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ORGANIZATIONAL CULTURE AND EMPLOYEE IN CHINESE STATE-OWNED ENTERPRISE: EFFECTS ON ORGANIZATIONAL OUTCOMES

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Abstract

This study examines how organizational culture (OC) influences employee engagement (EE) and organizational outcomes (OO) in Chinese state-owned enterprises (SOEs). Using survey data from 74 SOE employees, simple and multiple linear regression analyses, supplemented by bootstrap validation, were conducted. Descriptive statistics revealed uniformly high mean scores (OC: $M = 4.794$, $SD = 0.236$; EE: $M = 4.829$, $SD = 0.213$; OO: $M = 4.838$, $SD = 0.189$). Regression results show that OC is a significant positive predictor of EE ($\beta = 0.514$, $R^2 = .265$, $p < .001$) and OO ($\beta = 0.609$, $R^2 = .371$, $p < .001$), and EE independently predicts OO ($\beta = 0.492$, $R^2 = .242$, $p < .001$). A multiple regression model combining OC and EE explained 41.5% of OO variance ($R^2 = .415$), with bootstrap confidence intervals confirming robustness. The attenuation of OC's effect on OO when EE is controlled indicates partial mediation. Findings demonstrate that strengthening organizational culture in Chinese SOEs enhances outcomes both directly and indirectly through elevated employee engagement. Practical implications for SOE management reform and talent retention are discussed.

Keywords: organizational culture, employee engagement, organizational outcomes, Chinese state-owned enterprises, partial mediation

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1 Introduction

Chinese state-owned enterprises (SOEs) occupy a central position in China's economy, accounting for substantial shares of national employment and strategic industry output (Meyer & Peng, 2016). Despite their economic significance, questions persist about how the internal cultural environment of these organizations shapes workforce behavior and organizational performance. This is increasingly important as China pivots toward knowledge-intensive sectors where human capital is a decisive competitive asset.

Organizational culture, the shared values, norms, and behavioral expectations that guide action within an organization, has long been identified as a key driver of employee engagement and organizational performance (Schein, 2010; Paais & Pattiruhu, 2020). However, the overwhelming majority of empirical studies on this relationship have been conducted in Western or private-sector contexts. Chinese SOEs are institutionally distinct: they are shaped by hierarchical authority, collectivist traditions, guanxi networks, and party-state ideology, features that may produce a fundamentally different culture–engagement–outcomes dynamic (Liu et al., 2017; Zhu et al., 2020).

While qualitative studies have richly described the cultural landscape of Chinese SOEs, quantitative evidence of how organizational culture statistically predicts employee engagement and organizational outcomes, and whether engagement mediates the culture–outcomes relationship, remains sparse. This study addresses that gap by presenting regression-based findings from 74 SOE employees and testing four theoretically grounded hypotheses:

H1: Organizational culture positively predicts employee engagement.

H2: Organizational culture positively predicts organizational outcomes.

H3: Employee engagement positively predicts organizational outcomes.

H4: Employee engagement partially mediates the relationship between organizational culture and organizational outcomes.

The study contributes quantitative evidence to an underserved context, extends the Job Demands-Resources (JD-R) model to the SOE setting, and offers practical guidance for SOE management reform.

2 Literature Review

2.1 Organizational Culture in Chinese SOEs

Organizational culture represents the collective system of values, beliefs, and norms that shape organizational behavior (Schein, 2010). In Chinese SOEs, this culture is distinctively shaped by four overlapping forces. First, hierarchical authority and bureaucracy are defining features: authority is concentrated at the top, compliance is expected, and deference to leadership is institutionalized (Paais & Pattiruhu, 2020). While this provides coordination and stability in large enterprises, it simultaneously suppresses bottom-up initiative (Isensee et al., 2020). Second, collectivism and the guanxi framework as a group endeavor rooted in Confucian traditions, fostering cohesion and loyalty while creating informal relational networks that parallel formal structures (Almerri, 2023). Third, political influence and party-state ideology mean that SOEs serve dual mandates, economic and political, with senior leaders often appointed through political channels, creating cultures of compliance aligned with national objectives (Zhu et al., 2020). Fourth, these combined forces tend to constrain grassroots innovation, as risk aversion and procedural compliance are rewarded over creativity (Liu et al., 2017).

2.2 Employee Engagement and Organizational Outcomes

Employee engagement is conceptualized as a positive, fulfilling work-related psychological state characterized by vigor, dedication, and absorption (Bakker & Demerouti, 2008). Organizational culture is widely identified as a primary antecedent: cultures that provide shared purpose, trust, and supportive leadership consistently produce more engaged workforces (Brenyah & Obuobisa-Darko, 2017; Meng &

Berger, 2019). In the SOE context, collectivism and ideological alignment may function as distinctive engagement drivers, not through individual recognition, but through collective identification and national mission (Dewi et al., 2021).

Organizational outcomes encompass indicators of effectiveness, including productivity, goal attainment, and service quality (Albrecht et al., 2015). The JD-R model (Bakker & Demerouti, 2008) proposes that organizational resources, including cultural resources, enhance engagement, which in turn improves performance outcomes. This partial mediation logic is well-supported in Western contexts (Book et al., 2019; Gabriela et al., 2023), but has not been formally tested in Chinese SOEs. The present study fills this gap.

