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# **Perceptions of Leadership in Chinese Heavy Industry**

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## **A Case Study**

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## **Abstract**

<b>Title</b>	Perceptions of Leadership in Chinese Heavy Industry: A Case Study
<b>Course</b>	Master's thesis in Business Administration, Programme for Managing People, Knowledge and Change, 15 University Credit Points (15 ECTS).
<b>Author</b>	Xiaoyan Zhang
<b>Supervisor</b>	Martin Blom
<b>Keywords</b>	Chinese culture, Western culture, leadership, emotional attachment, conflict resolution, motivation
<b>Purpose</b>	The goal of this thesis is to investigate the views of the managers of a Chinese foundry towards leadership; specifically Chinese and Western leadership.
<b>Methodology</b>	Established theories of leadership have been applied to data collected through interviews.
<b>Theoretical perspective</b>	Hofstede (1980), Lewin (1939), Tuckman (1965), Vroom (1965 and onward).
<b>Empirical data</b>	Data has been collected through telephone interviews conducted with managers at the Shenyang Hongfa Foundry in Shenyang, China.
<b>Conclusions</b>	It can be shown that that the management styles of the managers interviewed are not exclusively influenced by Chinese culture. They are influenced both by the Confucianism-influenced management approach intrinsic to traditional Chinese culture and by contemporary Western management thought. This synergy of leadership styles is probably derived from the growing Western influence on Chinese culture, for example through media and leadership training.

## **Acknowledgements**

After finishing my studies in the international business program of Managing People, Knowledge and Change in the spring of 2008, I returned to China and worked for four years in different managerial positions. However, I always wanted to finish my examination of leadership from an academic perspective. Thus I am happy for the opportunity to return to Sweden and complete this thesis. I feel that over the past years, my experiences in China as manager and employee of international companies have given me more knowledge about leadership, whether it be Chinese or Western. I would like to thank the interviewees, both the original participants, and especially those who agreed to be interviewed for a second time. I would also like to thank my thesis supervisor Martin Blom for his help and support.

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# **1. Introduction**

The background of the present thesis is introduced. The problematization forming the basis for the thesis is then discussed, and the purpose and delimitations of the thesis are formulated.

## **1.1 Background**

The capacity for organization appears to be a skill inherent to humans since the dawn of civilization or earlier. Our Paleolithic ancestors, living under conditions analogous to those of the hunter-gatherer communities still existing today, had to coordinate their activities in a rational manner in order to ensure the continued survival of the group. The pyramids of Egypt were constructed using the coordinated efforts of tens of thousands of people, and the vast political entity that was the Roman Empire was administrated successfully for hundreds of years without the aid of modern day technology.

How were these feats accomplished without the advances in communications and technology to which we have grown accustomed? The reasons are many, but one of the crucial factors in ensuring their success must have been successful leadership.

Since the beginning of time designated leaders have lead others in battle or coordinated the activities of fellow hunters in the struggle for territory, resources, and food. If somebody in the group made an incorrect action or misunderstood a directive, the consequences could be fatal.

Examples such as this show how competent leadership has always been crucial in ensuring the survival of a community. Although the environment has changed, the fundamental truth of the statement still remains. Even today, a company's capability to survive and expand has a lot to do with the choices made by its leaders.

### **1.1.2 China - the new economic superpower**

The scene of this specific investigation of leadership will be modern China, in which old traditions of leadership are clashing with new ones in the wake of economic boom (Frauenheim 2007). A short overview of the present economic situation in China and its origins in earlier processes of economic reform is given.

The decision to dedicate the present thesis to the examination of leadership in the context of Chinese culture was made because the author of the present thesis is Chinese, facilitating access to Chinese data and interviewees. China was also chosen because of its growing importance in the world economy. The company analyzed in the thesis was chosen, among other reasons, because it exemplifies the type of heavy industry which formed the basis for the Chinese economy until the recent period of economic and technological development. The transition from “Old China” and “New China” is viewed as highly interesting by the author.

As we move into the second decade of the 21<sup>st</sup> century, China is poised to vie with the USA for the title of the main economic superpower. Its GDP has quadrupled in the last twenty years, and it is now the second largest economy in the world (CIA World Factbook, 2011). Almost every large business corporation has part of its manufacturing process located there.

Some have said that the 21st century will belong to China, just as the 20th century was the century of the United States. The number of companies employing Chinese managers or doing business with China is increasing steadily (Chien 2006).

This contributes to some “growing pains” in that the process of economic and social change is not without its complications. Not only is great demand placed on China’s ability to expand its infrastructure, but the need for competent managers to fill the various administrative positions springing up is equally great. Rapid expansion is creating a gaping hole in leadership talent, and is contributing to premature promotions which lead to poor leadership quality (Frauenheim 2007). The growth of the Chinese economy is outpacing the growth of skilled talent (Wellin, as quoted by Ketter 2008).

The Chinese economic reform drawing the attention of the world started out as a program of economic reforms called “Socialism with Chinese characteristics”. These reforms were initiated in 1978 by a collection of pragmatically minded leaders within the Communist Party of China (CPC) led by Deng Xiaoping<sup>1</sup>. China’s current economic development can be viewed as a phase in this ongoing process. The original goal of this reform was to generate

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<sup>1</sup> The system used for the Romanization of Chinese personal names in this paper is *Hanyu Pinyin*. As in Chinese, the family name is first, followed by the given name.

the economic means needed for the financing of an eventual modernization of the economic infrastructure of mainland China. Following the reforms Western investors began entering China, which in turn underwent a process of globalization and was increasingly exposed to Western influence. Chinese government officials insist that the current economic system is one of socialism, but many international observers characterize the reforms as showing a clear tendency towards capitalism. Several studies also show that Western management styles of modern international corporations have begun to significantly affect Chinese views on leadership (Li, Guo, & Liu 2008).

Globalization and modernization are affecting not only Chinese culture, but also the workplace. The processes of economic reform previously mentioned gradually brought the “Iron rice bowl system”<sup>2</sup> (Hanser 2005) to a close and contributed to a more open labor market, increasing autonomy within enterprises previously controlled by the government. Structural reforms also increased the authority of local government officials, and permitted a wide variety of private enterprises in other industries.

### **1.1.3 East meets West**

Anyone interested in studying the concept of leadership must have a firm awareness of the social conventions underlying the way in which people interact with one another in the culture specific to the study: leadership is, after all, a form of human interaction. Chinese culture has a number of factors in play which affect these conventions, and in order to understand the specific circumstances described in this paper, the reader must be aware of the most pertinent of these factors.

One such factor is the emphasis on interpersonal relationships. Chinese culture is a highly relationship based culture in the sense that business dealings are driven by interpersonal relationships as opposed to strictly corporate ones. Westerners may perceive this way of doing business as being less professional than the procedures to which they are accustomed (Turley 2006).

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<sup>2</sup> A metaphor signifying job security; just as a rice bowl made of iron can be repeatedly dropped without breaking, employees could perform badly with no fear of being made redundant.

Another factor is the pervading influence of Confucianism. Based on the teachings of the fifth century thinker Kong Fuzi (Confucius), Confucianism is a system of moral, social, political, philosophical, and quasi-religious tenets that has had a vast influence on East Asian culture and thought. Confucianism stresses the importance of obedience and the diligent fulfillment of one's duty; the subordinates' duty to obey their leaders and the leader's duty to provide good leadership and guidance. A perfect government according to Confucianism would be a societal structure in which everyone knows their place and fulfills the expectations placed upon them by their superiors and inferiors to the letter. This view of society pervades Chinese history and, because of the cultural influence that China has had on its neighboring countries, exerts a vast influence on East Asian society and culture even today.

In traditional Chinese culture, the different duties expected of a person arise from the status held by the person in relation to others. Consequently, social harmony is the ultimate goal of Confucianism – this results partly from every individual knowing his or her place in the social order and playing his or her part well (Chan 2008).

*There is government when the prince is prince and the minister is minister; when the father is father and the son is son.*

Confucius

This results in a leadership style that has been termed “paternalistic leadership” (Chen and Lee 2008), in which the leader holds ultimate authority, yet is morally responsible for the well-being of his subordinates. Thus “Chinese CEOs are less likely to give rationales for decisions and more inclined to issue directives – this is known as the ‘directive’ leadership style. At the same time, Chinese leaders communicate a sense of caring for their people – an ‘affiliative’ style.” (Hey Group survey, 2007).

A third factor is the hierarchical structure inherent to Chinese social relations. *Face saving*, meaning roughly “to maintain one's prestige”, is a very important concept which refers to

one way of maintaining one's confidence and societal position within Chinese culture. The concept of *face* can also represent the power and influence that a person has. A loss of face will consequently result in loss of trust within a social network and may also result in a loss of authority. The traditional Chinese way to solve the conflicts is thus to avoid them entirely, and Chinese people will in general avoid causing another person to lose face. One of the ways of doing this is by not bringing up embarrassing facts in public (Ho 1976).

Finally, the concept of *guanxi* is important to understanding Chinese power relations and the informal structures allowing for the transfer and maintenance of the leader role. *Guanxi* literally means "relationship" (Chen & Lee 2008:124) and refers to social connections based on the exchanging of gifts, hospitality, and mutual business opportunities, most often outside official channels. This is a crucial component of contemporary Chinese culture as without the right *guanxi* network it is difficult to conduct business. The concept of *guanxi* and its connections to Chinese leadership will be touched upon in Chapter 4.

The study undertaken in this thesis focuses on the interplay of Chinese and Western views on leadership in the attitudes towards management shown by the managers of a Chinese heavy industrial company in northeastern China. The knowledge gap this study endeavors to fill has its origin in the fact that, in the perception of the author, most studies of Chinese business focus on development in areas such as Shanghai, Beijing and the Pearl River Delta (Guangdong and Shenzhen, Hong Kong may also be included) and on larger, modern corporations. Thus a survey of traditional heavy industry managers in an area of China historically associated with this activity may prove revealing in determining to which extent the cultural effect of the current opening up of China has had, even in fields that are geographically and professionally removed from the "cutting edge" of business.

### 1.1.4 Research questions

The main questions examined in this paper are:

- What perception of leadership is found among managers in Chinese heavy industry?
- To what extent is their leadership influenced by traditional Chinese views on leadership? Can we note any correspondence between their stated leadership styles and Chinese leadership philosophy as commonly described?
- To what extent do they perceive their leadership as being influenced by Western views on leadership?
- How do they perceive the differences (if any) between these leadership styles?

When defining Western leadership style one must note the wide historical and sociological scope of what may be termed “Western”; a 16th century Cossack leader probably exemplifies a different leadership style than an early 21st century Swedish bureaucrat. Relevant to our comparison are the conceptions of Western leadership found among our interviewees rather than any attempt to define “Western leadership” itself - this is a study of attitudes. Chinese government-affiliated heavy industry was, as with all state-run enterprises, largely unaffected by contemporary foreign thought until the economic and social opening up of China under Deng Xiaoping. (as stated by one of the interviewees). Any exposure to modern notions of Western leadership can be assumed to have taken place during the last generation.

