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A STUDY OF EFFECTIVE LEADERSHIP IN THE CHINESE CONTEXT

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INTRODUCTION

The study of leadership is one of the most often researched management topics. However, most research and theory contributions are to a great extent limited to accounting for leadership practice in the West (Littrell, 2002). This study is designed to develop an effective leadership model that works in the Chinese context. Paternalistic leadership, a dominant leadership style in an Eastern business environment, is compared with transformational leadership, a dominant leadership style in a Western business environment. In addition, the cultural differences between China and the West relating to leader-follower relationships suggest different leadership behaviors may be more effective in one of these cultures than in the other. For example, trust in the West is treated as the expectation that arises within a community of regular, honest, and co-operative behavior (Lewicki & Bunker, 1996). It is important to examine how the Western versus the Chinese view of trust differs and how trust in each culture relates to leadership effectiveness?

Another factor highly prized by Chinese traditions and associated with Chinese leadership is harmony (Bond & Hwang, 1986). The best Chinese leaders display a distinctive and effective way of negotiating complex environments. They do so in such a way as to create a harmonious result in which all parties are at least reasonably satisfied with the result (Gallo, 2008). This study will, therefore, also explore how harmony mediates the relationship between leaders' behavior and leadership effectiveness. Moreover, as employees' individual differences such as generation is considered as an important factor that will impact the outcome as people in different generations have different values and beliefs, thus viewing leaders differently, it is interested to see how younger people perceive leader differently from the older people in China. In summary, the purposes of this study are to propose a Chinese culture-specific leadership theory, built on traditional Confucianism, and to examine and articulate a culturally informed and warranted ground for a leadership model in the Chinese context.

LITERATURE REVIEW

Paternalistic Leadership

Research on paternalistic leadership has increasingly flourished within the past forty years. The vast majority of research on paternalistic leadership focuses on the conceptual model and the outcomes of paternalistic leadership. The domain of paternalistic leadership has mainly been studied by Farh, Cheng, and colleagues (Farh & Cheng, 2000; Farh, Cheng, Chou, & Chu, 2006). Their model is widely accepted and used for empirical studies. They defined paternalistic leadership as a style that combines strong discipline and authority with fatherly benevolence and moral integrity couched in a personalistic atmosphere. Based on this definition, paternalistic leadership consists of three important elements: authoritarianism, benevolence, and moral

leadership. The relationship between paternalistic leadership and outcomes is also found to be influenced by some moderator variables. For example, Cheng et al, (2004) found that for subordinates high in traditionality, authoritarianism had a positive relationship with identification, compliance without dissent, and gratitude, whereas for those low in traditionality, authoritarianism was negatively correlated with these outcome variables. Subordinate dependence is another moderator examined by researchers. Farh, et al. (2006) found that authoritarianism had a stronger positive effect on fear of supervisor when subordinate dependence was high than when it was low.

Transformational Leadership

Transformational leadership theory has attracted a significant amount of scholarly attention from across disciplines. This theory originated with the work of Burns (1978) and later was developed by Bass (1985, 1998) and others (Avolio & Bass, 1988; Tichy & Devanna, 1986; Antonoakis & House, 2002). Since transformational leadership is more contemporary than traditional transactional theories of leadership, one might expect it to differ sharply from traditional theories of Chinese leadership, such as paternalistic leadership. Yet, transformational leadership may turn out to be more compatible with them than expected. Three dimensions, individualized consideration, high performance emphasis, and modeling, which are extracted from transformational leadership, can be viewed as corresponding to benevolent leadership, authoritative leadership, and moral leadership, respectively. China usually is treated as a collectivistic oriented country (Hofstede, 2001). Some studies find evidence that transformational leadership is more compatible with collectivistic values (Walumbwa & Lawler, 2003; Ergeneli, Gohar, & Temirbekova, 2007). Thus, it appears that transformational leadership is not merely compatible, but has enriched and elaborated certain aspects of the Confucian leadership philosophy.

Trust

There is a large quantity of work examining trust with respect to leadership differences across organizational levels. Research reveals that trust is not only an antecedent related to many valued performance outcomes (Williams, 2001; Whitener et al., 1998), but also a process that results from collaborative interaction between the leader and subordinates (Dirks & Ferrin, 2002). One of the most well-known and influential models was proposed by Mayer, et al. (1995), who were some of the first to begin to truly define trust as separate from its antecedents. Extending the initial work within Mayer, et al's (1995) model, Williams (2001) developed a model that examined trust within groups. Williams (2001) delineated trust antecedents into belief and affect-based categories. Dirks and Ferrin (2002) further examined the moderating role of direct versus indirect leadership on the relationship between trust and outcomes. It is clear that the degree to which subordinates and co-workers trust their leader is a key component of a leader's effectiveness within organizations. Thus, it is important to recognize and examine trust in leadership within the organizational context.