3 Method

3.1 Design, Sample, and Measures

A quantitative cross-sectional survey design was employed. Participants were 74 full-time Chinese SOE employees recruited via purposive sampling (minimum six months' organizational tenure; no missing data). This sample size meets minimum thresholds for simple regression analysis and provides sufficient power for multiple regression with two predictors (Cohen et al., 2002).

All constructs were measured using validated multi-item scales on five-point Likert-type response formats (1 = Strongly Disagree, 5 = Strongly Agree). Organizational Culture (OC) items reflected shared values, leadership norms, and collective behavioral expectations (Cronbach's $\alpha = 0.715$). Employee Engagement (EE) items aligned with Bakker and Demerouti's (2008) vigor, dedication, and absorption dimensions ($\alpha = 0.753$). Organizational Outcomes (OO) items captured perceived effectiveness across productivity, goal attainment, and service quality ($\alpha = 0.670$, acceptable for exploratory research; Loeb et al., 2017). Composite mean scores were computed for all constructs.

3.2 Analytical Strategy

Three sequential simple linear regression models were estimated: (a) OC $\rightarrow$ EE, (b) OC $\rightarrow$ OO, and (c) EE $\rightarrow$ OO. A multiple regression model with both OC and EE predicting OO was then estimated to test partial mediation. Bootstrap validation (5,000 replicates, bias-corrected accelerated [BCa] confidence intervals) was applied to verify robustness. Collinearity diagnostics confirmed no multicollinearity across all models. Analyses were conducted in JASP.

4 Results

4.1 Descriptive Statistics and Reliability

Table 1 summarizes descriptive statistics and reliability estimates. All three constructs exhibited high mean values clustered near the ceiling of the five-point scale, with low standard deviations indicating response uniformity. Reliability coefficients were acceptable across all scales.

Table 1
Descriptive Statistics and Reliability for Study Variables (N = 74)

Variable	M	SD	Min	Max	α
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Organizational Culture (OC)	4.794	0.236	4.000	5.000	0.715
Employee Engagement (EE)	4.829	0.213	3.889	5.000	0.753
Organizational Outcomes (OO)	4.838	0.189	3.852	5.000	0.670

Note. All variables were measured on a 1–5 Likert-type scale. α = Cronbach's alpha.

The high mean values and low standard deviations suggest a potential ceiling effect, a recognized limitation in organizational surveys, though sufficient variation was present to detect statistically significant regression effects. The pattern is also theoretically plausible: SOEs offering stable employment, collective identity, and ideological purpose may genuinely produce high satisfaction and engagement (Evangeline & Ragavan, 2016).

Hypothesis Testing

Table 2 presents results for all regression models. All four hypotheses were supported.

Table 2

Regression Results for All Models (N = 74)

Model / Predictor	B	SE	β	t	p	R ²	F	BCa 95% CI
Model 1: OC → EE (H1)						.265	25.91***	
Organizational Culture	0.464	0.091	0.514	5.090	< .001			,
Model 2: OC → OO (H2)						.371	42.54***	
Organizational Culture	0.488	0.075	0.609	6.522	< .001			[.275, .831]
Model 3: EE → OO (H3)						.242	22.96***	
Employee Engagement	0.436	0.091	0.492	4.792	< .001			[.187, .906]
Model 4: OC + EE → OO (H4)						.415	25.14***	
Organizational Culture	0.388	0.085	0.485	4.578	< .001			[.200, .625]
Employee Engagement	0.215	0.094	0.242	2.289	.025			[.018, .548]

Note. OC = Organizational Culture; EE = Employee Engagement; OO = Organizational Outcomes. BCa = bias-corrected accelerated bootstrap (5,000 replicates); BCa CIs reported for Models 2–4 only. VIF = 1.360 for both predictors in Model 4; no multicollinearity concern. *** $p < .001$.

H1, OC → EE. Organizational culture significantly predicted employee engagement ($\beta = 0.514$, $R^2 = .265$, $p < .001$), supporting H1. A one-unit increase in OC was associated with a 0.464-unit gain in EE. This moderate-to-strong effect is consistent with the JD-R model's proposition that cultural resources

nourish employees' psychological investment in work (Bakker & Demerouti, 2008). In the Chinese SOE setting, collectivist norms and ideological alignment provide stable identity and shared purpose, conditions known to underpin high engagement (Dewi et al., 2021).

H2, OC → OO. Organizational culture was an even stronger predictor of organizational outcomes ($\beta = 0.609$, $R^2 = .371$, $p < .001$), supporting H2. Bootstrap analysis confirmed stability ($[\.275, .831]$). The effect size exceeds that of the OC–EE pathway, suggesting that culture influences outcomes through structural and governance-level mechanisms beyond individual motivation alone, including goal alignment, communication quality, and coordination (Paais & Pattiruhu, 2020).