Zhang, Chen, Liu & Liu (2008) notes that Chinese managers are exposed to ideas about “Western leadership” through various media. Although not wide in scope, data from my survey indicates that that the level of exposure probably is greater among the younger interviewees; specifically among those who have undergone management training. For practical purposes, the version of Western leadership that they have encountered relates to the “best practices” current within modern multinational companies of mainly American and

European origin, as this is the style reflected in the content of current management training and utilized by the foreign companies currently establishing themselves in China.<sup>3</sup> Any differences in leadership style among these companies (reflecting company tradition or, for instance, American vs. English vs. German culture) is not overly relevant in the context of this study. What is relevant is what properties the interviewees associate with their conception of “Western leadership”, and if they perceive it to be qualitatively different from their own, or “Chinese” style of leadership.

I write “Chinese”, because when discussing styles of leadership from a cultural perspective it is also important to note the existence of the company as a “culture within a culture”. In a geographically, linguistically and culturally heterogeneous society such as the Chinese one (CIA World Factbook 2011) we might expect management styles to vary from region to region, and on top of this, from company to company. The management style (or styles) reflected in these interviews are those of five individuals from a heavy industrial company in Northeastern China. Their approaches to and conceptions of leadership will be colored by their own experiences, the field in which they work, the culture of the geographical region in which they work, and finally by generally “Chinese” or PRC views and conventions. It is my intention that they be representative of a certain segment of Chinese management, but when referring to “Chinese management” in the context of their views and conceptions, the points outlined above must be kept in mind.

### **1.1.5 Structure of the thesis**

The structure of the thesis is as follows; the overall goal of the thesis having been presented in Chapter 1 (Introduction), Chapter 2 (Theoretical Perspectives) will focus on the theoretical frameworks used in analyzing the gathered data. The procedures of data gathering used in the research process will be detailed in Chapter 3 (Research Methodology). In Chapter 4 (Analysis and Discussion), excerpts from the data itself will be presented and the general findings will be summarized. The main discussion as to the implications of the data will also

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<sup>3</sup> “The current curriculum of MBA education in China is primarily imported from the West. The business schools in China have used original or translated teaching materials from abroad, and the business cases used are mostly from North America. Most of the teaching materials developed by local scholars are based on Western theories and practices. With regard to the newly introduced Executive MBA education, there is a high proportion of foreign professors teaching the courses.” (Zhang, Chen, Liu & Liu 2008:268)

take place. The conclusions which may be drawn from the discussion will be recapitulated in Chapter 5 (Conclusion) along with suggestions for future research based on the findings resulting from the analysis of the data.

## 2. Theoretical Perspectives

In this chapter the theoretical background of the thesis is summarized, and the reader is introduced to various concepts relating to the subject of leadership.

### 2.1 Leadership

*Leadership is the ability of an individual to influence, motivate and enable others to contribute toward the effectiveness and success of the (groups) of which they are members.*

(House 2004:15)

The modern literature on leadership is extremely vast, so much so that many writers feel obliged to begin their work by defending the need for a further book. Treatments of leadership range from the multi-volume Encyclopedia of Leadership (2004) to various self-help guides, websites, and resources of varying quality. Indeed, Jackson and Parry (2008:4, 9) note that “[...] there is no shortage of opportunities to read about leadership” and that “there has never been so much interest in the field”. Some of the reasons why leadership receives so much attention may be not only because it is viewed as an important part of the professional skill set, but because it is something that surrounds us in our daily lives. As Jackson and Perry also note, newspapers and films are full of stories about leadership. Further, when we go to work, raise our children (or are raised ourselves), when we participate in team sports or in volunteer organization, we are either leading or being led – often both at the same time.

Jackson and Perry (Ibid) refer to Grint (2005) as summarizing four ways of looking at leadership: Leadership as *person*, *results*, *position*, and *process*. Are people leaders because of *who* they are, *what* they achieve, *where* they work, or *how* they work? There are various theories approaches to and theories about leadership, examples of which are transformational, transactional, charismatic, situational, and distributed leadership. The theories used in this book reflect only a small subset of the available literature. Tuckman’s theory of phases (1965), Lewin’s typology of leadership styles (1939), and Vroom’s theory of Expectancy (1965) have been used to provide a perspective on group composition, leadership styles, and methods of motivation in the perspective of the Chinese managers interviewed. Theories

concerning the way in which people use and perceive the phenomenon of leadership will be listed first.

### **2.1.1 Tuckman's theory of phases**

It seems obvious that leaders can only exist when there is someone to be led. The community (or organization) in which a leader is active, and the members of this organization that are being led make up an important part of leadership.

The function of the workgroup is crucial when it comes to how we enjoy our workplace. According to Tuckman (1965), a workgroup goes through different phases, which constitute its "life cycle" and ultimately determine the well-being of its members. Tuckman constructs his theory of around three central phases and two transition phases.

#### **Phase 1**

When the group is formed the members are very friendly and polite. Conflicts are avoided and there is not a big need to have a leader.

#### **Phase 1:1**

This is the honeymoon period in which conflicts are still avoided. The group is high on team spirit.

#### **Phase 2**

A leader in the group is now needed. This causes rivalry and conflicts in the group. Structure is needed, but the members of the group do not want a leader to fill this need. This is the most demanding phase, and the project may be in jeopardy if a structure based on some form of leadership does not crystallize.

### **Phase 2:1**

A stable leadership structure has now been established. The members now know their place in the group and can recover from the conflict heavy time they just had.

### **Phase 3**

This stage represents a high performance plateau. To be able to reach this phase must good leaders are necessary. They must be perceptive to the members' needs and give them the opportunity to evolve. The role of a leader is here considered to be a coordinating role, so it is important that the leader creates a well-functioning group. (Ibid)

We shall return to Tuckman's theory in 4.2.3. The fundamental life cycle of a workgroup having been described, we move on to a description of various types of leaders. The question of what type of leader is best suited for which task is a highly complicated one.

## **2.1.2 Types of leaders**

The psychological profile of persons in positions of leadership may be broadly divided into one of three types, a summary of the general traits of which is given below. The typology outlined here was first established by Lewin et al. (1939) in the pioneering article *Patterns of aggressive behavior in experimentally created "social climates"*.

### **1. The authoritarian leader**

This type of leader is very interested in maintaining his/her power base, and is very conscious of his/her status of being the leader. A leader of this type is typically dominant, getting the job done through the direct giving of orders and directives. There will typically be an emotional distance between this type of leader and the group he/she is leading. This management style creates a certain security due to the fact that everyone "knows their place" but can also create insecurity since the workers are dependent on the leader and are not familiar with making decisions by themselves.

## **2. The democratic leader**

This type of leader uses group oriented leadership. The work process is envisioned as a process in which everyone has creative input, and is realized through independent decision-making on the part of the workers. This management style can create a certain sense of insecurity if the workers are not properly aware of their part or place in the work process. However, this potential sense of insecurity is frequently kept in check by the organized nature of the group's work processes. This, in turn, helps to give the team members greater understanding of the structure of the organization.

## **3. The *laissez-faire* leader**

This type of leader prefers a passive leadership style. He/she does not partake in the work process and does not personally oversee or organize the work flow, preferring to leave the processes of decision making and execution fully in the hands of the subordinates. This style of management may at times create a substantial sense of insecurity and confusion for the workers, who may feel as if things are "going with the flow". The leader's laid-back attitude may be perceived as being a sign of his/her indifference towards the task at hand, and this may rub off on the workers, ultimately reducing team morale.

As described by Lewin et al. (1939), authoritarian leadership styles lead to more tension and ultimately aggression among subordinates than does a democratic style.

As we shall see in 4.3, the Chinese leader as perceived by the interviewees has characteristics of both the authoritarian and *laissez-faire* leaders, while perceptions of Western leadership are closer to the concept of the democratic leader. However, Vroom (2000:84) states that "[I] am convinced that each of the [leadership] styles is appropriate to certain kinds of situations, and that an effective leader is one who explicitly tailors his or her style to demands of the immediate problem at hand". Further, in Vroom and Jago (2007:21): "It makes more sense to talk about autocratic versus participative situations than autocratic versus participative leaders."

In writing this thesis one of the major assumptions underlying the analysis is the belief that motivation is a key ingredient in successful leadership. A good leader is a leader capable of

motivating others to accomplish a task. We shall now examine an important theory in the field.

### 2.1.3. Vroom's Expectancy Theory

In the 1960s the Canadian scholar of leadership, Victor Vroom, developed a theory of motivation called Expectancy Theory. Formulated in the seminal monograph *Work and Motivation* (Vroom 1965), the theory revolves around the three concepts of expectancy, instrumentality, and valence, which combine to create the overall motivation underlying the actions performed by a group or individual. Simply put, **Expectancy** is the subject's belief that he will be able to achieve a certain objective. **Instrumentality** is the perceived probability that achieving the objective will lead to a reward. Thus, if a good job is followed by a reward instrumentality will be high, if rewards are always given regardless of performance, or alternatively, never given, instrumentality will be low. **Valence** is the value of the outcome, or how much the subject wants to achieve the objective. An objective one wants to fulfill has a high valence, while an undesirable objective has a low or even negative valence.

Force of motivation may be described as a product of **Expectancy X Instrumentality X Valence = F(orce)**.

Thus, if someone believes they can accomplish a goal (Expectancy), believes that doing so will cause them to get a (desirable) reward (Instrumentality), and view the goal as something they want to accomplish (Valence), their motivation (Force) will be high, and potentially lead to greater work output. On the other hand, if someone does not believe they have the ability to do something (Negative Expectancy), perceive no connection between the effort they put in and any kind of reward (Negative Instrumentality), and are indifferent or even negative to the outcome of their work (Negative Valence), we can expect their motivation to be low or nonexistent with corresponding effects on their performance.

More recently Vroom has published articles on, among other things, situational leadership (2002, 2007) and a normative theory for decision-making processes in management (2000). Since its introduction Expectancy Theory has been used and modified by a variety of scholars (Van Eerde & Thierry 1996) and is a highly influential component of modern thinking on

motivation and leadership. It will be used here to analyze the approach towards motivation used by the interviewees.

