and psychological contract violation.

**Findings:** HPWS is negatively associated with psychological contract violation. However, authoritarian leadership and independent self-construal can weaken this negative relationship respectively. When the level of authoritarian leadership is high, the relationship between HPWS and psychological contract violation is not significant. Similarly, when employees have a high level of independent self-construal, the relationship between HPWS and psychological contract violation is also not significant. Finally, our analysis reveals that the joint moderating model of HPWS, authoritarian leadership and independent self-construal on psychological contract violation is supported. Specifically, the negative relationship between HPWS and psychological contract violation will disappear and turn out to be positive when both authoritarian leadership and independent self-construal are high.

**Originality:** Firstly, this study brings the exchange relationship between employees and multiple “agents” of the organization and how employees as the other party understand the exchange process into a unified analytical framework, which promotes the academia to view dialectically the double-sided nature of organizational reciprocity measures in the social exchange process and provides systematic empirical evidence for understanding the complexity of social exchange process. Secondly, based on social exchange theory and its latest research development, taking authoritarian leadership and independent self-construal as the starting point, this paper systematically integrates the factors of leader and employee into the theoretical model of the effectiveness of HPWS, which enriches the theoretical perspective of the research on the boundary conditions of HPWS and helps researchers and practitioners recognize that the “positive side” of the HPWS will be blocked under certain conditions, and its “negative side” will be stimulated under some conditions.

**Implications:** This study provides some implications for the development of enterprises in China. Firstly, enterprises can ensure the weakening effect of HPWS on psychological contract violation through the individual characteristic management of authoritarian leaders and employee with independent self-construal, such as leadership training, employee socialization training and participatory management. Second, enterprises should strengthen the fit between leaders and employees, and take effective measures to avoid the combination of high authoritarian leadership and high independent self-construal, such as increasing the formal and informal interaction between leaders and employees.

**Key Words:** psychological contract violation; high performance work systems; authoritarian leadership; independent self-construal; social exchange theory

# How Shared Leadership Affects Team Performance: A Mediation Analysis with MASEM

Wei Chen<sup>1</sup> Junhui Zhang<sup>1</sup> Yilin Zhang<sup>2</sup>

(1. School of Economics and Management, Harbin Engineering University;

2. School of Economics and Management, Harbin University of Science and Technology)

## Abstract:

**Purpose:** In the context of increasingly complex and changeable external environment and increasingly fierce competition, enterprises have put forward higher requirements for the performance improvement of internal teams. As a new type of leadership model that advocates the sharing of leadership functions and responsibilities among team members, shared leadership shows more advantages in improving team performance when compared with the traditional vertical leadership. Although the positive relationship between shared leadership and team performance has been confirmed in numerous empirical studies and meta-analytic reviews, research consensus has not yet reached regarding “how shared leadership affects team performance” and “which mediational mechanism plays a primary role in this relationship”. Therefore, to fill these research gaps, the current study developed and examined a multiple mediation model of shared leadership and team performance.

**Methodology:** Meta-analytic structural equation modeling (MASEM), an advanced methodology that combines meta-analytic techniques and structural equation modeling, was used in this paper to test our hypothesized model and research questions. First, we conducted extensive database and manual searches to obtain sufficient research samples (primary-level studies). Then, we developed four inclusion criteria to screen the samples obtained. Our final sample consisted of 511 independent effect sizes extracted from 382 empirical papers (398 independent studies,  $N = 29607$  groups). On this basis, meta-analytic techniques were used to encode, correct and aggregate the effect sizes to obtain a correlation matrix, which was then used for path analysis in the Mplus 8.3.

**Findings:** The empirical results of this study provide meta-analytic support for the positive mediating roles of team confidence, team trust and team learning behavior on the relationship between shared leadership and team performance. In addition, when compared with team confidence and team trust, team learning behavior accounts more for the positive relationship between shared leadership and team performance.

