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Making sense of business Leadership vis-à-vis China’s reform and transition

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Abstract
Purpose – The purpose of this paper is to explore the contemporary paradigm of business leadership vis-à-vis China’s reform and transitional context.
Design/methodology/approach – The paper employs an evidence-based approach to explore the business leadership issues influenced by economic reform and within the context of societal transition in China. A qualitative research method was adopted based on in-depth interviews with a number of middle managers from a variety of Chinese enterprises, including state-owned, domestic-private and foreign-invested enterprises. Content analysis of several rounds of interviews added depth to the data analysis.
Findings – The findings complement existing thoughts and illustrate concepts, issues, and characteristics not yet emphasized in mainstream literature. General patterns and associated characteristics of business leadership in China, as well as specific patterns associated with different forms of enterprise ownerships, are identified.
Research limitations/implications – The study makes a timely and necessary contribution that enriches context-specific understandings of business leadership against the backdrop of surrounding economic, social, and cultural changes.
Practical implications – The study enriches understandings of commonalities and differences in leadership across the globe, facilitating working collaboratively to achieve common goals in a global community.
Originality/value – The study offers new insights into business leadership by linking contextual, personal, and cognitive factors together and demonstrates some unique characteristics of leadership styles in transitional economies like China.

Keywords China, Transition, Business leadership, Contextual boundaries

Paper type Research paper

Leadership is an essential element of competitiveness in business that has long become the focus of speculation (Day and Antonakis, 2012; Yukl, 2002). China, with its continuing economic, social, and cultural transition, generates increasing research interest in its business leadership phenomena at the interface of change and adaptation. The perception and practice of leadership, constructed at and through work, are informed by fundamental beliefs about the conjoined nature of the social structure, a sense of self, and related cognitive structures and processes (Nisbett, 2003). This requires relevant contextualization with regard to research on business leadership in China, which has largely been underspecified in the existing literature (Tsui, 2007). The simple transfer of theories into
Chinese society without meaningful contextualization appears problematic because it may overlook constructs and phenomena salient in a different context that are shaped by specific philosophical worldviews, cultural history, and institutional forces (e.g. Child, 2009). A further complication of fully understanding business leadership with meaningful contextualization relates to the dynamic and complex nature of China’s reform process that leads to society in ongoing transition. Previous studies such as the global leadership and organizational behavior effectiveness (GLOBE) research programs (House et al., 2013) and theories on paternalistic leadership (Chen and Farh, 2010) have provided a valuable foundation for comparative study of leadership. However, they have not been updated to reflect the dynamic transitional context in a timely manner. An effective leader, as demonstrated in our study, does not rely solely on Chinese traditional values or values identified in other cultures. Rather, by using examples, our study shows that the way in which leadership is perceived, practiced, and evaluated has been constantly “reformed” in China’s transitional process and the concept of leadership has been influenced by different ideologies, including Chinese traditional philosophies, Communist ideology, and more recent market-oriented or “free-market” ideology.

To enrich the literature on business leadership in China, the present research will link contextual, personal, and cognitional factors to show how the perception of leadership arises in, or emerges from, China’s transitional process. The primary aim is to enrich understandings of business leadership against the backdrop of China’s transition at different layers, including economic, social, and cultural changes. It is not a comparison between Chinese and western theories per se; nor is it intended to develop one single theory that can be applied to all contexts involving Chinese managers. Rather, context-specific understandings of leadership perceptions and practices provide a timely contribution related to interactions between managerial cognition, behavior, and contexts.

We designed this research by employing an evidence-based approach in order to explore: leadership concepts being formed and reformed in relation to the impact of different factors (i.e. traditional Chinese values and market-oriented ideology) during the recent reform and transitional period; and similarities and differences between specific paradigms of leadership as companies experience different paces of transition. Given the complexity of these issues, we will focus specifically on general perceptions of leadership, responsibilities of leadership, and the path to fulfill the identified responsibilities. This two-pronged approach will enable understandings of fundamental issues concerning leadership paradigms under China’s current transition stage. It will also enable companies who plan to do business in China understand how their Chinese managers think and act. We begin the journey by reviewing the underpinning literature on leadership.

**Literature review**

*The mainstream literature on leadership*

The word “leadership” debuted in English around the first half of the nineteenth century (Bass and Bass, 2008). Researchers have since constructed different theories addressing who leaders are, what they do, and what determines the outcome of effective leadership at either the individual level, the leader-and-follower dyad, or the group level (see the latest review on leadership theory and research in Dinh et al., 2014).

A major advance in the mainstream leadership literature is a shift from a focus solely on leader attributes toward the interaction of leaders and followers, and leadership and its situational context (Dinh et al., 2014; Yukl, 2002). Along this line, many theories have been
generated, including transactional and transformational styles of leadership, leadership competencies, and value-based leadership, though each has their own limitations. For instance, the dichotomy of transactional and transformational leadership (Lord and Hall, 2005) is among the most popular theoretical perspectives employed by researchers in their attempts to confirm the adoption of such styles by Chinese managers (e.g. Fu et al., 2010). The inherent conceptual abstractness of these leadership styles, however, makes them difficult to understand, observe, and evaluate. On the other hand, leadership competencies, an approach focussed on personality traits, motives, knowledge, skills, self-image, and attitudes that a leader must draw upon to perform their role successfully (Boyatzis, 1982), present richness and complexity of behavioral, cognitive, and social skills that leadership entails. The competency approach distinguishes the relevance and salience of specific competencies across situations by providing a common and systematic language to define, assess, develop, and reinforce leaders’ characteristics (Bass and Bass, 2008). However, whether these competency components account for differences across specific contexts remain largely underspecified. In the English mainstream literature, technical competencies are important for managers in the early stages of their career, whereas conceptual competencies and social competencies come to the fore for managers at the executive level and throughout the career cycle, respectively (Yukl, 2002). This applicability is yet to be explored in the context of China’s ongoing transition. Since the current millennium, ethical/moral values-based leadership has emerged due to the growing interest in the leader’s ethical competencies and humanistic behaviors (Dinh et al., 2014). Researchers have started to investigate authentic leaders who draw upon reserves of moral capacity to sustain moral actions (Avolio and Gardner, 2005, p. 324) as well as spiritual leaders who practice altruistic love to instill followers’ faith in organizational vision (Fry, 2003). For these theories to prosper, the conceptual and empirical aspects of leadership that are not emphasized by other theories should be reinforced (Cooper et al., 2005).

