

customer satisfaction data can help firms in their human resource recruiting, compensation, and retention efforts, particularly in industries where intense competition exists. Luo and Homburg's findings highlight the important opportunities that exist, both scholarly and practically, at the intersection of customer service, marketing, and human resource management.

Source: Luo, X., & Homburg, C. (2007). Neglected outcomes of customer satisfaction. *Journal of Marketing*, Vol. 71 (April), 133–149.

Do Cultural Values Shape Employee Receptivity to Leadership Styles?

Research Brief by Yunxia Zhu, Senior Lecturer of Organisation and Communication, University of Queensland

Management scholars have suggested that contextual factors, including culture, can impact how employees react to various leadership styles. For example, research has examined how group-level collectivism (allocentrism) might moderate the relationship between transformational leadership and employee attitudes. But are there other cultural moderators of this relationship? And how might the use of other leadership styles (e.g., transactional) factor into these relationships? Moreover, what might account for the linkages between leadership styles, employee attitudes, and performance outcomes? Clearly, these are important questions, particularly when we consider the increasing diversity of work groups and the continuing growth of international business. Indeed, the degree to which cultural values and norms shape how employees react to transformational and transactional leadership has important implications for managers and scholars alike.

Fortunately, a recent study by Fred Walumbwa of Arizona State University, John Lawler of University of Illinois, and Bruce Avolio of University of Nebraska sheds considerable light on these and related issues. Walumbwa and his colleagues sur-

veyed over 800 bank employees in China, India, Kenya, and the US—countries representing both collectivistic and individualistic cultures. Their core premise is that cultural context plays a critical moderating role in the relationship between leadership style and important employee attitudes (e.g., satisfaction with supervisor, organizational commitment). Specifically, they argue that certain cultural values may augment or weaken the receptivity employees have to transformational and transactional leadership styles. After all, unlike transactional leaders, transformational leaders inspire by emphasizing the importance of group values and focusing on collective interests. In contrast, transactional leaders tend to focus more on clarifying roles and task requirements while offering employees rewards contingent on fulfilling specific responsibilities.

In any case, the study by Walumbwa and his colleagues breaks new ground and offers us a more comprehensive understanding of how cultural values can moderate the relationship between two different leadership styles and employee attitudes. In particular, they predict that individuals who are allocentric (i.e., embracing group-oriented, collective values) will respond more favorably to transformational as opposed to transactional leadership. Consequently, the positive relationship between transformational leadership and employee attitudes (i.e., satisfaction with supervisor and organizational commitment) should be stronger for employees who are more allocentric. For idiocentric employees (i.e., embracing individual goals and accomplishments), however, the opposite should be true. These employees should respond more positively to transactional leadership, with more indiocentrism being associated with a stronger positive connection between transactional leadership and employee attitudes.

Generally speaking, the results supported these predictions. Interestingly, Walumbwa and his colleagues also found that these effects were most intense when individual employee values were aligned with the broader cultural context. Put another way, allocentric employees in collectivistic cultures were especially likely to embrace transformational leadership while idiocentric em-

employees in individualistic cultures were especially likely to embrace transactional leadership.

Overall, Walumbwa and his colleagues have expanded our grasp of the nuances associated with cross-cultural leadership, particularly as it relates to the moderating role played by allocentrism and idiocentrism. Future research should continue to explore what constitutes effective leadership style within and across cultural settings, especially since “leadership effectiveness” may be shaped by the cultural context and the individual values of employees.

Likewise, the work of Walumbwa and his colleagues has pragmatic implications. Their results may help managers decipher why some employees respond more positively to certain leadership styles than others, particularly across cultural boundaries. Moreover, their findings underscore the importance of understanding employees’ cultural values and that those values may drive employee reactions to leader behavior. Managers may be well-advised to adjust their leadership styles when interacting with employees from different cultural contexts to maximize their effectiveness and to build stronger organizational commitment. Indeed, both managers and employees should consider that cultural differences may occur both at the individual and national level. And when individual values and the values of the broader national context are aligned, the result may be an intensified reaction to leadership styles—to either positive or negative effect.

Of course, Walumbwa and his colleagues also are keen to point out that their study has a number of drawbacks and limitations. For instance, their study focused on bank employees; it is possible that this professional context may have impacted their results in some unknown manner. Consequently, Walumbwa and his colleagues suggest that future studies include a broader sample of organizations and employees. Other limitations include their cross-sectional, single source design and the relatively small number of leadership styles considered. Likewise, the number of countries that were included as “cultural contexts” in their investigation was limited. Despite these drawbacks, Walumbwa and his colleagues offer us some intriguing insights. They paint a picture of

leadership as a dynamic and fluid concept that interacts with cultural differences—both at the individual and societal level—to shape important employee attitudes. The challenge for international managers is to use the leadership style that best matches the values of the employees that work for them. Indeed, it may be that both transformational and transactional leadership can be equally effective, depending on the employee and the cultural context in which leadership is exercised.

Source: Walumbwa, F. O., Lawler, J. J., & Avolio, B. J. (2007). Leadership, individual differences, and work-related attitudes: A cross cultural investigation. *Applied Psychology: An International Review*, 56(2), 212-230.

What Drives Differences in Reward Allocation Principles Across Countries and Organizations?

Research Brief by Yunxia Zhu, Senior Lecturer of Organisation and Communication, University of Queensland

What principles should organizations follow when allocating rewards such as pay raises to employees? This question has been of keen interest to both executives and management scholars alike. And it’s not hard to see why. Appropriate allocation of rewards may help enhance employee motivation and performance as well as contribute to the successful realization of the organization’s goals and objectives. Of course, defining “appropriate” with respect to reward allocations is really the key issue. Three commonly investigated rubrics for reward allocation include equity (rewards are based on individuals’ work performance), equality (rewards are distributed equally across the workforce), and need (rewards are based on individuals’ needs). Indeed, scholars have found that the rubrics or principles used to allocate rewards can vary across countries.

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