**Value:** The current study makes several theoretical contributions to the shared leadership literature. First, this paper advances the shared leadership theory by identifying multiple mediational processes linking shared leadership to positive team performance. While previous studies simply focus on a single mediating process in interpreting the positive impact of shared leadership on team performance, the current study suggests that future research should take cognitive processes, affective processes, and behavioral processes into consideration simultaneously, as doing so provides us with a more comprehensive understanding of the internal mechanisms through which shared leadership improves team performance. Second, the current study also extends the shared leadership literature by identifying the primary mediating mechanism of the relationship between shared leadership and team performance.

Notably, this finding is important for future research, as it suggests that behavioral processes may better explain why shared leadership leads to positive team performance, which can provide theoretical guidance for future research to select appropriate mediating mechanisms when investigating the impact of shared leadership on team performance. Third, this paper outperforms previous meta-analytic reviews of shared leadership in the methodology adopted. Via MASEM, this study is able to examine a comprehensive mediating model, which allows us to provide meta-analytic explanations for the previous finding that “shared leadership tends to be more strongly related to team attitudinal outcomes, behavioral processes and emergent team states, compared with team performance”.

**Implications:** This study also has several practical implications. First, as shared leadership can effectively promote team confidence, team trust, team learning behavior and team performance, practicing managers should share leadership functions and responsibilities widely among team members to better improve team effectiveness. Second, our work also sheds light on the ways in which practicing managers can better improve team performance. As the findings indicate a primary mediating role of team learning behavior in the relationship between shared leadership and team performance, we suggest that practicing managers pay more attention to providing positive feedback to the team’s intensive learning behaviors, so as to better improve team performance.

**Limitations and suggestions for future research:** First, as a common default of meta-analytic studies, the quality of this study will be influenced by the research design adopted by the primary-level studies. Therefore, we suggest future research adopt longitudinal research design and multi-source data as much as possible to improve the reliability of findings of both primary-level and subsequent meta-analytic studies. Second, while this study reveals the mediating roles of team confidence, team trust and team learning behavior in linking shared leadership with positive team performance, there is still a lack of discussion on whether there are further causal connections between these mediating mechanisms. In addition, this paper did not distinguish the national cultural contexts in which the primary-level studies conducted, so it is not clear whether the current research conclusions are held for different national cultural conditions. Thus, we encourage future research to explore these issues to further promote the development of shared leadership theory and practice. Third, while this study only focuses on the impacts of shared leadership on team level outcomes, we found a growing interest in the cross-level impacts of shared leadership on individual level outcomes during our systematic review of the literature. Therefore, we encourage future meta-analyses to investigate the cross-level impacts of shared leadership.

**Key Words:** shared leadership; team performance; multiple mediation model; MASEM

# The Index Measurement and Impacts of Psychological Capital across 28 Provinces in China

Jian Guan<sup>1</sup> Xin Qin<sup>2</sup> Chen Chen<sup>2</sup> Limei Cao<sup>2</sup> Puchu Zhao<sup>2</sup>

(1. Antai College of Economics & Management, Shanghai Jiao Tong University;

2. Sun Yat-sen Business School, Sun Yat-sen University)

## Abstract:

**Purpose:** Psychological capital defined as an individuals' positive psychological trait in the process of growth and development, which is one of the most important psychological resources to promote individuals' development and performance improvement. Previous research has predominantly focused on between-individual differences in psychological capital such as enhancing employees' work engagement and improving individual and organizational performance, implicitly assume that it distributes homogeneously within different regions. We suggest that scholars may have overlooked the difference and impacts of psychological capital within different regions. Thus, two important questions are arisen: Is there a significant provincial heterogeneity in psychological capital? If yes, can the provincial heterogeneity in psychological capital explains the provincial differences in citizens' health, happiness and behaviors?