Despite the growing mainstream literature on leadership, empirical research is yet to consolidate these theories into a workable structure that provides guidance on the management of diverse expectations within a globalized business environment (Mintzberg, 2004). Part of the challenge is an insufficient understanding of how leadership manifests the cognitive tools through which people make sense of the world and how such cognitive tools differ contextually. Addressing this challenge requires deep and meaningful contextualization at least in two aspects, both of which are addressed in this research. First, leadership studies need to go beyond existing contextual contingencies and incorporate multiple factors at a macro level including economic, social, and cultural changes. Since the late 1980s and early 1990s, national culture has been identified and investigated as an important contextual factor in leader behavior (Scandura and Dorfman, 2004). However, these studies have not accorded sufficient attention to the combined effects of ongoing societal transformation at different levels of analysis within a decent time interval (Dinh et al., 2014). For instance, paternalism has been identified as a typical aspect of the Latin American culture, contributing to the patron (landlord) mode of management and the respeto (respect) value (Arrau et al., 2012; Romero, 2004). While these cultural characteristics may resemble elements of paternalistic leadership identified in China, different historical traditions, political situations, and social specificities hardly make the perception and practice of leadership generalizable across Latin America and China. The perceptual processes of memory, inference, categorization, analysis, and decision making...
mutually reinforce philosophical worldviews and a social practice (Nisbett, 2003), thus necessitating context-specific investigation.

Second, the context-specific investigation needs to acknowledge the diversity within a single geographical entity. For instance, despite similar colonial history, language backgrounds, and social issues, Latin America is hardly a homogeneous entity. Even within a single country, economic development, and organizational patterns vary significantly across regions (Parnell, 2010). This diversity applies to countries in Europe and regions in China as well (Suutari, 1998). Different organizational characteristics, including ownership structure, size, and sector, are a parsimonious proxy to illustrate business operation and leadership practice arising from different stages of contextual transformation. Furthermore, an emerging complication pertaining to leadership research is ongoing economic, social, and cultural communication and exchange across the globe. The impact of globalization poses a question as to what extent leadership practices differ across different contexts. The English mainstream theories is previously perceived as building upon the atomistic epistemology which in turn extends to cognitive structures for making sense of the relationships inherent to leadership (Nisbett, 2003). Depicted in Descartes’s “cogito ergo sum” – I think therefore I am – the cognitive orientation toward personal agency (i.e. centering on “I”) forms the basis of existence (Sesonske and Fleming, 1965). By contrast, the characteristic mental process for perceiving leadership in China involves a consideration of a host of factors operating in relation to each other in a complicated and elusive way. Such fundamental differences can be illustrated by the use of language. For instance, there is a clear-cut distinction between the words “leadership” and “leader” in English literature (e.g. Day and Antonakis, 2012). In China, where the philosophical stance is more tolerant of ambiguity and elasticity, there is only one word, “ling dao,” used as either a noun, a verb, or an adjective to describe a person (leader), a position (leader), a process (leadership), and a leader’s attributes (Nisbett, 2003). The meaning of “ling dao” includes both “leading” and “directing.” Given that most businesses now operate in a hybrid cultural environment, where national and regional values, local and global practices co-exist (Edwards and Kuruvilla, 2005), it is imperative to illustrate similarities and differences of leadership paradigms in different contexts.

To assist in the development of a more comprehensive and updated understanding of business leadership, we hypothesize the following issues: leadership dynamics involves the interaction of micro-level variables, including cognition and perception as well as macro-level variables, such as economic, social, and cultural transition; and leadership perception and practices vary within a single geographic/cultural entity. We also conjecture the following to enhance understandings in this regards: transformation of different domains of society needs to be incorporated into leadership studies; and organizational factors that reflect different stages of transformation needs to be incorporated into leadership studies.

*China’s traditional philosophy of leadership*

Chinese leadership thought can be traced to its traditional philosophies, the most prominent being Confucianism, Daoism, Legalism, and Moism. It is beyond the scope of this paper to examine in full each school of philosophy. Rather, our intention is to identify and discuss elements that bear directly on leadership practice in China (see Table I). Confucianism stresses the primacy of cohesion and stability through the creation of a social and political equilibrium termed the state of “zhong yong” (Golden Mean, or mid-way) (Warner, 2011). Its main prop “ren” (benevolence)- advocates love for all people and doing good for the populace, as depicted in the ethos “troubled, improve yourself; valued,
improve the world.” Benevolence requires a leader to be caring, to respect his people, and to set a good example, so that followers accept their place in the social hierarchy, engage in cooperative human harmony, and have confidence in their leader. Research has demonstrated that Confucianism’s principles of leadership are still relevant in Chinese society influencing morality, nurturing, fairness, and communicating content of a leader’s behavior (Xu, 2011). Confucius ideas appear to resemble elements of contemporary transformational leadership and value-based leadership (Smith et al., 2004); however, Confucianism does not perceive leaders as agents of change, as transformational leadership theorists do (Rindova and Starbuck, 1997). Moreover, Confucianism combines charisma and morality by asserting that human nature is inherently good and that people can be swayed by the power of words.