Harmony

Harmony is a central concept in the Chinese culture. Unfortunately, despite its significance, it is arguably also the most understudied. Although there are many studies revealing the importance

of harmony in Chinese leadership, it is hard to find a concrete definition of harmony. I investigate harmony in terms of original concept described in ancient Chinese philosophy. The definition of harmony is developed under three assumptions: order, relationship, and execution.

First of all, order refers to the institutional order. Confucianism proposes five fundamental relationships in human society: between ruler and minister, parent and child, husband and wife, between siblings, and between friends. There is a clear line between the two parties (e.g., ruler and minister, etc.) in each pair of relationships. Similarly, in an organization, the boss is the boss and the employee is the employee. Everyone in an organization has an appropriate position. Relationship refers to the concrete rules specifying the right relations with one another. Institutions only can be justified when they provide rules of right conduct.   There are rules or strong norms that define who is expected to communicate with whom and perform what type of job. Then, how can we achieve such an order? How might we discover and follow the right way to make the concrete rules? To answer these questions, we must move to the third dimension of harmony, execution. Execution involves a formal condition of the search for right. It is the will-to-right. Leaders discover and follow the right way to make the concrete rules. The seeking of harmony in the relationships within a company is viewed as one of the Chinese leadership competencies (Cheng et al., 2002b). As leaders are often faced with complex, multi-party negotiations, creating a harmonious result in which all parties are at least reasonably satisfied with the result is important in the Chinese context.

Generation

Different generations have different symbols and distinctive characteristics that attach them to the people in the same generation and differentiate them from people in other generations. I will focus on two generations and use the global term "Generation X" and "Generation Y," respectively. Generation X encompasses the people born between 1965 and 1979, whereas Generation Y refers to the group of people born between 1979 and 1994 (Dembo, 2000; Ellen, Kerwin, & Kerwin, 1999).

Leadership Effectiveness

Leader's effectiveness has been a major concern of leadership researchers and practice for the past several decades (Yukl, 1989; Podsakoff et al., 1990). Whereas some researchers used the leader's supervisor to assess leadership effectiveness (Tsui, 1984), I will ask the leader's subordinates to assess the effectiveness of their leaders. In most organizational contexts, the person typically responsible for evaluating a leader's performance in a formal appraisal process is the leader's superior. Nevertheless, I believe that the leader's subordinates are in the best position to assess the extent to which the leader's behavior is effective or not because they are most likely to see the leader's behavior on a day-to-day basis. In addition, subordinates are often used to assess leader behavior in leadership research (Podsakoff et al., 1990).

RESEARCH MODEL AND PROPOSITIONS

The certainty of trust within hierarchical relationships in organizations has long been recognized (Yukl, 1989; Aarow, 1974; Miller, 1992). As Tyler and Degoey (1996) noted, if organizational authorities have to continually explain and justify their actions, their ability to effectively

manage would be greatly diminished. In addition, trust enhances the possibility for individuals to accept dispute resolution procedures and outcomes when there is a conflict. Research has shown that employees are more likely to accept an unfavorable outcome when they trust an authority's motives and intentions (Tyler, 1994). Podsakoff et al. (1990) examined the impact of transformational leader behaviors on organizational citizenship behaviors, and the study demonstrates a mediating role played by subordinates' trust in that process. Casimir et al. (2006) also found the same mediating effect of trust on the relationship between leadership and performance. Their study is in line with Bennis and Nanus's (1985) study, which suggests that effective leaders are ones that earn the trust of their follower. Chen et al. (2011) examined the relationship between paternalistic leadership and employee in-role and extra-role performance. They found that trust played a mediating role between leader benevolence and morality and both employee in-role performance and organizational citizenship behavior. Therefore, the following propositions are given:

> *P1: Subordinates' trust in leader partially mediates the relationship between paternalistic leadership and its effectiveness on subordinates.*

> *P2: Subordinates' trust in leader partially mediates the relationship between transformational leadership and its effectiveness on subordinates.*

A lot of attention has been devoted to harmony underpinning paternalistic leadership (Farh & Cheng, 2000; Cheng et al., 2004; Cheng et al, 2002b). For some executives, harmony takes precedence over the firm's profit goals in certain circumstances (Aycan, 2006). Harmony is particularly important when firms are facing transition and change under paternalistic leadership (Aycan, 2006). To adapt to the new market economy, some Chinese firms had to lay off employees who did not meet the new requirements. Zhang, Chen, Liu and Liu (2008) interviewed thirty-five business leaders in China and found that the leaders holding the notion that harmony is precious did not just dismiss employees according to the depersonalized downsizing policy. On the contrary, they communicated with these employees and made great efforts, beyond their duties, to solve the employees' problems. Harmony flourishes even in an environment of clear and acknowledged power distance and inequalities rather than equalitarian or egalitarian presumptions. In the Chinese context, harmony in the workplace is achieved through the culturally-inherent hierarchical ordering, and harmony is maintained by involving concern and considerateness, an element of paternalistic leadership. Based on the above discussion, the proposition that follow is:

> *P3: The degree of harmony in the organization partially mediates the relationship between paternalistic leadership and its effectiveness on subordinates.*

The Western leadership practice of transformational leadership is based on a strong relationship between the leader and the followers. But in the Chinese society, especially as we consider Confucianism, there is a clearly defined distance in this relationship. The five pairs of social roles - between father and son, between the ruler and the subject, between the older and the younger, between husband and wife, and between friends - are understood by all Chinese people. While the power distance between the leader and the followers in China is becoming smaller, the notion of *order* and *relationship* are still the foundation for leaders in a Chinese context. Any

attempts to narrow this distance can cause conflict and discomfort (Littrell, 2002). Thus, I state the following proposition:

> *P4: The degree of harmony in the organization partially mediates the relationship between transformational leadership and its effectiveness on subordinates.*

According to Casimir, et al. (2006), individualist cultures tend to define in-groups based on similar beliefs, attitudes, and values. Although Generation Y takes for granted that a hierarchy exists, they are less willing than earlier generations to accept it (Gallo, 2008). They are less like their parents who have an unquestioning acceptance of hierarchy and who trust authority. Therefore, Generation Y is more likely to view paternalistic leaders as out-group members. Generation Y draws a line between personal and professional contexts and does not bear this trust outside personal relationships (Elegant, 2007). Generation X, with collectivistic characteristics, does not draw a very clear line between in-groups and out-groups in an organization. As Casimir, et al. (2006) noted, paternalistic leadership practices work better in collectivistic cultures. Traditional Chinese values such as Confucianism influenced this generation as well as the paternalistic leaders. Thus, this generation accepts paternalistic leaders easier and trusts in this type of leader more compared with Generation Y. Therefore, I developed the propositions as follows:

> *P5: Generation moderates the relationship between paternalistic leadership and subordinates' trust in leader, such that the positive relationship between paternalistic leadership and trust is stronger for Generation X than for Generation Y.*

> *P6: Generation moderates the relationship between transformational leadership and subordinates' trust in leader, such that the positive relationship between transformational leadership and trust is stronger for Generation Y than for Generation X.*

Traditional Chinese values focus on family, relationships, achievement, endurance, and sacrifice of one's self to the group. They also include the ideal of harmony and hierarchy as the basis for social structure and interaction (Garrott, 1995). Generation X respects authority and hierarchy. These individuals grew up with the belief that loyalty to the leader and institutions would be rewarded; questioning authority is unacceptable. Therefore, it is expected that under paternalistic leadership, Generation X will have positive feelings about the hierarchical relationships and perceive harmony in the organization. On the contrary, while Generation Y still holds up traditional values and takes for granted that hierarchy exists, they do not comply with hierarchic rules as does Generation X. Different from previous generations who rarely voice opinions in meetings, Generation Y is full of confidence in speaking and interacting with their leaders. Obviously, transformational leaders fit better than paternalistic leaders with Generation Y. Under transformational leaders, Generation Y is expected to perceive a more harmonious relationship than under paternalistic leaders. Therefore, it is expected that under transformational leaders, Generation Y will recognize less conflict and obtain more positive results than does Generation X. In contrast, it is expected that under paternalistic leaders, Generation X will recognize less conflict and obtain more positive results than does Generation Y. Thus, the following propositions can be postulated:

P7: Generation moderates the relationship between paternalistic leadership and harmonious relationship between a leader and his/her subordinates, such that the positive relationship between paternalistic leadership and harmony is stronger for Generation X than for Generation Y.

P8: Generation moderates the relationship between transformational leadership and harmonious relationship between a leader and his/her subordinates, such that the positive relationship between transformational leadership and harmony is stronger for Generation Y than for Generation X.

The eight propositions are developed based on the above relationships. Figure 1 presents the research model for this study.

Insert Figure 1 about here

CONCLUSIONS AND LIMITATIONS

The major purpose of this study is to introduce, explain, and theorize Chinese leadership philosophies.   The major contribution of this work is that the study examined the relationships between leadership style and effectiveness from a dynamic perspective. A model was developed suggesting that the best leader in China should integrate the key leadership concepts and practices from the West with traditional Chinese wisdom and classical Chinese leadership. An underlying assumption about the role of trust, harmony, and generation toward the leadership process has also been examined.   Another contribution of this study is that harmony is well examined and defined based on the understanding of Confucianism. This study provided tools for further understanding of Chinese leadership and the interpretation of harmony can be further developed to a new instrument that can be used for future studies.

Although the study provides several significant insights and implications for organizations to use in leadership process, the study is not free from limitations.   One limitation is that the effectiveness of manager was designed to be evaluated by his/her subordinates' individual opinions. This limits me to draw conclusions about the possible effect of the leaders on outcomes at the level of the organization or the work unit.   In addition, the dimensions identified in the model may not complete. There may be some other factors need to be included as mediators and/or moderators. Finally, this paper only provides the testable propositions. Consequently, further research is needed to examine whether these propositions are valid.

References
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Figure 1. Research Model