**Methodology:** Drawing on theory of geographic variation in psychological characteristics, we tested the heterogeneity and impact of psychological capital across 28 provinces in China. In this paper, we measured an inter-provincial index of psychological capital. The data were collected from the 2008 Chinese General Social Survey, which has been widely used in the empirical research on China's society, economy and management. We tested the reliability, validity, availability and calculation simplicity of the inter-provincial index of psychological capital across 28 provinces in China. Furthermore, we collected data from China Family Panel Studies, Chinese National Bureau of Statistics, China Statistical Yearbook on Science and Technology, Rankins CSR Ratings, Wind databases and CSMAR databases to test the effectiveness of impact of the inter-provincial index of psychological capital.

**Findings:** The empirical results showed that there was a significant provincial heterogeneity in psychological capital across 28 provinces in China (Levene's Test:  $F(27, 5379) = 8.154, p < 0.001$ ; Welch ANOVA:  $F(27, 1496.703) = 8.635, p < 0.001$ ), which widely explains the provincial differences in citizens' health, happiness and behaviors. Specifically, the inter-provincial index of psychological capital had a significantly positive effect on health (subjective physical health:  $b = 0.02, se = 0.01, p = 0.009$ ; objective physical health:  $b = 0.10, se = 0.02, p = 0.004$ ; mortality rate:  $b = -0.25, se = 0.02, p < 0.001$ ), happiness (life satisfaction:  $b = 0.03, se = 0.01, p = 0.010$ ; family satisfaction:  $b = 0.04, se = 0.01, p = 0.014$ ) and behaviors (the rate of divorce:  $b = -0.14, se = 0.01, p < 0.001$ ; income:  $b = 0.01, se = 0.01, p = 0.002$ ; rate of unemployment:  $b = -0.18, se = 0.03, p < 0.001$ ; corporate social responsibility:  $b = 0.70, se = 0.08, p < 0.001$ ; the proportion of listed companies in violation of regulations:  $b = -0.03, se = 0.01, p = 0.004$ ; R&D input (human):  $b = 2.61, se = 0.04, p < 0.001$ ; R&D input (money):  $b = 0.18, se = 0.01, p < 0.001$ ; R&D output (science and technology):  $b = 0.31, se = 0.07$ ,



$p = 0.002$ ; R&D output (knowledge) :  $b = 1.12$ ,  $se = 0.15$ ,  $p < 0.001$  . All of the hypotheses were supported by data analysis.

**Value:** First, drawing on theory of geographic variation in psychological characteristics, this study moves beyond the individual or organizational level of psychological capital research to examine the regional heterogeneity of psychological capital by providing theoretical explanation and empirical evidence. Second, we develop a scientific methodological tool of inter-provincial index of psychological capital, which is of great value for promoting the empirical-orientated research of psychological capital and theory of geographic variation in psychological characteristics. Finally, we examine the relationship between inter-provincial index of psychological capital and health, happiness and behaviors, which help us to understand the unbalanced development of different provinces.

**Implications:** First, in order to maintain or improve the competitiveness of the province, the governments need to pay attention to the impacts of inter-provincial index of psychological capital (for example, establishing good social psychological service systems for researchers) . Second, the governments can prepare relevant plans and strategies before natural disasters (e.g., typhoons) and health emergencies (e.g., COVID-19) (for example, formulating appropriate pre-disaster prevention, emergency response and post-disaster recovery plans) . Third, the managers need to pay attention to the impacts of inter-provincial index of psychological capital on employees (for example, conducting plans to improve employees' attitudes and behaviors) .

**Limitations and suggestions for future research:** First, the variation of psychological capital may exist within one province. Future research could explore related index in city- or county- level. Second, our research examines the correlation between psychological capital and provincial indicators (i.e., health, happiness, and behaviors) . Future research could explore the antecedents of regional heterogeneity of psychological capital. Finally, our research uses cross-sectional data. Future research could use longitudinal data to investigate the dynamics and impacts of psychological capital.