Table I. Chinese traditional thoughts on leadership

<table>
<thead>
<tr>
<th>School of philosophy</th>
<th>Main features</th>
<th>Nature of leadership</th>
<th>Leaders’ responsibilities</th>
<th>Relationships involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confucianism</td>
<td>“ren” (benevolence)</td>
<td>Golden Mean (or mid-way)</td>
<td>Self-enlightenment “i” (ritual, norms) “zhong” (loyalty to one’s true nature) “shu” (reciprocity) “xiao” (filial piety)</td>
<td>Benevolence Caring Lead by example</td>
</tr>
<tr>
<td>Daoism</td>
<td>Non-action</td>
<td>Maintain internal harmony</td>
<td>Giving subordinates the freedom to find own way</td>
<td>The existence of a leader barely noticed</td>
</tr>
<tr>
<td>Legalism</td>
<td>“fa” (law)</td>
<td>Establish and maintain order</td>
<td>Establish “fa” (law) Excise “shu” (instrument) Setting “shu” (power)</td>
<td>Reward and punishment Distrust of all</td>
</tr>
<tr>
<td>Moism</td>
<td>“mo xia”</td>
<td>“ju xi” (the Chinese version of knights-errant)</td>
<td>Ambition Courage Austerity</td>
<td>Leader respected and awed</td>
</tr>
</tbody>
</table>

Daoism shares Confucius’ belief that people are naturally good, but argues for the creation of social equilibrium by ruling with a light hand. According to “wu wei” (non-action or effortlessness), a leader is not supposed to interfere in the natural workings of the economy and society. Such a principle stresses the existence of a leader who does not actively intervene in the public sphere, and in this respect it could be said to resemble the laissez-faire doctrine developed in seventeenth century France (Witzel, 2011). Another core theme of Daoism is relativism with regard to ways of living, speaking, and doing. It necessitates the orientation of thoughts toward flexibility, adaptability, and pragmatism – the influences of which are discernible in Chinese leadership practices. For instance, in Deng Xiaoping’s strategy toward China’s opening-up and reforms – through “judging cats by their capabilities of catching mice, irrespective of their colors” – involved a pragmatic, as opposed to a predefined approach to getting things done (Ren et al., 2011). Rejected Confucian and Daoist views on the nature of human beings, Legalism asserts that not all people are naturally good and some people are bad and greedy (Watson, 1964). Therefore, the task of leadership is to establish and maintain order by creating self-governing institutions, which are guided by rewards and punishments, without exception, to control the people (Watson, 1964). A Legalist leader can therefore be sharply contrasted with a Confucian leader who strives for harmony by practicing benevolence, righteousness, eloquence, and wisdom. A Legalist leader, however, seeks total obedience to the rule.
Whereas philosophers in most schools of thought are educated, the followers of Moism are largely lay people who advocate the equality of all social classes and promote heroism based on the spirits of “xia shi” (the Chinese equivalent of knights-errant) (Tan and Sun, 2009). A leader of Moism (“ju zi”) is selected and judged by: high ambitions, bravery and courage, and endurance of self-denial and austerity during salvation (Tan and Sun, 2009). Such perceptions of leadership were demonstrated in the history of Moism when Meng Sheng, a leader of Moism, committed suicide because he was unable to keep his promise to defend his friend’s city. His 183 subordinates chose to follow their leader’s example. Later Communist leader Mao Zedong adopted this theory of leadership to motivate the Communist party to defeat Japan during Second World War by advocating striving to win by setting the goals, being prepared to sacrifice, and tackling all obstacles (Lu, 2011).

The influence of Confucianism on leadership strategies and practices has been extensively acknowledged in the literature investigating Chinese leadership. For example, the theory of paternalistic leadership combines benevolence, morality, and authoritarianism (Chen and Kao, 2009). A paternalistic leadership style is rooted in China’s patriarchal historic tradition, but less is known about whether it remains applicable during China’s current transitional stage. Furthermore, these philosophies entail thoughts that are often different, or even contradictory. Therefore, a further examination of the influences of various schools of philosophy on the leadership style during the transition period is relevant and timely.

The background of China’s transition
The past three decades have witnessed China’s transition from rural and agricultural to urban and industrialized, from rigidly state controlled to market oriented, and from self-contained to globally oriented. These transitions have created an uncertain, changeable, and challenging environment in so far as it confronts existing perceptions, practices, and value systems.

One question remaining largely unanswered is how the perception and practice of leadership are influenced by different values and ideologies in China during the current transitional stage. Contemporary Chinese society is no longer dominated by one single source of business ideologies and socio-cultural influences. Consistent with the cross-vergence theory, at least three predominating ideologies co-exist as the most influential elements in people’s mindsets, including Chinese traditional philosophies, Communist ideology, and more recent market-oriented or “free-market” ideologies (Chen and Miller, 2011). Given the inherent diversity of these ideologies, managers may be confronted with competing demands and expectations when it comes to the practice and strategy of leadership.