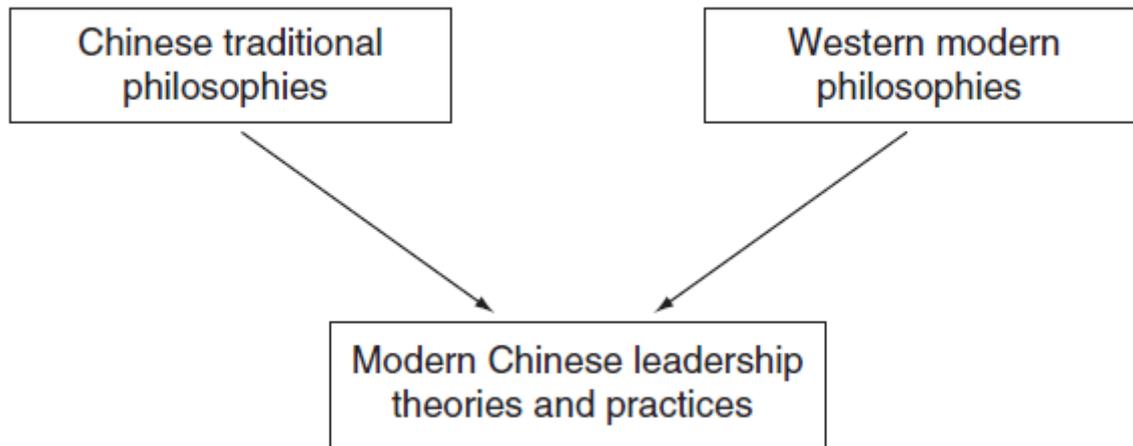
## **2.2 Chinese culture and leadership**

The theories dealing with leadership in general having been presented, we now move on to introducing Chinese culture in the context of leadership, some previous statements on Western influence on the same, and some theoretical tools for approaching leadership in the local context of Chinese culture.

### **2.2.1 Chinese leadership and Western influence**

As touched upon in 1.1.3, China is one of the oldest world civilizations, and many different philosophies and ideologies have their origin there. Thus Chinese leadership has influences from the indigenous philosophies of Confucianism, Daoism, Legalism, as well as more recently Chinese Communist thought (Chen & Lee 2008). Despite its position as a major cultural center China has not been immune to foreign influence in the theoretic field. In his book *Cross-Cultural Management: A Knowledge Management Perspective*, Holden (2002:84f) outlines some of the cultural transfers that have taken place throughout history, in which a culture has adopted knowhow from competitors in order to advance their own interests. The examples brought up by Holden include the Roman general Scipio Africanus, who studied the tactics of Hannibal in order to ultimately defeat him, and the Meiji period (late 1800s) in Japan, in which the Japanese hired foreign advisors to strengthen its economy and military.

In a similar vein, Chen and Lee (2008:16) note that translated Western writings were a major philosophical influence on Chinese intellectuals of the 20<sup>th</sup> century, including the future leaders of the Communist party (even socialism itself can be viewed as a foreign conception of leadership). Chen & Lee (2008) further contend that modern Chinese leadership can be viewed as a synthesis of Chinese and Western thought, as illustrated in the diagram below.



**Figure 1. Chinese and Western philosophical influences on modern Chinese leadership. Reproduced from Chen and Lee (2008:16).**

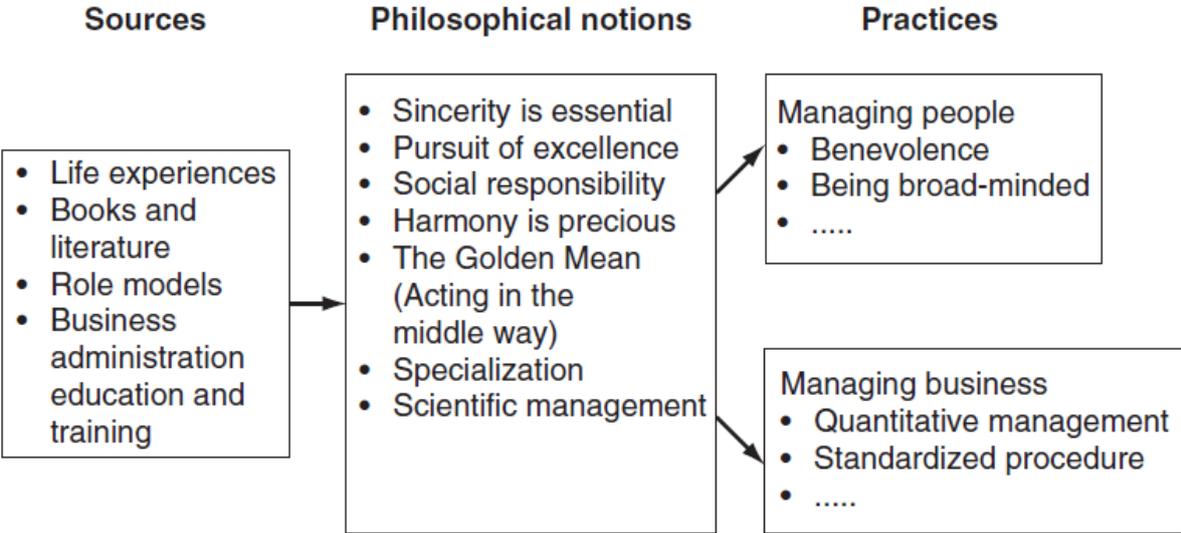
In the same volume Zhang, Chen, Liu & Liu (2008) outline the results of a study on the perception of leadership by leading Chinese managers, the results of which correspond with the above statements by Chen and Lee (2008).

Semi-structured interviews were conducted with thirty-five successful business leaders from enterprises in China. Content-analyzing the interviews, we identified seven management philosophies held by these business leaders: sincerity is essential; pursuit of excellence; social responsibility; harmony is precious; the Golden Mean (acting in the middle way); specialization; and scientific management. We found that both Chinese cultural traditions and Western management theories influence Chinese business leaders' management philosophies and practices. (Zhang, Chen, Liu & Liu 2008:239)

They state that a majority of the managers interviewed refer to Western leadership as an influence on their own work. The managers were exposed to Western leadership in the form of, among others, biographies of Western leaders, Western-oriented business training, and work and study abroad (Ibid).

The managers in the above study were generally positive about the rational and cost-effective procedures current in Western managing, but many were also of the opinion that the traditional Chinese emphasis on personal relationships in business is also necessary to be successful in China. This sentiment is echoed by one of the interviewees in the present study, who stated that “So many Western companies come to China and fail. They fail because they don't know how to do it properly”.

Czarniawska and Sevón (2005) refer to the concept of *translation* as being important in understanding the spread of ideas between different communities, stating that “[...] that which is involved in translation be it knowledge, people or things – has an uncertain identity. Each act of translation changes the translator and what is translated” (2005:8). Further: “[...] guided by fashion, people imitate desires or beliefs that appear as attractive at a given time and place. This leads them to translating ideas, objects, and practices, for their own use.” (2005:10). If we apply the concept of translation to the ideas about leadership spreading to China through foreign media and education, we must expect that not only do the learners’ concepts of leadership alter, but also the ideas themselves.



**Figure 2. A summary model of Chinese business leaders’ management philosophies. Reproduced from Zhang, Chen, Liu & Liu (2008:260).**

The findings of Zhang, Chen, Liu & Liu (2008) imply that Western management techniques promoting efficiency and quantitative results (as in “Scientific management” above) are useful, but must be complemented by the traditional Chinese principles of Confucian benevolence and emphasis on interpersonal relationships to create truly successful leadership in Modern China. In their model, Modern Chinese business philosophy combines quantitative, “scientific” Western management procedures with traditional Chinese relationship thinking.

In the same volume Hedmo, Sahlin-Andersson and Wedin note that “[...] with time, organizations in a field tend to become increasingly similar. Imitation is one mechanism whereby isomorphism occurs within fields; other such mechanisms include coercive and normative forces”. It should thus not prove surprising that Chinese management practices are becoming more similar to those of their foreign colleagues, as China, as other East Asian nations before it, is in the process of adopting and adapting many practices and institutions of Western/American society.<sup>4</sup>

Still, differences remain, and any comparison of Chinese and Western management philosophy will require an awareness of those differences. Indeed, awareness of cultural differences is important in explaining differences in leadership strategies, management systems, levels of management effectiveness and the overall performance of companies with origins in different cultures (Chien 2006).

Casimir & Waldman (2007) state that cultural background influences the perceived importance of various traits in regard to effective leadership; people of different cultural backgrounds have different conceptions of what it means to be an effective leader. In China, leaders find themselves caught in a culture clash resulting from the ideological differences between a society influenced by the rigid structure of Confucianism and global corporations that favor less autocratic administrative styles (Frauenheim 2007).

As previously stated, the number of companies led by Chinese people or doing business with China has increased markedly (Chien 2006). This will also probably mean that many of the leaders of the companies will be Western leaders. How this will affect the leadership and the organization of Chinese companies can be discussed. According to Chen & Tjosvold (2006) the results of the survey they conducted indicated that there were no significant differences in employee ratings between American and Chinese managers.

This may be explained by the fact that Chinese culture will and has become more similar to Western cultures as China becomes wealthier and open to more Western influence (Leung 2008). Additionally, the variation within the personality traits of individuals may be larger

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<sup>4</sup> As an example from another field, Kentucky Fried Chicken opened its first Chinese location in 1987. There are now 3200 KFCs in China (Bloomberg 2011). Sweden, by contrast, has none.

than the one between cultures. Knowing about face-saving and similar Chinese cultural traits is useful, but this knowledge cannot be expected to be applicable to all Chinese people (Frauenheim 2007).

The results of the ongoing Westernization do not mean that traditional Chinese values necessarily obstruct modern and effective ways of working. Neither does it implicate that modernization necessitates the discarding of traditional values. The value system of old may, however, be more difficult to apply than before, the reason being the recent Western influence on state owned enterprises, and the boom in private enterprises incorporating share ownership and similar attributes of modern Western corporate structure (Tjosvold, Yu & Liu 2004).

According to the survey *Leadership In China: Keeping Pace With An Growing Economy 2005* the top skills considered necessary for a leader to possess are the abilities to motivate others, build trust, retain talent and lead a team (Hulme 2006). This skill set can be considered independent of cultural conventions, and may be regarded as the foundation on which the leadership abilities of an individual rest, both in China and abroad.

## **2.2.2 Hofstede's classification of cultural dimensions**

Geert Hofstede's system for classifying and analyzing the work related value systems of different cultures (1980) provides a useful framework on which to base analyses in the field of leadership from the perspective of culture. His classification of cultures hinges on the identification of five different dimensions, two of which have been deemed relevant for the purposes of the present thesis.

The first dimension to be described here is that of *Individualism* versus *Collectivism*. Taken as a whole these two concepts form a scale describing the degree to which individuals are integrated into groups within a specific culture. On the individualist side, we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts, and grandparents) which continue protecting them in exchange for unquestioning loyalty. The word "collectivism" in this sense has no political meaning: it

refers to social groups, not the organization of the economy of the state. In collectivistic societies value standards in the workplace differ for members of the in-group and the out-group, corresponding to the concept of particularism<sup>5</sup>. In collectivistic cultures, the relationship between individuals is more important than the task that is to be performed, and a moral model of the employer-employee relationship exists. In the workplace in individualistic societies, the same value standards apply to all, corresponding to the concept of universalism. The task is viewed as more important than the relationship between individuals, and the model of employer and employee relationship is a calculative one.

The second dimension that shall be brought up is Hofstede's (1980) dimension of uncertainty avoidance. It concerns how a society deals with the fact that time only runs one way; that is, we are all caught in the reality of past, present and future and we have to live with uncertainty because the future is unknown and will always be so. Some societies teach their people to accept this uncertainty and not to become upset by it. People in such societies will accept each day more easily as it comes. They will take risks rather easily, and they will not work so hard. They will be relatively tolerant of behaviors and opinions different from their own because they do not feel threatened by them. Such societies are weak-uncertainty-avoidance societies; their people have a natural tendency to feel relatively secure. Most of the countries in East Asia, such as China, Japan and Korea can be classified as strong-uncertainty-avoidance societies.

