

## **2.LITERATURE REVIEW**

### **2.1Research on employee loyalty**

#### **2.1.1Definition of employee loyalty**

Employee loyalty is the degree of employee loyalty to the company. It is a quantitative concept. Loyalty is the organic unity of employee loyalty and attitude loyalty. Behavioral loyalty is the basis and premise of attitude loyalty. Attitude loyalty is the deepening and extension of behavioral loyalty.

The so-called loyalty means dedication and honesty. Employee loyalty refers to the employee's behavioral orientation and psychological attribution to the company, that is, employees' dedication to the company they serve. Employee loyalty is the employee's loyalty to the company. It is a quantitative concept. Loyalty is the organic unity of employee loyalty and attitude loyalty. Behavioral loyalty is the basis and premise of attitude loyalty. Attitude loyalty is the deepening and extension of behavioral loyalty.

Employee loyalty can be divided into active loyalty and passive loyalty. The former refers to the employee's desire to be loyal to the enterprise subjectively. This desire is often caused by factors such as the high degree of unity of the organization's and employee's goals, and the organization's help to employees' self-development and self-realization. Passive loyalty means that the employees themselves are reluctant to stay in the organization for a long time, but they have to stay in the organization because of some constraints, such as high wages, high welfare, and traffic conditions. Once these conditions disappear, employees may no longer Organization loyal(Meyer & Allen,1997).

#### **2.1.2Employee loyalty influencing factors**

There are two main factors that affect employee loyalty: salary and organizational commitment. Wages are based on the calculation of interests. The gains and losses will affect the relationship between the two parties. However, wages are usually set by the company's operating conditions in the previous year and the wage standards for the next year are calculated. So it's hard to make a big difference. And employees have accepted this standard by default before entering the service. Therefore, wages are a quantitative reference rather than the influence of variable factors on employee loyalty.However, regarding organizational commitment, the impact on employee loyalty is far greater than the effect of wages. The impact of wages is short-term, and organizational commitments based on trust and win-win results have long-term characteristics. According to this

theory, organizational commitment is divided into three aspects: emotional identity, dependent identity, and standardized identity. Let us explain how these three aspects affect employee loyalty through Hofstede's cultural dimension theory. Organizational commitment and employee loyalty are closely related. What exactly is its connotation and influence effect is still needed for further detailed study.

## **2.2 Research on Hofstede's cultural dimensions theory**

### **2.2.1 The theoretical basis of Hofstede's cultural dimensions theory**

Hofstede's cultural dimensions theory is a framework proposed by Dutch psychologist Gert Hofstede to measure cultural differences in different countries. He believes that culture is a psychological program shared by people in an environment and can distinguish a group of people from others. Through research, he summed up the differences between different cultures into six basic dimensions of cultural values. Power distance index (PDI): The power distance index is defined as “the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.” In this dimension, inequality and power is perceived from the followers, or the lower level. A higher degree of the Index indicates that hierarchy is clearly established and executed in society, without doubt or reason. A lower degree of the Index signifies that people question authority and attempt to distribute power.

Individualism vs. collectivism (IDV): This index explores the “degree to which people in a society are integrated into groups.” Individualistic societies have loose ties that often only relates an individual to his/her immediate family. They emphasize the “I” versus the “we.” Its counterpart, collectivism, describes a society in which tightly-integrated relationships tie extended families and others into in-groups. These in-groups are laced with undoubted loyalty and support each other when a conflict arises with another in-group.

Uncertainty avoidance index (UAI): The uncertainty avoidance index is defined as “a society's tolerance for ambiguity,” in which people embrace or avert an event of something unexpected, unknown, or away from the status quo. Societies that score a high degree in this index opt for stiff codes of behavior, guidelines, laws, and generally rely on absolute truth, or the belief that one lone truth dictates everything and people know what it is.

Masculinity vs. femininity (MAS): In this dimension, masculinity is defined as “a preference in society for achievement, heroism, assertiveness and material rewards for success.” Its counterpart represents “a preference for cooperation, modesty, caring for the weak and quality of life.” Women in the respective societies tend to display different values. In feminine societies, they share modest and caring views equally with men. In more masculine societies, women are more emphatic and competitive, but notably less emphatic than the men.

Long-term orientation vs. short-term orientation (LTO): This dimension associates the connection of the past with the current and future actions/challenges. A lower degree of this index (short-term) indicates that traditions are honored and kept, while steadfastness is valued. Societies with a high degree in this index (long-term) views adaptation and circumstantial, pragmatic problem-solving as a necessity. A poor country that is short-term oriented usually has little to no economic development, while long-term oriented countries continue to develop to a point.