Adding to the complexity is the related question of how the perception and practice of leadership differ within the spheres of business operation that reflect varying degrees of transition stages. A diversified ownership system, resulting from more than 30 years of transition, creates different managerial norms that challenge the previous monolithic leadership style within the state sector under the central planning system. Nonetheless, a plethora of new challenges have been acknowledged for businesses of any ownership type at all levels, including challenges associated with bureaucratic inertia, lack of transparency, inconsistent application of laws, and strict controls. This is further exacerbated by the fact that governments do not provide sufficient and accurate information for the business community, necessitating a leader with the ability to seize new opportunities.
Methodology
Informed by the premises of grounded theory, this study employs a systematic qualitative approach to generate theory from data. A grounded theory is appropriate for this research that seeks to investigate how and why leadership is perceived in China, and has been recommended for the study of indigenous issues in China (Redding, 1990). In undertaking traditional ethnographical methods, data collection must be informed by “in-depth knowledge of its norms, practices and customs” (Neuman, 1994, p. 393). To this end, we used in-depth interviews as an enquiry strategy, with particular attention given to involving a cross-section of middle managers from Chinese enterprises, including state-owned enterprises (SOEs), domestic-private enterprises (DPEs), and foreign-invested enterprises (FIEs). Content analysis of several rounds of interviews added depth to the data analysis.

Research site and background
Given China is a geographically-large, rapidly-changing and hugely-diverse country, we needed to access managers drawn from a wide variety of organizations, including size, sector, location, and ownership structure. In terms of organizational locations, we selected Beijing, Guangdong, Xi’an, Shanghai, and Changsha as representatives of five regions of China, namely, Central, North, South, West, and East, respectively. The inclusion of cities with different economic, social, and cultural backgrounds was intended to explore whether locational and societal factors influence perceptions of leadership, rather than simply the organizational factors investigated in most research (Zhu et al., 2010).

Additionally, China’s market-oriented reforms have introduced diversified ownership structures in its economy, including three broad categories of organizations – SOEs, DPEs, and FIEs. SOEs refer to “business entities established by central and local governments, and whose supervisory officials are from the government” (OECD, 2009, p. 5). This definition could be narrowly considered as incorporating only wholly state-funded enterprises, or broadly extended to state-holding enterprises. We take the latter interpretation here as it reflects the SOEs’ reform since mid-1990s. DPEs can include urban and rural township-and village-enterprises, small-scale household enterprises and family businesses, privately owned enterprises, spin-offs of SOEs, and publically listed joint stock companies (Tsui et al., 2006). In this research we focus primarily on privately owned enterprises. FIEs take the form of international joint ventures and wholly foreign- owned subsidiaries (Tsui et al., 2006).

Data gathering
We collected data in two rounds. During the first round of interviews, the sample frame was derived through a stratified strategy. Within each city, we randomly selected two SOEs, two DPEs, and two FIEs from the local yellow pages. This approach enabled us to collect data in a similar manner in different cities. We then communicated with their HR managers and requested permission to interview middle managers in the company. An e-mail explaining the research was sent in September 2011 to all middle managers to ensure that participation was voluntary and that confidentiality was protected. The middle managers were invited to contact the researchers if they agreed to take part, which helped to reduce selection bias. We interviewed 24 managers, a sample size sufficient to achieve theoretical saturation at the data collection stage. Table II provides a detailed profile of the managers. During the second round of follow-up interviews, we invited students enrolled in a training course in Beijing to participate in a group interview in June 2012. These students were full-time middle managers who had just completed their study of Confucianism, Daoism,
Legalism, and Moism. Eight middle managers participated in the group interviews, which lasted for approximately two-and-a-half hours each. Three worked in FIEs, three in SOEs, and two in DPEs. Each had exposure of varying degrees to western theories and practices (in particular the USA), either through work experience or through formal education.