H3, EE → OO. Employee engagement independently and significantly predicted organizational outcomes ($\beta = 0.492$, $R^2 = .242$, $p < .001$), supporting H3. Bootstrap confidence intervals exclude zero ($[\.187, .906]$). Engaged employees in SOEs, committed to collective goals and demonstrating vigor and dedication, contribute measurably to organizational effectiveness (Book et al., 2019; Gabriela et al., 2023).

H4, Partial Mediation. In the combined model (Model 4), both OC ($\beta = 0.485$, $p < .001$) and EE ($\beta = 0.242$, $p = .025$) remained significant predictors of OO. Crucially, OC's effect on OO decreased from $\beta = 0.609$ (Model 2) to $\beta = 0.485$ (Model 4) when EE was introduced, a reduction of approximately 20%, yet OC remained significant, confirming partial rather than full mediation. Bootstrap CIs for both predictors exclude zero. H4 is supported. This pattern indicates that employee engagement is a meaningful transmission mechanism through which organizational culture produces organizational outcomes, but not the exclusive one.

5 Discussion

This study provides quantitative evidence that organizational culture is a significant predictor of both employee engagement and organizational outcomes in Chinese SOEs, and that employee engagement partially mediates the culture–outcomes relationship. All four hypotheses were supported, with bootstrap validation confirming the robustness of findings.

The OC–EE relationship ($\beta = 0.514$) demonstrates that cultural strength in SOEs functions as an organizational resource that fuels engagement, an empirical confirmation of what qualitative research has long suggested about the motivational role of collectivism and ideological alignment in Chinese workplaces (Evangeline & Ragavan, 2016; Brenyah & Obuobisa-Darko, 2017). The stronger OC–OO relationship ($\beta = 0.609$) suggests that culture's influence on organizational performance extends beyond engagement to include direct structural effects: when organizational values and practices are coherent and widely shared, goal coordination, decision efficiency, and role clarity improve in ways that are not fully mediated by individual psychological states.

The partial mediation finding is theoretically significant. It positions employee engagement as a genuine, but incomplete, mechanism linking culture to outcomes in SOEs. This nuances prior theoretical models that treat engagement as a universal or exhaustive mediator of culture–performance effects (Albrecht et

al., 2015), and calls for multi-level frameworks that distinguish individual-psychological pathways (culture → engagement → outcomes) from organizational-structural ones (culture → coordination → outcomes). The Chinese SOE context, in which political mandates and institutional structures exert strong direct effects on organizational performance, independent of employee motivation levels, makes this distinction especially meaningful.

These findings also challenge the assumption, common in Western engagement research, that autonomy and individual recognition are prerequisites for high engagement (Albrecht et al., 2015). The data suggest that collective belonging and mission alignment, hallmarks of Chinese SOE culture, can serve as equally potent engagement foundations. This has implications for how engagement models are theorized and measured in non-Western, state-governed organizational contexts.

Practical Implications

For SOE managers, the results indicate that investments in organizational culture, through leadership development, values articulation, collective norm reinforcement, and communication improvement, are likely to yield downstream improvements in both engagement and organizational performance. The dual significance of OC (directly on OO) and EE (as a mediator) suggests that a two-pronged strategy is optimal: culture-building interventions should be paired with employee-level engagement programs (recognition, voice mechanisms, professional development) to activate both the direct and mediated pathways simultaneously.

For policymakers, the findings reinforce that workforce culture is as important a lever for SOE performance improvement as structural or financial reform. As Chinese SOEs face pressure to compete in higher-value sectors, fostering organizational cultures that balance collective stability with individual initiative will be essential for sustaining motivated, high-performing workforces.

Limitations and Future Research

Several limitations warrant acknowledgment. The cross-sectional design precludes causal inference; longitudinal research is needed to establish the directionality of relationships. The sample size ($N = 74$), while adequate for regression, limits generalizability across the highly diverse Chinese SOE landscape. Common method bias is a potential concern given self-report data collection; future studies should incorporate objective performance measures or multi-source designs. The marginal reliability of the OO scale ($\alpha = 0.670$) suggests the instrument warrants further development. The ceiling effect in descriptive statistics also limits variance and may attenuate the magnitude of observed effects.

Future research should replicate findings with larger, more diverse SOE samples and apply structural equation modeling to decompose direct and mediated effects better. Incorporating moderating variables, such as leadership style, organizational justice, or political ideology internalization, would clarify boundary conditions. Longitudinal designs tracking culture and engagement changes through SOE reform cycles would add valuable temporal depth.

6 Conclusion

This study offers statistically grounded evidence that organizational culture significantly shapes both employee engagement and organizational outcomes in Chinese state-owned enterprises, with employee engagement serving as a partial mediator. Organizational culture explained 26.5% of variance in engagement and 37.1% of variance in organizational outcomes, while the combined culture–engagement model explained 41.5% of outcome variance. These findings extend the JD-R model to a state-governed organizational context, challenge Western-centric

assumptions about engagement antecedents, and provide actionable insights for SOE management reform. Cultivating coherent, purpose-driven organizational cultures in Chinese SOEs enhances performance not only by directly coordinating organizational action, but also by deepening the engagement of the workforce that executes it.

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Ethical Considerations

Not Applicable

Conflict of Interest

The Authors declare there is no conflict of interest.

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