**Key Words:** psychological capital; intra-national diversity; regional development; China; CGSS

# Research on the Impact of Cross-Border M&As on Firms' Media Reputation in the Home Country

Haifeng Yan<sup>1</sup> Qiong Wu<sup>1</sup> Mu Tian<sup>1</sup> Qihu Wang<sup>2</sup>

( 1. Business school, East China University of Science and Technology;

2. School of Economics & Management, Shanghai Institute of Technology)

**Abstract:** It has always been a critical research topic to study the effect of firm strategic behavior in the field of strategic management. Researches have pointed out that some firm strategic behavior can be regarded as an effective signal which help firm obtain valuable resources, such as government subsidies and bank loans. However, the literature mainly emphasizes the impact of firm strategic behavior on tangible resources, and pays less attention to intangible resources. Media reputation, is regarded as an important strategic resource, which is essential for a firm to obtain competitiveness and legitimacy. Most researches explore the effect of media reputation, yet its antecedents are seldom addressed. Scholars have suggested that firm strategic behavior can affect its reputation by sending a signal to external stakeholders about the firm's strategic priorities and future growth prospects. Therefore, it is necessary to explore what kind of firm strategic behavior can be used as an effective signal to reduce information asymmetry, affect the media's evaluation of firm and improve media reputation.

Scholars have suggested that, as an important international strategic behavior of firm, cross-border M&As can affect external stakeholders, such as investors and customers, through a signaling mechanism. Therefore, the media, as an external stakeholder, may also be affected by the signal of cross-border M&As, that is, the cross-border M&As will have a signal effect on acquiring media reputation resources. Based on signaling theory and research literature on cross-border M&As, we test the model with a dataset of the cross-border M&As of A-share listed firms in Shanghai and Shenzhen stock exchanges from 2007 to 2017, investigating the signaling effect of cross-border M&As with targets in developed countries and high-tech industries on the media reputation in the home country. The moderating effect of different types of ownership on the above relationship, and further testing the influence of the signal effect of cross-border M&As on the different types of media reputation in the home country.

Our research finds that, cross-border M&As in developed countries or high-tech industries can help firm build up a good media reputation in their home country. In the high-tech industry, compared with SOEs, non-SOEs' cross-border M&As have a stronger signal effect, that is, it is more conducive to improving the media reputation in the home country. After further subdividing the home country media reputation into policy-oriented media reputation and market-oriented media reputation, we find that the cross-border M&As with targets in developed countries and high-tech industries significantly improve the policy-oriented media reputation. Moreover, in the high-tech industry, the cross-border M&As by non-SOEs have significantly improved the policy-oriented media reputation.

Our study makes three contributions. First, it is the first attempt to empirically test the impact of firm strategic behavior on media reputation in the context of cross-border M&As, enriching the antecedent researches on media reputation. Second, different from previous researches on the signal of cross-border M&As, which paid more attention to the economic outcomes, this paper fo-



cuses on introducing media reputation, which is an important strategic resource, into the signal model of cross-border M&As, and improves the relevant research on the signal role of cross-border M&As with the perspective of media. Third, the specific factors of the transitional economic system are incorporated into the model, which emphasizes the differences in the signaling effect of different organizational characteristics (the type of ownership) on cross-border M&As in China, and deepens the research on the signaling effect of cross-border M&As.