<table>
<thead>
<tr>
<th>Code</th>
<th>Age</th>
<th>Sex</th>
<th>Qualification</th>
<th>Tenure (years)</th>
<th>Firm ownership</th>
<th>Firm size</th>
<th>Firm location</th>
<th>Firm sector</th>
<th>Interview length</th>
</tr>
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<tr>
<td>P1</td>
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<td>M</td>
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<td>8</td>
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</tr>
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<td>MBA</td>
<td>5</td>
<td>SOE</td>
<td>&gt;500</td>
<td>Beijing</td>
<td>Finance</td>
<td>3 hr</td>
</tr>
<tr>
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<td>MBA</td>
<td>10</td>
<td>SOE</td>
<td>&gt;500</td>
<td>Beijing</td>
<td>Transport</td>
<td>2 hr</td>
</tr>
<tr>
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<td>Bachelor</td>
<td>8</td>
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<td>Beijing</td>
<td>Food</td>
<td>2 hr</td>
</tr>
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</tr>
<tr>
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</tr>
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<td>7</td>
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<td>Guangdong</td>
<td>Manufacturing</td>
<td>2.5 hr</td>
</tr>
<tr>
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<td>2</td>
<td>DPE</td>
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<td>6</td>
<td>DPE</td>
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<td>Guangdong</td>
<td>HR</td>
<td>1.5 hr</td>
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<td>2</td>
<td>DPE</td>
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<td>1 hr</td>
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<td>Resources</td>
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</tr>
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<td>Bachelor</td>
<td>6</td>
<td>DPE</td>
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<td>Xi'an</td>
<td>Resources</td>
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<td>Resources</td>
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<tr>
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<td>M</td>
<td>Masters</td>
<td>12</td>
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<td>20-500</td>
<td>Xi'an</td>
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<td>3 hr</td>
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<td>5.5</td>
<td>FIE</td>
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<td>IT</td>
<td>2.8 hr</td>
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<td>Bachelor</td>
<td>7</td>
<td>FIE</td>
<td>&gt;800</td>
<td>Shanghai</td>
<td>Airlines</td>
<td>3.5 hr</td>
</tr>
<tr>
<td>P18</td>
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<td>Bachelor</td>
<td>5</td>
<td>FIE</td>
<td>&gt;500</td>
<td>Shanghai</td>
<td>Consultancy</td>
<td>1.5 hr</td>
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<tr>
<td>P19</td>
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<td>F</td>
<td>PhD</td>
<td>7</td>
<td>SOE</td>
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<td>Shanghai</td>
<td>Finance</td>
<td>2 hr</td>
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<tr>
<td>P20</td>
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<td>M</td>
<td>Bachelor</td>
<td>3</td>
<td>DPE</td>
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<td>Shanghai</td>
<td>Education</td>
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<td>MBA</td>
<td>5</td>
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<td>Changsha</td>
<td>Manufacturing</td>
<td>2 hr</td>
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<td>P22</td>
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<td>F</td>
<td>MBA</td>
<td>8</td>
<td>DPE</td>
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<td>Changsha</td>
<td>Sales</td>
<td>1.5 hr</td>
</tr>
<tr>
<td>P23</td>
<td>48</td>
<td>M</td>
<td>Bachelor</td>
<td>10</td>
<td>SOE</td>
<td>20-500</td>
<td>Changsha</td>
<td>Manufacturing</td>
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<tr>
<td>P24</td>
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<td>F</td>
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<td>3</td>
<td>SOE</td>
<td>&gt;500</td>
<td>Changsha</td>
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<td>1.5 hr</td>
</tr>
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Table II. The profile of interviewees
The purpose of this group interview was to elicit their understanding of the different perceptions of leadership in China and in the western world and to explain such differences. During the interviews, we adopted a non-directive, non-standard, and open-ended approach, and encouraged participants to provide examples to illustrate their thoughts concerning the key research questions. All interviews, excluding those with P1 and P16 who used English fluently in their daily work, were conducted in Chinese. Audio recordings were made of the individual interviews, unless otherwise requested by the participants (i.e. P7, P8, and P20). The length of time between interviews conducted in the two rounds allowed for the analysis to be undertaken in later stages.

Data analysis
The analysis procedure began with data reduction based on the main issues extracted from the text, followed by data categorization around the identified key themes and concepts. Specifically, the content of each interview was fractured and tabulated under general themes relating to the key research questions. An initial coding process was then undertaken by selecting and naming concepts closely related to the actual words of the interviewees. Codes ranged from simple concepts like a good heart, harmony, and adaptability to more detailed descriptions such as “thinking in others’ shoes” that deal with relationships and achieve coherence through common goals. The codes were then transferred to a table for each interviewee and categorized by company ownership or locations, which facilitated a simultaneous comparison (Miles and Huberman, 1994). To ensure semantic equivalence and conceptual consistency, the conventional method of back-translation was employed and checked by two authors of this paper, who are subject matter experts and bilingual in English and Chinese.

Findings
General perceptions of leadership
A discussion of participants’ work, in a generic sense, was used as an “ice breaker” to develop the trust that would encourage the sharing of insights and experiences. When the theme of leadership was introduced into the interview, both the English word “leadership” and the Chinese equivalent “ling dao” were used, whenever possible, to confirm that participants were discussing the central concept of the research. Many participants commented on the distinction between management and leadership, with the former entailing the application of organizational structures and rules, whereas the latter was perceived to mean “get things done in the right way.” As suggested by P1 and shared among the remainder of participants, “getting things done” is emphasized over “in the right way” because, as they argued, business is predominately concerned with money and profit, and their work performance was judged by a win or lose criteria.
For “getting things done” in order to prosper, a number of participants believed in “leading through orientation toward harmony.” As suggested by P4, the stability of leadership would be threatened if a leader were aggressive; P7 from Guangzhou, the interviewee with the longest tenure and experience working in both SOEs and DPEs, referred to the Golden Mean as a philosophical basis for harmonious leadership. In practice this meant “hiding one’s abilities” and “biding one’s time to accumulate strength and resources” when dealing with all potential stakeholders. For instance, experience had taught P1 and P7 that top management would believe that managers, in particular middle managers, who appeared
highly competent, were a risk because their loyalties could lie outside the company, or because they might challenge the position of those senior to them. Participants also identified flexibility and adaptability as key components of the Golden Mean to maintain a harmonious equilibrium. For instance, P6, who was in charge of a sales department, recalled a technical department making a promise to a client that was beyond the terms and conditions of the sales contract. Instead of enforcing the impersonal application of the contract, P6 responded quickly and negotiated with the client. While conducting these endeavors, he had to act in a way that would not only solve the problem but also protect the “face” of the technical department, commenting that, “it was not tit for tat between the sales department and the technical department. We still have to cooperate in the future. Therefore, I would like to convey ren qing (favors).” Although all participants identified with the Golden Mean to achieve harmony, apparently participants with longer tenure in a leadership position were far more competent in this approach. In P11’s heartfelt view “[...] it is hard to consider so many relationships. I am still learning my way [...] .” When asked how to “get things done”, P1 commented that, “it is hard to express.” Others suggested that, “it is elusive” (P6) and “hard to measure” (P13). Participants complained about the general societal context which values short-term profitability at the expense of ethical competency, as P7 suggested:

Look at how many entrepreneurs, who used to be awarded as the Top Excellent Young People in Guangdong Province, are now imprisoned for conducting illegal business practices. This gives people an impression that, if one wants to gain fortune, he has to take risks by violating laws.