Indulgence vs. restraint (IND): This dimension is essentially a measure of happiness; whether or not simple joys are fulfilled. Indulgence is defined as “a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun.” Its counterpart is defined as “a society that controls gratification of needs and regulates it by means of strict social norms.” Indulgent societies believe themselves to be in control of their own life and emotions; restrained societies believe other factors dictate their life and emotions.

### **2.2.2 Hofstede's cultural dimension theory under macroscopic theory**

Foreign scholars' researches on cross-cultural management are mainly based on the study of ways of dealing with cultural conflicts, studies on cultural differences in different countries, and studies on differences in management models of different countries. After World War II, U.S. companies faced serious challenges to the title companies. They focused on investigating and analyzing the country differences and work performances among employees of IBM's national companies in terms of values, and summarizing the cultural dimension theory to coordinate the daily management of employees. jobs.

Therefore, this study believes that under the macro, Hofstede's cultural dimension theory does play a role in the employee's sense of corporate identity, and different cultures have different dimensions of influence

### **2.2.3 The theory of cultural dimension of Hofstede under microcosmic theory**

Many scholars believe that Hofstede's cultural dimension theory is one of the main ways to study transnational culture. In fact, Hofstede's theory of cultural dimension can also be applied to individuals, but background research has changed from state to family. The growth of different family backgrounds leads to different people's personalities. Therefore, the understanding of relationships is also very different.

In Power Distance, in the Oriental family, if the city where they are attached pays attention to strict laws and less cases of favoritism and malpractice, then they are more concerned with personal capabilities. For example, in Asia, the enforcement of laws is more oriented to human factors. Therefore, the people cultivated in families living in such cities basically pay attention to the pursuit of rights, and their utilitarian values are heavier. Individualism-versus\Collectivism, in a selfish family, such as parents are selfish personality, the basic family growth of this individual will focus on individualism, selfishness is serious. Masculinity versus Femininity, dimension about this culture, such as the higher status of the mother in the family, the people who cultivated tend to the principle of the priority of woman's rights. Long-term versus Short-term, the filial family generally tends to have a long-term goal. Only the families who care about the human relationship focus on short-term orientation.

### **2.2.4 The effect of Hofstede's theory of cultural dimension**

Since Hofstede's cultural dimension theory was put forward, the study of Hofstede's cultural dimension theory in business management focused on exploring Hofstede's cultural dimension theory and the variables affecting individual and organizational outcomes. . These outcome variables can be roughly divided into two major categories: attitudes, perceptions, and behaviors. Among them, attitudes and perceptions refer to organizational commitments. Behaviors include: communication, innovation, and organizational citizenship behavior. The results provided by the organization have also been shown to be closely related to the influence of Hofstede's cultural dimension theory. Studies confirm the inextricable link between Hofstede's cultural dimension theory and these variables.(Buchanan,1974)

According to the above, Hofstede's theory of cultural dimension influences employee loyalty, and at the same time, it also influences employees' recognition of the

company; believes that organizational commitment also has a positive influence on employee loyalty. (Hollander,1978). What is the relationship between Tide's cultural dimension theory, employee loyalty, and organizational commitment? The organization promises to play an intermediary or a regulatory role between employee loyalty and Hofstede's cultural dimension theory. Tide's cultural dimension theory is based on whether organizational commitments have a stronger influence on employee loyalty, or whether it directly affects employee loyalty. These issues need to be further clarified. To sort out the mechanism of action between these three parties, we must also study the related theories of organizational commitment.

## **2.3 Research on organizational commitment**

### **2.3.1 The connotation and structure of organizational commitment theory in western situations**

In organizational behavior and industrial and organizational psychology, organizational commitment is an individual's psychological attachment to the organization. The basis behind many of these studies was to find ways to improve how workers feel about their jobs so that these workers would become more committed to their organizations. Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. Some of the factors such as role stress, empowerment, job insecurity and employability, and distribution of leadership have been shown to be connected to a worker's sense of organizational commitment. Westerners think that the sense of dependence is less important than the other two. Westerners pay more attention to the degree of participation in a company and an organization. It is also in line with Westerners' education views to encourage heroism.

### **2.3.2 The connotation and structure of organizational commitment theory in asian situation**

The biggest difference between the Asian researchers and the West regarding the issue of organizational commitment is the difference in cultural background between the two sides. The organizational commitment in the Asian context has a strong sense of attachment. Reliance on identity is important as an Asian in measuring the status of individuals in the organization. Although Orientals will also consider emotional identity and normative identity, they have long been influenced by Confucianism and Orientals value the dependence more. Compared with the sense of participation and normative identity, the Orientals generally believe that it is particularly effective to shoot a headed

bird. So more Orientals tend to ignore the sentiment and normative recognition of the company.