Using the two dimensions mentioned above, Chinese culture may be classified as being a typical East Asian culture with strong uncertainty avoidance and collectivist tendencies. The implications of such a classification are wide ranging. Because of the collectivist tendencies in Chinese culture, interactions between companies are essentially based on personal relationships, with a strong awareness of in-groups and out-groups. Being a strong-uncertainty-avoidance culture means that Chinese employees, valuing stability over change, will tend to remain in the employ of a company over a long time. These factors will influence the view on leadership held by Chinese managers and employees, and the expected relationship between superior and subordinate in a Chinese company may be quite different

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<sup>5</sup> Particularism is a way of thinking in which the standards for the way a person should be treated depend on the group or category to which this person belongs. It may be contrasted with universalism, a way of thinking in which the standards for the way a person should be treated are the same for everybody.

from that expected within a Western company. Western cultures are typically classed as being below East Asian cultures on the uncertainty avoidance scale, and the recent trends in increasing employee turnover rates in China may reflect a tendency towards Westernization.

## **3. Research Methodology**

In this chapter the methods and working procedures used in the writing of the thesis are described. The case company is also described further, and an outline of the methods used to collect data is given.

### **3.1 Working procedure**

In this section a brief outline of the theoretical backdrop of the thesis is given.

#### **3.1.1 Descriptive vs. normative theory**

When considering the theoretical approach to a specific field of study, a choice must be made between a *descriptive* or *normative* approach to the material. *Descriptive* theory is used with the goal of understanding and explaining the various phenomena of this world. In contrast, if the object of the study is to improve on something, a *normative* theory is per definition being used. If there is something to improve, there must consequently exist something that is seen as a problem. To be able to identify what can be improved the facts as a whole must first be properly understood. Normative theory is thus dependent on descriptive theory. (Ibid) This thesis is mainly concerned with the gathering of knowledge on a specific topic and may thus be classed as applying a *descriptive* approach to the data.

#### **3.1.2 Deductive vs. inductive method**

A further choice to be made is the one between deductive or inductive methodology.

When using *deductive* reasoning in a theoretical context, an existing theory is the starting point and data collected from a study is used to test the applicability of the theory. In contrast, when the *inductive* method is used, empirical findings are the starting point and the ultimate goal of the exercise is the construction of a new theory, that is to say, the acquiring of a new viewpoint. (Ibid) The present thesis mainly uses a *deductive* approach.

### **3.1.3 Qualitative vs. quantitative method**

A third consideration is that of choosing either a qualitative or quantitative approach to the collection and interpretation of data. Silverman (2001:38) quotes Hammersley (1992:165) as defining qualitative research as “the analysis of words and images rather than numbers”, for instance, interpreting the content of interviews rather than compiling statistics on the frequency interviewee responses. In qualitative research, results are often derived from the perspective of the object of study, and the researcher is actively involved in the contextual interpretation of the data. Qualitative data-gathering can include observation, analysis of texts, interviews, and recordings (Silverman 2001).

In contrast, the *quantitative* method derives from the researchers’ ideas of what dimensions and categories shall be in focus. Using this method, the theoretical framework focuses on predicting and explaining factors through application of previous theories. The data that is gathered using a quantitative method needs to be measurable and quantifiable. A common example of a quantitative method in the social sciences is the utilization of standardized interviews in which a comparatively small amount of information is gained about each of the members of a large pool of interviewees. Using a qualitative approach more in-depth examinations are conducted concerning a smaller amount of subjects, yielding a more detailed data set with a smaller subject pool. Although the quantitative method is more common in science (Silverman 2001:26), the qualitative method has a lot to offer in terms of detail (especially with small data sets) and ensuring that new questions arise from the collected data.

### **3.1.4 Research method**

The research method used in the writing of this thesis may be classified as *qualitative/deductive*. Previously existing theories are used and applied to data collected through conducting interviews with subjects (the factory managers). This corresponds to the *deductive* approach previously described. The data set collected is in-depth as opposed to wide in scope. The approach thus also corresponds to the *qualitative* method.

In the current study all the subjects are from the same cultural background and working under the same conditions, simplifying the analysis. The data collected in the interviews has been collected and analyzed yielding a detailed description of the experiences of the five subjects. The theoretical approach used is not *normative*, as the present thesis seeks to understand the perception of leadership rather than make suggestions about how to apply it. However, some statements are made by the interviewees expressing their view of ideal leadership through the combination of Chinese and Western thinking. A *qualitative* approach has been chosen because the data set available is not sufficiently large for *quantitative* work; further, reduction of the participants' opinions to statistical data would reduce my ability to directly present their detailed experiences in the form of the transcribed narratives that form the main part of this thesis.

### **3.1.5 Consequences of the research method**

As a result of the specific research method chosen for this thesis, certain restrictions will impact the ability to analyze the data gathered. In using the *qualitative* method the data collected is limited in scope when compared with a *quantitative* survey. By limiting the amount of subjects interviewed, the information collected is made thorough although the overall sample pool is smaller than that of a *quantitative* survey. It has, however, been felt that the information collected through a detailed survey of a small amount of subjects will, given the main area of inquiry, ultimately prove more valuable than one consisting of a limited amount of information sampled from a vast amount of subjects. As the object under investigation is the attitudes towards and conceptions of leadership held by the interviewees rather than hard data, a *qualitative* approach was felt to be most appropriate.

## **3.2 Data gathering**

A more detailed presentation of the physical setting of the case company will now be given, along with a presentation of the particulars of the data gathering process.

### **3.2.1 Study method and case company**

This thesis will be in the form of a single case study, selecting a specific case company and focusing on an analysis of specific factors within that company. The decision to focus on a single company was made for practical reasons such as manageability and time constraints, as well as keeping in line with the qualitative orientation of the methodology; providing a focused and detailed picture rather than a mosaic of data culled from different sources.

The company examined in this thesis is a semi-government owned steel foundry. This specific company was chosen because of its status as representative of traditional Chinese heavy industry and because of contacts facilitating access to interview subjects. The company was founded in 1970 and has been active since then. It has been assumed by me that the department leaders' participation in this running of the company has played a significant role in its successful operation until today. In this thesis, their perception of leadership and approach to leadership in the daily running of the company will be examined. Five of the managers of the company have been interviewed, and the data resulting from said interviews has been compiled and analyzed from the perspective of various theories on leadership. All the interviewees are Chinese nationals, and one of the interviewees has been active in the company for more than thirty years.

When beginning the process of research, it was assumed by me that the influence (whether real or perceived) of Chinese culture (some of the properties of which having been described above) in the day-to-day running of the company would be considerable, the company being an example of the sector of heavy industry which may not be as open to international influence as, for example, the Chinese IT sector.

The case company is located in the city of Shenyang, China. Shenyang is the capital of Liaoning Province in Northeast China. The city is a major Chinese industrial hub as well as the commercial center and communications nexus of China's northeastern region. During the 1970s Shenyang was one of the top three industrial centers in China, but after the 1980s heavy industry gradually declined in importance. The city's economy has revived

significantly in recent years, thanks to the Chinese government's "Revitalize Northeast China" campaign as well as the rapid development of its software and auto manufacture sectors. The fifth China International Equipment Manufacturing Exposition was held at Shenyang International Exhibition Center on August 2006, promoting the resurgence of its position as a center for heavy industry in Northeastern China and promoting the city internationally. This exposition presented Shenyang as a global heavy industrial manufacturing city, and invited some major foreign industrial companies to locate their headquarters in Shenyang<sup>6</sup>.

The name of the company analyzed in the thesis is Shenyang Hongfa Foundry. Its Director of Operations, Sun Yunxia, has kindly provided information which shall serve as a brief introduction of the company.

Shenyang Hongfa Foundry was established in 1970 and is situated in Shenyang City. It has 500 employees, including 100 engineering technicians and managerial and supervision employees. It is a jobbing and production foundry specializing in Class 20, 25, 30 and 35 iron castings. It utilizes DISAMATIC molding machines to produce molds for castings. Production volumes range from 100 to 900,000 parts. The major products include pumps, valves, compressors, bearings, and other industrial equipment. It is currently under the leadership of Sun Yunxia, who is holding the position of Director of Operations. She has been working there since 1976.

This specific company was selected for a number of reasons. Shenyang is an important industrial center in China, comparable to Shanghai and Tianjin. Some international corporations in the field of heavy industry have production plants in Shenyang. For example, BMW began investing there in 2003. The location is thus representative of Chinese heavy industry. Shenyang Hongfa Foundry is a traditional Chinese heavy industry company staffed with Chinese nationals. The company itself is thus also a good representative of the heavy industry forming the mainstay of Chinese economy prior to the recent era of rapid economic development, and was thus viewed suitable for analyzing traditional Chinese views on leadership in a corporate context. A further factor was the management experience of the

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<sup>6</sup> More data available at <http://www.shenyang.gov.cn/>.

managers interviewed, many of whom have been at their positions for a long time. The final reason the foundry was chosen is because of personal connections to one of the managers, which enabled us to gain access to the company. The study is about the managers themselves, although naturally their environment is relevant in shaping their experiences of and attitudes towards leadership.

### **3.2.2 Data**

The primary data used in compiling the thesis consists of transcripts of interviews with managers of the Shenyang Hongfa Foundry. The five managers chosen were the ones that agreed to participate in the study, including the Operation Director.

A total sum of five interviews were carried out by means of telephone calls and emails from March to April 2008. Twenty-two questions were prepared in advance. Following the approval of the Operation Director Sun Yunxia the interviewees were called in the evening while in their homes. Follow-up questions related to the content were added according to the topics emphasized by the interviewees. The interviewees agreed for the interviews to be digitally recorded. Ambiguous answers were clarified through further emails and phone calls. The interviewees were all informed of the academic purpose of the interviews. They agreed to use their real names. All the interviews were carried out in Chinese. The utmost care has been taken to ensure that the translations of the answers are as close to the original Chinese wording as possible.

The interviews conducted during spring 2008 form the first part of the interview segment of Chapter 4, in which the five managers talk about their own ideas about leadership. The original purpose of the thesis was to evaluate to which extent this matched up with traditional Chinese leadership.

However, during the third revision of the thesis the topics were expanded, and accordingly further data became necessary. During May of 2011 follow-up interviews were made with two of the original interviewees, who gracefully agreed to participate once again. The other

three were unavailable due to retirement and employee turnover. The content of these supplementary interviews focused on the perception of Western and Chinese leadership, respectively, and form the second part of the interview segment of Chapter 4.

The data was processed and analyzed by extracting the passages deemed most relevant to the research questions of the thesis, and comparing the statements of the interviewees with the consulted theories of leadership, along with previous research on Chinese leadership.