Such comments coincide with media reports that 150 business persons were found guilty in 2010 of conducting illegal business practices, including 64 in SOEs and 86 in DPEs (Wang, 2010). In this context, when regulative institutions are undeveloped and moral standing decays, “liang xin” (good heart) emerged as a way of checking the ethical credibility of the leadership, as P8 recalled, “I just followed my conscience to conduct work.”

Responsibilities of a leader
Participants alluded to their understanding of the American approach as entailing the scientific deconstruction of specific roles, tasks, and responsibilities. As they suggested, the Chinese concept of leadership implies a more holistic view that connects all potential relationships, not merely immediate contacts. Therefore, despite some elements of leadership theories, for instance, transformational leadership, authentic leadership, and spiritual leadership, are evident in China in one way or another (Selvarajah and Meyer, 2008), it is the underlying holistic worldview that influences participants’ effective practice of leadership.

For a leader to be effective, he or she must practice leadership at the right time, in the right place, and to the right people (“tian shi, di li, ren he”). To this end, a leader’s responsibilities involve collecting “ren qi” and “cai qi”: to gain popularity and attract investment, respectively. This was deemed necessary, according to P7, because in Guangzhou, where DPEs dominate the local economy, the people who establish and manage leading DPEs are not necessarily well educated. To be successful they require social support and the financial capacity to make long-term investments.

A number of participants questioned the components of the performance evaluation system, which is dominated by a short-term orientation toward numbers (P7), results (P13),
and profitability (P19), and a lack of attention to ethical competencies. Participants revealed slightly different patterns in various ownerships of companies. According to P3, a HR manager of a SOE, performance evaluation in SOEs is composed of “de” (ethics), “neng” (capabilities), “qin” (devotion), “ji” (results), and “lian” (incorruptibility). Although ethics was listed as the first component, in reality, it is hard to observe and therefore quantify. On the other hand, P5, the HR manager of a FIE, commented that evaluating ethical competencies in her company was reduced to compliance with well-defined organizational rules, which were supervised by a specific department. She admitted, though, that such evaluations were rarely objective.

**Realization of common goals**

Participants commented on the realization of common goals as a key reason for a leader to adopt the Golden Mean (i.e. the middle way or harmony) and as an important outcome for effective leadership. As P3 observed, in SOEs, although the traditional perception of “regarding the company as family” was no longer dominant, a “win-win” mindset was still pervasive. In DPEs and FIEs, leaders also tended to align business outcomes with the interests of potential stakeholders. The benefits of such a practice included “enhancing people’s faith in their work” (P7), “motivating people” (P10), “building trust” (P2), and “maintaining relationships in the long run” (P15).

Participants noted that paternalistic relationships with subordinates were less popular and deemed “unnecessary” (P10), with new generations of subordinates being more independent than in the past. Others argued that, “work is work” (P16) and that it was difficult to develop deep trust in subordinates and colleagues. Different patterns of relationships were evident in SOEs, DPEs, and FIEs. In SOEs and DPEs, although participants identified with paternalistic leadership much less than in the past, they still paid attention to individualized care, such as “sending moon cakes to subordinates on business during the Mid-Autumn Day” (P8), or “comforting a subordinate who broke up with her boyfriend” (P9). By doing so, they not only seek to keep subordinates focussed on the job, but also to fulfill their social obligations. In contrast, P18 expressed the view that relationships were “very loose, mechanical, and cold” when she transited to a FIE.

The differences among SOEs, DPEs, and FIEs were also evident in terms of developing or motivating subordinates. Whereas FIEs have relatively clear instructions to follow, the systems in SOEs and DPEs were more arbitrary. After observing that it was not uncommon for managers to change jobs every three-and-a-half years (P5, P10, and P16), DPE suggested that, “it was unnecessary to develop subordinates capacities” (P20).

Comparatively, rather than investing in training and development programs, DPEs tended to use non-monetary incentives, such as enhancing subordinates’ “faces” by granting access to confidential information and building their reputations (P7).

**Discussion and conclusion**

In common with other countries, particularly those confronted with a hybrid cultural environment (Edwards and Kuruvilla, 2005), a crucial issue for China is an updated understanding of the leadership concepts formed and reformed in its transition process. Qualitative research design enabled us to integrate multiple factors, namely personal, organizational, economic, social, and cultural factors. The nature of the paper is neither cross-cultural nor a single theory applied to all contexts per se; nonetheless, the findings provide evidence-based insights about leadership perceptions and practice with the
surrounding social and cultural contexts under China’s ongoing transition. In fact, this study goes beyond reinforcing the core tenets of the Confucianism traditionally perceived as the Chinese paradigm of a leader (Aritz and Walker, 2014; Zhang et al., 2015). Rather, the interview findings illustrate concepts and issues not yet emphasized by either English mainstream leadership theories, or the theories of paternalistic leadership generally viewed as characteristic of a traditional paternalistic leader in Asia in general, and in China in particular.