### **2.3.3 Effect of organizational commitment**

It is very important to examine the antecedents of organizational commitment, so that we can better understand the concept of factors in different organizational commitment models. In the context of Chinese culture, employees are mainly concerned with the stability of the existing work and the prospects for the development of the enterprise. The direction of organizational commitment is more directed to individuals than in the abstract organization. We classify it into three categories: work factor, organizational factor and personal factor. Working factors include job challenge, job clarity, work spontaneity and role creation. Rhoades and other studies found that the higher the perceived organizational support, the higher the organizational commitment. The study showed that organizational support perception, organizational justice, employee and inter organizational trust would affect organizational commitment. Comparative Study of Chinese and foreign cultures found that the organizational commitment of Chinese employees was significantly different from that of Western employees. Organizational factors include organizational support, organizational dependence, fairness and collective work spirit. Porter and other research found that staff positions, job freedom, salary, promotion and so on will affect organizational commitment; the organizational environment pressure, interpersonal relationship and so on will have an impact on organizational commitment.

Personal factors include age, length of service, marital status, education level and work experience. Research results, showed that the age and working life of the individual were positively related to organizational commitment; Meyer found that older employees had higher organizational commitment; and showed that the organizational commitment study showed that the organizational commitment of the individuals with high cultural range was lower.

The research on the outcome variables of organizational commitment is generally carried out on the individual level. Compared with the antecedent variables of organizational commitment, the result variables of organizational commitment are much less. The main outcome variables include turnover rate, attendance rate, job turnover, organizational citizenship behavior and job performance.

Organizational commitment will change employee's work attitude and behavior. Porter and so on believed that organizational commitment was negatively related to employee turnover intention, and the turnover rate of high organizational commitment was lower and more willing to stay in the organization; Korean wing found that organizational commitment would affect employee performance. believed that the work input of the members of the organization was related to organizational commitment, and It is pointed out that work engagement is a spontaneous and proactive behavior of the members of an organization, while organizational commitment is a spontaneous action taken by members for consideration of the vital interests of an organization. Mowday research shows that employees with high organizational commitment have a high degree of spontaneous innovation behavior. Enterprises should increase their organizational commitment.

Organizational Commitment influences employees' views and behaviors towards employers. When the results of individual expectations are not satisfied, there will be a sense of injustice. When people feel unfair, employee loyalty and job performance will decline, and collaboration and mutual assistance between colleagues and teams will be reduced, which will stimulate them to find new organizations that can rely on, participate in, and recognize. Organizational commitments can predict employee satisfaction with pay and work, as well as loyalty. In predicting outcome variables related to individuals (such as employee satisfaction with pay and job satisfaction), organizational commitments have a mediating effect on employee loyalty. In summary of the literature review of Hofstede's cultural dimension theory, organizational commitment, and loyalty, the effect of Hofstede's cultural dimension theory, organizational commitment, and loyalty on Asian employees under the Asian context is different from western employees, it is necessary and meaningful to adopt the localization studies for measuring using the scales developed in the Asian context.

## **2.4 Research review**

To sum up, employee loyalty is a state in which employees work emotionally on an organization, embodying the psychological attitude of employees to organizational identification, input, and loyalty. The reason why employees are in an individual is to link themselves with the organization rather than being forced, or just for their own benefit. Employee loyalty makes employees expect to stay in their own organizations. Hofstede's cultural dimension theory is one of the most important antecedent variables of employee

loyalty, and there is research sensitivity. Hofstede's cultural dimension theory has a significant positive effect on employee loyalty.

There is a great difference between China and the West in defining the crowd through Hofstede's cultural dimension theory. Western employees pay more attention to individualism, while the eastern employees consider hierarchical relationships and job affiliation relationships. Because of these differences, we have made the Asian environment The study of Hogstede's cultural dimension theory to define the personality of personnel is very necessary and more practical. Organizational commitments in the Asian environment are also distinguished from Western employees' demands for corporate identity.

Organizational commitment is a fair feeling of the members of the organization regarding personal interests related systems, policies, and measures. It is a subjective perception and psychological experience of the individual. The sense of corporate identity in the Western environment is based on the sense of corporate participation and norms, while the employees in the Eastern environment are more dependent on the organization and organization. The difference in the personality of the staff defined by Hofstede's cultural dimension theory will make employees have different organizational commitments. This kind of identity will affect employee loyalty. Previous research shows that Hofstede's cultural dimension theory defines personnel's The study of personality has a significant positive effect. At the same time, Hofstede's theory of cultural dimension defines the personality of employees and employees' perception of corporate identity is very different. This raises the question of exactly what role Hofstede's cultural dimension theory defines the personality, organizational commitment, and employee loyalty, and whether there are other mechanisms for the existence of these three variables. The scale measures and studies the character, organizational commitment, and loyalty of Asian Hofstede's definition of cultural dimension theory, and will draw conclusions. These issues need to be further clarified.