### **3.2.3 Literature review**

In compiling this thesis a variety of reference literature has been used, both on Chinese conditions and management theory. The main source for the presentation of Chinese leadership and its interaction with Western thought is Chen & Lee. (Eds.). (2008) *Leadership and management in China: Philosophies, theories and practices*. Various works on management and leadership have been consulted during the writing process. Lewin's taxonomy of leadership styles (1939), Tuckman's theory of phases (1965), Hofstede's culture theory (1980) and Vroom's Expectancy Theory (Vroom 1965, Van Eerde & Thierry 1996) are used to analyze the cultural foundations of Chinese leadership and the approaches to motivation used by the interviewees. Jackson & Parry (2008) have served as a general introduction to the field of leadership study, and the theory of "translation" as presented in Czarniawska-Joerges, B. & Sevón, G. (2005) has been referenced as a way to put the Chinese application of Western leadership theory into perspective.

## 4. Analysis and Discussion

In this chapter the content of the interviews forming the primary data for the present thesis will be summarized. First the interviewees' discussion of their own leadership style is presented, followed by their impressions of Chinese and Western leadership. An analysis of the data then follows; focusing on the main questions relevant to the thesis:

### 4.1 Structure of the presentation

The presentation is divided into two sections. The first section focuses on the participants' perception of own leadership style, with the goal of determining the makeup of their personal philosophies on leadership. This provides the backdrop for the second section, in which two of the participants discuss their perception of Chinese and Western leadership along with the differences between them.

The topics discussed during the course of the first section of interviews may vary depending on the interviewee. To simplify the presentation and subsequent analysis of the data, the content of the interviews has been divided into five subsections reflecting the main topics of discourse identified. In order to evaluate mainly perception of own leadership style and gain hints as to practice I asked the interviewees to speak about various subjects that are important in leadership research, such as motivation, conflict resolution, and emotional attachment. After reviewing the topic touched upon by the interviewees they were grouped into *perception of leadership*, *conflict resolution*, *emotional attachment*, *natural leaders*, and *motivation tools*. These subsections describe the core factors that, in the view of the interviewees, underlie qualified leadership. Some of the themes are further divided into specific subcategories. At the end of every subsection, a general summary of the most important points made will be given.

In the second section, the questions asked were:

- What is your image of Chinese leadership?
- What is your image of Western leadership?
- How did you get your image of Western leadership?
- Do you perceive any differences between Chinese and Western leadership, and, if so, what are they?
- Are there areas in which one of the styles is stronger or weaker than the other? If so, what areas, and how?

The answers are organized following the questions. Following the end of the second section we move on to the discussion of the interviewees' narratives, and the final conclusions of the thesis.

#### **4.1.2 Interviewee backgrounds**

##### **Mr. Ma Kedu**

Assistant Director of Loss Prevention, 42 years old at time of interview and holder of a Bachelor's degree in engineering. He has been working in the loss prevention sector for 15 years in different industries, and has worked in the company for seven years. He has eleven subordinates, and is responsible for reducing losses of employees, factory assets, and customers.

##### **Mrs. Sun Yunxia**

Operation Director, 55 years old and holder of a Bachelor's degree in statistics. She has been working for the company since 1976, and is now responsible for its overall operation, overseeing fields such as human resources, strategies, decision-making, and basic technical operation.. She is responsible for the overall management of the around 300 employees that make up the foundry staff.

### **Mr. Ai Xin**

Senior Engineering Department Manager, 50 years old, holder of a Bachelor's degree in civil engineering. He got his first management position 20 years ago. His responsibilities include directing and coordinating the activities of the engineering department in designing, manufacturing and testing components, products and systems. His area of responsibilities places him in charge of around 200 employees.

### **Mr. Yi San**

Finance Department Director, 35 years old, holder of a Bachelor's degree in accounting. He has more than eight years of financial management experience. He is responsible for seven employees, and is in charge of the accounting, finance and budget administration within all departments. He was appointed to the position five years ago.

### **Ms. Guan Cen**

Manager of Sales and Marketing, 33 years old, holder of a Bachelor's degree in Chinese literature. She is responsible for leading and motivating the sales staff towards their goal of increasing sales, increasing the foundry revenue. She has 5 marketing and 15 sales employees. She has worked for the company since 2000.

## **4.2 Perception of own leadership**

An important part of this thesis is the interviewees' perception of their own leadership, as opposed to their thoughts on Chinese and Western leadership general. In order to gain a perspective of their views, we must first see where they are coming from. In the following section the managers discuss the view they take of their own role as leaders.

### **4.2.1 Self-perception and leadership**

When I work as a leader I get a certain self-respect, pride, and status. I strive to be an example for my employees, and when we are committed to certain goals we have to work together. Achieving goals is not only my followers' job, I am also a member in my team, so I need to make sure I tone down my bossiness and take action with them together. My personally working with them is one of the motivations for my employees to do a better job. I am always there with them. The leader's quality should be an example for others to respect and follow

his directions. At least the leader should be a very good role model to his subordinates. If not, they will do the same mistakes as the leader. He should work hard for his followers and for his company.

Ma Kedu

I am very proud to work as a leader. It gives me a sense of authority, and people will listen to me. I am good at observing others, and providing a good example for all of my employees. It's important to resolve conflicts immediately and lead workers to finish all the work assignments. I like to take care of them. My superiors and subordinates perceive me as a hard worker, one who has a very good ability to solve problems. A good leader needs to have a good education, be very experienced within his field, and have intensive management experience. He must make correct decisions, resolve problems properly, and must have the ability to influence other workers' behaviors. He has to keep up to date with the latest market information, and have his own management system, customized for his organization. He should make the organization develop smoothly.

Sun Yunxia

I can perceive my subordinates' emotions and well-being and take care of them while maintaining a very professional relationship. I do not concern too much with employees because I know if I care about them too much on a personal level, it will affect my ability to make important decisions concerning them. You must be able to make decisions, and put your employees under certain stress so that they can work harder. I believe that as a manager, my job is to make sure the other people do their job. A leader should make sure other people do better jobs instead of trying to do the job yourself. Leadership is created from daily experience within a specific field, and a manager should have both interpersonal skills and specific abilities relevant to the field.

Ai Xin

I have more than eight years of experience in a finance department; I take care of my employees, make correct decisions, and make them get the job done. A leader is someone who has to take care of the employees and let them do their job while developing their talents and abilities.

Yi San

I believe I have a distinct and attractive personality that suits my career in sales and marketing, because I love to interact with people. I make sure I am happy and make correct decisions, because I have a great influence on my employees' mental and physical well-being. I strongly believe that a leader is someone with certain inherent personality traits. Managerial experience will help someone to climb to higher administrative positions.

Guan Ce

## Summary

All five managers perceive themselves positively and agree that a leader should be a good example for his/her subordinates. They view themselves as part of the team and work together with their employees to get the job done. They believe that consequently, their employees feel their managers are with them all the time.

The managers also show their attention by caring for mental and physical well-being of their staff. Many of them believe that, as a result, the employees will follow their role model and identify themselves with their leaders in terms of their thinking and behaviors, this being the essence of building a harmonious working team. All managers mentioned decision making skills as being the most important factor underlying good leadership.

### 4.2.2 Delegation

In this section the interviewees discuss their view on delegation. Although Chinese leadership is often described as autocratic (Chen and Lee 2008), the five managers generally believe in the sharing of responsibilities.

I just want to emphasize about the empowerment of your subordinates. Actually, the word empowerment is derived from the word power. A leader should have two things, the first one is "fame"<sup>7</sup> and the second is "power". Power is obtained from your fame. To get fame, you need to work hard and be an example to your followers, and share your authority with them. Once you have fame, you will automatically gain more authority by doing good work. A leader should have the main authority to make decisions, and let his followers follow his directions.

Ma Kedu

I like power. I can manage people and give them orders. However, you should behave in an acceptable way; you should share your authority and responsibilities with your workers, because the higher you climb, the more responsibilities you will have. When you share your work with your employees, you will feel not as tired, and the workers will feel you respect

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<sup>7</sup> The terms "fame" and "power" do not wholly correspond to their usual interpretation in English. "Fame" may here be taken to mean something like "credibility, prestige" and "power" may be taken to mean "personal authority". The nebulous nature of these definitions illustrates the difficulties of accurately translating culture-specific abstract concepts.

their professional skills. So through a harmonious and coordinated working environment, you can build a great team. You must immediately solve internal problems in order to prevent your workers from disclosing any negative information to outsiders. Otherwise, outsiders will take the opportunity to make your internal problems worse and worse.

Sun Yunxia

You should show trust in your employees by giving them responsibilities and letting them decide what they should do. Otherwise, they will keep on coming to you and asking for your approval, and eventually you will get annoyed. You have to keep your employees happy. Do not show outsiders any signs of weakness, or outsiders will think your department has very poor management. When employees are not happy, they will spread rumors; the rumors will negatively affect you and your department. A poor image will bring you fewer resources, money and less help from other divisions.

Ai Xin

I have more experience than the workers in my department, so of course I will have a lot to do. However, I share my responsibilities with them. It is one of the ways for them to learn new things and skills from me, if they feel they do not know how to get the work done.

Yi San

No matter how much I sell, my income is fixed. So, I share my sales target with my workers and they will get paid more, and they will be happier.

Guan Cen

## **Summary**

The interviewees generally stated that leadership automatically comes with power, which is in turn a tool with which to control and influence the behavior or choices of others. Some of the interviewees stated that, in the case company, a common problem is that some employees seem to work very hard when the leader is around, but tend to become lazy once their supervisor is absent. Ma Kedu stated that once the work assignment is given, he distributes the workload fairly to his employees, physically working together with his subordinates to get the jobs done. The interviewees believe that delegation of your workload and responsibilities to your employees will make them feel empowered and more skilled. It also will increase their self-confidence by making them think their supervisor trusts them.

On the other hand, each employee has their own strength, their own way to get jobs done. Through delegation, a manager will find out there are different effective ways of doing something. Yi San explained that he continuously shares his authority and responsibilities with his workers. It is one of the ways to improve the communication through different ideas towards solutions, and increase the social interaction, though in the end the leader is the one who makes the final decision.

### **4.2.3 Conflict resolution**

Conflict resolution is an important part of the job of any leader. In this section the discussion turns to methods of resolving conflicts that arise in the course of daily activity.

Being a leader, I must keep my eyes and ears open in order to know what is going on. Currently, there are no conflicts in my department. If conflicts occur, I will invite the people involved to my office, let them sit down, and listen to their statements. I will have the function of a judge, and help them to see the big picture so that they will become calm and relieved of their tension. I will help them to make the right decision so that they will become happy again. If there is any dispute with my bosses, I will be open and discuss with him about my ideas face to face.

Ma Kedu

Problems cause conflicts because we have different opinions towards our work, and most of the employees sometimes make mistakes and do not work hard. There are so many different ideas towards the work, and all people do not understand each other. You must stop the conflicts as soon as possible, or otherwise the work will be delayed. First, you have to have a meeting where everyone calms down. You have to find the main problem that caused the conflicts, then coordinate and fix the problems. Then let the workers understand that we must have a shared goal in our teamwork. Each individual cannot work independently. If I have disagreements with my superiors, my way to deal with the disagreements is by expressing my opinion directly.