General pattern and associated characteristics of leadership in China
Table III summarizes key findings of this study. A general pattern emerges from our analysis that leadership entails a holistic approach toward managing varying goals, tasks, structures, and relationships associated with and beyond what is prescribed by formal job requirements. The Chinese paradigm of leadership in general is described as “zuo ren zuo shi”, the term alluded to by P15 and literally referring to “conducting oneself.” “Wei ren chu shi” emphasizes the appropriate handling of the intricacies of relationships, contacts, and networks with a consideration of a host of factors operating in relation to each other. This holistic approach is perceived by interviewees as differing from contractual governance in one’s performance of clearly defined roles, as they termed “zuo ren zuo shi.”

Table III. Leadership themes salient in current transitional process of China

<table>
<thead>
<tr>
<th>General leadership themes</th>
<th>Manifestation</th>
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<tbody>
<tr>
<td>Achieving coherence via common goals</td>
<td>Self-sacrifice of personal time and effort</td>
</tr>
<tr>
<td></td>
<td>Hands-on leadership approach</td>
</tr>
<tr>
<td></td>
<td>Being appreciative, being empathetic, and helping others to fulfill their aims</td>
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<tr>
<td></td>
<td>“Save face” for others</td>
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<tr>
<td></td>
<td>Gain popularity and attract investment</td>
</tr>
<tr>
<td>Flexibility and adaptability</td>
<td>An ability to read between the lines and to make detailed observations</td>
</tr>
<tr>
<td></td>
<td>Relationship with others not seen as fit for tat</td>
</tr>
<tr>
<td>“Good heart”</td>
<td>The practice and cultivation of leadership according to one’s own “good heart”</td>
</tr>
<tr>
<td></td>
<td>Judgment of the “right answers” to economic, social, and ethical challenges</td>
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<tr>
<th>Specific leadership themes depending on firm ownerships</th>
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<tbody>
<tr>
<td>State-owned private</td>
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<tr>
<td>“zhu ren xing” (host-style)</td>
</tr>
<tr>
<td>behaves like a host</td>
</tr>
<tr>
<td>authoritarian power</td>
</tr>
<tr>
<td>influence through personal virtues</td>
</tr>
<tr>
<td>attention to individualized care</td>
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<tr>
<td>Work an Attention to individualized care</td>
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These two terms used by the participants differ from the previous taxonomy of initiating structure and consideration in the mainstream literature. “Zuo ren zuo shi” illustrates these managers’ perception of a paradigm characterized by scientific and extensional truth (Becket and Hager, 2002; Lin and Ho, 2009), which leads to attentiveness to ensuring concepts and constructs are well clarified, roles and structures are clearly defined and
procedures and conditions are adequately prescribed. “Wei ren chu shi” goes beyond what is frequently discussed as “guanxi” and is often considered the informal connections that act as a matter of instrumentalism, personal relationships, trust, reciprocity, and longevity (Xin and Pearce, 1996). However, “wei ren chu shi” actually relates to the richness and comprehensiveness of subtle informal connections and the formal connections associated with one’s work; it denotes a relational philosophy reflected in the mode of logic and way of thinking (Chen and Miller, 2011).

Specifically, one core component of “wei ren chu shi” involves achieving coherence via common goals. Viewing the nature of social structure as collective and interdependent, leadership, in this conception, entails an orientation toward common goals, and best outcomes for the interests of the collective group, making it a relational perspective focussed on win-win solutions. People are not rewarded or even penalized through isolation or a damaged reputation, should they break such a balance.

From the perspective of the self, this suggests a sacrifice of personal time and effort. As evidenced by the interviewees, overtime is a common practice, and the issue of work-life balance is largely ignored. Such sacrifices are generated through the internal desire for self-fulfillment on the one hand and, more importantly, the social pressure to be successful on the other. Most of the managers interviewed were middle aged and the main source of financial income of their families, shouldering the responsibility of bringing up children and caring for elderly parents, as depicted in the ethos “thriving in calamity and perishing in indulgence.” Additionally, self-sacrifice implies a hands-on leadership approach arising from two main considerations. First, as workers’ movements between organizations become more fluid and the boundaries of their careers broaden, a “hands-on” approach enables a leader to better control the work of subordinates, instead of solely relying on their commitment. Second, a leader enhances the “face” of external stakeholders and gains their trust by being directly involved.

From the subordinate perspective, common goals are achieved from sharing, being appreciative, being empathetic, and helping others to fulfill their aims. Although the psychological attachment of subordinates to the organization is not greatly emphasized, as evidenced in interviews, empathy becomes necessary for effective leadership. A leader is not supposed to define the right or wrong answers, but should smooth things over, “save face” for others when mediating conflicts, and not “stick one’s neck out” — all of which correspond with the doctrine of the “Golden Mean.”

Indeed, Chinese philosophy seeks balance and harmony by placing individuals within a state of interdependence (Chen and Miller, 2011). The strategy of “huo xi ni” meaning “to equivocate”, is deemed necessary and useful by interviewees, since relying on strict compliance to organizational rules and regulations is found to be ineffective, and in some cases, invokes negative reactions from subordinates.

Given the complexity of the work of middle managers, the achievement of common goals requires flexibility and adaptability, the second key component of “wei ren chu shi.” Flexibility and adaptability largely entail an ability to read between the lines and to make detailed observations. As illustrated during the follow-up interviews, participants used characteristic expressions such as claiming there is “no rush when they are in urgent situations, or “no need to do so” when they expect things to be done. The Chinese gesture of showing “two faces” to achieve common goals is intended to prevent others from feeling embarrassed by failing to get things done. It is also interesting to note that participants are
seldom unable to understand the actual meanings of the “two faces” situation; a vivid example of a characteristically Chinese mental process.