The practical implications of this paper is as follows: First, firms in emerging markets can build up a good media reputation in the home country through the positive signal effect of cross-border M&As on the home media, so as to obtain competitiveness and legitimacy. In particular, M&As with targets in developed countries and high-tech industries are more conducive to playing the signaling role. Specifically, when the cross-border M&As with targets in developed countries and high-tech industries, they should proactively release or publicly disclose M&As-related location and industry information to the media in the home country, especially policy-oriented media, such as *China Securities Journal*, *Shanghai Securities News*, *Securities Times* and *Securities Daily*, so as to obtain positive evaluations from the media on the firm, and enhance the firm's media reputation in the home country. Second, on the basis of the cross-border M&As in the high-tech industry, compared with SOEs, non-SOEs should take full advantage of the media in their home countries, especially the policy-oriented media's "public opinion propaganda" function, to promote the signal of cross-border M&As in the high-tech industry play a stronger positive role in enhancing the media reputation in home country, helping it overcome the obstacles and institutional factors of the home country, so as to improve the competitiveness and legitimacy of non-SOEs in the home country. Third, due to the imperfect institutional environment in emerging markets such as China, external stakeholders (e.g. investors and customers) are at an information disadvantage in the capital market. Many small and medium-sized investors and customers mainly obtain firm information through media reports, however there is also a certain degree of reporting bias in the news media. For example, when policy-oriented media and market-oriented media report the cross-border M&As events of the same firm, they have different positive and negative reporting tendencies, and the information conveyed to readers is biased. Therefore, when receiving external information, it is necessary to rationally and comprehensively view the information transmission function of media with different positions, and should not rely too much on the information reported by a single type of media. Considering that the media reputation resources in the host country market are also crucial to the overseas survival and development of multinational firms in emerging markets such as China, future research can explore how firms improve their media reputation in the host country by sending an effective signal from the perspective of the host country market. In addition, in terms of research content, the signal effect of failed cross-border M&As, and the interaction between the signal of cross-border M&As' location and industry can also be considered.

**Key Words:** cross-border M&As; media reputation; corporate ownership; signaling theory

# Entrepreneurial Exit: Taking Stock and Looking Ahead

Yingying Chen<sup>1,3</sup> Xiaoyu Yu<sup>2,3</sup> Nan Lin<sup>1</sup> Chang Lu<sup>2</sup>

(1. College of Business, Shanghai University of Finance and Economics;

2. School of Management, Shanghai University;

3. Center for Innovation and Entrepreneurship, Shanghai University)

**Summary:** Entrepreneurial exit is a critical component of the entrepreneurial process but is under-researched as of now.

This review discusses the key aspects of entrepreneurial exit and highlights several avenues for future research.

Our review groups entrepreneurial exit research around four themes. The first relates to the nature of entrepreneurial exit. Entrepreneurial exit is the process by which founders leave a firm they helped to create. We compare entrepreneurial exit with CEO departure, firm exit and business failure. The second relates to the antecedents of entrepreneurial exit. Prior research explores the antecedents of entrepreneurial exit from individual, team, firm and environmental level. The third relates to entrepreneurial exit strategies, including IPO, acquisition, sale to a third party, family succession, employee buyout, liquidation, and discontinuation. Existing studies focus on the antecedents of exit strategies choice, but pay little attention to the impact of exit strategies. The fourth relates to the consequences of entrepreneurial exit. Prior research explores the impact of entrepreneurial exit on individual, firm and entrepreneurial ecology. Future research should pay more attention to the impact of entrepreneurial exit on re-entry entrepreneurship.

Based on our literature review, we propose a research framework on entrepreneurial exit and suggest several directions for future research. First, scholars can expand and enrich entrepreneurial exit research by: ① exploring the rationality and validity of entrepreneurial exit decisions; ② unpacking the black box of the entrepreneurial exit process; ③ exploring the consequences of entrepreneurial exit from a long-term and systematic perspective, and ④ extending research to specific entrepreneurship contexts. Second, there are limitations to completely relying on theories developed in the Western context, yet indigenous theoretical development remains at its infancy. Scholars may incorporate the unique Chinese context in their research and address interesting and important research questions therein. Furthermore, incorporation of the Chinese history and the socio-cultural characteristics in China in particular may offer additional insights in the indigenous practice of entrepreneurial exit. Finally, entrepreneurial exit research may benefit from methodological improvements. New techniques and methods (e.g. big data, quasi-experimental methods and neuroscience) may help to address some of the methodological challenges such as insufficient evidence about causal relations, less-than-ideal research designs, idiosyncratic contexts, and deficient measures.

**Key Words:** entrepreneurial exit; founder; entrepreneurial process; exit strategy; exit performance