Sun Yunxia

[...] In fact, I believe that conflict is the “hidden stress”, that conflict is an emotional issue. For example, three people have been fighting over a safety helmet. Taken at face value, we may see that there is a conflict regarding a safety helmet when there are in fact other underlying issues causing the conflict, not only the safety helmet. Stress is unavoidable;

maybe they have been having personal issues with each other for a long time, so the problems gradually get bigger. Therefore, I have to reduce the problems which will damage the whole working environment or project in the future. You need to have very good interpersonal skills to recognize the attitudes and behaviors of your employees. In other words, you should be able to anticipate what they think and need before they tell you explicitly. So, when you recognize something is wrong between your subordinates, you should be able to stop the problem from growing. When you try to solve the conflicts, you should not be partial towards the employees, those also causes conflicts. For example, if people are fighting because of a safety helmet, as a leader you may provide them different or extra safety helmets, or let the parties involved work separately from each other in the future, in order to reduce the underlying stress.

Ai Xin

Normally conflicts are caused by different people having different opinions towards the work. They defend their different ideas, and I will help them to evaluate the advantages and disadvantages of their respective opinions, to solve their problems. Being fair and open-minded is very important.

Yi San

In my department, the conflicts usually are personal, resulting from factors such as jealousy. The reason is that in Sales and Marketing, different sales performance comes with different incentives. However, my employees are very social and good at solving conflicts by themselves. They usually know how to solve their problems. If not, I will call them to my office to have an open talk with them, and solve the problem immediately.

Guan Cen

## **Summary**

A great amount of empirical and theoretical research has been done on the problem of organizational inter-group conflict and its impact on team performance. In this study, it has been determined that the five managers agreed that leaders should have the ability to recognize the existing conflicts and initiate dialogue leading to the immediate resolution of the conflict. This was felt to be the most acceptable way to solve conflicts between and within teams. Sun Yunxia stated that conflicts are generally caused by misunderstanding, poor coordination of workload, different opinions towards the goal and lack of resources.

Tuckman's theory of phases in group formation (Tuckman 1965) predicts that the need for organized leadership will vary depending on the life cycle of the workgroup. Some of the

differences in leadership approach seen above may have to do with the composition and experience of the group with which the managers are currently engaged.

In general, the interviewees hold meetings where they invite different employees to state their opinion about the conflict. They then attempt to explain the situation, coach, and collaborate with the workers involved to find mutually favorable resolutions. A further way of resolving conflict is by distributing work assignments fairly within the team. It was also felt that leaders should be the central coordinators that give emotional and social support, providing a sense of emotional safety and security, promoting the organizational members' trust, cooperation, and support for one another.

#### **4.2.4 Emotional attachment**

A central part of the teachings of Confucianism, and thus of traditional Chinese leadership practice (Chen & Lee 2008) is the benevolence that the leader is expected to show his subordinates. On a related note, emotional intelligence (which may encompass recognizing and adapting to the emotional needs of staff) is considered an important trait in modern management philosophy (Jackson and Parry 2008).

I certainly have an emotional attachment with my employees; we respect each other's ideas, proposals, decisions and feelings. I am very friendly and build strong relationships in the sense of being cooperative and motivating them by giving my help. On one hand you will get your job done; on the other hand your good relationship with your team will help you solve problems easily and your employees will respect your decision. I do agree that I should maintain a certain emotional distance.

Ma Kedu

I do have a certain emotional attachment. Emotional attachment increases communication. We help each other not only in the factory but also when we have problems outside the factory. I have to support my employees.

Sun Yunxia

I think that as leader my job is not only to make my employees happy. I also believe my job is to maximize the performance of the organization in areas such as profit, and to ensure better

employee performance, you have to be able to coordinate the working conditions. I do not want to have too much emotional involvement with subordinates, because once you have a personal emotional involvement with them, you will have difficulties in making correct decisions. As a leader, your job is not only to take care of each individual's emotional/physical health. Yes, you have to strive for their emotional/physical well-being, but your main duty is to make sure they will work as much as they can. Certain emotional attachment is necessary. You care about them, but if you let this emotional attachment go deeper, such as being friends and hanging out outside of work, you will have difficulties when delicate situations such as promotions, money problems, or layoffs arise.

Ai Xin

I do have emotional attachment with my employees; I make sure they are physically and mentally healthy, so they can work properly.

Yi San

No matter how much emotional involvement you have with your employees, you should attempt to ascertain your decisions will not be affected by your emotions.

Guan Cen

## **Summary**

All of the managers claimed to have emotional attachment with their employees. They show their emotional attachment by talking and listening, and caring about the physical and mental health of their employees; Sun Yunxia even gives advice regarding her employees' family problems. Ma Kedu also suggests that his sick employees take extra breaks or extended sick leave. It can be concluded that judging by the opinions of the interviewees, the impact of emotional attachment on organizational performance could be significant. Taking care of employees builds an emotional attachment, which gives the employees the feeling that they are appreciated and valued.

Conducting management only through explicit instructions and suggestions may be a very poor choice in today's business society. Building emotional connection with subordinates certainly increases the quality of communications and trust. Through interactions such as these, employees may become increasingly aware of their value as individuals. They may then be influenced by and possibly adopt their leaders' value systems. Thus, leaders will find

out the best ways to encourage each different individual in various situations to perform at their best.

On the other hand, the interviewees also claim to keep a certain emotional distance while taking care of their employees. It has been stated that a leader should maintain a very professional relationship with employees in order to make correct judgments and important decisions. Ai Xin told gave us an example, saying that leaders should not be in embarrassing situations involving alcohol in front of their employees, nor should they disclose too much personal information about themselves. The results will certainly be a loss of respect for the leader on the part of the subordinates. Too much concern about employees will affect productivity and company performance, interfering with processes such as promotions and termination. It was seen as vital to keeping oneself as calm as possible in order to make reasonable decisions with the overall goal of achieving the departmental objective.

#### **4.2.5 Natural leaders**

Jackson and Parry (2008:17), when discussing the issue of “natural leaders”, state that “it ultimately comes down to aspiration, to the desire to lead”, explaining that connections or natural gifts are thus not the be all and end all in determining who can be a leader. We will now see what the interviewees think about the topic. They here state their opinions on formal leadership training and its relationship with natural leadership ability.

I have not attended any (training courses) so far. I have lots of managerial experience, but maybe the management training courses would improve my skill set. However, you should adapt whatever you learn to your daily life, and make quick, well-informed decisions.

Ma Kedu

I have management experience of over 30 years. My factory once gave me a training opportunity, but it was all about theory. When I studied those courses, I understood the theory, but I did not apply them too much in reality. Maybe those new training programs such as MBA will benefit new managers, but they would be not very useful for me.

Sun Yunxia

Professional training is, I think, the least important factor. If you do not have the required interpersonal skills or experience, professional training is essentially useless. First, you should make sure you have the basic capacity to be a leader. Leadership is a tacit knowledge, or a kind of art. If you do not have the connection with "leadership", you will never be a successful leader.

Ai Xin

(The prospect of attending a) leadership training course sounds interesting; however, I am trying to learn more about financial knowledge which indeed helps my daily working life.

Yi San

I received a great amount of leadership training course outside; however, this does not fully help me to cope with my working situation. However, I made lots of friends that I studied together with.

Guan Cen

## **Summary**

All the five managers claimed to be uncertain whether professional leadership training programs will benefit real life leadership. Some stated that most management training is concerned with theoretical approaches to leadership unlikely to be applied in the real life work environment. Ai Xin explained that "leadership is a tacit knowledge or a kind of art". Leaders thus use interpersonal skills and personal qualities such as charm, enthusiasm, and empathy to motivate their employees, corresponding to the "charismatic leadership" touched upon by Jackson and Parry (2008:33f). According to this view of leaders and leadership, if one does not have a personality compatible with the demands of leadership it is unlikely that one will ever be a successful leader.

On the other hand, it has been found that the general consensus among the interviewees was that all leaders should possess intensive management experience and the abilities, skills, and knowledge relevant to their specific department. Therefore, practical management experience is the most important factor, obtained through previous education, the influence of previous managers' style, and most importantly, daily observation and practice. Leadership might be understood as a daily life experience, the boundaries of which are within human society. A

leader who does not possess the required skills in his/her specific field will not be able to effectively manage the employees. All leaders gain their credibility, trust, and respect through a combination of their professional skills and efficient interaction with employees.

#### **4.2.6 Recognition and benefits**

In this subsection the interviewees discuss the tools and techniques necessary for pushing employees to achieve the best results possible. Let us consider how the basic factors of Vroom's Expectancy Theory (Expectancy, Instrumentality, Valence) correspond to the methods mentioned by the five managers.

One should not behave like a "boss" all the time. Be with your team as a friend, work shoulder to shoulder giving your full support, and be physically available to the team to help them. I also give emotional support, so that my employees will fulfill their responsibilities without stress. I do show appreciation towards my employees, usually just with a big smile and a "Thank you" for the good job they have done.

Ma Kedu

First, you have to verbally acknowledge their performance. I will give them monetary motivation (i.e. a bonus) when it is necessary. I believe emotional and monetary motivational tools are the most acceptable.

Sun Yunxia

First, I acknowledge their performance verbally; secondly, I give employees rewards such as a nice work environment, gifts and bonuses; thirdly, I reward good behavior and punish bad behavior.

Ai Xin

(There are) two ways, one is to increase salaries or give other tangible benefits; the second one through is job enrichment, such as giving providing more training to teach more skills and make people get more experience from other workers.

Yi San

Financial incentives are the best, followed by verbal compliments. Other motivational methods should take into account the specifics of the situation.

Guan Cen

## Summary

We find that in the case company, tangible rewards such as an increase in salary, bonuses, and verbal compliments are the most common and established ways of motivating employees, corresponding to attempts to improve Valence (value of the reward) and Instrumentality (probability that completing a task will lead to good things).

How a manager organizes his team and how he/she coordinates the work effort depends on his/her view of the workers. Ma Kedu and Sun Yunxia stated that they recognize the workers' performance by giving them verbal confirmation. Ma Kedu also emphasized that he is always physically present with employees, working together to achieve goals, seeking to increase Expectancy, the employees' perception that the task can be completed. In the finance department, Yi San stated that he usually gives new and varied tasks to his employees to enrich their daily work routine. Most of the managers agreed that ways of recognizing the employees' performance such as encouragement, verbal expressions of one's appreciation, and financial incentives are the most acceptable among managers in the case company.

### 4.2.7 Occupational *eustress*

Another kind of motivation is *eustress*, (Lazarus 1974), a kind of short-term positive stress that will motivate workers to work harder to achieve the target. We can connect this concept to Vroom's concept of Expectancy; when the perception that you can complete a task is pretty high, but not so high that you become complacent, you may be experiencing *eustress*. On the other hand, if Expectancy is too low (reflecting an ostensibly impossible task), stress becomes negative in nature.