The path to common goals through flexibility and adaptability is paved with a “good heart” (liang xin), a long-standing concept in the Chinese mindset. The interviews highlighted the dilemmas faced by managers in leadership positions when managing the diverse interests, values, and beliefs of different stakeholders. On the one hand, the demand for fixing problems quickly in a highly competitive environment has given rise to questionable judgment. On the other hand, such complexity increases awareness of the reality that the “right answers” to economic, social, and ethical challenges are “neither black nor white.” In a context characterized by constantly changing regulations, the inconsistent application of laws, and a lack of law enforcement and transparency of decision making, requires the practice and cultivation of leadership according to one’s own “good heart” when seizing business opportunities. We also realize that some of the common conceptual and behavioral phenomena among different middle managers in different companies could be due to their similar educational background, social, and historical contextual environments as well as their similar “middle” position within the organizational hierarchy. However, we also observe a number of differences among them, in particular related to their companies’ ownership systems and we will elaborate more in the next section.

Specific patterns of leadership in different types of companies
The influence of economic, social, and cultural transitions on leadership varies across situations. Indeed, participants were consistent in suggesting that there is no one-size-fits-all leadership paradigm. It would be advantageous to consider the differences between various companies across China. Among various organizational factors including ownership, size, sector, and location, organizational ownership plays a crucial role that influence perception and practice of leadership in China’s current transition stage. As summarized in Table III, the interview data (especially from P6) highlighted three types of leaders: “zhu ren xing” (host-), “ke ren xing” (guest-), and “pu ren xing” (servant-style). In SOEs, where bureaucratic inertia remains evident, a leader wields authoritative power and behaves more like a host, in that he makes decisions without consultation and influences subordinates through personal virtue. In FIEs, where business operations and practices are largely derived from their American counterpart companies, a leader behaves like a guest, appears polite, respects subordinates, and follows well-defined rules. In DPEs, which are generally perceived to lack resources and support, a manager/leader, as the agent of the private owner, acts more like a servant, an all-rounder. Such a categorization of leadership paradigms corresponds with the differences between SOEs, DPEs, and FIEs, in which dissimilar resources, governance structures, and other institutional (dis)advantages shape the competencies, discretion, and behavior of their leaders.

Contribution and further research
Our investigation of Chinese concepts of leadership and its related themes provides an important and timely contribution to the literature, capable of generalizability outside its original context. It fills a gap in the research by exploring the indigenous issues affecting leadership in China through meaningful contextualization. For Chinese managers, this study sharpens understandings of what is perceived effective in their leadership behavior. For multinational enterprises, the findings facilitate expatriates better prepare for their international assignments in China. For human resource departments, this study shed light
for leadership training programs as it enables comparison, synthesis, and development of theories based on considerations of cultural, historical, and societal perspectives. Another theme complimenting mainstream studies of ethical leadership competencies is “good heart” (liang xin), a Chinese concept that reemerged as a self-regulatory check in the business sector for ethical leadership. As understood by the interviewees, liang xin refers to inherently moral and essential characteristics, and the capability to act with one’s heart, guided by innate knowledge of the good. It would be interesting to study how its mechanisms relate to existing constructs such as virtues, ethics, and practical wisdom in Aristotle’s phronesis. In fact, the English literature has also witnessed a renaissance of the concept of virtues, such as the emergence of ethical leadership theory, authentic leadership theory, and virtuous leadership theory, as largely reflected in people’s reactions to the greedy and unethical conduct of corporations uncovered during the recent financial crisis. With these theories in their formative stages, a promising research agenda is to advance theoretical development by further investigating the components of “good heart” leadership and its implications (Avolio and Gardner, 2005).

In addition, the attainment of harmonious orientation through the holistic handling “good heart” as a self-check illustrates the contemporary paradigm of leadership vis-à-vis the Chinese context, characterized by ongoing changes and the convergence of different cultural and value systems.

As suggested by Weber (1964), each context in which a business operates is composed of materialistic and ideational features, the interplay of which may pass through certain developmental stages. Insofar as societies pass through similar stages when viewed historically, this evidence-based study provides the foundation for research in other transitional countries. For instance, the present study identifies host-, guest-, and servant-styles of leadership in SOEs, DPEs, and FIES, respectively. The ownership characteristics of companies are not only relevant in China, they are also a useful and parsimonious feature for investigating management-related issues and classifying patterns in other transitional countries (Zhu, 2005).

From a resource-based perspective, leadership is among the most important capabilities that organizations possess (Yukl, 2002). By highlighting the differences between leadership practices in SOEs, DPEs, and FIES, organizations would be able to develop the elements of effective leadership that they would like to possess. Individuals may also benefit from a deeper understanding of the opportunities and challenges associated with the business sector. In fact, the motivation to learn and develop was common among participants, and is captured in the old Chinese saying that, “one should self-check oneself at least three times a day” (in ancient Chinese, the number three is not a definite number, rather, it means “many”).

A limitation of this study is that it provides only an exploratory basis for understanding the Chinese concepts of leadership. Issues related to generalizability are acknowledged. Further research is therefore required to test the general application of facets of “wei ren chu shi” – including common goals, flexibility, adaptability, self-sacrifice, a hands-on approach, and a good heart, which impact the practice of leadership. A follow-up survey can be designed to develop the related scales and utilized to test generalizability of survey results across contexts. By doing so, more meaningful evidences could be generated and that could lead to more interesting comparison with different theories and concepts regarding various types and styles of leadership globally.
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