Stress is one of the reasons there are conflicts and problems in my department. It is bad. However, short time stress, of course, is a part of life you cannot avoid at all.

Ma Kedu

When you put them under some stress, they will have the motivation to work towards a goal. However, too much stress will make employees unhealthy and reduce their productivity. Most of the employees naturally have stress because they worry about their age, unemployment, and whether they are qualified to perform their tasks.

Sun Yunxia

I can divide stress into two types; negative stress, which will harm employees, and positive stress. If the workers have positive stress, they will work hard to do their jobs. One of the factors causing stress in my department is the working conditions. My way of attempting to reduce their stress is not from an individual level. I reduce stress from the organizational/departmental level instead. I believe that any attempts to reduce stress should begin with an overview of the larger issues underlying it, such as work conditions.

Ai Xin

Everyone knows stress is bad, but sometimes you have to push people. Otherwise they will never finish the work. I give them deadlines, saying things such as “You must be finished by the end of this week!”

Yi San

Most of the employees in sales and marketing enjoy stress more than the employees of other departments; their personalities are such that if there were no stress, their job would feel very boring.

Guan Cen

## Summary

Sun Yuxia informed me that most of the employees already have their own stressors, related to issues such as aging, lack of qualifications, and family problems. The interviewees stated that they try their best to eliminate negative workplace stress by providing employees better working conditions and sufficient resources to perform their tasks. On top of that, they agreed that positive short term stress is the best way to motivate workers to work harder towards the goal. *Eustress* is felt by people when they are confronted by a demanding situation which they, however, think they can handle. Most of the employees have been working at the same positions for more than two years; they are rather familiar with foundry policy and with their

co-workers and superiors, they also know their working environment and standard operation procedures well. As a result, workers gradually become complacent and disinterested towards their jobs as time goes by.

Managers periodically use positive short-term stress to make employees work harder, and assign certain challenging project to the team members. Leaders and followers must work together to establish goals that are specific and clearly identify the objectives that need to be realized. Consider the statement, “You must finish it by the end of the week.” Guan Cen here gives an exact and clear deadline for her workers to finish the work. All interviewees admitted that their implementation of short term stress is very effective in achieving departmental goals.

In this chapter an overview of the data collected through interviews with the five managers has been given. The survey now moves on to the other side of the equation: having had a rough outline of the interviewees’ conceptions of good leadership, we will see to which degree this matches up with their views on leadership styles as a whole, whether western or Chinese.

### **4.3 Cross-cultural perceptions of leadership**

The other main section of this chapter is the examination of the interviewee’s conceptions of and attitudes towards Western leadership. Two of the managers, exemplifying two different generations of Chinese leaders, being in their late 50s and early 30s respectively, are interviewed about their conceptions of Chinese and Western management, and the differences between the two.

#### **4.3.1 Perception of Chinese leadership**

Having described their views about their own leadership, the participants are now asked to talk about Chinese leadership in general.

## What is your image of Chinese leadership?

First, I would like to say Chinese leadership entails the holding of certain power. Second, I feel Chinese leadership represents caring. You can see from this Sichuan earthquake, our prime minister Wen Jiabao who is more than seventy years old, still went to visit the affected area, which was a brave act.

Regarding power, Chinese leaders must use their power to serve the people. Subordinates must listen to and follow the instruction of your superiors. City government listens to the provincial government, which in turn reports to central government. There is no discussion. You are the employee, and you just do what your superior asked you to do. Since they are leaders they have the right to give orders. So, just do what they instruct you to do.

From the perspective of running my foundry, I would like to say that leadership also is the property of group of people, the managers, not just a single person. We come together to discuss daily issues, everyone states their opinion, and the minority obeys the majority. Different leaders have different tasks to do. Salespeople go to sell the products, and accounting people calculate the cost and income. Leadership is about the distribution of power. It is about a centralized [yet] democratic system.

[On the other hand] Chinese leadership often entails using a lot of power for personal benefit.

Sun Yunxia

Actually I prefer Chinese leadership [to Western], because when Chinese people work as leaders, they can manage other Chinese people properly, because they possess culture-specific knowledge.

Chinese leaders are very good at problem solving and coordinating relationships between their employees. They also have local knowledge that lets them be effective at sales and marketing within China. Personal relationships are important, but it is not everything. If you want to do something, it is good to have a good relationship with them, but sometimes you also need to have strategies. For instance, if you want your dealers to buy something from your company, you do not only need to have a good relationship with every dealer. You also have to identify with the dealer, and think about what they need to make a profit as well. As a Chinese leader, it is your responsibility to get all the information needed to make a decision. It is your responsibility because the company hired you to do it, to maximize the benefits of the company. You do this by managing the complicated relationship between company and customer. You must think of solutions that make both sides happy. These observations are relevant for my experience. Most of my superiors are Chinese, so I think this is how modern Chinese leadership works. Those who gain managerial positions without previous experience do not survive long. There are revenue-oriented and governmental sectors. In governmental sectors you need to have strong relationships (*guanxi*) along with ability, but in private enterprise your own abilities are more important now; specifically communication activity. You do not need to do the job yourself, but you must be able to tell your staff what to do. Observe what the staff do, and adjust accordingly.

If we talk about Chinese leadership in general, it is often perceived as autocratic. Whatever I say, I must do. Some people become leaders because of family background. Especially in the

old days, leaders had no practical knowledge, and became leaders by accident or through relationships. The leadership style was very autocratic, no argument was allowed. This is to a certain extent true to this day. I do not think it is the most successful style.

Guan Cen

## **Summary**

Both interviewees consider Chinese leadership to be focused on personal power and the managing of interpersonal relationships, and caring for the wellbeing of subordinates.

### **4.3.2 Perception of Western leadership**

We now move on to the participants' perceptions of Western leadership. As previously noted, the definition of "Western" relevant here follows completely from the perspective of the individuals interviewed.

**What is your image of Western leadership?**

**How did you get your image of Western leadership?**

I get my image of western leadership from TV. I think of Western leaders as having a division between the private and the professional persona. For example, I often hear that some important people in a foreign country have taken, for instance, an object such as a pen from work back home, the next day media will disclose this misbehavior to the public [which would be highly irregular in Chinese culture]. I also feel their mindset is simpler than that of Chinese leaders. Further I feel that maybe they are more approachable and straight-forward.

Sun Yunxia

Before I started working I thought Western leaders seemed very impressive, speaking good English and always wearing suits. I thought they were better than Chinese people. When I started working with foreign contractors, mostly middle management, I had a lot of contact with them. We worked together every day. At first I was impressed by their presentations and felt they were good at talking, illustrating things using PowerPoint. While a Chinese person can talk for five minutes, a Westerner can keep going for 20 minutes. This makes meetings more interesting. Some things in Western management styles are good: they are good at communicating and sometimes friendly. Very sociable, and open to discussion unlike some Chinese. On the other hand, Western managers tend to have a lot of experience, but even after living in China for 20 years, they still lack cultural and linguistic knowledge that is essential

for leadership. It feels like there is something missing. They still cannot fulfill the cultural expectations of staff and customers. Even though their Chinese is good, they don't know how things are done. I prefer to work with Chinese managers rather than Western ones, because of language and cultural barriers.

Guan Cen

### **4.3.3 Perceived differences between Western and Chinese leadership**

Although touched upon in answers to the previous questions, we now return to the matter of perceived differences between Chinese and Western leadership styles.

**Do you perceive any difference between Chinese and Western leadership?**

**If so, what are they?**

I feel the country's system decides the leadership style. Western countries have multiple political parties, while China is a one party state. *Guanxi* is the major factor in organizations or companies in China. If you have *guanxi* or connections within your company, you can have a better job and earn more money than other people, and can get promoted faster. If you do not have *guanxi* or the right background, maybe your career advancement will be slow. I think this situation exists in all governmental sectors and Chinese companies. However, I am not very sure if this situation exists in foreign invested companies in China. Maybe it does not.

Sun Yunxia

Western managers are friendlier than Chinese ones. They shake hands and say hello. Chinese leaders are more aloof. Further, in China, if a client is angry, the manager will not ask why, nor investigate. They will simply blame their subordinates. In contrast, a Western manager might investigate the situation and come up with a method to avoid the situation in the future. Western managers listen more to their employees, which Chinese leaders don't. A combination of Western and Chinese leadership is most appropriate for China: Western leaders talk well but do not make definite decisions. They listen, but are not good at decision making. There are no results. On the other hand, with Chinese managers the decisions are made too quickly. Leaders have to listen and then state their own opinion.

Guan Cen

**Are there any areas in which one of the styles is stronger or weaker than the other? If so, what areas, and how?**

I think Western leaders are expected to be more conscientious, with a clear division between their personal and professional life. They are not expected to use professional resources for private gain. I also feel that Western leadership ability can be stronger than the Chinese. Historically many small western countries attacked China.

However, when it comes to problem-solving ability, I think Chinese leadership can be better, because I feel Western leadership is simplistic, and doubt Western leaders can examine a problem as thoroughly as Chinese ones. Chinese people are sophisticated thinkers.

Part of Chinese leadership is being caring, and taking care of the less fortunate. On TV, you can see how Chinese companies often donate money to poor people and so forth. But I have never heard that any foreign invested company in China went to visit orphanages or poor or sick people.

Sun Yunxia

Communication within small groups is what Western leaders do well. But when coordinating different departments, getting their support and getting things done, Chinese leaders are better. Also, Western leaders are perhaps more creative, probably because of their educational backgrounds. Nonetheless, some ideas are not suitable in China.

Western companies hire according to merit, but Chinese companies prefer to hire based on acquaintance. Western management also operates based on personal relationships, but not as obviously as the China. Still, these days you do not need to be friends with your customers. You can have a normal relationship, such as customer and supplier. Even if you are friends, if your prices are not good they will not buy. But if the conditions are good you can build a long term relationship.

Guan Cen

## **4.4 Discussion**

In this section I account for the conclusions I have made by analyzing the empirical findings and compare this information with the stated theories.

### **4.4.1 Cultural factors**

Under the current era of rapid economic development, China is in a state of transformation in which traditional Chinese cultural values meet those of the West. The economic reform that started in the 1970s has allowed foreign companies and media to enter the Chinese market,

with the consequence of influencing the culture of the whole nation, especially in major cities.

Through the interviews with the five managers of the case company, we have found that the approach to leadership in this particular company is not completely under the influence of traditional Chinese culture. According to Hofstede's (1980) system for classifying and analyzing the work related value systems of different cultures (described in chapter 3) most European countries, as well as Canada and the US, as classified as being highly individualist societies. On the other hand, China is a East Asian country typically classified as a society showing a strong tendency towards collectivism.

Based on the data gathered in the present survey it may be concluded that the managers of the case company approach leadership from both sides of the individualism-collectivism spectrum. For instance, all of them have emotional attachment with their employees based on personal relationships, and attempt to make employees feel they are valued through direct interaction with them. Sun Yunxia, for example, even considers it her responsibility to care for the workers' emotional and physical health outside the workplace, corresponding to the personal relation-centered business practices common in *collectivist* societies and the need for the leader to care for her subordinates stressed in Confucianist thought. It should be noted that Sun Yunxia is the oldest of the managers interviewed, and the one that has stayed with the company the longest. Correspondingly it is not surprising to find that her view of leadership matches up more closely with the traditional Chinese leader style described in the literature, if we hold to the assumption that such exposure will be greater among the older generation.

Stallard & Pankau (2008) state that that human value is present in the workplace when everyone understands the employees' basic psychological needs, appreciates their positive, unique contribution and helps them to achieve their potential in order to maximize organizational goals. The approaches to leadership described by the interviewees correspond well to this view. However, the interviewees try not to let their emotional relationship affect their decision-making, and aim to resolve conflicts immediately by open solutions, such as open meetings, corresponding to the less autocratic and more open management style current in *individualist* societies (Frauenheim 2007).

Moreover, the interviewees delegate their authority and responsibility throughout their departments, once more diverging from management structures based on Confucianism, which describes a pyramidal management scheme with total authority (and responsibility) belonging to the leader as being the ideal form of government. As mentioned in chapter 3, according to Chen & Tjosvold (2006), survey results have indicated that there are no significant differences in the employee ratings of American and Chinese managers. This may indicate a process of Westernization within Chinese corporate structure.

Based on the results of this survey indicating that management styles corresponding to both collectivistic and individualistic approaches to leadership are practiced by the interviewees, we may speculate that this process of Western (efficiency-oriented, individualist) influence on traditional Chinese leadership (paternalistic, *guanxi*-dependent, Confucianism-influenced) has reached as far as the sector of heavy industry.

#### **4.4.2 Successful leadership: Nature or nurture?**

In line with statements made by House (2004) the interviewees agreed that successful leaders must have the innate ability to influence, motivate and enable others to contribute towards the effectiveness and success of the organization (Conceptual skills). It may also be concluded that they emphasize that interpersonal skills and the leaders' personal innate ability or personality is more important than theoretic knowledge gained through leadership training programs. It was also repeatedly stressed that technical know-how within the specific business field is important.

During the course of the interviews it was repeatedly stated that a real leader is created through his daily learning and practicing of leadership. Kuhnert and Lewis (1987) state that the one's personality plays a central role in determining one's suitability for the position of a leader. Somewhat in contrast to this, the five managers interviewed stated that a good leader should have their own leadership style, and that good leaders are created through their innate leadership ability and daily experience rather than through studying leadership in a classroom setting.

### **4.4.3 Motivations**

It was mentioned in Chapter 2 that the top skills that Chinese considered necessary for a leader to possess were the ability to motivate others, build trust, retain talent and lead a team (Hulme 2006). The ability to motivate one's employees may thus be as important within traditional Chinese leadership as in the Western management tradition (the focus on motivation in Western/American management practice is indicated through the large amount of motivation research, such as Vroom (1965) and others).

It was found that all the managers agree that recognition, such as immediate verbal compliments and appreciation of their performance, and monetary benefits such as bonuses and similar incentives are the standard motivational tools in the case company.

It was also determined that all the managers emphasize that stress has certain negative effects on the employees' mental and physical condition. In contrast to this, they seek to utilize work place *eustress*, (Lazarus 1974), a kind of short-term positive stress that will motivate workers to work harder to achieve the target. I feel this technique is well in line with the approach outlined in goal setting theory (Locke & Latham, 1990) which holds that establishing specific, reasonably challenging goals can lead to high levels of motivation, in turn creating high levels of performance.

This survey indicated that the interviewees aim to possess the ability to recognize the different opportunities within their specific circumstance to motivate their workers, such as *eustress* in this particular working environment, but do not purposely follow the tenets of any academic theories on leadership, at least not without heavily adapting them to match their own situation.

### **4.4.4. Cultural Attitudes**

The two managers here are members of different generations, beginning their career with the company in 1976 and 2000, respectively. It is thus not surprising that their perspective on Chinese and Western leadership, and the differences between them vary considerably. While many statements made by Sun Yunxia match well with the principles of hierarchical Confucianism/paternalism;

Chinese leaders must use their power to serve the people. Subordinates must listen to and follow the instruction of your superiors. City government listens to the provincial government, which in turn reports to central government. There is no discussion.

the younger Guan Cen focuses more on the emphasis on personal relationships found in the Chinese leadership style.

Chinese leaders are very good at problem solving and coordinating relationships between their employees.

While Sun Yunxia's experience with Western leadership is limited to exposure through the media, Guan Cen, having received management training<sup>8</sup> and dealt with foreign companies, is able to describe her perceptions of the relative strengths and weaknesses of Chinese and Western managers operating in China.

Some things in Western management styles are good: they are good at communicating and sometimes friendly. Very sociable, and open to discussion unlike some Chinese. On the other hand, Western managers tend to have a lot of experience, but even after living in China for 20 years, they still lack cultural and linguistic knowledge that is essential for leadership.

Sun Yunxia discusses structural properties of traditional Chinese leadership, such as the phenomenon of *guanxi* in detail. While she acknowledges the autocratic tendencies of Chinese leadership, she also notes that in her own organization a more democratic way of decision-making is what she prefers.

We come together to discuss daily issues, everyone states their opinion, and the minority obeys the majority.

Guan Cen prefers to focus on the characteristics of the managers themselves. Referring back to our overview of leadership styles in 2.1.2, in the opinion of Guan Cen Chinese leaders have properties of both authoritarian and *laissez-faire* leaders (Lewin 1939), with all decisions taken by them but not participating directly in the work process.

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<sup>8</sup> Hedmo, Sahlin-Andersson and Wedlin (2005) note that "A salient feature of [the] management education boom is the expansion of MBA programs, and their spread around the world. [...] With this expansion, the ideals and practices of management education have come to be discussed, through not always practiced, in similar ways around the world."

In China, if a client is angry, the manager will not ask why, nor investigate. They will simply blame their subordinates.

In contrast, Western leaders are described by her as more democratic, although the focus on deliberation can lead to difficulties in getting things done. Although not entirely related to the concept of Western management, she also notes that individual Western managers have difficulty adapting to Chinese conditions. Thus she concludes that

A combination of Western and Chinese leadership is most appropriate for China: Western leaders talk well but do not make definite decisions. They listen, but are not good at decision making. There are no results. On the other hand, with Chinese managers the decisions are made too quickly. Leaders have to listen and then state their own opinion.

The resultant leadership style can be called a synthesis of Western and Chinese leadership, or “Chinese leadership with Western characteristics”, which is similar to the model given by Zhang, Chen, Liu & Liu (2008).

## 5. Conclusion

Having completed the discussion of the results arising from the data, a final summary of the main findings of the analysis is given, followed by suggestions for eventual future research to answer any questions that arise from the data.

### 5.1 Main conclusions

To recapitulate, the purpose of this thesis has been to examine the attitudes towards leadership held managers in Chinese heavy industry, as carried out through interviews with five managers of Shenyang Hongfa Foundry of Shenyang, People's Republic of China.

The main questions examined were:

- What perception of leadership is found among the managers in Chinese heavy industry?
- To what extent is their leadership influenced by traditional Chinese views on leadership? Can we note any correspondence between their stated leadership styles and Chinese leadership philosophy as commonly described?
- To what extent do they perceive their leadership as being influenced by Western views on leadership?
- How do they perceive the differences (if any) between these leadership styles?

Following interviews on the subject of leadership a clear picture emerges; the views of leadership described by the interviewees are influenced both by the Confucianism-influenced management approach intrinsic to traditional Chinese culture, and by more democratically oriented leadership styles. This synergy of leadership is possibly derived from the growing Western influence on Chinese culture, the origins of which may be traced to the recent period

of rapid economic development. It should be noted, however, that even the older managers have elements of democratic leadership in their conceptions of the role of the leader. Thus modern Western influence such as business schools, media etc. may not be wholly responsible.

As for conceptions of Western and Chinese leadership, interviewees stress the social aspects of Chinese leadership, and remark upon the high degree of personal accountability expected of Western leaders. Still, conceptions of both leadership styles vary depending on the interviewee. Conceptions of Western leadership are more detailed and concrete among the younger interviewees, one of which explicitly states that a combination of Chinese and Western leadership is most appropriate for Chinese conditions, and that Chinese social competence and decision making ability should be combined with Western consideration of the employees' opinions. From the interviewees' statements we can draw the conclusion that while the older interviewee does not refer to herself as being influenced by Western leadership, the younger one does acknowledge such an influence.

My results appear to corroborate Chen and Lee's statements (see Chapter 2) that modern Chinese leadership can be viewed as a synthesis of Chinese and Western thought (2008), and they also serve to partially confirm the more detailed statements to that effect made by Zhang et al (2008). However, my study offers a contribution to the Chinese leadership discourse by its choice of topic, focusing on an area that appears to have seen little focus, at least in English language publications (A Google search for "leadership" + "Chinese heavy industry" provides only 61 results, most if not all of which are irrelevant hits). The set of interviewees in Zhang et al. further appears slanted towards "modern Chinese managers", i.e. management school graduates working in economic hubs such as Beijing or Shenzhen, and the list of businesses involved does not mention heavy industry.<sup>9</sup> The present study is thus valuable in indicating that the mix of Chinese and Western leadership influence posited by Zhang et al. appears to hold true for heavy industry as well.

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<sup>9</sup>They further acknowledge the homogeneity of their sample set: "This study has several limitations. First, our interviewees were highly educated and running successful companies in emerging or high growth industries, and all except one were male." (Zhang et al., 2008:267) Although it is confined to one company, my study has male and female interviewees spanning two generations.

Another interesting aspect of the material is the contrast in attitudes between the older and younger managers interviewed for the second segment of the narrative, which can be regarded as a brief study of how attitudes towards leadership in China are changing with the passage of time, a dimension not available in Zhang et al. (2008). Finally, the conclusion made by one interviewee that a combination of Chinese and modern Western management practices is appropriate for current Chinese conditions is shared by me. The question of how to adapt international/Western management philosophy to Chinese reality is something to consider not only for Chinese managers, but for any foreign investor considering business in China.

## **5.2 Suggestions for future research**

I have carried out research on how managers approach and conceive leadership in a specific heavy industrial foundry in Northeast China. The collected data may possibly be viewed as indicative of management trends within the heavy industry sector in Northern China, but, when cultural, economic, and demographical factors are taken into account, may ultimately prove not representative of other industrial sectors or geographical parts of China.

Possible future research could be carried out focusing on different heavy industrial companies in the same part of China, to determine whether the results yielded by the analysis of this company are truly representative of the region/industry. A different but equally interesting approach would be investigating similar semi-government owned foundries in southern China to determine whether the trends identified in this survey are the product of local cultural factors or whether they can be generally said to be representative of this specific niche within heavy industry as a whole.

Further research on whether Chinese workers prefer to work under Chinese or foreign management would also be interesting, as would a survey incorporating the opinions of non-Chinese managers employed by Chinese companies and their views on reconciling Western leadership strategies with the demands of Chinese culture.

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